As filed with the Securities and Exchange Commission on February 15, 2000

Registration No. 333-69649

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 2

TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

HYBRIDON, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	2836	04-3072298
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

155 Fortune Blvd.
Milford, Massachusetts 01757
(508) 482-7500
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

SUDHIR AGRAWAL
President and Acting Chief Executive Officer
HYBRIDON, INC.
155 Fortune Blvd.
Milford, Massachusetts 01757
(508) 482-7500
(Name, Address Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copy to:
MONICA C. LORD, ESQ.
Kramer Levin Naftalis & Frankel LLP
919 Third Avenue
New York, New York 10022
(212) 715-9100

Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. |X|

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. |_|

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. |_|

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. |_|

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee	Amount Previously Paid	Amount Due
Series A preferred stock, $.01 par value	662,167	100 (2)	$66,216,700	$19,865.01	$20,063.59	$0
Common stock, $.001 par value	9,869,483	1.15625 (3)	11,411,589	$3,423.48	$3,571.82	$0
Common stock, $.001 par value	460,000	0.54687 (4)	251,560	$76.23	$76.23	$0
Common stock, $.001 par value, issuable upon exercise of Forum warrants	173,333	3.00 (1)(6)	519,999	$157.58	$157.58	$0
Common stock, $.001 par value, issuable upon conversion of Series A preferred stock	15,580,400 (1)	-(5)	-	-	-	-
Common stock, $.001 par value, issuable upon exercise of Class A warrants	3,002,958 (1)	4.25 (1)(6)	12,762,571	$3,867.05	$3,867.05	$0
Common stock, $.001 par value, issuable upon exercise at Class B warrants	1,752,945 (1)	2.40 (1)(6)	4,207,068	$1,274.74	$1,274.74	$0
Common stock, $.001 par value, issuable upon exercise of Class C warrants	904,274 (1)	2.40 (1)(6)	2,170,257	$657.88	$657.88	$0
Common stock, $.001 par value, issuable upon exercise of Class D warrants	672,267 (1)	2.40 (1)(6)	1,613,441	$488.87	$488.87	$0
Common stock, $.0001 par value, issuable upon exercise of Forum warrants	609,195	2.40 (1)(6)	1,462,065	$443.01	$443.01	$0
Common stock, $.0001 par value, issuable upon exercise of Forum warrants	588,235	4.25 (1)(6)	2,499,999	$757.50	$757.50	$0
Common stock, $.0001 par value, issuable upon exercise of Pillar Investment warrants	1,111,630	2.40 (1)(6)	2,667,912	$808.38	$808.38	$0

(1) Pursuant to Rule 416, Hybridon is also registering that number of additional shares of common stock that may become issuable pursuant to applicable anti-dilution provisions.

(2) Estimated solely for purposes of calculating the registration fee using the proposed offering price of the Series A preferred stock, as required by Rule 457(i). Does not include any shares of Series A preferred stock that may be issued in the future as a dividend, which shares are expressly excluded from this registration statement pursuant to Rule 416(b) under the Securities Act.

(3) Estimated solely for purposes of calculating the registration fee using the average of the bid and ask price for the common stock on December 17, 1998, as required by Rule 457(c).

(4) Estimated solely for purposes of calculating the registration fee using the average of the bid and ask price for the common stock on June 29, 1999, as required by Rule 457(i).

(5) Pursuant to Rule 457(i) no additional registration fee is required.

(6) Estimated solely for purposes of calculating the Registration Fee using the exercise price of the warrants, as required by Rule 457(g)(1).

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective, on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted

SUBJECT TO COMPLETION, FEBRUARY 15, 2000

HYBRIDON, INC.
155 Fortune Boulevard Milford, Massachusetts 01757

Secondary Offering Prospectus

662,167 Shares of Series A preferred stock

and

34,727,717 Shares of Common Stock

Hybridon is offering for resale by the holders in transactions registered under the Securities Act of 1933 662,167 shares of Series A preferred stock of Hybridon and 34,724,717 shares of common stock of Hybridon.

The common stock is quoted on the NASD Over-the-Counter or "OTC," Bulletin Board under the symbol "HYBN." Prior to this offering there has been no public market for the convertible preferred stock.

See "Risk Factors" beginning page 5 of this Prospectus for a discussion of certain factors that you should consider in evaluating an investment in the

Hybridon's common stock or Series A preferred stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2000.

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SUMMARY FINANCIAL DATA

	Years Ended December 31,		
	1996	1997	1998
	(In thousands, except per share data)		
Statement of Operations Data:			
Revenues:			
Product and service revenue	$1,080	$1,877	$3,254
Research and development	1,419	945	1,100
Royalty income	62	48	-
Interest income	1,447	1,079	148
Total revenues	4,008	3,949	4,502
Operating Expenses:			
Research and development	39,390	46,828	20,977
General and administrative	11,347	11,026	6,573
Interest	124	4,536	2,932
Restructuring	--	11,020	--
Total operating expenses	50,861	73,410	30,482
Loss from operations	(46,853)	(69,461)	(25,980)
Extraordinary item:			

Gain on conversion of 9% convertible subordinated notes payable	--	--	8,877
Net loss	(46,853)	(69,461)	(17,103)
Accretion of preferred stock dividend	--	--	2,689
Net loss to common stockholders	$(46,853)	$(69,461)	$(19,792)
Basic and diluted net loss per common share from:			
Operations	$(10.24)	$(13.76)	$(2.19)
Extraordinary gain	--	--	0.75
Net loss per share	(10.24)	(13.76)	(1.44)
Accretion of preferred stock dividends	--	--	(0.23)
Net loss per share applicable to common stockholders	$(10.24)	$(13.76)	$(1.67)
Shares used in computing basic and diluted net loss per Common Share (1)	4,576	5,050	11,859

Balance Sheet Data:	Decembr 31,	
	1997	1998
Cash, cash equivalents and short-term investments(2)	$2,202	$5,607
Working capital deficit	(24,100)	(5,614)
Total assets	35,072	16,536
Long-term debt and capital lease obligations, net of current portion	3,282	473
9% convertible subordinated notes payable	50,000	1,306
Accumulated deficit	(218,655)	(238,448)
Total stockholders' equity (deficit)	(46,048)	2,249

(1) Computed on the basis described in Notes 2(k) of Notes to Consolidated Financial Statements appearing elsewhere in this Prospectus.

(2) Short-term investments consisted of U.S. government securities with maturities greater than three months but less than one year from the purchase date.

SUMMARY FINANCIAL DATA

	Nine Months Ended September 30,	
	1998	1999
	(unaudited)	
Statement of Operations Data:		
Revenues		
Product and service revenue	$2,353	$4,644
Research and development	950	450
Royalty income	--	107
Interest income	106	82
	3,409	5,823
Operating Expenses		
Research and development	17,181	10,106
General and administrative	5,818	2,947
Interest	2,880	562
Total operating expenses	25,879	13,615
Loss from operations	(22,470)	(8,332)
Extraordinary item:		
Gain on conversion of 9% convertible subordinated notes payable	8,877	--
Net loss	(13,593)	(8,332)
Accretion of preferred stock dividend	1,647	3,194

Net loss to common stockholders	$(15,240)	$(11,526)
Basic and diluted net loss per common share from:		
Operations	$(2.11)	$(0.54)
Extraordinary gain	0.83	--
Net loss per share	(1.29)	(0.54)
Accretion of preferred stock dividends	(0.15)	(0.20)
Net loss per share applicable to common stockholders	$(1.43)	$(0.74)
Shares used in computing basic and diluted net loss per Common Share (1)	10,648	15,654

Balance Sheet Data:	September 30, 1999
	(Unaudited)
Cash, cash equivalents and short-term investments(2)	$500
Working capital deficit	(10,540)
Total assets	9,193
Long-term debt and capital lease obligations, net of current portion	414
9% convertible subordinated notes payable	1,306
Accumulated deficit	(249,974)
Total stockholders' equity (deficit)	(4,507)

(1) Computed on the basis described in Notes 2(k) of Notes to Consolidated Financial Statements appearing elsewhere in this Prospectus.

(2) Short-term investments consisted of U.S. government securities with maturities greater than three months but less than one year from the purchase date.

RISK FACTORS

Investing in our common stock is very risky, and you should be able to bear the complete loss of your investment. You should carefully consider the risks presented by the following factors, in addition to the other information in this prospectus.

Our Financial Condition and Need for Substantial Additional Funding

If we do not secure additional funding by June, 2000, we will be forced to cease doing business or file for bankruptcy.

If we do not secure additional funding by June, 2000, or if we do not establish a suitable partnership or collaboration with a third party, we could be forced to cease doing business or file for bankruptcy, and shareholders may lose their entire investment. If this happens, you could lose your entire investment. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Your investment could be substantially diluted if we issue shares to obtain financing we need.

In order to obtain the funds we currently need to continue our operations, and the additional funds we will need in the future, we may need to issue shares of common stock or debt or equity securities convertible into shares of common stock. We will probably need to issue a significant number of shares in order to raise sufficient funds to pay our creditors, meet covenants of our credit facility and continue our operations. This will result in substantial dilution to your investment.

We are not in compliance with some of the covenants in our loan agreement and note offering. If our lenders and noteholders foreclose, we will have few, or no, assets to distribute to our shareholders.

We have taken out a $6 million loan and have completed a $7.1 million

8% note offering, both of which are secured by substantially all of our assets. The loan and the 8% notes are owned in part by our affiliates. The loan agreement for the $6 million loan requires us to maintain liquidity of $2,000,000 and a net worth of $6,000,000. The 8% notes require us to maintain liquidity of $1,500,000. We believe that we currently meet the liquidity requirements, but we do not meet the net worth requirement. We do not expect to be able to comply with these requirements in the future unless we are able to obtain significant additional financing. Our lenders have in the past waived our compliance with these requirements, but they may not be willing to do so in the future. If our lenders and noteholders decline to give us waivers, we will be in default and they will have the right to accelerate the repayment date on the loan and the 8% notes and foreclose on our assets. Foreclosure will likely force us to cease doing business or file for bankruptcy. If this happens, and we are liquidated, there will be few or no assets available for distribution to our shareholders. Since the debt is owned in part by our affiliates, the court may treat the loan as a capital contribution or as a junior debt, in which case there may be assets available for distribution to our shareholders, along with the lenders.

We expect our operating losses to continue into the future.

As of September 30, 1999, we have incurred operating losses of approximately $250 million. We expect to continue incurring operating losses until revenues from the sale of any drugs that we succeed in developing exceed our research and development and administrative costs. Assuming we are able to obtain adequate funding to continue our operations, we will need to spend substantial additional amounts on research and development, including preclinical studies and clinical trials, in order to obtain the necessary regulatory approvals. If we obtain regulatory approval, we will also need to spend substantial amounts on sales and marketing efforts.
See "Business--Anticipated and Potential Costs."

Our Operations

We may not succeed in developing a commercially viable drug.

We do not currently have any drugs on the market and the drug candidates we are working on are still in development. These drugs have not yet been proven to be effective in humans. For example, our drug closest to

commercialization, GEM(R) 231, is still in Phase II clinical trials. All of our other drugs candidates have not yet begun human testing. Historically, drug candidates have a low overall probability of being commercialized, but that probability increases as the drug progresses through the various development stages. A drug may, for instance, be ineffective, have undesirable side effects, or demonstrate other therapeutic characteristics that prevent or limit its commercial use, or may prove too costly to produce in commercial quantities. If we determine that our drug candidates cannot be successfully developed, or if we are unable to obtain the necessary regulatory approval, we will not be able to generate the revenues from the sale of drugs that we would need in order to be profitable.

We have many competitors, and may not be able to compete successfully against them.

Several companies, in particular Isis Pharmaceuticals, Inc. and Genta Incorporated, are also in the business of developing antisense drugs. Isis has received the approval of the U.S. Food and Drug Administration, or "FDA," for Vitravene, is currently marketing this drug for the treatment of CMV retinitis, and has several other drugs in clinical testing for the possible treatment of cancer, including ISIS 3521 and 2503. Genta is testing G3139 in humans, also for the treatment of cancer. These drugs candidates are further along in clinical testing than Hybridon's cancer drug GEM(R) 231. Other companies have antisense drugs in preclinical and clinical development, including Inex and AVI Biopharma.

In general, the human health care products industry is extremely competitive. Many drugs are currently marketed for the treatment of cancer, such as Taxol, Carboplatin, Taxotere and Camptosar. While it is unlikely that GEM(R) 231 will compete against these drugs, it may be used in combination with them. GEM(R) 231 and other Hybridon antisense drugs may not, however, be able to capture sufficient market share to be profitable.

Furthermore, biotechnology and related pharmaceutical technologies have undergone rapid and significant change and we expect that the technologies associated with biotechnology research and development will continue to develop rapidly. Our prospects depend in large part on our ability to compete with these technologies. Any compounds, drugs or processes that we develop may become obsolete before we recover the expenses incurred in developing them.

Our ability to compete will suffer if we are unable to protect our patent rights and trade secrets or if we infringe the proprietary rights of third parties.

Our success will depend to a large extent on our ability to obtain U.S. and foreign patent protection for drug candidates and processes, preserve trade secrets and operate without infringing the proprietary rights of third parties.

To obtain a patent on an invention, one must be the first to invent it or the first to file a patent application for it. We cannot be sure that the inventors of subject matter covered by patents and patent applications that we own or license were the first to invent, or the first to file patent applications for, those inventions. Furthermore , patents we own or license may be challenged, infringed upon, invalidated, found to be unenforceable, or circumvented by others, and our rights under any issued patents may not provide sufficient protection against competing drugs or otherwise cover commercially valuable drugs or processes. See "Business--Patents, Trade Secrets, and Licenses."

We seek to protect trade secrets and other unpatented proprietary information , in part by means of confidentiality agreements with our collaborators, employees, and consultants. If any of these agreements is breached, we may be without adequate remedies. Also, our trade secrets may become known or be independently developed by competitors.

Our Securities

Because "penny stock" rules apply to trading in our common stock, you may find it difficult to sell the shares you purchase in this offering.

Our common stock is a "penny stock," as it is not listed on an exchange and trades at less than $5.00 a share. Broker-dealers who sell penny stocks must provide purchasers of these stocks with a standardized risk-disclosure document prepared by the SEC. It provides information about penny stocks and the nature and level of risks involved in investing in the penny-stock market. A broker must also give a purchaser, orally or in writing, bid and offer quotations and information regarding broker and salesperson compensation, make a written

determination that the penny stock is a suitable investment for the purchaser, and obtain the purchaser's written agreement to the purchase. The penny stock rules may make it difficult for you to sell your shares of our stock. Because of the rules, there is less trading in penny stocks. Also, many brokers choose not to participate in penny stock transactions.

Certain existing stockholders hold a substantial portion of our stock, and consequently could control most matters requiring approval by stockholders.

Our officers, directors and principal stockholders own or control more than 60% of our common stock on a fully-diluted basis. As a result, these stockholders, acting together, have the ability to control most matters requiring approval by the stockholders. This concentration of ownership may have the effect of delaying or preventing a change in control of Hybridon.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that do not reflect

historical facts, but instead reflect Hybridon's current expectations, estimates and projections regarding its business. Forward-looking statements can be found in the material set forth under "Risk Factors," "Business," and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and are characterized by use of words such as "believes," "plans," "expects," and "anticipates." Forward-looking statements are not guarantees of future performance, and necessarily involve risks and uncertainties, and Hybridon's results could differ materially from those anticipated in the forward-looking statements contained in this prospectus.

BUSINESS

HYBRIDON

Hybridon, established in 1989, is a leader in the discovery and development of genetic drugs, which are drugs that treat diseases by acting on a particular gene or protein. The genetic drugs being developed by Hybridon are based on "antisense" technology, in that they use synthetic genetic material, also called oligonucleotides, with the aim of stopping or reducing the body's production of proteins that directly or indirectly cause a given disease.

Hybridon has developed and owns antisense technology that includes important new medicinal chemistries (relating to the design and manufacture of new medicinal compounds), analytical chemistry (relating to the detection and identification of compounds inside and out of the body), and manufacturing technology. It also has rights to technology allowing the chemical modification of oligonucleotides, has particular expertise in the efficient design and development of antisense drugs, and has devised innovations in the manufacture of oligonucleotides. In addition, it has one of the few large-scale oligonucleotide manufacturing facilities.

These aspects of Hybridon's business are discussed below.

TECHNOLOGY OVERVIEW

Introduction

The heart, brain, liver and other organs in the human body function together to support life. Each microscopic cell within these organs produces proteins that affect how that cell functions within its organ, and ultimately how efficiently each organ functions within the body. Almost all human diseases are caused by abnormal production or performance of proteins within individual cells. In some instances, cell proteins act directly to cause or support a disease. In other instances, cell proteins interfere with other proteins that prevent or combat disease. Traditional drugs are designed to interact with protein molecules that cause or support diseases. Antisense drugs are designed to work at an earlier stage, in that they are designed to stop the production of disease-causing or disease-supporting proteins.

The information that controls a cell's production of a specific protein is contained in the gene relating to that protein. Each gene is made up of two intertwined strands of DNA that form a structure called a "double helix." Each strand of DNA consists of a string of individual DNA building blocks, called nucleotides, arranged in a specific sequence.

One of the paired strands contains the information that directs the composition of a specific protein, and is called the "coding" strand. The other strand, the "non-coding" strand, contains a different but complementary sequence of nucleotides. Each strand is made of linked molecules, known as the "backbone," and attached to the backbone are molecules known as "bases." It is the sequence of bases that contains genetic information.

The full complement of human genes, known as the human "genome," consists of over 100,000 genes and contains the information required to produce all human proteins. A copy of the complete human genome is present in each cell,

and each cell makes proteins based on its copy of the genome. Cells make proteins in a two-stage process. First, the cell creates a molecule of messenger RNA consisting of a string of nucleotides in a sequence complementary to the sequence of the coding strand of DNA. This is called the "sense" sequence. A sequence that is complementary to the sense sequence is called the "antisense" sequence. The cell then produces proteins based on the information contained in the messenger RNA. The number of copies of messenger RNA the cell produces will affect how many copies of a given protein it produces.

A normal cell produces a given set of normal proteins in the right amount for the body to function properly. A diseased cell produces inappropriate or mutant proteins, or produces the wrong amount of normal proteins. A cell produces mutant proteins when its DNA changes, either through mutation, as in many types of cancer cells, or by infection with a virus.

Conventional Drugs

Most drugs are chemicals that stimulate or suppress the function of a particular molecule, usually a protein, with tolerable side effects. Most side effects arise when a drug interacts with proteins in addition to the target protein. Generally, the fewer other proteins a drug interacts with, the fewer the side effects.

Conventional drugs generally aim to bind only two or three points of the target molecule. Frequently, however, sites on other non-target molecules resemble the target binding site enough to permit the conventional drug to bind to some degree to those non-target molecules. This lack of selectivity can result in unwanted side effects, potentially leading to decreased effectiveness.

A further characteristic of conventional drugs is that developing them is a time-consuming and expensive process, as for every compound that is found to be effective and have tolerable side effects, thousands may be investigated and rejected.

Antisense Drugs

An oligonucleotide with a sequence exactly complementary to that of the messenger RNA of a specific gene can bind to and inactivate the messenger RNA, thereby decreasing or eliminating the production of disease-causing or disease-supporting proteins. Antisense technology involves the design and synthesis of such oligonucleotides. Hybridon believes that drugs based on antisense technology may be more effective, cause fewer side effects, and have a greater range of applications than conventional drugs because antisense drugs are designed to intervene in the production of proteins, rather than after the proteins are made, and in a highly specific fashion.

Advances in mapping the human genome, including work conducted by academic institutions, biotechnology companies and pharmaceutical companies, have allowed many targets for antisense drugs to be identified. Once a gene associated with a disease-associated protein is identified, an antisense oligonucleotide can be designed, and the pharmaceutical effects of that oligonucleotide can be improved by chemical modification. Chemically-modified oligonucleotides can be composed of DNA, RNA, or a combination of the two.

Because the nucleotide sequence of a chemically-modified antisense oligonucleotide is complementary to its target sequence on the messenger RNA of a given gene, the antisense oligonucleotide forms a large number of bonds at the target site, typically between 40 and 60. This allows it to form a strong bond with the messenger RNA. A few identical messenger RNA molecules can cause the cell to produce many copies of a protein; similarly, a few identical chemically-modified antisense oligonucleotides can stop this process. This is due in part to an enzyme called RNase H that can destroy messenger RNA bound to an oligonucleotide without destroying the oligonucleotide itself, thus freeing the oligonucleotide to bind with, and cause the destruction of, other messenger RNA molecules. This process is generally

known as catalytic activity. All of Hybridon's drugs are designed to take advantage of this catalytic activity so that a relatively small number of antisense molecules can effectively inhibit production of disease-associated

proteins.

HYBRIDON ANTISENSE TECHNOLOGY

Hybridon's antisense chemistry builds on the pioneering work in the antisense field begun in the 1970s by Dr. Paul C. Zamecnik, a founder, consultant and director of Hybridon. The development of Hybridon's antisense chemistry has been directed by Dr. Sudhir Agrawal, Hybridon's President, Acting Chief Executive Officer and Chief Scientific Officer, and is based on what is referred to in this prospectus as "advanced chemistries," namely Hybridon's ability to alter the chemical makeup of the oligonucleotide backbone in a manner that makes oligonucleotides safer and more stable without adversely affecting their ability to promote the destruction of messenger RNA.

Medicinal Chemistries. Hybridon's first antisense drug, GEM(R) 91, was based on first-generation phosphorothioate chemistry, which altered the naturally-occurring, or native, form of oligonucleotides by replacing certain phosphorus atoms in the backbone with sulfur atoms. GEM(R) 91 was more stable than native DNA, but was still able to trigger the action of RNaseH, leading to catalytic activity. However, there were side effects caused by the administration of this modified DNA into the body. In particular, in the last clinical trial of GEM(R) 91 three of the nine patients treated experienced unacceptable decreases in platelet counts, which increased the possibility of uncontrolled bleeding. As a result, Hybridon discontinued the GEM(R) 91 program. Hybridon has, however, used the information gained from the human clinical trials of GEM(R) 91 to design its advanced oligonucleotide chemistries.

Hybridon's scientists have designed and made over twenty families of advanced oligonucleotide chemistries, including DNA/RNA combinations, also called hybrid or mixed backbone chemistries. Hybridon believes that antisense compounds based on these advanced chemistries will show favorable pharmaceutical characteristics and significantly improve therapeutic value compared to earlier antisense drug candidates. These compounds are likely to have the following desirable characteristics:

- fewer side effects
- greater stability in the body, thereby permitting a patient to take doses less frequently
- greater potency, thereby permitting a patient to take lower doses
- potential for multiple routes of administration (such as by injection, orally, or topically)

Manufacturing Technology. Hybridon's expertise in the synthesis of chemically modified oligonucleotides has served as the foundation of its manufacturing technology and know-how. Hybridon has developed proprietary technology, including equipment, to increase the purity of its oligonucleotides, make the production process more efficient, increase the scale of production, and significantly reduce the cost of oligonucleotide-based drugs.

Proprietary Analytical Tools. Hybridon has established analytical tools and processes that enable it to test the purity of oligonucleotides more quickly and accurately than would be feasible using traditional methods. Hybridon uses the resulting information to improve quality control, to assist it in complying with regulatory requirements, and to monitor absorption and stability of its drugs in preclinical and clinical trials.

Regulatory Know-How. Hybridon drug development and manufacturing personnel have extensive experience in working with the FDA and other drug regulatory agencies in an efficient and cost-effective manner. Hybridon often assists customers of Hybridon Specialty Products, Hybridon's contract manufacturing division, also called "HSP," by contributing essential components of their submissions to the FDA.

DRUG DEVELOPMENT AND DISCOVERY

The Drug Development and Approval Process

The process of taking a compound from the laboratory to human patients generally takes 10 to 15 years. This process is extremely expensive and is rigorously regulated by governmental agencies, including, in the U.S., the Food and Drug Administration, or the "FDA". Each drug must undergo a series of trials (preclinical and clinical) before the FDA will consider approving it for commercial sale. The FDA or any company conducting drug trials can discontinue

those trials at any time if it feels that patients are being exposed to an unacceptable health risk or if there is not enough evidence that the drug is effective. The FDA may also require a company to provide additional information or conduct additional tests before it will permit a drug to proceed from one phase of trials to the next.

The phases of preclinical and clinical trials are described below:

- Preclinical Studies. Preclinical trials involve the testing of a given compound in animals to provide data on the activity and safety of the compound before the compound is administered to humans.

- Investigational New Drug Application. If the data from research and preclinical trials are promising, the company will file an Investigational New Drug Application, or "IND," with the FDA. The IND contains the results of the preclinical trials and the protocol for the first clinical trial. The IND becomes active in 30 days unless the FDA disapproves it or requires additional information. Once the IND becomes active, the company can begin clinical trials in humans.

- Phase I Clinical Trials. In Phase I trials, the drug is given to a small group of healthy individuals or patients with the disease. These trials are designed to produce data on the drug's safety, the maximum safe dose, and how the drug is absorbed, distributed, metabolized and excreted over time. In some cases, Phase I trials can give an early indication of a drug's effectiveness. A limited Phase I trial is sometimes called a Pilot Phase I trial.

- Phase I/II Clinical Trials. In Phase I/II trials, the drug is given to patients with the diseases to evaluate safety and to get an early indication of a drug's effectiveness. This type of trial is commonly used in the evaluation of oncology drugs.

- Phase II Clinical Trials. In Phase II trials, the drug is given to a larger group of patients with the disease for purposes of evaluating the drug's effectiveness and side effects at varying doses and schedules of administration and thereby determining the optimal dose and schedule for the larger Phase III trials that follow.

- Phase III Clinical Trials. These trials generally have a large number of patients. The primary purpose of a Phase III trial is to confirm the drug's effectiveness and produce additional information on side effects.

- New Drug Application. Once Phase III trials are complete, the company will file a New Drug Application, or "NDA," with the FDA. The NDA contains all of the information gathered from the Phase I, II and III trials. Based on the FDA's review of the NDA, the FDA may approve the drug for commercial sale. The FDA may deny an NDA if the applicable regulatory requirements are not met. The FDA may also require additional tests before approving an NDA. Even after approval by the FDA, the company must file additional reports about the drug with the FDA from time to time. The FDA may withdraw product approvals if a company fails to comply with ongoing regulatory standards or if problems occur after a company starts marketing a drug.

- Accelerated Approval. The FDA is authorized to grant accelerated review to NDAs for drugs that are intended to treat persons with debilitating and life-threatening illnesses, especially if no satisfactory

alternatives are available. The more severe the disease, the more likely it is that the drug will qualify for accelerated review. If a new drug is approved after accelerated review, the FDA may require the company that filed the NDA to conduct specific post-marketing studies regarding the drug's safety, benefits and optimal use.

The regulatory process in other countries is generally similar to the U.S. regulatory process.

Hybridon Drug Development and Discovery Programs

Hybridon is focusing its drug development and discovery efforts on developing antisense compounds for the treatment of diseases in three major therapeutic areas: cancer, viral infections and diseases of the eye.

Hybridon believes there are significant additional opportunities for the use of antisense, particularly in the treatment of cancer. Compared to conventional anti-cancer drugs, antisense may provide:

- more specific therapy
- more rapid development of drugs targeting newly-discovered cancer-related proteins
- fewer toxic side effects, thereby allowing repeat and long-term therapy, either alone or in combination with other cancer therapies (such as radiation or chemotherapy)
- when used in combination therapy, therapeutic effects that complement the benefits of conventional drugs

For these reasons, Hybridon is exploring new antisense targets relevant to the treatment of cancer.

CLINICAL PROGRAMS

Hybridon has conducted clinical trials with antisense drugs targeting the following diseases. Hybridon is seeking partners for each of its compounds in clinical development.

Cancer

Unlike normal human cells, cancer cells grow in an uncontrolled and harmful manner. The protein molecule protein kinase A, or "PKA," has been implicated in the formation and growth of various solid tumors, including colon, ovarian, breast, and lung tumors. There are two kinds of PKA. It is normal to find type I in developing fetuses, but abnormal to find it in adults. By contrast, PKA type II is found in, and is necessary to the health of, normal adults. Certain cancer cells produce PKA type I in adults. Hybridon has developed a cancer drug, GEM(R) 231, that is designed to reduce the production of the harmful PKA type I without interfering with the production of PKA type II. Current drug candidates based on conventional mechanisms have unacceptable side effects.

Hybridon has conducted a Phase I clinical trial to evaluate the safety of GEM(R) 231 at multiple doses, and has found that patients tolerate it well. This trial explored the maximum tolerated dose of GEM(R) 231 for both single doses and multiple doses, and even high doses of GEM(R) 231 did not show the side effects normally seen with current cancer treatments. This trial was not conducted for the purpose of evaluating the efficiency of GEM(R) 231.

Hybridon is currently conducting additional studies with GEM(R) 231 in patients with solid tumors that had not been cured by prior therapy. These studies include a pilot Phase II trial and a Phase I/II trial. In addition, Hybridon has begun the first in a series of Phase I/II trials treating patients with solid tumors with GEM(R) 231 in combination with the anti-cancer therapies Taxol(R) and Taxotere(R).

HIV-1 and AIDS

Acquired Immune Deficiency Syndrome, "AIDS," is caused by infection with the Type 1 Human Immunodeficiency Virus, or "HIV-1," and leads to severe, life-threatening impairment of the immune system. AIDS therapy using a combination of drugs has resulted in decreased rates of death and improvement in the quality of life for patients who are HIV-positive or have AIDS. There are however, increasing reports that this therapy may be failing to give sustained clinical benefit. Hybridon believes this underscores the need for new AIDS therapies.

Hybridon has completed a Pilot Phase I clinical study in Europe of GEM(R) 92, Hybridon's advanced chemistry compound for the treatment of HIV-1 infection and AIDS. This study was designed to explore the safety of GEM(R) 92 and to provide information on its absorption after oral dosing and injection. The patients tolerated well all doses given in the pilot study. Further, GEM(R) 92 was detected in the blood after both oral dosing and injection, suggesting that it may be possible to develop GEM(R) 92 as an oral drug. Hybridon believes this was the first study of the oral administration of an antisense molecule to humans. In in-vitro studies, beneficial effects were observed when GEM(R) 92 was used in combination with several marketed AIDS drugs. Importantly, both its medicinal approach and genetic target are unique, in that no antisense drug has been approved for the treatment of AIDS, and no other drug has the same target on the HIV-1 genome.

PRECLINICAL PROGRAMS

Hybridon has also conducted preclinical studies in the following areas:

Target	Primary Therapeutic Indication(s)	Status
MDM2 (a protein involved in programmed cell death)	Cancer	Ongoing; part of the Searle collaboration
Vascular Endothelial Growth Factor (a protein that can cause abnormal formation of new blood vessels)	Cancer	Seeking partner
	Retinopathies (e.g. macular degeneration and diabetic retinopathy)	Seeking partner
	Psoriasis	Seeking partner
Hepatitis C Virus	Hepatitis C (which can lead to liver cancer)	Seeking partner

HYBRIDON SPINOUTS

Hybridon has used multiple strategies to fund applications of its antisense technology that it cannot develop at present without external funding. Hybridon has used one such strategy, formation of spinout companies, to form MethylGene, Inc. and OriGenix Technologies Inc. for the continued development of certain product candidates.

MethylGene, Inc.

In 1996, Hybridon and three Canadian institutional investors formed MethylGene. Hybridon owns approximately 30% of MethylGene. Hybridon has granted exclusive worldwide licenses and sublicenses to MethylGene to develop and market (1) antisense compounds to inhibit the protein DNA methyltransferase for the treatment of any disease, (2) other methods of inhibiting DNA methyltransferase

for the treatment of any disease, and (3) antisense compounds to inhibit up to two additional targets for the treatment of cancers. Research has shown that DNA methyltransferase, a protein, is overproduced in some tumors, such as non-small-cell lung cancer, colon cancer, and breast cancer tumors. MethylGene is obligated to purchase from Hybridon at specified prices all bulk oligonucleotides that MethylGene requires. Hybridon is also performing drug development and other services for MethylGene.

The Canadian investors who invested in MethylGene have the right to exchange all (but not less than all) of the shares of stock in MethylGene that they initially purchased for shares of Hybridon common stock on the basis of 37.5 MethylGene shares (for which they paid approximately U.S. $56.25) for one share of Hybridon common stock (subject to adjustment for stock splits, stock dividends and the like). This option expires no later than 2001.

MethylGene commenced Phase I clinical trials of its first compound, MG98, for the treatment of cancer in May 1999.

OriGenix Technologies Inc.

In January 1999, Hybridon and three Canadian institutional investors formed OriGenix to develop and market drugs for the treatment of infectious diseases, with an initial focus on viral diseases. Hybridon owns approximately 40% of OriGenix.

Hybridon has granted to OriGenix worldwide exclusive licenses and sublicenses to antisense technology developed by Hybridon for the treatment of human papillomavirus, or "HPV," and hepatitis B virus infections. HPV

infection can cause a variety of warts, including benign genital warts. HPV infection can also lead to cervical cancer. Hepatitis B infections can lead to liver cirrhosis and cancer of the liver. OriGenix may in the future negotiate with Hybridon for licenses or sublicenses relating to additional targets. In addition, OriGenix is obligated to purchase from Hybridon at specified prices all bulk oligonucleotides it requires. Hybridon may also perform drug development and other services for OriGenix.

CORPORATE COLLABORATIONS

An important part of Hybridon's business strategy is to enter into research and development collaborations, licensing agreements, or other strategic alliances with others, primarily biotechnology and pharmaceutical corporations, to develop certain products. Hybridon intends to proceed with Phase II clinical trials of its cancer drug GEM(R) 231. Otherwise, Hybridon does not anticipate proceeding with any of its other clinical programs beyond their current stages of development without a collaborative arrangement with a corporate partner. Hybridon is currently a party to corporate collaborations with Searle and Medtronic. Hybridon expects to retain the rights to manufacture many of the products it may license pursuant to its existing and any future collaborations.

G.D. Searle & Co.

In January 1996, Hybridon and Searle entered into a collaboration for research and development of therapeutic antisense compounds in the areas of inflammation/immunomodulation. The collaboration agreement, as modified in April 1998, provides that Searle may also select specific targets in the fields of cancer and cardiovascular disease.

Hybridon and Searle are currently conducting research and development relating to compounds targeting MDM2, a protein that is involved in programmed cell death and that may play a role in cancer. In this project, Searle is funding certain research and development efforts at Hybridon, and Searle and Hybridon have committed personnel to the collaboration. The initial phase of research and development activities will be conducted through the earlier of (1)

the achievement of certain milestones and (2) January 31, 2000, subject to early termination by Searle. The parties may agree to extend this collaboration.

Searle has notified Hybridon that it intends to inform Hybridon by February 29, 2000, whether it is electing to extend the collaboration.

In addition, Searle may designate up to six additional molecular targets in the specified fields on terms substantially consistent with the terms applicable to the initial targets. To do so, it must pay specified cash amounts (in addition to specific research payments relating to each additional target) and purchase additional common stock from Hybridon (at the then fair market value), with the total payment per additional target equaling $10,000,000. If Searle designates all of the additional targets, Searle will pay $24,000,000 in cash and purchase $36,000,000 of equity. If Searle has not designated all of the additional targets by the time any drug relating to the initial molecular target reaches a certain stage of preclinical development, Searle must purchase up to an additional $10,000,000 of common stock (at the then fair market value) in order to keep its right to designate any of the additional targets. This payment will be credited against the equity investment payments made by Searle for any additional targets it designates in the future.

Searle has exclusive rights to commercialize any drugs resulting from the collaboration. If Searle elects to commercialize a drug, Searle will fund and perform preclinical studies and clinical trials of that drug and will be responsible for obtaining regulatory approvals for, and marketing of, that drug. Hybridon has agreed to perform certain research and development work exclusively with Searle. In addition, for each drug candidate Searle must make payments to Hybridon of up to $10,000,000 upon the achievement of development milestones. Hybridon will also be entitled to royalties from net sales of products commercialized as a result of the collaboration. As long as Hybridon satisfies certain requirements relating to its manufacturing capacities and capabilities, Hybridon will retain manufacturing rights, and Searle will be required to purchase its requirements of bulk oligonucleotides from Hybridon on an exclusive basis at specified prices. Upon a change in control of Hybridon, Searle would have the right to terminate Hybridon's manufacturing rights, although the royalty payable to Hybridon from net sales would be increased.

If Searle designates all of the additional targets or if Hybridon fails to satisfy certain requirements relating to its manufacturing capacities and capabilities, Searle will have the right to require Hybridon to form a joint venture with Searle for the development and commercialization of antisense therapeutic products in the area of inflammation/immunomodulation (other than products relating to targets that have already been designated by Searle) to which Searle will contribute $50,000,000 in cash and certain intellectual property rights. Hybridon will also contribute certain intellectual property and technology and, if the fair market value of that technology is less than $50,000,000, Hybridon will, at its discretion, either contribute the difference in cash or have its share of the first profits of the joint venture

reduced by the amount of that difference. Hybridon and Searle would each own 50% of the joint venture, although Searle's ownership interest could increase to as much as 75% if the joint venture is established because of Hybridon's failure to satisfy the requirements relating to its manufacturing capacities and capabilities.

Pursuant to their collaboration, Searle also purchased 200,000 shares of common stock in Hybridon's initial public offering.

Medtronic, Inc.

In May 1994, Hybridon and Medtronic agreed to test a device for delivering Hybridon's antisense oligonucleotides for the treatment of Alzheimer's disease. The agreement provides that Hybridon is responsible for the development of, and will hold all rights to, any drug developed as a result of this agreement and Medtronic is responsible for the development of, and will hold all rights to, any delivery system developed as a result of this agreement.

The parties may agree to extend this collaboration to other neurodegenerative disease targets. Hybridon is not currently conducting any activities under this agreement.

As part of their collaboration, Medtronic purchased a total of 131,667 shares of Hybridon common stock.

HYBRIDON SPECIALTY PRODUCTS

In 1996, Hybridon formed Hybridon Specialty Products, or "HSP," to manufacture oligonucleotide compounds both for Hybridon's internal use, for use by its collaborators and for sale to third parties. Hybridon believes that the current interest in genetic medicine or drugs based on genetic information will continue, and even increase, as the potential of these technologies for the development of new classes of drugs becomes more widely understood, and that as a result demand for oligonucleotide compounds will increase. Hybridon's strategy is to position HSP to take advantage of this increased demand. There can be no assurance that this strategy will be successful or that demand will increase as anticipated. HSP is, however, attempting to minimize this risk by manufacturing oligonucleotides for many applications, at different stages of development. HSP is currently manufacturing oligonucleotides for genomic, diagnostic and therapeutic applications, and Hybridon believes HSP's customers are developing over 20 oligonucleotide drugs, with at least eight currently in clinical studies.

HSP manufactures oligonucleotides at its 36,000-square-foot leased facility, which Hybridon believes is the only facility currently capable of manufacturing oligonucleotides on a large scale. HSP first began producing oligonucleotide compounds for sale in June 1996 and had revenues of approximately $1.1 million in 1996, $1.9 million in 1997 and $2.8 million in 1998. HSP's principal customers in 1998 included Genta Incorporated, LaJolla Pharmaceuticals, Inc. and MethylGene, Inc.

HSP has developed a manufacturing technology platform that combines multiple methods to improve the production process and increase the amount of compounds produced in a single batch, thereby permitting economies of scale. HSP has developed two separate machines, called synthesizers, for the large-scale synthesis of oligonucleotides. One of these machines was developed by Hybridon alone and the other in collaboration with Pharmacia Biotech. Pharmacia has the right to make and sell synthesizers based on the design developed in the collaboration but must also pay Hybridon royalties. Hybridon believes that its synthesizers are the first commercial-scale oligonucleotide synthesizers designed for advanced oligonucleotide chemistries. In addition, HSP has developed purification processes that use water in place of chemical solvents, thereby decreasing the impact of the process on the environment and permitting HSP to purify large quantities of oligonucleotides. HSP has also developed processes and unique chemicals used in the process, which HSP believes may further lower its production costs.

In 1996, Hybridon entered into a four-year sales and supply agreement with the Applied Biosystems Division of Perkin-Elmer, pursuant to which Perkin-Elmer agreed to refer potential customers to HSP, and Hybridon agreed to purchase certain raw materials from Perkin-Elmer for the manufacture of oligonucleotides sold to those customers. Hybridon is required to pay Perkin-Elmer a percentage of the sales price paid by those customers. In addition, Perkin-Elmer licensed to Hybridon its oligonucleotide synthesis patents.

HSP is targeting three market areas for oligonucleotides: antisense therapeutics, non-antisense therapeutics, and diagnostic/genomic DNA probes, which are oligonucleotides designed to detect the presence of specific genes. Within

each area there is a large number of potential products. HSP is currently manufacturing oligonucleotides for customers in each of these three market areas.

The production of oligonucleotides is similar in many respects to the chemical synthesis used to produce conventional drugs. However, unlike many conventional drugs, one can with the same chemical building blocks and essentially the same manufacturing processes and equipment make different antisense compounds for treating different diseases. As a result, the knowledge and experience that HSP obtains manufacturing one oligonucleotide compound can be applied to the manufacture of other oligonucleotide compounds. Furthermore, since several different oligonucleotide compounds can be manufactured in one facility, Hybridon anticipates that HSP will have the ability to manufacture multiple marketed oligonucleotide-based drugs without having to build a separate plant for each such compound.

In order to meet Hybridon's needs and satisfy outside demand, HSP may need to increase its manufacturing capacity by adding more oligonucleotide synthesizers. In addition, in order for Hybridon to successfully commercialize its drugs or for HSP to achieve a satisfactory profit on sales, HSP may need to reduce its production costs further.

Hybridon believes that it is currently manufacturing oligonucleotides according to FDA Good Manufacturing Practices, or "GMP". The FDA has not formally reviewed HSP's facility and procedures, and Hybridon may need to revise those procedures in the future as production increases. Since 1996, HSP has undergone multiple significant audits for GMP compliance conducted by biotechnology and pharmaceutical companies. No significant deficits have been identified. In addition, in 1997, HSP was one of two biotechnology companies chosen to participate in the FDA's Biotechnology PAI Pilot Initiative, a pilot program that allows FDA regulatory officials to provide advice to the selected companies on compliance with FDA standards before they submit drug approval filings. The FDA would have informed Hybridon of any substantial issues if any had arisen.

MARKETING STRATEGY

Hybridon plans to market the drugs it is developing either directly, using its own sales force, or through co-marketing, licensing, distribution or similar arrangements with other pharmaceutical and biotechnology companies, particularly if the products are intended to serve a large, geographically-diverse patient population. Direct marketing of any of its proposed drugs would require a substantial marketing staff and sales force supported by a distribution system. Co-marketing or other arrangements with other pharmaceutical or biotechnology companies would allow Hybridon to avoid the significant cost involved in direct marketing, but would make Hybridon reliant on the efforts of others. While Hybridon has developed general marketing strategies, it has not begun to implement any of these strategies.

ACADEMIC AND RESEARCH COLLABORATIONS

Hybridon has entered into a number of collaborative research relationships with independent researchers and leading academic and research institutions and U.S. government agencies, including the National Institutes of Health, or "NIH". Such research relationships allow Hybridon to augment its internal research capabilities and obtain access to specialized knowledge or expertise.

In general, Hybridon's collaborative research agreements require Hybridon to pay various amounts to support the research. Hybridon usually provides the oligonucleotides, which the collaborator then tests. If in the course of conducting research under its agreement with Hybridon a collaborator, solely or jointly with Hybridon, creates any invention, Hybridon generally has an option to negotiate an exclusive, worldwide, royalty-bearing license to the invention. Inventions developed solely by Hybridon's scientists in connection with a collaborative relationship generally are owned exclusively by Hybridon. Most of these collaborative agreements are nonexclusive and can be cancelled on short notice.

Since July 1997, as part of its restructuring, Hybridon has allowed a number of its collaborative research agreements to expire and has terminated certain others, but has maintained those that it believes support its current drug discovery and development programs.

DRUG DEVELOPMENT SERVICES

Hybridon's Drug Development Department has experience in the design and conduct of preclinical and clinical trials and has prepared and submitted reports and other regulatory documents in connection with the three Hybridon

advanced chemistry antisense compounds that have entered clinical studies. Pursuant to a contract with MethylGene, Hybridon's Drug Development Department has also used its expertise to help design and monitor the preclinical trials of MethylGene's antisense compound, MG98, that led to MethylGene's submission of IND applications in Canada and the U.S. MethylGene compensated Hybridon for these services. Hybridon may perform similar services for OriGenix.

PATENTS, TRADE SECRETS, AND LICENSES

Hybridon's success will largely depend on its ability to:

- obtain U.S. and foreign patent protection for drug candidates and processes
- preserve trade secrets
- operate without infringing the proprietary rights of third parties

Hybridon's policy is to file patent applications to protect technology, inventions and improvements that it considers important to development of its business, and to obtain licenses to other patents that could help Hybridon maintain or enhance its competitive position. As of January 15, 2000, Hybridon owned or exclusively licensed in excess of 113 U.S. and foreign issued and allowed patents, of which 79 are U.S. patents, and 59 other U.S. and 88 other foreign patent applications. These patents and applications cover various chemically advanced oligonucleotides, target sequences, oligonucleotide products, methods for making and purifying oligonucleotides, analytical methods, and methods for antisense treatment of various diseases. The patents expire on dates ranging from 2006 to 2015.

Hybridon is the worldwide exclusive licensee under several U.S. issued patents or allowed patent applications owned by University of Massachusetts Medical Center, or "UMMC" (formerly the Worcester Foundation), relating to oligonucleotides and hybrid or mixed backbone chemistries. Many of these patents and patent applications have corresponding patents issued by, or corresponding patent applications on file in, other major industrial countries. One of the issued U.S. patents and one of the issued European patents cover antisense oligonucleotides as new compositions of matter for stopping the replication of HIV. Coverage of the other issued U.S. patents includes composition and use of oligonucleotides based on advanced chemistries, methods of oligonucleotide production, composition of certain modified oligonucleotides that are useful for diagnostic tests or assays, and methods of purifying oligonucleotides. The UMMC patents licensed to Hybridon expire at various dates starting in 2006.

Hybridon is the exclusive licensee under various other U.S. and foreign patents and patent applications, including two U.S. patent applications owned by McGill University relating to oligonucleotides and DNA methyltransferase. Hybridon and Massachusetts General Hospital jointly own one issued U.S. patent applicable to Alzheimer's disease. Hybridon holds an exclusive license to Massachusetts General Hospital's interests under this patent.

Hybridon is a nonexclusive licensee of certain patents held by the National Institutes of Health, or "NIH," relating to oligonucleotide phosphorothioates and is a nonexclusive licensee of an NIH patent covering the phosphorothiolation of oligonucleotides. The field of each of these licenses extends to a wide variety of genetic targets. Hybridon is also a nonexclusive licensee of certain patents exclusively licensed to Genzyme covering certain technology relating to MDM2.

The U.S. Patent and Trademark Office, or "PTO," has informed Hybridon

that certain patent applications exclusively licensed by Hybridon from UMMC will be submitted to the Board of Patent Appeals and Interferences of the PTO to determine whether an interference should be declared with issued U.S. patents held by the NIH relating to oligonucleotide phosphorothioates. An interference proceeding is a proceeding to determine who was the first to invent, and thus who is entitled to a patent for, a claimed invention. McDonnell Boehnen Hulbert & Berghoff, a U.S. patent counsel for Hybridon, is of the opinion that the UMMC patent application has a prima-facie case for priority against the NIH for an invention that includes phosphorothioate-modified oligonucleotides. There can be no assurance, however, that the PTO will declare an interference, or if it does, what the outcome will be. If Hybridon were to lose the interference, its nonexclusive license from the NIH of the NIH phosphorothioate patents would not be affected. If Hybridon were to win the interference, others making, using or selling certain phosphothioate-modified oligonucleotides would be required to obtain a license from Hybridon.

The PTO also declared a four-way interference involving two UMMC U.S. patents, for which Hybridon is the exclusive licensee, relating to a particular type of modified oligonucleotides. The other parties to this interference were

Integrated DNA Technologies, or "IDT," Isis Pharmaceuticals, Inc. and Gilead Sciences, Inc. This interference was settled in early 1999. In connection with the settlement, Hybridon has obtained a nonexclusive license to certain patents and patent applications owned by IDT that broadly claim chemical modifications to oligonucleotides. Hybridon has also granted a nonexclusive license to IDT to make, use, and sell limited quantities of oligonucleotides incorporating certain of Hybridon's advanced chemistries.

Under its licenses, Hybridon is obligated to pay royalties on its net sales of products or processes covered by the licensed technology and, in some cases, to pay a percentage of sublicense income that it receives. These licenses impose various commercialization, sublicensing, insurance and other obligations on Hybridon. If Hybridon fails to comply with these requirements, the license could be terminated.

Legal standards relating to the validity of patents covering pharmaceutical and biotechnological inventions and the scope of claims made under such patents are still developing. As a result, Hybridon's ability to obtain and enforce patents that protect its drugs is uncertain and involves complex legal and factual questions.

That Hybridon owns or licenses pending or future patent applications does not mean that patents based on those applications will ultimately be issued. First, to obtain a patent on an invention, one must be the first to invent it or the first to file a patent application for it. Patent applications in the U.S. are maintained in secrecy until patents issue, and publication of any given discovery in the scientific or patent literature tends to lag behind actual date of that discovery by several months. Consequently, Hybridon cannot be certain that the inventors of subject matter covered by patents and patent applications that it owns or licenses were the first to invent, or the first to file patent applications for, those inventions.

Others, including Hybridon's competitors, also hold issued patents and patent applications relating to antisense technology or particular genetic targets, including an issued patent in Europe covering the gene MDM2. Holders of any of these patents or patent applications may be able to require Hybridon to change or cease making or using certain products or processes, or obtain an exclusive or nonexclusive license in return for licensing fees, which may be substantial. Hybridon may not be able to obtain any such licenses at a reasonable cost. Furthermore, such licenses may be made available to competitors of Hybridon on an exclusive or nonexclusive basis. Failure to obtain such licenses could have a material adverse effect on Hybridon. Previously, a competitor was granted another European patent relating to certain types of stabilized synthetic oligonucleotides for use as therapeutic agents for selectively blocking the translation of a messenger RNA into a targeted protein by binding with a portion of the messenger RNA to which the stabilized synthetic oligonucleotide is substantially complementary. This European patent was revoked

in its entirety in an opposition proceeding before the European Patent Office in September 1995. The holder of this patent appealed this decision. This appeal was dismissed on February 18, 1999.

Hybridon requires its employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to execute confidentiality agreements. These agreements provide that all confidential information developed or made known by Hybridon to the individual is to be kept confidential, subject to specific exceptions. In the case of employees, the agreements provide that all inventions conceived by the individual are the exclusive property of Hybridon. These agreements may not, however, provide meaningful protection for Hybridon's trade secrets or adequate remedies in the event of breach.

Consistent with pharmaceutical industry and academic standards, Hybridon's agreements with academic and research institutions and U.S. government agencies may provide that the results of a given collaboration, or any developments that derive from the collaboration, will be freely published, that information or materials supplied by Hybridon will not be treated as confidential, and that Hybridon must negotiate a license to developments and results in order to commercialize products incorporating them. There can be no assurance that Hybridon will be able successfully to obtain any such license at a reasonable cost or that such developments and results will not be made available to competitors of Hybridon on an exclusive or nonexclusive basis. See "Business--Academic and Research Collaborations."

GOVERNMENT REGULATION

Hybridon's research, clinical development and production activities are regulated for safety, effectiveness and quality by numerous governmental authorities in the U.S. and other countries. Hybridon believes that it is in material compliance with all applicable federal, state and foreign legal and regulatory requirements.

FDA Approvals. In addition to product approvals by the FDA, as described above, the FDA may require that it inspect Hybridon's manufacturing facilities for compliance with GMP and other applicable rules and regulations before it will permit a product manufactured by Hybridon to be marketed in the U.S. Any material change by Hybridon in its manufacturing process or equipment, including relocation of the manufacturing facility, would necessitate additional FDA review and approval.

Other Regulation. In addition to regulations enforced by the FDA, Hybridon also is subject to regulation under the Occupational Safety and Health Act and other present and potential future federal, state or local regulations. Furthermore, because Hybridon uses hazardous materials, chemicals, viruses, and various radioactive compounds, it must comply with U.S. Department of Transportation and Environmental Protection Agency regulations and other federal, state, and foreign laws and regulations regarding hazardous waste disposal, air emissions, and waste-water discharge. Although Hybridon believes that it complies with these laws and regulations, it cannot completely eliminate the risk of accidental contamination or injury from these materials.

COMPETITION

There are a number of companies, both privately and publicly held, that are conducting research and development activities on technologies and products aimed at therapeutic regulation of gene expression, including antisense drugs. One competitor of Hybridon has recently received FDA approval to market an antisense therapeutic product for the treatment of CMV retinitis. Hybridon believes that the interest in these technologies and products will increase. It is possible that Hybridon's competitors will succeed in developing products that are more effective than Hybridon's. Furthermore, Hybridon's proposed drugs will be competing with other kinds of drugs. Given the fundamental differences between antisense technology and other drug technologies, antisense drugs may be less effective at treating some diseases than other kinds of drugs.

Biotechnology and related pharmaceutical technologies have undergone

and continue to be subject to rapid and significant change. Hybridon expects that the technologies associated with biotechnology research and development will continue to develop rapidly. Hybridon's future will depend in large part on its ability to compete with these technologies

Hybridon has many competitors, including major pharmaceutical and chemical companies, biotechnology firms, and universities and other research institutions. Many of these competitors have substantially greater financial, technical, and human resources than Hybridon, and many have significantly greater experience than Hybridon in undertaking preclinical studies and clinical trials of new pharmaceutical products and obtaining FDA and other regulatory approvals. Accordingly, Hybridon's competitors may succeed in obtaining regulatory approvals for products more rapidly than Hybridon. Furthermore, if Hybridon receives approval to commence commercial sales of products, it will also be competing with respect to manufacturing efficiency and marketing capabilities, areas in which it has limited experience.

HSP also faces competition, as Hybridon's customers may begin to produce oligonucelotides internally or may find other sources. Hybridon may be forced to reduce the cost of its products to meet the competition.

EMPLOYEES

As of January 24, 2000, Hybridon employed 45 individuals full-time, of whom 15 held advanced degrees. Eight of these employees are engaged in research and development activities and ten are employed in finance, corporate development, and legal and general administrative activities. In addition, 27 of these employees are employees of HSP, of whom 5 are employed in quality control. Many of Hybridon's management and professional employees have had prior experience with pharmaceutical, biotechnology, or medical products companies. None of Hybridon's employees is covered by a collective bargaining agreement, and management considers relations with its employees to be good.

PROPERTIES

Hybridon leases its 36,000 square foot facility in Milford, Massachusetts under a lease that expires in 2004. Hybridon has an option to extend this lease for two additional five-year terms.

In addition, Hybridon leases approximately 26,000 square feet of supplemental laboratory space in Cambridge, Massachusetts under a lease that expires April 30, 2007. The annual rent for this space is approximately $23 per square foot. Hybridon is currently subleasing approximately 20,000 square feet of this to a third party under a sublease that expires September 30, 2000.

LEGAL PROCEEDINGS

Hybridon is not a party to any litigation that it believes could damage Hybridon or its business.

MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

From January 24, 1996 until December 2, 1997, Hybridon's common stock was traded on the Nasdaq National Market under the symbol "HYBN." Prior to January 24, 1996, there was no established public trading market for Hybridon's common stock.

On December 2, 1997, Hybridon's common stock was removed from the Nasdaq National Market and began being quoted on the NASD OTC Bulletin Board. Quotes on the NASD OTC Bulletin Board may reflect inter-dealer prices, without retail markups, markdowns or commissions and do not necessarily represent actual transactions.

On December 10, 1997 Hybridon effected a one-for-five reverse stock

split of its common stock. As a result of the reverse stock split, each five shares of common stock was automatically converted into one share of common stock, with cash payments for any fractional shares.

The following table sets forth for the periods indicated the high and low sales prices per share of the common stock during each of the quarters set forth below as reported on the Nasdaq National Market and the NASD OTC Bulletin Board since January 1, 1998:

	HIGH	LOW
1998		
First Quarter	$3.359	$1.000
Second Quarter	2.75	1.609
Third Quarter	2.516	1.125
Fourth Quarter	3.25	1.125
1999		
First Quarter	$1.875	$1.000
Second Quarter	1.50	0.250
Third Quarter	1.50	0.350
Fourth Quarter	1.75	0.406

The reported closing bid price of the common stock on the NASD OTC Bulletin Board on February 2, 2000 was $1.75 per share.

DIVIDEND POLICY

The convertible preferred stock pays dividends at 6.5% per year, payable semi-annually in arrears. These dividends may be paid either in cash or in additional shares of convertible preferred stock, at the discretion of Hybridon.

Hybridon has never declared or paid cash dividends on its capital stock, and Hybridon does not expect to pay any dividends on its common stock or any cash dividends on the convertible preferred stock in the foreseeable future. The indenture under which Hybridon issued 9% convertible subordinated notes on April 2, 1997, limits Hybridon's ability to pay dividends or make other distributions on its common stock or to pay cash dividends on the convertible preferred stock. As of January 31, 2000, $1.3 million in total principal amount of the 9% notes remained outstanding.

In addition, Hybridon is currently prohibited from paying cash dividends under the loan held by the Lender. See "Management's Discussion and Analysis of Financial Condition and Results of Operation--1998 Financing Activities--Credit Facility."

USE OF PROCEEDS

Hybridon will not receive any proceeds from the sale of the securities by selling stockholders other than proceeds upon exercise of certain Hybridon warrants. Those proceeds will be added to Hybridon's general working capital.

SELECTED FINANCIAL DATA

The selected balance sheet data set forth below, as of December 31, 1997 and 1998, and the statements of operations data for each of the three years in the period December 31, 1998, come from Hybridon's consolidated financial statements which have been audited by Arthur Andersen LLP, independent public accountants, and which are included elsewhere in this prospectus. The selected financial data as of December 31, 1994, 1995 and 1996 and for the years ended December 31, 1994 and 1995 come from Hybridon's consolidated financial statements not included in this prospectus, all of which have been audited by Arthur Andersen LLP, independent public accountants. The selected financial data as of September 30, 1999 and for the nine months ended September 30, 1998 and 1999 come from Hybridon's unaudited consolidated financial statements which are included elsewhere in this prospectus and which include, in the opinion of Hybridon, all normal recurring adjustments that are necessary for a fair presentation of its financial position and the results of its operations for those periods. Operating results for the nine months ended September 30, 1999 may not be indicative of the results that may be expected for the fiscal year ending December 31, 1999. The selected financial data should be read along with, and are qualified by reference to, "Management's Discussion and Analysis of Financial Condition and Results of Operations," Hybridon's consolidated financial statements and notes thereto and the Report of Independence Public Accountants included elsewhere in this prospectus.

	Years Ended December 31,				
	1994	1995	1996	1997	1998
	(In Thousands, except per share data)				
Statement of Operations Data:					
Revenues:					
Product and service revenue	$ --	$ --	$ 1,080	$ 1,877	$ 3,254
Research and development	1,032	1,186	1,419	945	1,100
Royalty income	--	--	62	48	--
Interest income	135	219	1,447	1,079	148
Total revenues	1,167	1,405	4,008	3,949	4,502
Operating Expenses :					
Research and development	20,024	29,685	39,390	46,828	20,977
General and administrative	6,678	6,094	11,347	11,026	6,573
Interest	69	173	124	4,536	2,932
Restructuring	--	--	--	11,020	--
Total operating expenses	26,771	35,952	50,861	73,410	30,482
Loss from operations	(25,604)	(34,547)	(46,853)	(69,461)	(25,980)
Extraordinary item:					
Gain on conversion of 9% convertible subordinated notes payable	--	--	--	--	8,877
Net loss	(25,604)	(34,547)	(46,853)	(69,461)	(17,103)
Accretion of preferred stock dividend	--	--	--	--	2,689
Net loss to common stockholders	$(25,604)	$(34,547)	$(46,853)	$(69,461)	$(19,792)
Basic and diluted net loss per common share from:	$ (70.77)	$ (94.70)	$ (10.24)	$ (13.76)	$ (2.19)
Operations					
Extraordinary gain	--	--	--	--	0.75
Net loss per share	(70.77)	(94.70)	(10.24)	(13.76)	(1.44)
Accretion of preferred stock dividends	--	--	--	--	(0.23)
Net loss per share applicable to common stockholders	$ (70.77)	$ (94.70)	$ (10.24)	$ (13.76)	$ (1.67)
Shares Used in Computing Basic and Diluted Net Loss per Common Share(1)	362	365	4,576	5,050	11,859

Balance Sheet Data:

	December 31,				
	1994	1995	1996	1997	1998
Cash, cash equivalents and short-term investments(2)	$ 3,396	$ 5,284	$ 16,419	$ 2,202	$ 5,607
Working capital (deficit)	(1,713)	210	8,888	(24,100)	(5,614)
Total assets	11,989	19,618	41,537	35,072	16,536
Long-term debt and capital lease obligations, net of current portion	1,522	1,145	9,032	3,282	473
9% convertible subordinated notes payable	--	--	--	50,000	1,306
Accumulated deficit	(67,794)	(102,341)	(149,194)	(218,655)	(238,448)
Total stockholders' equity (deficit)	4,774	12,447	22,855	(46,048)	2,249

(1) Computed on the basis described in Notes 2(k) of Notes to consolidated financial statements appearing elsewhere in this prospectus.

(2) Short-term investments consisted of U.S. government securities with maturities greater than three months but less than one year from the purchase date.

	Nine Months Ended September 30,	
	1998	1999
	(Unaudited)	
Statement of Operations Data:		
Revenues:		
Product and service revenue	$ 2,353	$ 4,644
Research and development	950	450
Royalty income	--	107
Interest income	106	82
Total revenues	3,409	5,283
Operating Expenses:		
Research and development	17,181	10,106
General and administrative	5,818	2,947
Interest	2,880	562
Restructuring	--	--
Total operating expenses	25,879	13,615
Loss from operations	(22,470)	(8,332)
Extraordinary item:		
Gain on conversion of 9% convertible subordinated notes payable	8,877	--
Net loss	(13,593)	(8,332)
Accretion of preferred stock dividend	1,647	3,194
Net loss to common stockholders	$(15,240)	$(11,526)
Basic and diluted net loss per common share from:	$ (2.11)	$ (0.54)
Operations		
Extraordinary gain	0.83	--
Net loss per share	(1.28)	(0.54)
Accretion of preferred stock dividends	(0.15)	(0.20)
Net loss per share applicable to common stockholders	$ (1.43)	$ (0.74)
Shares Used in Computing Basic and Diluted Net Loss per Common Share(1)	10,648	15,654

Balance Sheet Data:	September 30, 1999
	(Unaudited)
Cash, cash equivalents and short-term investments(2)	$ 500
Working capital (deficit)	(10,540)
Total assets	9,193
Long-term debt and capital lease obligations, net of current portion	414
9% convertible subordinated notes payable	1,306
Accumulated deficit	(249,974)
Total stockholders' equity (deficit)	(4,507)

(1) Computed on the basis described in Notes 2(K) of Notes to consolidated financial statements appearing elsewhere in this prospectus.

(2) Short-term investments consisted of U.S. government securities with maturities greater than three months but less than one year from the purchase date.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RECENT FINANCING ACTIVITIES

The discussion in the sections below relates to Hybridon's financial condition and results of operations through September 30, 1999, which is the period covered by the financial statements included elsewhere in this prospectus. This section summarizes developments since September 30, 1999.

Hybridon sold an aggregate of $1,500,000 principal amount of promissory notes to E. Andrews Grinstead, III, Hybridon's Chief Executive Officer, at face value during September and November of 1999. These notes accrue interest at 12% per annum (15% if Hybridon elects to pay this interest in shares of common stock rather than cash). It was intended that upon the closing of any third-party debt financing on or before March 1, 2000, these notes would be converted into the debt sold in that financing, and in December 1999 they were converted into 8% notes of Hybridon due 2002. Hybridon also sold an aggregate of approximately $525,000 of debt to purchasers in a private placement transaction in October and November 1999; as of December 13, 1999, this debt automatically converted into 8% notes.

On December 13, 1999, Hybridon sold an aggregate of an additional $5.1 million principal amount of 8% notes to purchasers in a private placement transaction. Including the 8% notes issued upon conversion of the debt issued to Mr. Grinstead and other purchasers, there is $7.1 million principal amount of 8% notes outstanding. These notes earn interest semi-annually at 8% per annum, mature on November 30, 2002 and are convertible into Hybridon's common stock at an initial conversion price of $.60 per share.

In connection with the offering of these notes, Forum and the entities advised by Pecks entered into a Subordination and Intercreditor Agreement with Hybridon and the representative of the purchasers of the notes whereby, among other things, they agreed to subordinate their loan to the notes, subject to certain conditions. Also in connection with this offering, Hybridon agreed to issue warrants to purchase an aggregate of 2.75 million shares of Hybridon's common stock to designees of Pecks and Forum. These warrants are exercisable from December 31, 2000 until December 31, 2002 at $.60 per share.

The notes permit the noteholders' representative to declare an event of default, among other things, if Hybridon fails to maintain, as of the last day of any calendar month, consolidated cash on hand (and cash equivalents and marketable securities) of at least $1.5 million. As of January 31, 2000,

Hybridon met this requirement. If an event of default under the notes were declared and not cured in the requisite time period, then the respective representatives of the notesholders, Forum and the entities advised by Pecks could declare their debt securities immediately due and payable, in which case Hybridon may be required to sell substantial assets to raise funds for this repayment and, if the proceeds of those sales together with any other funds available are insufficient, Hybridon could be forced to declare bankruptcy.

GENERAL

Hybridon's existing cash resources are expected to be sufficient to fund operations up to June 2000. Hybridon's ability to continue operations beyond that time will depend on its success in obtaining new funding, either through additional financing or new partnerships or collaborations with third paries, particularly if its existing collaboration with Searle is terminated. See "Business- Corporate Collaborations-G.D. Searle & Co." If Hybridon is unable to obtain substantial additional new funding by June 2000, Hybridon may have to terminate operations or seek relief under applicable bankruptcy laws.

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

Hybridon has had total losses of approximately $250 million through September 30, 1999. Hybridon adopted a restructuring plan in the second half of 1997 that has significantly reduced its operating expenses. However, Hybridon expects that its research and development expenses will be significant in 1999 and future years as it pursues its core drug development programs and expects to continue to have operating losses and significant capital needs beyond its internally generated funds. As of January 24, 2000, Hybridon has 45 full-time employees.

RESTRUCTURING PLAN

During the second half of 1997, Hybridon adopted a restructuring plan to reduce spending in order to save money. As part of this plan, in addition to stopping the development of GEM(R) 91, Hybridon limited or suspended programs unrelated to its main advanced chemistry antisense drug development programs. In addition, in 1997, Hybridon ended the employment of a substantial number of employees at its Cambridge and Milford, Massachusetts and Paris, France facilities and substantially limited operations at its Paris, France office. In December 1998, Hybridon began the final process of ending all operations in Europe.

In 1997 Hybridon subleased a portion of each of its facilities in Cambridge, Massachusetts (including a substantial portion of its former headquarters). In June 1998, Hybridon moved its headquarters from Cambridge, Massachusetts to its facility in Milford, Massachusetts and then sold its interest in Charles River Building Limited Partnership, or the "Cambridge Landlord," which owned the former Cambridge headquarters. As a result, Hybridon received $6,163,000 in cash, which included the return of a portion of its security deposit for its Cambridge headquarters and the reclassification on Hybridon's balance sheet of $660,000 from restricted cash to cash and cash equivalents. The Cambridge facility was leased in September 1998 to a third party, subject to a sublease of a portion of the premises. As a result of these actions, Hybridon was relieved of its substantial lease obligations for the Cambridge facility, subject to a continuing liability for any defaults which may arise under the sublease.

RESULTS OF OPERATIONS

Nine months ended September 30, 1999 and 1998

Hybridon had total revenues of $5.3 million and $3.4 million for the nine months ended September 30, 1999 and 1998, respectively. Revenues from products and services were $4.6 million and $2.4 million for the nine months ended September 30, 1999 and 1998, respectively. The increase was primarily the result of increased sales to Hybridon Specialty Products customers and receipt of service revenues from MethylGene, Inc., an entity in which Hybridon has an approximately 30% equity interest , and OriGenix Technologies, Inc., an entity in which Hybridon has an approximately 49% equity interest. The revenues received from MethylGene decreased from $1.6 million to $0.9 million and increased for OriGenix from zero to $76,000 for the nine months ended September 30, 1998 and 1999, respectively.

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

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

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

Hybridon's general and administrative expenses were $2.9 million and $5.8 million for the nine months ended September 30, 1999 and 1998, respectively. The decrease reflects Hybridon's reduction of its operating expenses in 1997 and 1998 pursuant to the restructuring which began in 1997 and completed in 1998 and which resulted in significant reduction in employees and employee-related expenses and consulting expenses . General and administrative expenses related to business development, public relations and legal and accounting expenses also decreased in 1999.

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

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

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

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

Hybridon had extraordinary income of $8.9 million for the nine months ended September 30, 1998 resulting from the conversion of $48.7 million principal amount of its 9% notes to Series A preferred stock in the second

quarter of 1998. In accordance with Statement of Financial Accounting Standards No. 15, Accounting by Debtors and Creditors for Troubled Debt Restructurings, Hybridon recorded an extraordinary gain of approximately $8.9 million related to the exchange. The extraordinary gain represents the difference between the carrying value of the 9% notes offered for exchange and the fair value of the Series A preferred stock issued upon the exchange, as determined by the per share sales price of such stock sold in May 1998 in the private offering described below. As a result of this transaction, Hybridon reduced its net loss to $13.6 million for the nine months ended September 30, 1998.

Hybridon had preferred stock dividends of $3.2 million and $1.6 million for the nine months ended September 30, 1999 and 1998, respectively, reflecting the accrued portion of dividends payable to the holders of Series A preferred convertible stock, resulting in a net loss to common stockholders of $11.5 million and $15.2 million for the nine months ended September 30, 1999 and 1998, respectively.

Years ended December 31, 1996, 1997 and 1998

Hybridon had total revenues of $4.0 million in 1996, $3.9 million in 1997, and $4.5 million in 1998. During 1996, 1997 and 1998, Hybridon received revenues from research and development collaborations of $1.4 million, $0.9 million and $1.1 million, respectively. Research and development collaboration revenues decreased in 1997 from 1996 because of the cancellation by Roche of its collaboration with Hybridon and the resulting elimination of research funding by Roche. Research and development collaboration revenues increased in 1998 from 1997, primarily due to Hybridon receiving certain payments under its license agreement with MethylGene, Inc.

Product and service revenues were $1.1 million in 1996, $1.9 million in 1997 and $3.3 million in 1998. The increase in revenues in 1997 over those in 1996 resulted from a full year of operations for Hybridon Specialty Products, which commenced operations in the third quarter of 1996. As of December 31, 1998, Hybridon Specialty Products had a backlog of $0.9 million. The increase in revenues in 1998 was primarily the result of an expansion by Hybridon Specialty Products in the customer base and increased sales to certain existing customers, and was also due in part to Hybridon receiving $0.4 million in service revenue from MethylGene.

Revenues from interest income were $1.4 million in 1996, $1.1 million in 1997 and $0.1 million in 1998. The decrease in interest income in 1997 from 1996, and in 1998 from 1997, was the result of lower cash balances available for investment each year.

During 1996, 1997 and 1998, Hybridon expended $39.4 million, $46.8 million and $21.0 million, respectively, on research and development activities.

The increases in research and development expenses in 1997 from 1996 reflected increasing expenses related primarily to ongoing clinical trials of Hybridon's product candidates, including (a) clinical trials of two different formulations of GEM(R) 132, which were first initiated during the third quarter of 1996 and the first quarter of 1997, (b) clinical trials of GEM(R) 92, which were initiated in the third quarter of 1997 and (c) clinical trials of GEM(R) 91, which were initiated in France in October 1993 and in the U.S. in May 1994, and were terminated in July 1997. Clinical expenses related to GEM(R) 91 decreased significantly during the second half of 1997 after Hybridon terminated development of this compound. Research and development expenses also increased in 1997 over 1996 due to significant

increases in preclinical expenses incurred to meet the filing requirements to begin clinical trials of Hybridon's product candidates in the U.S.

The decrease in research and development expenses in 1998 reflects Hybridon's restructuring that began during the second half of 1997. The restructuring included ending operations at Hybridon's facilities in Europe, stopping the clinical development of GEM(R) 91 and limiting or suspending selected programs unrelated to Hybridon's main advanced chemistry antisense drug

development program. The restructuring resulted in significant reductions in employee-related expenses, clinical and outside testing, consulting, materials and lab expenses.

The facilities expense related to the research and development area increased significantly in 1997 as a result of moving the corporate offices to Cambridge, Massachusetts and decreased significantly in 1998 as a result of moving in July 1998 from Cambridge to Milford, Massachusetts. Hybridon's facility costs in 1998 related to research and development were also reduced by the income received from subleasing its Cambridge facilities.

Research and development salaries and related costs remained at approximately the same level in 1997 as 1996 because of the costs involved in releasing employees in 1997. Research and development salaries and related costs decreased in 1998 from 1997 due to the substantial reduction in the number of employees involved in research and development in 1998.

Patent expenses also remained at approximately the same level in 1998 as 1997 and 1996, as Hybridon continued to limit the scope of patent protection that it sought as part of its effort to conserve its cash resources, while prosecuting and maintaining key patents and patent applications.

Hybridon incurred general and administrative expenses of $11.3 million in 1996, $11.0 million in 1997 and $6.6 million in 1998. The decrease in general and administrative expenses in 1998 resulted primarily from Hybridon's restructuring program which began during the second half of 1997 and its effect on employee-related and consulting expenses and net facilities costs.

The facilities expense related to the general and administrative area increased significantly in 1997 over 1996 as a result of moving the corporate offices to Cambridge, Massachusetts. However, as a result of adopting the restructuring plan in the second half of 1997, such increase was offset by decreases in general and administrative salaries and related costs and in consulting expenses in the second half of 1997, which carried over into 1998. Hybridon's facilities expense related to the general and administrative area decreased significantly in 1998 as a result of its moving to Milford, Massachusetts. Facility costs in 1998 were also reduced by the income received from subleasing Cambridge facilities. General and administrative expenses related to business development, public relations and legal expenses decreased in 1998 from 1997, but remained at approximately the same level in 1997 as 1996.

Interest expense was $0.1 million in 1996, $4.5 million in 1997 and $2.9 million in 1998. The decrease in interest expense in 1998 is mainly due to the exchange of approximately $48.7 million of its 9% notes for Series A preferred stock on May 5, 1998. In addition, the outstanding balance of debt to finance the purchase of property and equipment was reduced in May 1998, resulting in a reduction in interest expense. The increase in interest expense in 1997 from 1996 reflected an increase in Hybridon's debt outstanding associated with the issuance of its 9% notes and interest incurred on borrowings to finance the purchase of property and equipment.

As a part of its restructuring plan, Hybridon recorded an $11.0 million restructuring charge in 1997 to provide for (i) the termination costs of certain research programs and other contracts, (ii) the loss of certain leased facilities, net of sublease income and other contracts, (iii) severance, benefits and related costs for 95 terminated employees and (iv) the write down of assets to net realizable value.

As a result of the above factors, Hybridon incurred net losses before extraordinary items of $46.9 million in 1996, $69.5 million in 1997 and $26.0 million in 1998. Hybridon had extraordinary income of $8.9 million in 1998 resulting from the exchange of 9% notes for Series A preferred stock in the second quarter of 1998. As a result of this transaction, Hybridon reduced its net loss before preferred stock dividends to $17.1 million in 1998. Hybridon had an accretion of preferred stock dividends of $2.7 million at December 31, 1998 to reflect the 1998 portion of dividends payable to the holders of Series A preferred stock, resulting in a net loss to common stockholders of $19.8 million for 1998.

LIQUIDITY AND CAPITAL RESOURCES

The following discussion pertains to Hybridon's financial position as of September 30, 1999. For a discussion of Hybridon's current financial position, see "Recent Financing Activities," above.

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

Hybridon had cash and cash equivalents of $0.5 million at September 30, 1999. However, since that date, Hybridon has spent a portion of such cash resources and continues to have substantial obligations to lenders, real estate landlords, trade creditors and others. On November 12, 1999, Hybridon's obligations included a $1.0 million loan described below with E. Andrews Grinstead, III, Hybridon's Chief Executive Officer, $1.3 million principal amount of 9% notes, a $6.0 million loan with Forum Capital Markets, LLC and others (collectively, the "Lenders"), a $0.5 million loan as described below, approximately $0.5 million in 8% convertible notes as described below, and approximately $2.5 million of accounts payable. Because of Hybridon's financial condition, many trade creditors are only willing to provide Hybridon with products and services on a cash on delivery basis. The note to the Lenders contains certain financial covenants that require Hybridon to maintain minimum tangible net worth and minimum liquidity. Hybridon is not in compliance with those covenants. However, Forum Capital Markets has granted Hybridon a waiver of compliance with the minimum tangible net worth requirement and the minimum liquidity requirement at September 30, 1999 and has agreed not to require that Hybridon comply with those requirements for any periods commencing October 1, 1999 through November 30, 1999. A representative of the other Lenders has indicated informally to Hybridon that the other Lenders intend to do likewise, but they have not yet entered into a written agreement to that effect.

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

During October and November 1999, Hybridon raised approximately $500,000 under a loan agreement with various parties. The loan will be converted, at the lenders' option, into either (a) preferred equity, or (b) secured debt, no later than December 31, 1999, as described below. Hybridon will pay the lenders interest monthly in arrears on the unpaid principal amount of the loan at the rate of 8% per annum, payable in common stock at the rate of $0.50 per share, on the first business day of each month that the loan is outstanding, commencing November 1, 1999. The loan may be prepaid without premium or penalty at any time. Any preferred stock into which such loan is converted will (i) rank senior to existing preferred stock, but junior to all debt, (ii) will be paid a dividend of 8% per annum, payable semi-annually in arrears, which will be payable in Hybridon common stock, priced at the market

price on the record date, (iii) will be convertible to Hybridon common stock at the rate of $0.50 per share at any time and (iv) will be callable by Hybridon at any time after three years. Any secured debt into which such loan will be converted will (a) have a five-year term, (b) will bear 8% interest, payable semi-annually in arrears, payable in cash or Hybridon common stock, at Hybridon's option, (c) will be convertible into common stock at $0.60 per share, (d) will be prepayable by Hybridon, in whole or in part, at any time in cash; provided however, that if the loan is prepaid at Hybridon's election during the first three years of the term, Hybridon will issue a number of warrants with an exercise price of $0.60 per share to purchase common stock

equal to the number of shares into which the amount prepaid was convertible, (e) will be secured by all assets of Hybridon and (f) will rank pari passu with the current $6.0 million loan held by the Lenders.

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

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

1998 FINANCING ACTIVITIES

On February 6, 1998, Hybridon commenced an offer to the holders of the 9% notes to exchange the 9% notes for Series A preferred stock and certain warrants of Hybridon. On May 5, 1998, noteholders holding $48.7 million of principal and $2.4 million of interest tendered such principal and accrued interest to Hybridon for 510,505 shares of Series A preferred stock and warrants to purchase 3,002,958 shares of common stock with an exercise price of $4.25 per share.

On May 5, 1998, Hybridon completed a private offering of equity securities raising total gross proceeds of approximately $26.7 million from the issuance of 9,597,476 shares of common stock, 114,285 shares of Series A preferred stock and warrants to purchase 3,329,486 shares of common stock at $2.40 per share. The gross proceeds include the conversion of approximately $5.9 million of accounts payable, capital lease obligations and other obligations into common stock. Hybridon incurred approximately $1.6 million of cash expenses

related to the private offering and issued 597,699 shares of common stock and warrants to purchase 1,720,825 shares of common stock at $2.40 per share to the placement agents. In addition, Hybridon is obligated to issue an additional 300,000 shares in connection with this transaction. For more information about this transaction, see note 15(c) of the notes to consolidated statements.

Credit Facility

In December 1996, Hybridon entered into a five-year $7,500,000 note payable with a bank. The note contained certain financial obligations that required Hybridon to maintain a minimum worth and a minimum liquidity and prohibited the payment of dividends. The note was payable in 59 equal installments of $62,500 beginning on February 1, 1997, with a balloon payment of the then remaining outstanding principal balance due on January 1, 2002. Because Hybridon was required to make certain prepayments of principal during 1998, the outstanding principal balance of the loan at November 16, 1998 was approximately $2.8 million. The lender granted Hybridon a waiver of compliance with the minimum worth requirement at December 31, 1998 and March 31, 1999 and the minimum liquidity requirement at April 15, 1999.

Effective November 20, 1998, Forum Capital Markets, LLC and certain investors associated with Pecks Management Partners Ltd. purchased the loan from the bank. Forum and Pecks are affiliates of two members of Hybridon's board of directors. In connection with this purchase, Forum and Pecks lent an additional $3.2 million to Hybridon so as to increase the outstanding principal amount of the note to $6,000,000. In addition, the terms of the note payable were amended as follows:

- the maturity was extended to November 30, 2003
- the interest rate was decreased to 8%
- interest is payable monthly in arrears, with the principal due in full at maturity
- the note payable is convertible, at the option of Forum and Pecks, in whole or in part, into shares of common stock of Hybridon at a conversion price equal to $2.40 a share
- the threshold of the minimum liquidity obligation was reduced from $4,000,000 to $2,000,000
- the note payable may not be prepaid, in whole or in part, at any time prior to December 1, 2000

The other terms of the note payable were unchanged.

For further information about this loan, see note 7 of the notes to consolidated financial statements.

Facility Leases

As of December 31, 1998, Hybridon has future operating lease commitments of approximately $7.7 million through 2007 for its existing leases.

Net Operating Loss Carryforwards

As of December 31, 1998, Hybridon had approximately $220.0 million and $3.9 million of net operating loss and tax credit carryforwards, respectively. The Tax Reform Act of 1986 contains certain provisions that may limit Hybridon's ability to utilize net operating loss and tax credit carryforwards in any given

year if certain events occur, including cumulative changes in ownership interests in excess of 50% over a three-year period. Hybridon has completed several financings since the effective date of the Tax Act, which, as of December 31, 1998, have resulted in ownership changes in excess of 50%, as defined under the Tax Act and which will limit Hybridon's ability to utilize its net operating loss carryforwards.

HISTORY OF OPERATING LOSSES; UNCERTAINTY OF FUTURE PROFITABILITY

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

FUTURE CAPITAL NEEDS; UNCERTAINTY OF ADDITIONAL FUNDING

Even though Hybridon has obtained sufficient cash to fund its operations for the balance of 1999, it will be required to raise substantial additional funds through external sources, including through collaborative relationships and public or private financing, to support its operations throughout 2000 and beyond . Except for research and development funding from Searle under its collaborative agreement with Searle (which is subject to early termination in certain circumstances), Hybridon has no committed external sources of capital, and, as discussed above, expects no product revenues for several years from sales of the therapeutic products that it is developing (as opposed to sales of DNA products and reagents manufactured and sold by Hybridon Specialty Products). No guarantee can be given that additional funds will be available to fund operations for the balance of 1999 or in future years, or, if available, that such funds will be available on acceptable terms. If additional funds are raised by issuing equity securities, further dilution to then existing stockholders will result. Additionally, the terms of any such additional financing may adversely affect the holdings or rights of then existing stockholders.

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

DIRECTORS AND EXECUTIVE OFFICERS OF HYBRIDON

The following table sets forth certain information regarding the executive officers and directors of Hybridon as of February 15, 2000.

Name	Age	Position
E. Andrews Grinstead, III.....	54	Director (Class III), President and Chief Executive Officer
Sudhir Agrawal, D. Phil.....	45	President and Acting Chief Executive Officer, Senior Vice President of Discovery, Chief Scientific Officer, and Director (Class III)
James B. Wyngaarden, M.D.....	73	Chairman of the Board of Directors (Class II)
Nasser Menhall.....	42	Director (Class I)
Arthur W. Berry.....	56	Director (Class I)
Harold L. Purkey.....	54	Director (Class I)
Paul C. Zamecnik, M.D.....	85	Director (Class II)

Camille Chebeir.....	60	Director (Class II)
Youssef El-Zein.....	49	Director (Class III)

E. Andrews Grinstead, III joined Hybridon in June 1991 and was appointed Chairman of the board and Chief Executive Officer in August 1991 and President in January 1993. He has served on the board of directors since June 1991. Mr. Grinstead resigned as Chairman in December 1999. On February 15, 2000, Hybridon announced that Mr. Grinstead had taken an unexpected medical leave of absence of indefinite duration due to a serious illness and that Mr. Grinstend had been replaced as President. Prior to joining Hybridon, Mr. Grinstead served as Managing Director and Group Head of the life sciences group at Paine Webber, Incorporated, an investment banking firm, from 1987 to October 1990; Managing Director and Group Head of the life sciences group at Drexel Burnham Lambert, Inc., an investment banking firm, from 1986 to 1987; and Vice President at Kidder, Peabody & Co. Incorporated, an investment banking firm, from 1984 to 1986, where he developed the life sciences corporate finance specialty group. Mr. Grinstead served in a variety of operational and executive positions with Eli Lilly and Company, an international pharmaceutical company, from 1976 to 1984, most recently as General Manager of Venezuelan Pharmaceutical, Animal Health and Agricultural Chemical Operations and at Eli Lilly Corporate Staff as Administrator, Strategic Planning and Acquisitions. Since 1991, Mr. Grinstead has served as a director of Pharmos Corporation, a development stage company engaged in the development of novel pharmaceutical compounds and drug delivery systems. Mr. Grinstead also serves as a director of Meridian Medical Technologies, Inc., a pharmaceutical and medical device company. Mr. Grinstead was appointed to The President's Council of the National Academy of Sciences and the Institute of Medicine in January 1992 and the board of the Massachusetts Biotech Council in 1997. Since 1994, Mr. Grinstead has served as a member of the board of trustees of the Albert B. Sabin Vaccine Foundation, a charitable foundation dedicated to disease prevention. Mr. Grinstead received an A.B. from Harvard College in 1967, a J.D. from the University of Virginia School of Law in 1974 and an M.B.A. from the Harvard Graduate School of Business Administration in 1976.

Sudhir Agrawal joined Hybridon in February 1990 and served as Principal Research Scientist from February 1990 to January 1993 and as Vice President of Discovery from December 1991 to January 1993 prior to being appointed Chief Scientific Officer in January 1993, Senior Vice President of Discovery in March 1994, and President and Acting Chief Executive Officer in February 2000. He has served on the board of directors since March 1993. Prior to joining

Hybridon, Dr. Agrawal served as a Foundation Scholar at the Worcester Foundation from 1987 through 1991. Dr. Agrawal served as a Research Associate at Research Council Laboratory of Molecular Biology in Cambridge, England from 1985 to 1986, studying synthetic oligonucleotides. Dr. Agrawal received a B.Sc. in chemistry, botany and zoology in 1973, an M.Sc. in organic chemistry in 1975 and a D. Phil. in chemistry in 1980 from Allahabad University in India.

James B. Wyngaarden was appointed member of the board of directors of Hybridon in 1990, was Vice Chairman of the board of directors of Hybridon from February 1997 to February 2000, and in February 2000 was appointed Chairman of the board of directors of Hybridon. He was Foreign Secretary of the National Academy of Sciences and the Institute of Medicine of the National Academy of Sciences from 1990 to 1994; council member of the Human Genome Organization from 1990 to 1993 and Director from 1990 to 1991; and Director of the National Institutes of Health from 1982 to 1989. He is a member of the board of directors of Human Genome Sciences, Inc. and Magainin Pharmaceuticals, Inc.

Nasser Menhall was appointed member of the board of directors of Hybridon in 1992. He has been a member of the board of directors and Chief Executive Officer of the WorldCare Group, a teleradiology company, since 1993; President of Pillar Limited, a private investment and management consulting firm, since 1990; and President of Biomedical Associates, a private investment firm, since 1990.

Arthur W. Berry was appointed member of the board of directors of Hybridon in 1998. He has been Chairman and Managing Partner of Pecks Management Partners, since 1990, and was Vice President and Co-Manager of the Alliance Convertible Securities Group and President of the Alliance Convertible Fund from 1985 to 1990. Prior to joining Alliance, he was Vice President and Head of

Special Funds Section and Manager of the Harris Convertible Fund at Harris Bank and Senior Portfolio Manager in the bank's Individual Investment Management Group. He is also a member of the board of directors of Intellicorp, Inc.

Harold L. Purkey was appointed member of the board of directors of Hybridon in 1998. He is President of Forum Capital Markets LLC, and was previously Senior Managing Director of convertible securities at Smith Barney Shearson from 1990 to 1994, and Senior Executive Vice President of Drexel Burnham Lambert from 1982 to 1989. He is also a member of the board of directors of Richardson Electronics.

Paul C. Zamecnik was appointed member of the board of directors of Hybridon in 1990. He was Principal Scientist at the Worcester Foundation for Biomedical Research, Inc. from 1979 to 1996, and has been Collis P. Huntington Professor of Oncologic Medicine Emeritus at the Harvard Medical School since 1979. He is also currently Senior Scientist and Honorary Physician at Massachusetts General Hospital in Boston.

Youssef El-Zein was appointed member of the board of directors of Hybridon in 1992, and has been Vice Chairman of the board of directors of Hybridon since February 1997. He has been Executive Officer of Pillar S.A., a private investment and management consulting firm, since 1991; Chairman of the WorldCare Group since 1993; and member of the board of directors of Pillar Investment Limited ("Pillar Investment"), a private investment and management consulting firm, since 1991.

Camille Chebeir was appointed member of the board of directors of Hybridon in 1999. Since 1995, he has been President of Sedco Services, Inc., a company which manages investments of the bin Mafouz Saudi Arabian family. In that capacity, he serves on the boards of various entities in which Sedco Services, Inc. invests. Mr. Chebeir was previously the Executive Vice President/General Manager of National Commercial Bank, New York branch. Mr. Chebeir is a former President of the Arab Bankers Association of North America.

Hybridon's restated certificate of incorporation provides for a staggered board of directors consisting of three classes, with each class being as nearly equal in number as possible. At each annual meeting of Hybridon's stockholders, the term of one class ends and the successors of the directors in that class are elected for a term of three years. Hybridon has designated three Class I directors, three Class II directors, and four Class III directors; they are identified in the above table. They are to serve until the annual meeting of stockholders to be held in 2000, 2001 and 2002, respectively, and until their respective successors are elected and qualified, or until their earlier resignation or removal. The restated certificate of incorporation provides that directors may be removed only for cause by a majority of stockholders.

EXECUTIVE COMPENSATION

COMPENSATION OF EXECUTIVE OFFICERS

Summary Compensation Table

The following table sets forth the compensation for the fiscal years ended December 31, 1999 ("fiscal 1999"), December 31, 1998 and December 31, 1997 for Hybridon's Chief Executive Officer and Chief Scientific Officer, who were serving as Executive Officers at December 31, 1999 and whose total annual salary and bonus exceeded $100,000 in fiscal 1999:

SUMMARY COMPENSATION TABLE

					LONG-TERM COMPENSATION	
		ANNUAL COMPENSATION			AWARDS	
NAME AND PRINCIPAL POSITION			OTHER ANNUAL COMPEN-	SECURITIES UNDERLYING		ALL OTHER

		SALARY	BONUS	SATION	OPTIONS	COMPENSATION
E. Andrews Grinstead, III	1999	$ 375,000	0	$ 93,750(1)	1,763,319(3)	$ 42,548(2)
Chief Executive Officer	1998	$ 375,000	0	$ 93,750(1)	500,000	$ 44,832(2)
and Director	1997	$ 375,000	0	$ 93,750(1)	66,806	$ 53,784(2)
Sudhir Agrawal, D. Phil	1999	$ 250,000	0	$ 50,000(1)	1,618,263(3)	$ 25,962(2)
President, Acting Chief Executive .	1998	$ 250,000	0	$ 50,000(1)	500,000	$ 22,115(2)
Senior Vice President of	1997	$ 250,000	0	$ 50,000(1)	32,263	$ 13,462(2)
Discovery, and Chief Scientific Officer and Director						

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(1) Other annual compensation paid, or to be paid, by Hybridon to, or for the benefit of, the named executive officers is as follows:

E. Andrews Grinstead, III	1999	1998	1997
Paid in lieu of employee benefits ..	$79,288	$79,903	$34,902
Purchase of life insurance and other payments to third parties	14,462	13,487	58,848
Total	$93,750	$93,750	$93,750

Sudhir Agrawal, D. Phil	1999	1998	1997
Paid in lieu of employee benefits ..	$36,789	$37,462	$38,132
Purchase of life insurance and other payments to third parties	13,211	12,538	11,868
Total	$50,000	$50,000	$50,000

(2) All other compensation paid, or to be paid, by Hybridon to, or for the benefit of, the named executive officers is as follows:

E. Andrews Grinstead, III	1999	1998	1997
Surrender of unused vacation days ..	$42,548	$28,832	$37,300
Additional payments	0	16,000	16,484
Total	$42,548	$44,832	$53,784

Sudhir Agrawal, D. Phil	1999	1998	1997
Surrender of unused vacation days ..	$25,962	$22,115	$13,462
Total	$25,962	$22,115	$13,462

(3) During 1999 Hybridon reduced the exercise price of all employee stock options to $.50 per share. The number of repriced stock options amounts to 1,263,319 and 1,118,263 for Mr. Grinstead and Dr. Agrawal, respectively. These repriced stock options are included in the "Summary Compensation Table."

Option Grants and Repricings Table

The following table sets forth certain information concerning grants and repricings of stock options made during fiscal 1999 to each of the named executive officers:

OPTION GRANTS AND REPRICINGS IN LAST FISCAL YEAR

	INDIVIDUAL GRANTS			
		PERCENTAGE OF TOTAL		POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK

	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED	OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE PRICE PER SHARE	EXPIRATION DATE(1)	PRICE APPRECIATION FOR OPTIONS TERM(2) 5%	10%
E. Andrews Grinstead, III						
01/01/99 grant	500,000	7.7%	$2.00	0/1/01/09	$323,477	$1,107,416
1999 repricings	1,263,319	19.4%	$0.50	Various	$ 79,821	$ 423,299
Total granted or repriced in 1999	1,763,319					
Less duplication for options granted and repriced in 1999	(500,000)					
Total options outstanding at 12/31/99	1,263,319					
Sudhir Agrawal, D.Phil.						
01/01/99 grant	500,000	7.7%	$2.00	0/1/01/09	$323,477	$1,107,416
1999 repricings	1,118,263	17.2%	$0.50	Various	$ 82,267	$ 405,914
Total granted or repriced in 1999	1,618,263					
Less duplication for options granted and repriced in 1999	(500,000)					
Total options outstanding at 12/31/99	1,118,263					

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(1) The expiration date of each option is the tenth anniversary of the date on which the option was originally granted.

(2) The amounts shown on this table represent hypothetical gains that could be achieved for the respective options if exercised at the end of the option term. These gains are based on assumed rates of stock increase of 5% and 10%, compounded annually from the date the respective options were repriced or granted to their expiration date. The gains shown are net of the option exercise price, but do not include deductions for taxes or other expenses associated with the exercise. Actual gains, if any, on stock option exercises will depend on the future performance of the common stock, the optionholder's continued employment through the option period, and the date on which the options are exercised. As of February 2, 2000, the last sale price of common stock of Hybridon was $1.75.

(3) Mr. Grinstead and Dr. Agrawal had 680,596 and 551,356 exercisable options, respectively, at 12/31/99. The remaining options become exercisable over various periods through 9/30/03.

Stock Option Repricing

The following table sets forth all repricings of stock options held by E. Andrews Grinstead, III, Hybridon's Chief Executive Officer, and Sudhir Agrawal, Hybridon's President and Acting Chief Executive Officer, since Hybridon's initial public offering on February 2, 1996.

10-YEAR OPTION/SAR REPRICINGS

	DATE	NUMBER OF SECURITIES UNDERLYING OPTIONS/SARS' REPRICED OR AMENDED	MARKET PRICE OF STOCK AT TIME OF REPRICING OR AMENDMENT	EXERCISE PRICE AT TIME OF REPRICING OR AMENDMENT	NEW EXERCISE PRICE	LENGTH OF ORIGINAL OPTION TERM REMAINING AT DATE OF REPRICING OR AMENDMENT
E. Andrews Grinstead, III						
	09/23/99	500,000	$0.38	$2.00	$0.50	9.28
	09/23/99	500,000	$0.38	$2.00	$0.50	8.83
	09/23/99	12,000	$0.38	$31.88	$0.50	7.66
	09/23/99	38,000	$0.38	$30.00	$0.50	7.54
	09/23/99	16,806	$0.38	$31.25	$0.50	7.41
	09/23/99	50,000	$0.38	$57.85	$0.50	6.42
	09/23/99	30,000	$0.38	$37.50	$0.50	5.48
	09/23/99	19,600	$0.38	$37.50	$0.50	3.96
	09/23/99	70,246	$0.38	$37.50	$0.50	3.62

	09/23/99	26,667	$0.38	$25.00	$0.50	2.38
Sudhir Agrawal, D.Phil.						
	09/23/99	500,000	$0.38	$2.00	$0.50	9.28
	09/23/99	500,000	$0.38	$2.00	$0.50	8.83
	09/23/99	6,000	$0.38	$31.88	$0.50	7.66
	09/23/99	19,000	$0.38	$30.00	$0.50	7.54
	09/23/99	7,263	$0.38	$31.25	$0.50	7.41
	09/23/99	25,000	$0.38	$57.85	$0.50	6.42
	09/23/99	20,000	$0.38	$37.50	$0.50	5.48
	09/23/99	10,000	$0.38	$37.50	$0.50	3.29
	09/23/99	21,000	$0.38	$17.50	$0.50	3.29
	09/23/99	10,000	$0.38	$1.25	$0.50	2.38

The board of directors repriced all employee stock options effective September 23, 1999. The options were repriced in order to provide additional incentives to employees, since the previous option exercise prices were greater than the market price of Hybridon's common stock.

Aggregated Option Exercises and Year-End Option Table

The following table sets forth certain information concerning the number and value of unexercised options held by each of the named executive officers on December 31, 1999:

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

	NUMBER OF SHARES UNDERLYING OPTIONS AT FISCAL YEAR-END EXERCISABLE/ UNEXERCISABLE	VALUE OF UNEXERCISED IN THE MONEY OPTIONS AT FISCAL YEAR- END(1) EXERCISABLE/ UNEXERCISABLE
E. Andrews Grinstead, III.....	680,596 / 582,723	$347,104 / $297,189
Sudhir Agrawal.....	551,356 / 566,907	$281,192 / $289,123

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(1) The closing price for the common stock as reported by The Nasdaq OTC Bulletin Board on December 31, 1999 was $1.01. Value is calculated on the basis of the difference between the option exercise price and $1.01, multiplied by the number of shares of common stock underlying the option.

DIRECTOR COMPENSATION

Each non-employee director is paid $1,500 for personal or telephonic attendance at a board of directors or committee meeting. Other directors are not entitled to compensation in their capacities as directors. All of the directors are reimbursed for their expenses incurred in connection with their attendance at board of directors and committee meetings. In addition, Dr. Zamecnik received compensation in the amount of $83,995 in 1998 and $26,000 in 1999 in connection with certain consulting services to Hybridon. Of this amount, Dr. Zamecnik received 25,000 shares of common stock and warrants to purchase 6,250 shares of common stock in lieu of $50,000 in cash, and $26,000 in convertible debt in lieu of $26,000 in cash, which is convertible, at Dr. Zamecnik's option, into 43,333 shares of common stock. The remaining $33,995 was paid in cash. Hybridon also is a party to consulting, advisory and other arrangements with various directors and their affiliates. For a description of the foregoing arrangements with Hybridon and certain other transactions between Hybridon and affiliates of certain directors, see "Certain Transactions."

In October 1995, Hybridon adopted the 1995 director stock option plan. Under the terms of the director plan, options to purchase 1,000 shares of common stock were granted to each director of Hybridon, other than Mr. Grinstead and Dr. Agrawal, (a) as of January 24, 1996 at an exercise price of $65.625 per share, (b) as of May 1, 1997, at an exercise price of $27.50 per share, (c) as of May 1, 1998 at an exercise price of $2.375 per share, and (d) as of May 1, 1999 at an exercise price of $1.22 per share. The director plan also provides that options to purchase 5,000 shares of common stock will be granted to each new director upon his or her initial election to the board of directors. However, because of the one-for-five reverse stock split described below, options to purchase 1,000 shares of common stock were granted to Camille Chebeir and H.F. (Jake) Powell upon their appointment to the board of directors in 1999. (Mr. Powell has since resigned from Hybridon's board of directors.) In addition, on June 8, 1999, Hybridon's stockholders approved a one-time grant of options to purchase 8,000 shares of Hybridon's common stock at an exercise price of $0.47 per share to each director other than Mr. Grinstead and Dr. Agrawal. Annual options to purchase 5,000 shares of common stock will be granted to each eligible director on May 1 of each year. All options will vest on the first anniversary of the date of grant or, in the case of options granted automatically each year, on April 30 of the year following the date of the grant; provided, that the exercisability of these options will be accelerated upon the occurrence of a change in control, as defined in the director plan. A total of 400,000 shares of common stock may be issued upon the exercise of stock options granted under the director plan. The exercise price of options granted under the director plan will equal the closing price of the common stock on the date of grant. As of June 15, 1999, options to purchase an aggregate of 93,000 shares of common stock were outstanding under the director plan.

Non-employee directors also have received options to purchase common stock of Hybridon under Hybridon's 1997 stock incentive plan and Hybridon's 1995 stock option plan. In particular, in 1998, the board of directors voted to grant an option to purchase 50,000 shares of common stock at $2.00 per share to Dr. Wyngaarden and Mr. El-Zein, in recognition of their services as Vice Chairmen of the board of directors during the previous

twelve months. Mr. El-Zein declined this grant. In addition, in 1998, the board of directors voted to grant 50,000 shares of common stock of Hybridon to Dr. Zamecnik in recognition of his outstanding contributions to Hybridon.

Employment Agreements, Termination of Employment and Change in Control Arrangements

Hybridon is party to an employment agreement with Mr. Grinstead for the period commencing July 1, 1996 and ending June 30, 2001. Under this agreement, Mr. Grinstead is currently entitled to receive an annual base salary of $375,000. Mr. Grinstead also is eligible to receive (i) a cash bonus each year related to the attainment of management objectives specified by the board of directors and (ii) additional payments of $16,000 in 1996, 1997 and 1998. In the event Mr. Grinstead's employment is terminated by Hybridon without cause or by him for good cause, Hybridon will pay Mr. Grinstead during the 24-month period following his termination a monthly amount equal to one-twelfth of the sum of Mr. Grinstead's annual base salary as of the date of termination and the average bonus paid to him during the three years preceding his termination. Hybridon also will continue Mr. Grinstead's benefits for such period, subject to earlier termination under certain circumstances. If his employment is terminated by Hybridon for failure to perform his assigned duties, he will continue to receive his annual base salary and benefits during the six-month period following such termination. Notwithstanding the foregoing, in the event that Mr. Grinstead's employment is terminated for any of the above reasons within 12 months following a change in control of Hybridon, Mr. Grinstead will be entitled to receive, in lieu of the payments described above, a lump sum payment equal to 300% of the sum of his annual base salary and his average bonus amount.

On February 15, 2000, Hybridon announced that Mr. Grinstead had taken an unexpected medical leave of absence of indefinite duration due to a serious illness. Mr. Grinstead's employment agreement remains in effect.

In accordance with the terms of Mr. Grinstead's previous employment agreement, Hybridon loaned $190,000 to Mr. Grinstead in December 1992 pursuant to the terms of a promissory note bearing simple interest at a rate of 6% per year, which originally provided for the payment of principal and all interest on the earlier of December 23, 1995 or the expiration or termination of Mr. Grinstead's employment by Hybridon, but is currently payable on demand. This loan remained outstanding as of December 31, 1999, at which date the total unpaid balance of principal and interest was $270,050.

Hybridon is party to an employment agreement with Dr. Agrawal for the period beginning July 1, 1996 and ending June 30, 2000. Under this agreement, Dr. Agrawal serves as Senior Vice President of Discovery and Chief Scientific Officer of Hybridon and is currently entitled to receive an annual base salary of $250,000. When Dr. Agrawal was appointed President and Acting Chief Executive Officer on February 14, 2000, the terms of his employment remained unchanged. Dr. Agrawal is eligible to receive a cash bonus each year for achieving management objectives specified by the Chief Executive Officer and the board of directors. In the event Dr. Agrawal's employment is terminated by Hybridon without cause or by him for good cause, Hybridon will pay Dr. Agrawal during the 24-month period following his termination a monthly amount equal to one-twelfth of the sum of Dr. Agrawal's annual base salary as of the date of termination and the average bonus paid to him during the three years preceding his termination. Hybridon will also continue Dr. Agrawal's benefits for such period, subject to earlier termination under certain circumstances. If his employment is terminated by Hybridon for failure to perform his assigned duties, he will continue to receive his annual base salary and benefits during the six-month period following such termination. Notwithstanding the foregoing, in the event that Dr. Agrawal's employment is terminated for any of the above reasons within 12 months following a change in control of Hybridon, Dr. Agrawal will be entitled to receive, in lieu of the payments described above, a lump sum payment equal to 300% of the sum of his annual base salary and his average bonus amount.

The employment agreements entered into between Hybridon and each of Mr. Grinstead and Dr. Agrawal also provide that all stock options held by any of the Named Executive Officers, including existing options and options to be granted in the future, shall include terms providing (i) that in the event that such Named Executive Officer's employment is terminated by Hybridon without cause or by him for good cause the exercisability of such stock options will be accelerated by two years and such stock options will be exercisable for a two-year period following termination and (ii) that in the event of certain changes in control of Hybridon, its liquidation or the sale of all or substantially all of its assets, all such stock options not then exercisable will vest and become immediately exercisable. Hybridon is also a party to registration rights agreements with Mr. Grinstead that provide that in the event Hybridon proposes to register any of its securities under the Securities Act, at any time, with certain exceptions, Mr. Grinstead shall be entitled to include the shares of common stock held by him in such registration, subject to the right of the managing underwriter of any underwritten offering to exclude from such registration for marketing reasons some or all of such shares.

Hybridon also is a party to indemnification agreements with Mr. Grinstead pursuant to which Hybridon has agreed to indemnify him for certain liabilities, including liabilities arising under the Securities Act.

Stock options to purchase an aggregate of 207,513 shares of common stock granted to the Named Executive Officers pursuant to the 1990 Plan provide that, upon a change in control, all options granted thereunder will become fully exercisable. In addition, pursuant to the terms of the employment agreements entered into between Hybridon and each of the Named Executive Officers described above (i) in April 1997, stock options to purchase an aggregate of 156,069 shares of common stock granted to the Named Executive Officers under Hybridon's 1995 plan were amended to provide that such options will become fully exercisable upon a change in control of Hybridon, and (ii) all stock options granted to the Named Executive Officers after March 1, 1997 will provide that such options will become fully exercisable upon a change of control of Hybridon.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

On June 16, 1998 the board of directors re-established a Compensation Committee consisting of Messrs. Berry and El-Zein and Dr. Wyngaarden. None of the directors or executive officers of Hybridon had any "interlock" relationships to report during Hybridon's fiscal year ended December 31, 1999.

Since January 1, 1999, Hybridon has entered into or is involved in certain ongoing transactions with (i) Pillar S.A., Pillar Investment, Pillar Limited and Charles River Building Limited Partnership, entities of which Messrs. El-Zein and Menhall are affiliates; (ii) entities advised by Pecks, an entity of which Mr. Berry is a principal; (iii) Forum, an entity of which Mr. Purkey is an affiliate; and (iv) each of Drs. Wyngaarden and Zamecnik and Mr. Powell. See "Certain Transactions."

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of December 31, 1999 with respect to the beneficial ownership of shares of common stock by each person known to Hybridon to own beneficially more than 5% of the outstanding shares of common stock, assuming conversion of all convertible debt or preferred stock and exercise of all warrants and stock options by such person and only by such person.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1) Number of Shares	Percent of Class
5% STOCKHOLDERS		
Forum Capital Markets LLC..... 53 Forest Ave. Old Greenwich, CT 06870	6,083,394(2)	28.23%
Pecks Management Partners Ltd..... One Rockefeller Plaza New York, New York 10022	4,160,048(3)	20.37%
General Motors Employees..... Domestic Group Trust c/o Pecks Management Partners Ltd. One Rockefeller Plaza New York, New York 10020	3,832,220(4)	19.07%
E. Andrews Grinstead, III..... Hybridon, Inc. 155 Fortune Blvd. Milford, MA 01757	3,344,843(5)	17.10%
Guardian Life Insurance..... Company of America 201 Park Avenue South, 7A New York, New York 10003	3,255,110(6)	16.68%
Youssef El-Zein..... 28 Avenue de Messine 75008 Paris, France	2,692,339(7)	14.56%
Nasser Menhall..... 28 Avenue de Messine 75008 Paris, France	2,670,351(8)	14.46%
Pillar Investment Limited..... 28 Avenue de Messine	2,560,356(9)	13.94%

75008 Paris, France

Intercity Holdings Ltd..... c/o Cuson Milner House 18 Parliament Street Hamilton, Bermuda	2,216,666(10)	13.32%
Abdelah Bin Mahfouz..... c/o SEDCO P.O. Box 4384 Jeddah 21491 Saudi Arabia	2,216,666(11)	13.32%
Delaware State Employees..... Retirement Fund c/o Pecks Management Partners Ltd. One Rockefeller Plaza New York, New York 10020	2,549,833(12)	13.55%

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1) Number of Shares	Percent of Class
Yahia M. A. Bin Laden..... 2 rue Charles Bonnet 1206 Geneva, Switzerland	1,373,977(13)	8.33%
Nicris Limited..... c/o Magnin Dunand & Associates 2 rue Charles Bonnet 1206 Geneva, Switzerland	1,360,644(14)	8.25%
Darrier Hentsch & Cie..... 4, rue de Saussure 1204 Geneva, Switzerland	1,317,755(15)	7.72%
Lincoln National Life Insurance Co..... c/o Lynch & Mayer 520 Madison Avenue New York, New York 10022	1,279,717(16)	7.29%
Faisal Finance Switzerland SA..... 84 Ave Louis Casi 1216 Geneva, Switzerland	1,043,112(17)	6.32%
Finova Technology Finance Inc. ..... 10 Waterside Drive Farmington, CT 06032	896,875 (18)	5.43%
Declaration of Trust for the..... Defined Benefit Plan of ICI American Holdings, Inc. c/o Pecks Management Partners Ltd. One Rockefeller Plaza New York, New York 10022	924,456(19)	5.38%

(1) The number of shares beneficially owned is determined under rules promulgated by the Securities and Exchange Commission, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under these rules, beneficial ownership includes

any shares as to which the individual has sole or shared voting power or investment power and also any shares which the individual has the right to acquire within 60 days after December 31, 1999 through the exercise of any stock option or other right. The inclusion herein of such shares, however, does not constitute an admission that the named stockholder is a direct or indirect beneficial owner of such shares. Unless otherwise indicated, each person or entity named in the table has sole voting power and investment power, or shares such power with his or her spouse, with respect to all shares of capital stock listed as owned by such person or entity.

(2) Includes (a) 328,677 shares issuable upon exercise of Class B warrants, (b) 280,517 shares issuable upon the exercise of Class C warrants, (c) 468,859 shares issuable upon exercise of Class A warrants, (d) 25,812 shares issuable upon the exercise of Class D warrants, (e) 761,568 shares issuable upon exercise of other warrants, (f) 1,250,000 shares issuable upon conversion of Forum's portion of the $6,000,000 bank loan to Hybridon, and (g) 1,755,035 shares issuable upon conversion of 74,589 shares of Series A preferred stock owned by Forum and (h) 416,667 shares issuable upon conversion of $250,000 in convertible debt.

(3) Includes 122,078 shares of Series A preferred stock owned by four investment advisory clients of Pecks, which clients would receive dividends and the proceeds from the sale of such shares. Two of these clients are Delaware State Employees Retirement Fund and Declaration of Trust for the Defined Benefit Plan of ICI American Holdings, Inc. These shares of Series A preferred stock are convertible into 2,872,424 shares of common stock of Hybridon. This amount also includes 208,895 shares issuable upon the exercise of Class A warrants and 394,354 shares issuable upon the exercise of Class D warrants held in the total by the foregoing entities. This number also includes 684,375 shares issuable upon conversion of a portion of the $6,000,000 bank loan to Hybridon owned by certain of the foregoing entities.

(4) Includes 117,887 shares of Series A preferred stock which are convertible into 2,773,812 shares of common stock of Hybridon. This amount also includes 492,783 shares issuable upon the exercise of Class A warrants and 565,625 shares issuable upon conversion of a portion of a $6,000,000 bank loan to Hybridon owned by this entity.

(5) Includes 730,596 shares subject to outstanding stock options are exercisable within the 60 day period following December 31, 1999, as well as 2,566,667 shares issuable upon the conversion of $1,540,000 in convertible debt owed by Mr. Grinstead.

(6) Includes 112,612 shares of Series A preferred stock which are convertible into 2,649,694 shares of common stock of Hybridon. This amount also includes 353,316 shares issuable upon the exercise of Class A warrants and 252,100 shares issuable upon the exercise of Class D warrants.

(7) Includes (a) 82,183 shares issuable upon the exercise of warrants held by Mr. El-Zein, (b) 366 shares issuable upon the exercise of warrants held by Pillar Associated, (c) 20,000 shares issuable upon the exercise of warrants held by Pillar S.A., (d) 20,000 shares issuable upon the exercise of warrants held by Pillar S.A.R.L., (e) 37,500 shares issuable upon the exercise of Class C warrants held by Pillar Investment Limited, (f) 473,598 issuable upon the exercise of advisory warrants held by Pillar Investment Limited, (g) 638,032 shares issuable upon the exercise of placement warrants held by Pillar Investment Limited, (h) 5,243 shares issuable upon the exercise of other warrants held by Pillar Investment Limited, (i) 462,800 shares held by Pillar Investment Limited, (j) 9,000 shares issuable upon the exercise of stock options held by Mr. El-Zein, (k) 447,150 shares issuable upon the conversion of $269,290 in convertible debt to be issued to Pillar Investment Limited and (l) 496,833 shares issuable upon the conversion of $298,100 in convertible debt that Pillar Investment Limited has the right to acquire upon exercise of warrants.

Receipt by Pillar Investment Limited of the securities described in (k) and (l) is subject to receipt by Hybridon of a fairness opinion. Mr. El-Zein, an affiliate of Pillar Associated, Pillar S.A., Pillar S.A.R.L. and Pillar Investment Limited, may be considered a beneficial owner of the shares beneficially owned by such entities.

(8) Includes (a) 60,195 shares issuable upon the exercise of warrants held by Mr. Menhall, (b) 366 shares issuable upon the exercise of warrants held by Pillar Associated, (c) 20,000 shares issuable upon the exercise of warrants held by Pillar S.A., (d) 20,000 shares issuable upon the exercise of warrants held by Pillar S.A.R.L., (e) 37,500 shares issuable upon the exercise of Class C warrants held by Pillar Investment Limited, (f) 473,598 issuable upon the exercise of advisory warrants held by Pillar Investment Limited, (g) 638,032 shares issuable upon the exercise of placement warrants held by Pillar Investment Limited, (h) 5,243 shares issuable upon the exercise of other warrants held by Pillar Investment Limited, (i) 462,800 shares held by Pillar Investment Limited, (j) 9,000 shares issuable upon the exercise of stock options held by Mr. Menhall, (k) 447,150 shares issuable upon the conversion of $269,290 in convertible debt to be issued to Pillar Investment Limited and (l) 496,833 shares issuable upon the conversion of $298,100 in convertible debt that Pillar Investment Limited has the right to acquire upon exercise of warrants. Receipt by Pillar Investment Limited of the securities described in (k) and (l) is subject to receipt by Hybridon of a fairness opinion. Mr. Menhall, an affiliate of Pillar Associated, Pillar S.A., Pillar S.A.R.L. and Pillar Investment Limited, may be considered a beneficial owner of the shares beneficially owned by such entities.

(9) Includes (a) 37,500 shares issuable upon the exercise of Class C warrants held by Pillar Investment Limited, (c) 473,598 issuable upon the exercise of advisory warrants held by Pillar Investment Limited, (c) 638,032 shares issuable upon the exercise of placement warrants held by Pillar Investment Limited, (d) 5,243 shares issuable upon the exercise of other warrants held by Pillar Investment Limited, (e) 447,150 shares issuable upon the conversion of $269,290 in convertible debt to be issued to Pillar Investment Limited and (f) 496,833 shares issuable upon the conversion of $298,100 in convertible debt that Pillar Investment Limited has the right to acquire upon exercise of warrants. Receipt by Pillar Investment Limited of the securities described in (e) and (f) is subject to the receipt by Hybridon of a fairness opinion.

(10) Includes 375,000 shares issuable upon the exercise of Class B warrants held by Intercity Holdings Ltd.

(11) Includes 1,841,666 shares held by Intercity Holdings Ltd. and 375,000 shares issuable upon exercise of Class B warrants held by Intercity Holdings. Mr. Mahfouz, a controlling stockholder of Intercity Holdings Ltd., may be considered a beneficial owner of the shares beneficially owned by such entity.

(12) Includes 75,926 shares of Series A preferred stock which are convertible into 1,786,494 shares of common stock of Hybridon. This amount also includes 137,918 shares issuable upon the exercise of Class A warrants, 270,271 shares issuable upon the exercise of Class D warrants and 355,250 shares issuable upon conversion of portion of the $6,000,000 bank loan to Hybridon owned by this entity.

(13) Includes 1,125,880 shares held by Nicris Limited and 234,764 shares issuable upon the exercise of Class B warrants held by Nicris Limited. Mr. Bin Laden, a controlling stockholder of Nicris, may be considered a beneficial owner of the shares beneficially owned by such entity.

(14) Includes 234,764 shares issuable upon the exercise of Class B warrants held by Nicris Limited.

(15) Includes 143,636 shares issuable upon the exercise of Class B warrants held by Darrier Hentsch and 666,667 shares issuable upon the

conversion of $400,000 in convertible debt owned by Darrier Hentsch.

(16) Includes 44,272 shares of Series A preferred stock which are convertible into 1,041,694 shares of common stock of Hybridon. This amount also includes 238,023 shares issuable upon the exercise of Class A warrants.

(17) Includes 233,026 shares issuable upon the exercise of Class B warrants held by Faisal Finance Switzerland SA.

(18) Includes 259,375 shares issuable upon the exercise of Class C warrants held by Finova Technology Finance Inc.

(19) Includes 27,412 shares of Series A preferred stock which are convertible into 644,988 shares of common stock of Hybridon. This amount also includes 42,153 shares issuable upon the exercise of Class A warrants, 74,265 shares issuable upon the exercise of Class D warrants and 163,050 shares issuable upon conversion of a portion of the $6,000,000 bank loan to Hybridon owned by this entity.

The following table sets forth certain information as of December 31, 1999, with respect to the beneficial ownership of shares of common stock and Series A preferred stock by (i) the directors of Hybridon and (ii) the Chief Executive Officer and other Named Executive Officers, and (iii) the directors and executive officers of Hybridon as a group, assuming conversion of all convertible debt or preferred stock and exercise of all warrants and stock options by such person and only by such person.

	Common Stock		Series A Convertible Preferred Stock	
Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class	Amount and Nature of Beneficial Ownership(1)	Percent of Class
DIRECTORS				
Arthur W. Berry	4,494,381(2)	21.65%	122,078(3)	18.43%
Harold W. Purkey	6,251,061(4)	28.23%	74,589(5)	11.26%
Youssef El-Zein	2,692,339(6)	14.56%	0	0
Nasser Menhall	2,670,351(7)	14.46%	0	0
E. Andrews Grinstead, III	3,344,843(8)	17.10%	0	0
Sudhir Agrawal	619,116(9)	3.67%	0	0
Paul Z. Zamecnik	449,013(10)	2.73%	0	0
James B. Wyngaarden	123,350(11)	*	0	0
Camille A. Chebeir	25,000	*	0	0
H.F. Powell	222,917(12)	1.35	0	0
All directors and executive officers as a group (10 persons)	18,315,054(13)	55.56%	196,655	29.69%

* Less than 1%.

(1) The number of shares beneficially owned by each director and executive officer is determined under rules promulgated by the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has sole or

shared voting power or investment power and also any shares which the individual has the right to acquire within 60 days after December 31, 1999 through the exercise of any stock option or other right. The inclusion herein of such shares, however, does not constitute an admission that the named stockholder is a direct or indirect beneficial owner of such shares. Unless otherwise indicated, each person or entity named in the table has sole voting power and investment power (or shares such power with his or her spouse) with respect to all shares of capital stock listed as owned by such person

or entity.

(2) Includes 122,078 shares of Series A preferred stock owned by four investment advisory clients of Pecks, which clients would receive dividends and the proceeds from the sale of such shares. Two of these clients are Delaware State Employees Retirement Fund and Declaration of Trust for the Defined Benefit Plan of ICI American Holdings, Inc. These shares of Series A preferred stock are convertible into 2,872,424 shares of common stock of Hybridon. This amount also includes 208,895 shares issuable upon the exercise of Class A warrants and 394,354 shares issuable upon the exercise of Class D warrants held in total by the foregoing entities. This number also includes 684,375 shares issuable upon conversion of a portion of the $6,000,000 bank loan to Hybridon owned by certain of the foregoing entities. Mr. Berry, a principal of Pecks, may be considered a beneficial owner of the shares owned by such entities. Mr. Berry disclaims beneficial ownership of these shares. This number also includes 333,333 shares issuable upon conversion of $200,000 in convertible debt owned by Mr. Berry.

(3) Includes 122,078 shares of Series A preferred stock owned by four investment advisory clients of Pecks, which clients would receive dividends and the proceeds from the sale of such shares. Mr. Berry, a principal of Pecks, may be considered a beneficial owner of the shares owned by such entities. Mr. Berry disclaims beneficial ownership of these shares.

(4) Includes (a) 796,259 shares of common stock owned by Forum Capital Markets LLC, (b) 328,677 shares issuable upon the exercise of Class B warrants owned by Forum, (c) 280,517 shares issuable upon the exercise of Class C warrants owned by Forum, (d) 468,859 shares issuable upon the exercise of Class A warrants owned by Forum, (e) 25,812 shares issuable upon the exercise of Class D warrants, (f) 61,568 shares issuable upon the exercise of other warrants held by Forum, (g) 1,250,000 shares issuable upon conversion of Forum's portion of the $6,000,000 bank loan to Hybridon, (h) 1,755,035 shares issuable upon conversion of 74,589 shares of Series A preferred stock owned by Forum and (i) 416,667 shares issuable upon conversion of $250,000 in convertible debt owned by Forum. Mr. Purkey, an affiliate of Forum, may be considered a beneficial owner of the shares beneficially owned by such entity. This amount also includes 166,667 shares issuable upon conversion of $100,000 in convertible debt owned by Mr. Purkey.

(5) Consists of 74,589 shares of Series A preferred stock owned by Forum. Mr. Purkey, an affiliate of Forum, may be considered a beneficial owner of the shares beneficially owned by Forum.

(6) Includes (a) 82,183 shares issuable upon the exercise of warrants held by Mr. El-Zein, (b) 366 shares issuable upon the exercise of warrants held by Pillar Associated, (c) 20,000 shares issuable upon the exercise of warrants held by Pillar S.A., (d) 20,000 shares issuable upon the exercise of warrants held by Pillar S.A.R.L., (e) 37,500 shares issuable upon the exercise of Class C warrants held by Pillar Investment Limited, (f) 473,598 issuable upon the exercise of advisory warrants held by Pillar Investment Limited, (g) 638,032 shares issuable upon the exercise of placement warrants held by Pillar Investment Limited, (h) 5,243 shares issuable upon the exercise of other warrants held by Pillar Investment Limited, (i) 462,800 shares held by Pillar Investment Limited, (j) 9,000 shares issuable upon the exercise of stock options held by Mr. El-Zein, (k) 447,150 shares issuable upon the conversion of $269,290 in convertible debt to be issued to Pillar Investment Limited and (l) 496,833 shares issuable upon the conversion of $298,100 in convertible debt that Pillar Investment Limited has the right to acquire upon exercise of warrants. Receipt by Pillar Investment Limited of the securities described in (k) and (l) is subject to the receipt by Hybridon of a fairness opinion. Mr. El-Zein, an affiliate of Pillar Associated, Pillar S.A., Pillar S.A.R.L. and Pillar Investment Limited, may be considered a beneficial owner of the shares beneficially owned by such entities.

(7) Includes (a) 60,195 shares issuable upon the exercise of warrants held by Mr. Menhall, (b) 366 shares issuable upon the exercise of warrants held by Pillar Associated, (c) 20,000 shares issuable upon the exercise of warrants held by Pillar S.A., (d) 20,000 shares issuable upon the exercise of warrants held by Pillar S.A.R.L., (e) 37,500

shares issuable upon the exercise of Class C warrants held by Pillar Investment Limited, (f) 473,598 issuable

upon the exercise of advisory warrants held by Pillar Investment Limited, (g) 638,032 shares issuable upon the exercise of placement warrants held by Pillar Investment Limited, (h) 5,243 shares issuable upon the exercise of other warrants held by Pillar Investment Limited, (i) 462,800 shares held by Pillar Investment Limited, (j) 9,000 shares issuable upon the exercise of stock options held by Mr. Menhall, (k) 447,150 shares issuable upon the conversion of $269,290 in convertible debt to be issued to Pillar Investment Limited and (l) 496,833 shares issuable upon the conversion of $298,100 in convertible debt that Pillar Investment Limited has the right to acquire upon exercise of warrants. Receipt by Pillar Investment Limited of the securities described in (k) and (l) is subject to the receipt by Hybridon of a fairness opinion. Mr. Menhall, an affiliate of Pillar Associated, Pillar S.A., Pillar S.A.R.L. and Pillar Investment Limited, may be considered a beneficial owner of the shares beneficially owned by such entities.

(8) Includes 730,596 shares subject to outstanding stock options which are exercisable within the 60-day period following December 31, 1999, as well as 2,566,667 shares issuable upon the conversion of $1,540,000 in convertible debt owned by Mr. Grinstead.

(9) Includes 601,356 shares subject to outstanding stock options which are exercisable within the 60-day period following December 31, 1999.

(10) Includes (a) 113,250 shares subject to outstanding stock options which are exercisable within the 60-day period following December 31, 1999, (b) 31,250 shares issuable upon the exercise of Class C warrants and (c) 43,333 shares issuable upon the conversion of $26,000 in convertible debt owned by Dr. Zamecnik.

(11) Includes (a) 118,250 shares subject to outstanding stock options which are exercisable within the 60-day period following December 1, 1999 and (b) 700 shares held by Mr. Wyngaarden's children.

(12) Includes 56,260 shares subject to outstanding stock options which are exercisable within 60-day period following December 31, 1999 and 166,667 shares issuable upon the conversion of $100,000 in convertible debt owned by Mr. Powell.

(13) Securities owned by Pillar Associated, Pillar S.A., Pillar S.A.R.L. and Pillar Investment Limited are included only once, although such amounts were included above for both Messrs. El-Zein and Menhall.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Since January 1, 1997, Hybridon has entered into or has been engaged in the following transactions with the following Hybridon directors and officers, stockholders who beneficially own more than 5% of the outstanding common stock of Hybridon, and affiliates or immediate family members of those directors, officers and 5% Stockholders.

TRANSACTIONS WITH PILLAR S.A. AND CERTAIN OF ITS AFFILIATES

Hybridon has entered into certain transactions with Pillar S.A., Pillar Investment and Charles River Building Limited Partnership, the entity which owned Hybridon's former headquarters in Cambridge, Massachusetts (the "Cambridge Landlord"). Pillar S.A. and Pillar Investment are affiliates of Messrs. El-Zein and Menhall, two directors of Hybridon. The Cambridge Landlord is an affiliate of Messrs. El-Zein and Menhall and Mohamed El-Khereiji, a former director of Hybridon. The following is a summary of those transactions that relate to

Hybridon's 1998 fiscal year.

In 1997 and 1998, Hybridon was a party to a consulting agreement with Pillar S.A. dated as of March 1, 1994, under which Pillar S.A. provided Hybridon with financial advisory and managerial services in connection with Hybridon's overseas operations, including support services in connection with contracts and agreements. Under the terms of the 1994 Pillar consulting agreement, Hybridon paid Pillar S.A. consulting fees of $60,000 per month and $23,000 per month for overhead costs, and reimbursed certain authorized out-of-pocket expenses. The 1994 Pillar consulting agreement expired on February 28, 1998. Pursuant to the 1994 Pillar consulting agreement, Hybridon issued to Pillar S.A two five year warrants to purchase an aggregate of 40,000 shares of Hybridon common stock.

On July 8, 1995, Hybridon entered into an additional agreement with Pillar S.A. pursuant to which Pillar S.A. agreed for a period of two years to provide to Hybridon certain consulting, advisory and related services, in addition to

the services to be provided under the 1994 Pillar Consulting Agreement, and serve as Hybridon's exclusive agent in connection with potential corporate partnerships in Europe and as a non-exclusive placement agent of Hybridon in connection with private placements of securities of Hybridon. On November 1, 1995, the Pillar Europe agreement was amended to provide that (1) Pillar S.A. would cease to serve as Hybridon's executive agent in connection with potential corporate partnerships in Europe, but would continue to serve as a non-exclusive agent in that connection, (2) Pillar S.A. would receive a retainer of $26,470 per month for the balance of the term of the Pillar Europe agreement, (3) the fees provided for in the Pillar Europe agreement would only be payable to Pillar S.A. in connection with potential collaborations with any French pharmaceutical company with which Hybridon was involved in discussions during the 12-month period ended November 1, 1995 as a result of introductions by Pillar S.A., and (4) any compensation payable to Pillar S.A. in connection with its services with respect to other corporate collaborations or any placements of securities would be negotiated on a case-by-case basis and would be subject to the approval of the independent members of the board of directors of Hybridon. The Pillar Europe agreement expired on April 1, 1997.

In 1998, Hybridon paid Pillar Investment a total of $300,000 under these agreements, in the form of 150,000 shares of common stock and warrants to purchase 37,500 shares of common stock, at an exercise price of $2.40 per share, subject to adjustment, in lieu of cash. In 1997, Hybridon paid Pillar S.A. $903,267 under the 1994 Pillar consulting agreement and the Pillar Europe agreement.

Hybridon has retained Pillar Investment as placement agent in connection with the private placements of securities of Hybridon in offshore transactions in reliance upon an exemption from registration under Regulation S promulgated under the Securities Act of 1933. Pillar Investment received fees consisting of (1) 9% of the gross proceeds of each Regulation S Offering, (2) a non-accountable expense allowance equal to 4% of those gross proceeds, (3) the right to purchase, for nominal consideration, warrants to purchase 473,598 shares of common stock, at an exercise price of $2.40 per share, subject to adjustment, (4) the right to purchase, for nominal consideration, warrants to purchase a number of shares of the common stock of Hybridon equal to 10% of the total number of shares of common stock sold by Hybridon for which Pillar Investment acted as placement agent, exercisable at 120% of the relevant common stock offering price, for a period of five years, resulting, as of the date hereof, in the right to receive warrants to purchase 638,032 shares at $2.40 per share, subject to adjustment, and (5) a consulting/restructuring fee of $960,000 payable in common stock of Hybridon valued at the market price and payable in three equal installments as net proceeds of $25,000,000, $30,000,000 and $35,000,000 are received in the aggregate from private placements effected by Hybridon in 1998 to the extent contemplated by the consent and waiver dated as of January 12, 1998 given by certain beneficial holders of Hybridon's 9% convertible subordinated notes, or otherwise to the extent contemplated by the Placement Agency agreement between Hybridon and Pillar Investment, subject to Hybridon's receiving of a fairness opinion regarding this. Pillar Investment may not receive compensation in excess of the level that was approved by the holders

of the 9% notes. Pillar Investment has received $1,635,400 in cash pursuant to these arrangements and Pillar has received warrants to purchase 1,111,630 shares of common stock.

In addition, in connection with the Regulation S offerings, Hybridon and Pillar Investment have entered into an advisory agreement dated May 5, 1998, under which Pillar Investment acts as Hybridon's non-exclusive financial advisor. This agreement requires that Hybridon pay an affiliate of Pillar Investment a monthly retainer of $5,000, with a minimum engagement of 24 months beginning on May 5, 1998, and further provides that Pillar Investment is entitled to receive (1) out-of-pocket expenses, (2) subject to Hybridon's receiving a fairness opinion on this matter, 300,000 shares of common stock in connection with Pillar Investment's efforts in assisting Hybridon in restructuring its balance sheet, and (3) certain cash and equity success fees in the event Pillar Investment assists Hybridon in connection with certain financial and strategic transactions. As of April 16, 1999, Hybridon issued to Pillar Investment the stipulated 300,000 shares of common stock. Hybridon received a fairness opinion in connection with that issuance. In addition, Hybridon was a party to a lease with a third party dated March 23, 1994 for approximately 1,800 square feet of space in Paris, France. Hybridon's obligations under the Paris lease was guaranteed by Pillar S.A. Hybridon terminated the Paris lease on March 31, 1998. Pursuant to a 1999 private placement offering, Hybridon sold 8% notes to certain investors, including some investors that Pillar Investment introduced to Hybridon. In connection with this offering, and in lieu of any compensation due under the financial advisory agreement between Hybridon and Pillar Investment, Hybridon agreed to pay Pillar Investment's reasonable expenses and to issue to Pillar Investment and its designees additional 8% notes in an aggregate principal amount equal to 9% of the aggregate principal amount of 8% notes purchased by those Pillar-introduced investors. Hybridon also agreed to issue to Pillar Investment and its designees warrants to purchase additional 8% notes in an aggregate principal amount equal to 10% of the aggregate principal amount of 8% notes purchased by those Pillar-introduced investors. These warrants have a strike price equal to 110% of the principal amount of the 8% notes purchasable thereunder. Hybridon's obligations to issue the 8% notes and the warrants and to reimburse Pillar Investment's

expenses are subject to the condition precedent that Hybridon will have had delivered to it a fairness opinion in form and substance deemed by Hybridon, in its sole discretion, to satisfy the requirements of the indenture relating to Hybridon's 9% notes. As of December 31, 1999, Pillar Investment had earned the right to receive $269,290 in 8% notes and warrants to purchase an additional $298,100 in 8% notes.

TRANSACTIONS WITH THE CAMBRIDGE LANDLORD

From February 4, 1997 to September 16, 1998, Hybridon was a party to a lease with the Cambridge Landlord for its Cambridge facilities. The Cambridge Lease originally provided for an annual rent equal to $30 per square foot on a triple-net basis, where the tenant pays taxes, insurance, and operating costs, for the first five years, $33 per square foot on a triple-net basis for the next five years and the greater of $30 per square foot on a triple-net basis or the then-market value of leased property for each of the five-year renewal terms. In connection with Hybridon's election to acquire an interest in the Cambridge Landlord, as described below, the annual rent due under the Cambridge lease was increased for the first five years of the lease term to $38 per square foot on a triple-net basis, for the second five years to $42 per square foot on a triple-net basis and for the third five years to $47 per square foot on a triple-net basis.

On July 1, 1996, Hybridon decided to fund approximately $5.5 million of the costs, primarily relating to tenant improvements, of the construction of the leased premises through contributions to the capital of the Cambridge Landlord in exchange for a limited partnership interest in the Cambridge Landlord. The partnership interest entitled Hybridon to an approximately 32% interest in the Cambridge Landlord. Hybridon had the right, for a period of three years ending

February 2000, to sell the partnership interest back to certain limited partners of the Cambridge Landlord for a price equal to the greater of (1) the total cash contribution made by Hybridon to the Cambridge Landlord or (2) the fair market value of the partnership interest at the time.

In 1997, Hybridon had on deposit with Bank fur Vermogensanlagen und Handel the amount of $1,034,618. In November 1997, German banking authorities imposed a moratorium on Bank fur Vermogensanlagen und Handel and closed Bank fur Vermogensanlagen und Handel for business. Pursuant to an agreement dated November 28, 1997, the Cambridge Landlord agreed to assume the risk for the Bank fur Vermogensanlagen und Handel deposit and to pay to Hybridon the amount of $75,000 a month after each rent payment under the Cambridge lease was made until such time as $1,000,000 had been paid to Hybridon or the Bank fur Vermogensanlagen und Handel deposit was released.

In June 1998, Hybridon moved its headquarters from the Cambridge facility to its facility in Milford, Massachusetts. The Cambridge facility was re-leased in September 1998 to a third party, subject to a sublease of a portion of the facility. As a result, Hybridon terminated the Cambridge lease and was relieved of its substantial lease obligations under the Cambridge lease, subject to a contingent continuing liability for any sublessee defaults. Further, in November 1998 Hybridon completed the sale of its partnership interest. As a result of these transactions, Hybridon received $6,163,000 from the Cambridge Landlord, which included payment for the partnership interest, the return of a portion of the security deposit required under the Cambridge lease, and payment in full of the Bank fur Vermogensanlagen und Handel deposit. Hybridon has agreed to reimburse the Cambridge landlord for any cash received under this agreement, up to the amount realized by Hybridon from the final settlement of the Bank fur Vermogensanlagen und Handel deposit, after the moratorium is lifted.

TRANSACTIONS WITH FORUM CAPITAL MARKETS LLC AND PECKS MANAGEMENT PARTNERS LTD.

In 1998, Hybridon entered into certain transactions with Forum, an affiliate of Mr. Purkey, a director of Hybridon, and entities advised by Pecks Management Partners Ltd. Mr. Berry, a principal of Pecks, is a director of Hybridon.

Hybridon retained Forum as a placement agent of Hybridon in connection with Hybridon's 1998 Regulation D offering of Series A preferred stock and Class D warrants in the U.S. Forum received as compensation for its services as placement agent with regard to the Regulation D offering and its assistance with an exchange offer made by Hybridon to the holders of its 9% notes, 597,699 shares of common stock and warrants to purchase prior to May 4, 2003 a total of 609,194 shares of common stock exercisable at $2.40 per share, in each case subject to adjustment. In addition, in exchange of the agreements made by Forum consenting to the Regulation D offering and waiving certain obligations of Hybridon to Forum, Hybridon agreed to amend Forum's warrant dated as of April 2, 1997, to purchase up to 71,301 shares of common stock of Hybridon, to change the exercise price to $4.25 per share, subject to adjustment,

and increase the number of shares of common stock purchasable upon exercise to 588,235, in each case subject to adjustment, and to provide that it may not be exercised until May 5, 1999 and the transactions contemplated by those private placements and by the exchange offer will not trigger any anti-dilution adjustments to its exercise price or the number of shares of common stock purchasable upon exercise.

In November 1998, Forum and entities advised by Pecks purchased Hybridon's bank loan. In connection with the purchase of the loan, the purchasing entities advanced an additional amount to Hybridon so as to increase the outstanding principal amount of the loan to $6,000,000. In addition, the purchasing entities agreed to amend the terms of the loan. This principal amount of the loan and unpaid interest thereon is convertible, in whole or in part, at the lenders' option into common stock at a conversion price of $2.40 per share.

In connection with the purchase of the loan, Forum received a fee of $400,000, which Forum has reinvested by purchasing from Hybridon 160,000 shares

of common stock and warrants to purchase an additional 40,000 shares of common stock at $3.00 per share. In addition, Forum received warrants exercisable until maturity of the Loan to purchase 133,333 shares of common stock at $3.00 per share.

In connection with the offering of these notes, Forum and the entities advised by Pecks entered into a Subordination and Intercreditor Agreement with Hybridon and the representative of the purchasers of the notes whereby, among other things, they agreed to subordinate their loan to the notes, subject to certain conditions. Also in connection with this offering, Hybridon agreed to issue warrants to purchase an aggregate of 2.75 million shares of Hybridon's common stock to designees of Pecks and Forum. These warrants are exercisable from December 31, 2000 until December 31, 2002 at $0.60 per share.

Hybridon maintains an investment account at Forest Investment Management LLC, an affiliate of Forum and Mr. Purkey.

OTHER TRANSACTIONS

In March 1999, Hybridon entered into consulting arrangements with each of Mr. Powell, Dr. Zamecnik and Dr. Wyngaarden providing that each of them will act as a consultant to Hybridon for a two-year period and will receive a consulting fee of $20,000 per year for general consulting services. In addition, each agreement provides that they each will receive a consulting fee of $1,500 per day of on-site consulting services they provide at Hybridon's corporate offices, or at an alternative site agreed upon by the parties, and at Hybridon's prior request. Additional fees for special projects will be negotiated separately between the parties. Each of Mr. Powell, Dr. Zamecnik and Dr. Wyngaarden also received options to purchase 150,000 shares of Hybridon's common stock at $2.00 per share; such options will vest over a two-year period. Dr. Zamecnik has received $26,000 in convertible notes for his 1999 consulting services and board fees, which he may at his option convert into 43,333 shares of common stock. Mr. Powell's consulting agreement terminated when Mr. Powell resigned from the board of directors of Hybridon in February 2000.

Certain persons and entities, including Dr. Zamecnik, Pillar S.A., Pillar Limited, Forum, the entities advised by Pecks, Intercity Holdings, Mr. Bin Laden and Nicris Limited, are entitled to certain rights with respect to the registration under the Securities Act of certain shares of Hybridon's common stock, including shares of common stock that may be acquired pursuant to the exercise of options or warrants, under the terms of agreements among Hybridon and the rightsholders. The registration agreements generally provide that in the event Hybridon proposes to register any of its securities under the Securities Act at any time, with certain exceptions, the rightsholders, including Pillar S.A., Pillar Limited, Intercity Holdings, Mr. Bin Laden and Nicris Limited, but excluding, among others, Dr. Zamecnik, have the additional right under certain registration agreements to require Hybridon to prepare and file registration statements under the Securities Act, if rightsholders holding specified percentages of the registrable shares so request, and Hybridon is required to use its best efforts to effect that registration, subject to certain conditions and limitations.

Hybridon sold an aggregate of $1,500,000 principal amount of promissory notes to E. Andrews Grinstead, III, Hybridon's Chief Executive Officer, at face value during September and November of 1999. These notes accrued interest at 12% per annum (15% upon Hybridon's election to pay this interest in shares of common stock rather than cash) and, upon the closing of any third-party debt financing that closed on or before March 1,

2000, were intended to be converted into the debt sold in that financing. These notes have, together with $40,000 in accrued interest, been converted into 8% notes of Hybridon due 2002.

In addition , in connection with the financing conducted in December 1999, other Hybridon directors and certain affiliates of Hybridon directors purchased Hybridon 8% notes in the amount set forth below:

Forum Capital Markets LLC	$250,000

Arthur W. Berry	$100,000
Harold w. Purkey	$100,000
H. F. Powell	$100,000

Two other principals of Forum Capital Markest LLC each purchased $100,000 of the 8% notes.

Hybridon believes that the terms of the transactions described above were no less favorable than Hybridon could have obtained from unaffiliated third parties.

SELLING STOCKHOLDERS

The tables below set forth, to the knowledge of Hybridon, certain information as of December 31, 1999 with respect to the selling stockholders. The table entitled "Stockholders Selling Common Stock" includes information with respect to selling stockholders who are selling common stock in this offering. The table entitled "Stockholders Selling Preferred Stock" includes information with respect to selling stock holders who are selling preferred stock in this offering. Except as noted below, no selling stockholder selling common or preferred stock in this offering will beneficially own 1% or more of the outstanding stock of Hybridon after the offering.

Except as described below, none of the selling stockholders holds any position or office with, or has otherwise had a material relationship with, Hybridon within the past three years.

Stockholders Selling Common Stock

Name of Selling Stockholder	Number of Shares of Common Stock Beneficially Owned Prior to Offering1	Number of Shares of Common Stock Included in Offering	Number of Shares of Common Stock Beneficially Owned After Offering1
Fouad M.O. Tawfig and Hanan H. Zagzoug	330,876	6,250	324,626
Torben Duer	126,750	18,750	108,000
Thomas Fr. Duer	62,500	62,500	0
Darier Hentsch & Cie	1,317,755	651,088	666,667
Finn Trunk Black	3,750	3,750	0
MM Pictet & Cie	588,000	588,000	0
Nicris Limited7	1,360,644	1,050,644	310,000
Raji Abou Hadar	395,833	62,500	333,333
Intercity Ltd.7	2,216,666	1,875,000	341,666
Clapham Investments Ltd.	458,833	125,000	333,833
LGT Bank in Liechtenstein AG	312,500	312,500	0
Participations Besancon	125,000	125,000	0
Loxhall Limited	62,500	62,500	0
MicroTech Software a/s	33,000	31,250	11,750
JSP Holdings ApS	24,500	12,500	12,000
Jan Poulson	18,750	18,750	0
Mr. Mohamad Hassan Abdul Ghani	67,717	67,717	0
Dr. Khaled M.R. Abdul Ghani	635,435	135,435	500,000
Mr. Imad Mustapha Mansour	67,717	67,717	0
Mr. Malek Salam	88,033	88,033	0
Faisal Finance (Switzerland) S.A.	1,043,113	1,009,779	33,334
Mr. Guy Semon	22,149	22,149	0
Mrs. Francoise Semon	22,149	22,149	0
Mr. Le Pelley Dumanoir	22,149	22,149	0
Mr. Moh'd Abdo Sweidan	67,119	67,119	0
Mr. Isam Moh'd Khairy Kabbani	67,119	67,119	0
Dr. Essam Ahmad Jawadm Alamdar	301,357	201,357	100,000
Arab Islamic Bank (E.C.)	503,394	503,394	0
Mr. Sobbi Adra	23,492	23,492	0
Mr. Mansour S.M.A. Al-Sharif	107,639	65,972	41,667
Mr. Nafez M.M. Al-Jindi	65,972	65,972	0
Solter Corporation	467,345	196,047	271,298

Carset Overseas Corporation	176,375	176,375	0
Mr. Ali A. Bajrai	163,310	163,310	0
Pillar Investment Limited2	2,560,356	1,599,130	961,226
Bioreliance Corporation	16,697	16,697	0
Chestnut Partners	62,500	62,500	0
Datamonitor	62,500	62,500	0
Finova Technology Finance, Inc.	896,875	896,875	0
HPC America, Inc.	218,750	218,750	0
Hyal Pharmaceutical Corporation	17,500	17,500	0
SEIF Foundation	319,725	119,725	200,000
Janitronics	45,724	45,724	0
Kinetic Systems, Inc.	163,238	163,238	0
Massachusetts Eye & Ear Infirmary	62,500	62,500	0
Norwegian Radium Hospital Research Foundation	37,500	37,500	0
Susan and Anthony Russo	62,500	62,500	0
Pharmakinetics Laboratories, Inc.	55,803	55,803	0

Name of Selling Stockholder	Number of Shares of Common Stock Beneficially Owned Prior to Offering1	Number of Shares of Common Stock Included in Offering	Number of Shares of Common Stock Beneficially Owned After Offering1
The Perkin Elmer Corporation	205,377	205,377	0
Primedica Corporation	364,418	364,418	0
Quintiles Transnational Corp.	379,175	379,175	0
Siena Construction Corporation	31,250	31,250	0
Sierra Biomedical, Inc.	150,203	150,203	0
SP Pharmaceuticals LLC	115,985	115,985	0
Southern Research Institute	68,860	68,860	0
Transamerica Business Credit Corporation	318,750	318,750	0
Triumvirate Environmental, Inc.	19,138	19,138	0
University of Kansas	29,260	29,260	0
University of Massachusetts	84,450	84,450	0
Paul C. Zamecnik and Mary V. Zamecnik, JTWROS3,7	449,013	156,250	292,763
Allstate Insurance Company	499,895	499,895	0
Angelo Gordon & Co., L.P.	116,636	116,636	0
Michael Angelo, L.P.	316,627	316,627	0
Ramius Fund Ltd.	233,272	233,272	0
Raphael, L.P.	316,627	316,627	0
Medici Partners, L.P.	99,961	99,961	0
CNA Income Shares, Inc.	499,895	499,895	0
Forest Alternative Strategies Fund II, L.P. Series A5I4	26,653	26,653	0
Forest Alternative Strategies Fund II, L.P. Series A5M4	13,350	13,350	0
Forest Alternative Strategies Fund II, L.P. Series B-34	744	744	0
Forest Fulcrum Ltd.4	108,310	108,310	0
Forest Global Convertible Fund Series A54	160,441	160,441	0
Forest Greyhound4	6,199	6,199	0
Forest Performance Fund4	7,152	7,152	0
LLT Ltd. 4	26,653	26,653	0
Forest Convertible Fund	17,106	17,106	0
Forum Capital Markets LLC5,7	6,083,394	4,378,167	1,705,227
Providian Life & Health	672,204	672,204	0
Monumental Life Insurance Co.	546,769	546,769	0
The Guardian Pension Trust Fund	99,961	99,961	0
Harris Investment Management	92,524	92,524	0
Offshore Strategies Ltd.	333,307	333,307	0
Libertyview Plus Fund	49,007	49,007	0
Libertyview Fund LLC	24,507	24,507	0
CPR (USA)	113,623	113,623	0
Lincoln National Life Insurance Co.	1,279,717	1,279,717	0
Lincoln National Convertible	496,594	496,594	0

Securities Fund			
Weirton Trust	144,989	144,989	0
Walker Art Center	10,230	10,230	0
United National Insurance Co.	23,330	23,330	0
Equi Select Growth & Income Fund	166,642	166,642	0
Zazove Convertible Fund, L.P.	159,530	159,530	0
Lois Wilkens	6,389	6,389	0
Winchester Convertible Plus Ltd.	129,988	129,988	0
Foundation Account No. 1	69,983	69,983	0
LLC Account No. 1	33,328	33,328	0
GPS Fund Limited	99,959	99,959	0
Telefix (First Delta)	16,676	16,676	0
Guardian Life Insurance Co. of America	3,255,110	3,255,110	0
Declaration of Trust for the Defined Benefits Plan of ICI America Holdings, Inc.7	924,456	741,406	163,050
J.W. McConnell Family Foundation6	65,988	8,988	57,000
Delaware State Employees Retirement Fund6,7	2,552,933	2,194,683	355,250
General Motors Employees Domestic Group Trust7	3,832,220	3,266,595	565,625

Name of Selling Stockholder	Number of Shares of Common Stock Beneficially Owned Prior to Offering1	Number of Shares of Common Stock Included in Offering	Number of Shares of Common Stock Beneficially Owned After Offering1
Zeneca Holdings6	619,670	510,595	109,075
Thermo Electron Balanced Investment Fund	8,871	8,871	0
Tucker Anthony & R.L. Day, Inc.	6,199	6,199	0

NOTES:

1. Includes common stock issuable upon the exercise of stock options, warrants, convertible preferred stock and convertible debt.

2. Mr. Nasser Menhall and Mr. Youssef El-Zein, members of the board of directors of Hybridon, are principals of Pillar Investment Limited.

3. Dr. Zamecnik is a member of the board of directors of Hybridon and is a consultant to Hybridon.

4. Harold W. Purkey, a member of the board of directors of Hybridon, is an affiliate of this selling stockholder.

5. Harold W. Purkey, a member of the board of directors of Hybridon, is the President and a 10% owner of Forum Capital Markets.

6. Arthur W. Berry, a member of the board of directors of Hybridon, serves as investment advisor to this selling stockholder.

7. These selling stockholders will beneficially own greater than 1% of Hybridon's common stock (which for purposes of this calculation includes common stock issuable upon exercise of warrants or conversion of convertible debt within 60 days after December 31, 1999) after the offering, as follows:

Selling Stockholder	Percentage of Outstanding Common Stock Beneficially Owned After the Offering
Forum Capital Markets LLC	9.51%
Pillar Investment Limited	5.79%
Darrier Hentsch & Cie	4.73%
General Motors Employees Domestic Group Trust	3.36%
Delaware State Employees Retirement Fund	2.14%
Intercity Ltd.	2.10%
Raji Abou Hader	2.01%
Clapham Investments Ltd.	2.01%
Fouad M.O. Tawfig and Hanan H. Zagzoug	1.96%
Nicris Limited	1.91%
Solter Corporation	1.64%
Khaled M.R. Abdul Ghani	1.21%
Paul C. Zamecnik and Mary V. Zamecnik, JTWROS	1.13%

Stockholders Selling Preferred Stock

Name of Selling Stockholder	Number of Shares of Convertible Preferred Stock Beneficially Owned Prior to Offering	Number of Shares of Convertible Preferred Stock Included in Offering	Number of Shares of Convertible Preferred Stock Beneficially Owned After Offering
Allstate Insurance Company	17,294	17,294	0
Angelo Gordon & Co., L.P.	4,035	4,035	0
Michael Angelo, L.P.	10,954	10,954	0
Ramius Fund Ltd.	8,070	8,070	0
Raphael, L.P.	10,954	10,954	0
Medici Partners, L.P.	3,458	3,458	0
CNA Income Shares, Inc.	17,294	17,294	0
Forest Alternative Strategies Fund II, L.P. Series A5I1	922	922	0
Forest Alternative Strategies Fund II, L.P. Series A5M1	462	462	0
Forest Fulcrum Ltd.1	3,747	3,747	0
Forest Global Convertible Fund Series A51	5,765	5,765	0
Forest Performance Fund1	138	138	0
Forest Convertible Fund1	727	727	0
LLT Ltd.1	922	922	0
Forum Capital Markets LLC2	74,589	74,589	0

Name of Selling Stockholder	Number of Shares of Convertible Preferred Stock Beneficially Owned Prior to Offering	Number of Shares of Convertible Preferred Stock Included in Offering	Number of Shares of Convertible Preferred Stock Beneficially Owned After Offering
Providian Life & Health	22,264	22,264	0
Monumental Life Insurance Co.	16,933	16,933	0
The Guardian Pension Trust Fund	3,458	3,458	0
Harris Investment Management	3,201	3,201	0
Offshore Strategies Ltd.	11,531	11,531	0
Libertyview Plus Fund	497	497	0
Libertyview Fund LLC	248	248	0
CPR (USA)	864	864	0
Lincoln National Life Insurance Co.	44,272	44,272	0

Lincoln National Convertible Securities Fund	17,180	17,180	0
Weirton Trust	5,016	5,016	0
United National Insurance Co.	807	807	0
Equi Select Growth & Income Fund	5,765	5,765	0
Zazove Convertible Fund, L.P.	5,519	5,519	0
Lois Wilkens	221	221	0
Winchester Convertible Plus Ltd.	4,497	4,497	0
Foundation Account No. 1	2,421	2,421	0
LLC Account No. 1	1,153	1,153	0
GPS Fund Limited	3,458	3,458	0
Telefix (First Delta)	577	577	0
Guardian Life Insurance Co. of America	112,612	112,612	0
Declaration of Trust for the Defined Benefits Plan of ICI America Holdings, Inc.3	27,412	27,412	0
J.W. McConnell Family Foundation	382	382	0
Delaware State Employees Retirement Fund3	75,926	75,926	0
General Motors Employees Domestic Group Trust	117,887	117,887	0
Zeneca Holdings3	18,358	18,358	0
Thermo Electron Balanced Investment Fund	377	377	0

NOTES:

1. Harold W. Purkey, a member of the board of directors of Hybridon, is an affiliate of this selling stockholder.

2. Harold W. Purkey, a member of the board of directors of Hybridon, is the President and a 10% owner of Forum Capital Markets.

3. Arthur W. Berry, a member of the board of directors of Hybridon, serves as investment advisor to this selling stockholder.

DESCRIPTION OF CAPITAL STOCK

The authorized capital stock of Hybridon consists of 100,000,000 shares of common stock and 5,000,000 shares of preferred stock, par value $.01 per share, of which 1,500,000 have been designated as convertible preferred stock. On January 31, 2000, there were issued and outstanding 16,262,722 shares of common stock and 662,167 shares of convertible preferred stock.

There follows a brief summary of the terms of the common stock and the convertible preferred stock. For further information please refer to the restated certificate of incorporation of Hybridon, including the certificate of designation for the Series A preferred stock, which is filed as an exhibit to the registration statement.

COMMON STOCK

Holders of common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders and do not have cumulative voting rights. Accordingly, holders of a majority of the shares of common stock entitled to vote in any election of directors may elect all of the directors standing for election. Holders of common stock are entitled to receive ratably such any dividends declared by the board of directors out of legally available funds, subject to any preferential dividend rights of the preferred stock or other securities. Upon the liquidation, dissolution or winding up of Hybridon, the holders of common stock are entitled to receive ratably the net assets of Hybridon available after the payment of all debts and other liabilities and subject to the prior rights of any outstanding shares of preferred stock and to the Liquidation Put Right described in the next paragraph. Holders of common stock have no preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of holders of common stock are subject to,

and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that Hybridon may designate and issue in the future, and the rights of creditors of Hybridon.

Pursuant to the terms of the Unit Purchase Agreement, the initial purchasers of certain of the shares of common stock sold in the Regulation S and the Regulation D offerings (those shares, the "Put Shares" those purchasers, the "Liquidation Put Holders") have the right to put those shares back to Hybridon upon the liquidation of Hybridon, but only after all other indebtedness and obligations of Hybridon and all rights of any holders of any capital stock ranking prior and senior to the common stock with respect to liquidation have been satisfied in full (that right, the "Liquidation Put"). The Liquidation Put is not transferable, and therefore purchasers of common stock pursuant to this prospectus will not be able to exercise the Liquidation Put with respect to those shares. Any Liquidation Put Holders that have not sold or otherwise transferred any Put Shares will, however, be able to exercise the Liquidation Put with respect to those Put Shares upon a liquidation of Hybridon. Consequently, in the event of liquidation of Hybridon, holders of shares of common stock that are not subject to the Liquidation Put right may receive smaller liquidation distributions per share than they would have had no Liquidation Put Holders exercised the Liquidation Put. As of January 31, 2000, there were 9,246,476 Put Shares outstanding.

PREFERRED STOCK

Under the terms of the restated certificate of incorporation, the board of directors is authorized, subject to any limitations prescribed by law, without stockholder approval, to issue up to 5,000,000 shares of preferred stock in one or more series with such rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, as the board of directors determines.

SERIES A PREFERRED STOCK

Dividends. Each share of Series A preferred stock is entitled to receive cumulative semi-annual dividends payable, at the option of Hybridon, in cash or additional shares of convertible preferred stock, at the rate of 6.5% per annum plus accrued but unpaid dividends. Dividends accrue from the date of issuance and paid semi-annually on April 1 and October 1 of each year or, if any such day is not a business day, on the next business day. Dividends are paid, at the election of Hybridon, either in cash or additional shares of convertible preferred stock. In calculating the number of shares of convertible preferred stock to be paid with respect to each dividend, the convertible preferred stock is valued at $100.00 per share (subject to appropriate adjustment to reflect any stock split, combination, reclassification or reorganization of the convertible preferred stock).

Liquidation Preference. In the event of a (1) liquidation, dissolution or winding up of Hybridon, whether voluntary or involuntary, (2) a sale or other disposition of all or substantially all of the assets of Hybridon, or (3) any consolidation, merger, combination, reorganization or other transaction in which Hybridon is not the surviving entity or if stock constituting more than 50% of Hybridon's voting power is exchanged for or changed into stock or securities of another entity, cash, or any other property (a "Merger Transaction") (items (1), (2) and (3) of this sentence being collectively referred to as a "Liquidation Event"), after payment of debts and other liabilities of Hybridon, the holders of shares of convertible preferred stock will be entitled to be paid out of Hybridon's available assets, before any payment to holders of shares ranking junior to the convertible preferred stock, an amount equal to the Dividend Base Amount. In the case of a Merger Transaction, however, this payment may be made in cash, property or securities of the entity surviving the Merger Transaction. If upon any Liquidation Event, whether voluntary or involuntary, the assets to be distributed to the holders of the convertible preferred stock are insufficient to permit the payment to such shareholders of the full amount owed,

then all of Hybridon's available assets will be distributed ratably to the holders of the convertible preferred stock. All shares of convertible preferred stock rank, as to payment upon the occurrence of any Liquidation Event, senior to the common stock and senior to all other series of preferred stock, unless the terms of any Series provides otherwise.

Right of Conversion. Commencing after May 5, 1999, shares of convertible preferred stock became convertible, at the option of the holder, into shares of common stock or other securities and property. The initial conversion price per share of common stock (the "Conversion Price") is $4.25, and is subject to adjustment as described below. The rate at which each share of convertible preferred stock is convertible at any time into common stock (the "Conversion Rate") will be determined by dividing the then-existing Conversion Price into the "Dividend Base Amount" of a share of convertible preferred stock, which is equal to $100 plus accrued but unpaid dividends (subject to adjustment to reflect any stock split, combination, reclassification or reorganization of the convertible preferred stock).

Adjustment of Conversion Rate and Conversion Price. As of June 15, 1999, each share of convertible preferred stock was convertible into approximately 23.53 shares of common stock. In order to preserve the economic value of shares of convertible preferred stock, the Conversion Price will be adjusted if Hybridon does the following;

- pays a dividend or makes a distribution on any class of capital stock in shares of its common stock;
- subdivides its outstanding common stock into a greater number of shares;
- combines its outstanding common stock into a smaller number of shares;
- issues shares of common stock or preferred stock to any holder of common stock or preferred stock rights to acquire shares of common stock or preferred stock at a price per share less than the market price (as defined);
- pays or distributes to the holders of common stock or preferred stock assets, properties, or rights to acquire Hybridon Capital Stock at a price per share less than the market price; or
- makes a distribution consistently solely of cash to the holders of any class of capital stock where, during a specified 12-month period, the cash distribution exceeds 10% of the product of the market price of the common stock multiplied by the total outstanding common stock.

Exceptions to Adjustments. No adjustment will, however, be made to either the Conversion Rate or the Conversion Price for issuances of common stock or preferred stock or cash paid to holders of shares of convertible preferred stock (1) as payment for accrued dividends or (2) as a mandatory conversion or mandatory redemption payment as described below.

Other Changes in Conversion Rate. Hybridon from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 days and if the increase is irrevocable during the period. Whenever the Conversion Rate is so increased, Hybridon will notify registered holders.

Hybridon may also increase the Conversion Rate in order to avoid or diminish any income tax to holders of common stock resulting from any dividend or distribution of stock or issuance of rights or warrants to purchase or subscribe for stock or from any event treated as such for income tax purposes.

The Conversion Price may not be adjusted to an amount less than $.001 per share, the current par value of the common stock into which the convertible preferred stock is convertible.

Mandatory Conversion and Redemption. Upon giving notice to the holders of the convertible preferred stock, Hybridon may, at its option, cause the

convertible preferred stock to be converted in whole or in part, on a pro rata basis, into shares of common stock using a Conversion Price equal to $4.00 if the closing bid price of the common stock equals or exceeds 250% of the Conversion Price for at least 20 trading days in any period of 30 consecutive trading days.

At any time after April 1, 2000, Hybridon may, at its option, redeem the convertible preferred stock for cash equal to the Dividend Base Amount.

Class Voting Rights. Hybridon shall not, without the affirmative vote or consent of the holders of at least 50% of all outstanding shares of convertible preferred stock, voting separately as a class, (1) amend, alter or repeal any provision of the restated certificate of incorporation or bylaws so as adversely to affect the rights of the convertible preferred stock (except that the issuance of securities ranking prior to, or pari passu with, the convertible preferred stock (A) upon a Liquidation Event or (B) with respect to the payment of dividends or distributions will not be considered to affect adversely the relative rights of the convertible preferred stock), or (2) authorize or issue, or increase the authorized amount of, the convertible preferred stock, other than the convertible preferred stock issuable as dividends on the convertible preferred stock.

Preemptive Rights. The convertible preferred stock is not entitled to any preemptive or subscription rights in respect of any securities of Hybridon.

Restrictions on Change of Control. So long as any of Hybridon's 9% notes remain outstanding, no holder of any shares of convertible preferred stock will, without the prior written consent of Hybridon, be granted voting rights, be entitled to receive any voting securities of Hybridon, or be entitled to exercise any conversion rights if that could, in Hybridon's reasonable judgment, either alone or in conjunction with other issuances or holdings of capital stock, warrants or convertible securities of Hybridon, result in a Change of Control (as defined in the Indenture).

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the common stock is ChaseMellon Shareholder Services LLC.

DELAWARE LAW AND CERTAIN PROVISIONS OF HYBRIDON'S RESTATED CERTIFICATE OF INCORPORATION, BYLAWS AND INDEBTEDNESS

Hybridon is subject to the provisions of Section 203 of the Delaware General Corporation Law, which prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. A "business combination" includes mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years did own, 15% or more of the corporation's voting stock. The existence of this provision could deter certain business combinations, including transactions that might otherwise result in holders of voting stock being paid a premium over the market price for their shares.

The restated certificate of incorporation provides for the division of the board of directors into three classes as nearly equal in size as possible, with the classes having staggered three-year terms. In addition, the restated certificate of incorporation provides that directors may be removed only for cause by the affirmative vote of the holders of at least two-thirds of the shares of capital stock entitled to vote. Under the restated certificate of incorporation, any vacancy on the board of directors, however occurring, including a vacancy resulting from an enlargement of the board, may filled only by vote of a majority of the directors then in office. The classification of the board of directors and the limitations on the removal of directors and filling of vacancies could have the effect of making it more difficult for anyone to acquire, or of discouraging anyone from acquiring, control of Hybridon.

The restated certificate of incorporation also requires that any action required or permitted to be taken by the stockholders of Hybridon at an annual meeting or special meeting of stockholders may be taken only if it is properly brought before that meeting and may not be taken by written action in lieu of a meeting and will require reasonable advance notice by a stockholder of a proposal or director nomination which that stockholder desires to present at any annual or special meeting of stockholders. The restated certificate of incorporation further provides that special meetings of the stockholders may be called only by the Chief Executive Officer or, if none, the President of Hybridon, or by the board of directors. Under Hybridon's bylaws, in order for any matter to be considered "properly brought" before a meeting, a stockholder must comply with certain requirements regarding advance notice to Hybridon. The foregoing provisions could have the effect of delaying until the next stockholders meeting any given stockholder action, even though it might be favored by the holders of a majority of the outstanding voting securities of Hybridon. These provisions may also discourage any person or entity from making a tender offer for Shares of common stock, because such person or entity, even if it acquired a majority of the outstanding voting securities of Hybridon, would be able to take action as a stockholder (such as electing new directors or approving a merger) only at a duly called stockholders meeting, and not by written consent.

The Delaware General Corporation Law provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless a corporation's certificate of incorporation or by-law requires a greater percentage. The restated certificate of incorporation and the bylaws require the affirmative vote of the holders of at least 75% of the shares of capital stock of Hybridon issued and outstanding and entitled to vote to amend or repeal any of the provisions described in the prior two paragraphs. Moreover, the board of directors has the authority, without further action by the stockholders, to fix the rights and preferences of, and to issue shares of, any preferred stock other than the convertible preferred stock.

In addition to these provisions of Delaware law, the restated certificate of incorporation and the bylaws, the terms of Hybridon's outstanding 9% notes, which were issued in the aggregate original principal amount of $50.0 million and of which approximately $1.3 million in principal amount remains outstanding, require Hybridon, upon a Change of Control of Hybridon (as defined in the indenture for the 9% notes), to offer to repurchase the 9% notes at a repurchase price equal to 150% of the principal amount thereof, plus accrued and unpaid interest to the date of repurchase. This provision, together with the provisions of the restated certificate of incorporation described above and other provisions of the restated certificate of incorporation, may have the effect of deterring takeovers or delaying or preventing changes in control or management of Hybridon, including transactions in which stockholders might otherwise receive a premium for their shares over then current market prices. In addition, these provisions may limit the ability of stockholders to approve transactions that they may deem to be in their best interests.

PLAN OF DISTRIBUTION

The securities offered in this prospectus may be sold from time to time by the selling stockholders or their pledgees, donees, transferees or other successors in interest. Sales of the securities may be effected on the NASD OTC Bulletin Board or in negotiated transactions at prices then prevailing or related to the then-current market price, or at negotiated prices.

The securities may be sold directly or through brokers or dealers by means of one or more of the following methods: (i) block trades in which the broker or dealer attempts to sell shares as agent but may position and resell a portion of the block as principal to facilitate the transaction; (ii) purchases by a broker or dealer as principal and resales by that broker or dealer for its own account pursuant to this prospectus, including resale to another broker or dealer; and (iii) ordinary brokerage transactions and transactions in which the broker solicits purchasers. In effecting sales, brokers and dealers engaged by selling stockholders may arrange for other brokers or dealers to participate.

Brokers or dealers may receive commissions or discounts from selling stockholders (or, if any such broker or dealer acts as agent for the purchaser of any securities, from that purchaser) in amounts to be negotiated. A broker-dealer may agree with the selling stockholders to sell a specified number of securities at a stipulated price per share, and, to the extent that broker-dealer is unable to do so acting as agent for the selling stockholders, to purchase as principal any unsold securities at the price required to fulfill the broker-dealer commitment to the selling stockholders. Broker-dealers who acquire securities as principal may thereafter resell those securities.

The selling stockholders and any broker-dealers participating in distribution of the securities may be deemed "underwriters" within the meaning of Section 2(11) of the Securities Act, and any profit on the sale of securities by the selling stockholders and any commissions or discounts given to broker-dealers may be deemed

underwriting commissions or discounts under the Securities Act. In addition, any of the securities that qualify for sale pursuant to Rule 144 may be sold under Rule 144 rather than pursuant to this prospectus.

Hybridon has agreed to indemnify certain of the selling stockholders, each underwriter of certain of the securities, and each person controlling certain of the selling stockholders within the meaning of Section 15 of the Securities Act, against certain liabilities in connection with the offer and sale of the securities, including liabilities under the Securities Act, and to contribute to payments those persons may be required to make in respect of such liabilities. Certain of the selling stockholders have agreed to indemnify, in certain circumstances, Hybridon against certain liabilities in connection with the offer and sale of the securities, including liabilities under the Securities Act, and to contribute to payments Hybridon may be required to make in respect thereof.

LEGAL MATTERS

The validity of the securities offered by this prospectus will be passed upon for Hybridon by Kramer Levin Naftalis & Frankel LLP, New York, New York.

EXPERTS

The consolidated financial statements of Hybridon as of December 31, 1996, 1997, and 1998 and for each of the years in the three-year period ended December 31, 1998 included in this prospectus and elsewhere in the registration statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, which report includes a paragraph stating that there is substantial doubt about Hybridon's ability to continue as a going concern, and are included herein in reliance upon the authority of said firm as experts in accounting and auditing.

ADDITIONAL INFORMATION

We have filed a registration statement on Form S-1 with the Securities and Exchange Commission relating to the common stock offered by this prospectus. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. Statements contained in this prospectus concerning the contents of any contract or other document referred to are not necessarily complete and in each instance we refer you to the copy of the contract or other document filed as an exhibit to the registration statement, each such statement being qualified in all respects by such reference.

For further information with respect to us and the common stock offered in this prospectus, please refer to the registration statement. A copy of the

registration statement can be inspected by anyone without charge at the public reference room of the SEC, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the SEC's Regional Offices located at 7 World Trade Center, Suite 1300, New York, New York 10048, and 500 West Madison Street, Chicago, Illinois 60601. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room. Copies of these materials can be obtained by mail from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. The SEC maintains a Web site (http://www.sec.gov) that contains information regarding registrants that file electronically with the SEC.

HYBRIDON, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Hybridon, Inc.:

We have audited the accompanying consolidated balance sheets of Hybridon, Inc. (a Delaware corporation) and subsidiaries as of December 31, 1997 and 1998, and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hybridon, Inc. and subsidiaries as of December 31, 1997 and 1998 and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. Since inception, the Company has incurred significant losses which it has funded through the issuance of debt and equity securities and through research and development collaborations and licensing agreements. The Company expects such resources to fund operations through May 1999. There is substantial doubt about the Company's ability to continue as a going concern. See Note 1 for management's plans. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ ARTHUR ANDERSEN LLP

Boston, Massachusetts
February 19, 1999 (except with respect to the matter discussed in Note 7(b) as to which the date is April 15, 1999)

HYBRIDON, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 1997	December 31, 1998	September 30, 1999 (unaudited)
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	$ 2,202,202	$ 5,607,882	$ 500,179
Accounts receivable	529,702	1,175,441	838,852
Prepaid expenses and other current assets	1,005,825	110,827	102,185
Total current assets	3,737,729	6,894,150	1,441,216
PROPERTY AND EQUIPMENT, AT COST:			
Leasehold improvements	16,027,734	11,127,035	11,127,035
Laboratory and other equipment	14,288,083	11,432,435	9,988,579
	30,315,817	22,559,470	21,115,614
Less--Accumulated depreciation and amortization	11,085,013	13,788,979	14,162,190
	19,230,804	8,770,491	6,953,424
OTHER ASSETS:			
Deferred financing costs and other assets	3,354,767	612,374	531,423
Note receivable from officer	247,250	258,650	267,200
Restricted cash	3,050,982	--	--
Investment in real estate partnership	5,450,000	--	--
	12,102,999	871,024	798,623
	$ 35,071,532	$ 16,535,665	$ 9,193,263
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)			
CURRENT LIABILITIES:			
Current portion of long-term debt	$ 7,868,474	$ 6,070,951	$ 6,078,179
Related party promissory notes payable	--	--	1,000,000
Accounts payable	8,051,817	2,368,163	2,512,738
Accrued expenses	11,917,298	4,068,679	2,389,804
Total current liabilities	27,837,589	12,507,793	11,980,721
LONG-TERM DEBT, NET OF CURRENT PORTION	3,282,123	473,094	413,523
9% CONVERTIBLE SUBORDINATED NOTES PAYABLE	50,000,000	1,306,000	1,306,000
COMMITMENTS AND CONTINGENCIES (Notes 11 and 16)			
STOCKHOLDERS' EQUITY (DEFICIT):			
Preferred stock, $.01 par value- Authorized--5,000,000 shares Series A convertible preferred stock- Designated--1,500,000 shares Issued and outstanding--641,259 shares at December 31, 1998 and 641,023 shares at September 30, 1999 (Liquidation preference of $65,178,199 at September 30, 1999)	--	6,413	6,410
Common stock, $.001 par value- Authorized--100,000,000 shares Issued and outstanding--5,059,650 shares at December 31, 1997 and 15,304,825 at December 31, 1998 and 16,260,722 shares at September 30, 1999 (unaudited), respectively	5,060	15,305	16,261
Additional paid-in capital	173,695,698	241,632,024	246,227,811
Accumulated deficit	(218,655,101)	(238,447,837)	(249,974,144)
Deferred compensation	(1,093,837)	(957,127)	(783,319)

Total stockholders' (deficit) equity	(46,048,180)	2,248,778	(4,506,981)
	$ 35,071,532	$ 16,535,665	$ 9,193,263

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

HYBRIDON, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31, 1996	1997	1998	Nine Months Ended September 30, 1998	1999
				(unaudited)	
REVENUES:					
Product and service	$ 1,080,175	$ 1,876,862	$ 3,253,879	$ 2,353,435	$ 4,643,842
Research and development	1,419,389	945,000	1,099,915	949,916	450,000
Royalty and other income	62,321	48,000	--	--	106,950
Interest	1,446,762	1,079,122	148,067	106,457	81,724
	4,008,647	3,948,984	4,501,861	3,409,807	5,282,516
OPERATING EXPENSES:					
Research and development	39,390,525	46,827,915	20,977,370	17,180,927	10,106,459
General and administrative	11,346,670	11,026,748	6,572,502	5,817,864	2,946,564
Interest	124,052	4,535,647	2,932,362	2,880,307	561,949
Restructuring	--	11,020,000	--	--	--
Total operating expenses	50,861,247	73,410,310	30,482,234	25,879,098	13,614,972
Loss before extraordinary item	(46,852,600)	(69,461,326)	(25,980,373)	(22,469,291)	(8,332,456)
EXTRAORDINARY ITEM:					
Gain on exchange of 9% convertible subordinated notes payable	--	--	8,876,685	8,876,685	--
Net loss	(46,852,600)	(69,461,326)	(17,103,688)	(13,592,606)	(8,332,456)
ACCRETION OF PREFERRED STOCK DIVIDENDS	--	--	2,689,048	1,647,000	3,193,851
Net loss applicable to common stockholders	$(46,852,600)	$(69,461,326	$(19,792,736	$(15,239.606)	$(11,526,307)
BASIC AND DILUTED NET LOSS PER COMMON SHARE:					
Loss per share before extraordinary item	$ (10.24)	$ (13.76)	$ (2.19)	$ (2.11)	$ (0.54)
Extraordinary item	--	--	0.75	0.83	--
Net loss per share	(10.24)	(13.76)	(1.44)	(1.28)	(0.54)
Accretion of preferred stock dividends	--	--	(.23)	(0.15)	(0.20)
Net loss per share applicable to common stockholders	$ (10.24)	$ (13.76)	$ (1.67)	$ (1.43)	$ (0.74)
SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE	4,575,555	5,049,840	11,859,350	10,648,116	15,653,562

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

HYBRIDON, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

	Convertible Preferred Stock		Series A Convertible Preferred Stock		Common Stock	
	Number of Shares	$.01 Par Value	Number of Shares	$.01 Par Value	Number of Shares	$.001 Par Value
BALANCE, DECEMBER 31, 1995	3,196,435	$ 31,965	--	$ --	368,733	$ 369

Issuance of common stock related to initial public offering, net of issuance costs of $5,268,756	--	--	--	--	1,150,000	1,150
Conversion of convertible preferred stock to common stock	(3,196,435)	(31,965)	--	--	3,371,330	3,371
Issuance of common stock related to the exercise of stock options	--	--	--	--	57,740	58
Issuance of common stock related to the exercise of warrants	--	--	--	--	81,512	81
Deferred compensation related to grants of stock options to nonemployees	--	--	--	--	--	--
Amortization of deferred compensation	--	--	--	--	--	--
Net loss	--	--	--	--	--	--
BALANCE, DECEMBER 31, 1996	--	--	--	--	5,029,315	5,029
Issuance of common stock related to the exercise of stock options	--	--	--	--	--	25,005
Issuance of common stock related to the exercise of warrants	--	--	--	--	330	--
Issuance of common stock for services rendered	--	--	--	--	5,000	5
Deferred compensation related to grants of stock options to nonemployees	--	--	--	--	--	--
Amortization of deferred compensation	--	--	--	--	--	--
Net loss	--	--	--	--	--	--
BALANCE, DECEMBER 31, 1997	--	--	--	--	5,059,650	5,060

	Additional Paid-in Capital	Accumulated Deficit	Deferred Compensation	Total Stockholders' Equity (Deficit)
BALANCE, DECEMBER 31, 1995	$ 114,755,394	$(102,341,175)	$ --	$ 12,446,553
Issuance of common stock related to initial public offering, net of issuance costs of $5,268,756	52,230,094	--	--	52,231,244
Conversion of convertible preferred stock to common stock	28,594	--	--	--
Issuance of common stock related to the exercise of stock options	1,089,618	--	--	1,089,676
Issuance of common stock related to the exercise of warrants	3,176,660	--	--	3,176,741
Deferred compensation related to grants of stock options to nonemployees	1,967,116	--	(1,967,116)	--
Amortization of deferred compensation	--	--	763,190	763,190
Net loss	--	(46,852,600)	--	(46,852,600)
BALANCE, DECEMBER 31, 1996	173,247,476	(149,193,775)	(1,203,926)	22,854,804
Issuance of common stock related to the exercise of stock options	26	86,300	--	86,326
Issuance of common stock related to the exercise of warrants	9,075	--	--	9,075
Issuance of common stock for services rendered	146,869	--	--	146,874
Deferred compensation related to grants of stock options to nonemployees	205,978	--	(205,978)	--
Amortization of deferred compensation	--	--	316,067	316,067
Net loss	--	(69,461,326)	--	(69,461,326)
BALANCE, DECEMBER 31, 1997	173,695,698	(218,655,101)	(1,093,837)	(46,048,180)

HYBRIDON, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(Continued)

	Convertible Preferred Stock		Series A Convertible Preferred Stock		Common Stock	
	Number of Shares	$.01 Par Value	Number of Shares	$.01 Par Value	Number of Shares	$.001 Par Value
BALANCE, DECEMBER 31, 1997	--	--	--	--	5,059,650	5,060
Issuance of Series A convertible preferred stock and attached warrants in exchange for conversion of 9% convertible subordinated notes payable and accrued interest, net of issuance costs of $1,195,398	--	--	510,504	5,105	--	--
Issuance of common stock and attached warrants in exchange for conversion of accounts payable and other obligations	--	--	--	--	3,217,154	3,217
Issuance of Series A convertible preferred stock	--	--	114,285	1,143	--	--
Issuance of common stock to Placement Agent	--	--	--	--	597,699	598
Issuance of common stock and attached warrants in exchange for conversion of convertible notes payable, net of issuance costs of $566,167	--	--	--	--	3,157,322	3,157
Issuance of common stock and attached warrants, net of issuance costs of $1,069,970	--	--	--	--	3,223,000	3,223
Issuance of common stock for services	--	--	--	--	50,000	50

rendered						
Deferred compensation related to grants of stock options to nonemployees, net of terminations	--	--	--	--	--	--
Issuance of warrants in connection with notes payable	--	--	--	--	--	--
Accretion and issuance of Series A convertible preferred stock dividends	--	--	16,470	165	--	--
Amortization of deferred compensation	--	--	--	--	--	--
Net loss	--	--	--	--	--	--
BALANCE, DECEMBER 31, 1998	--	--	641,259	6,413	15,304,825	15,305
Issuance of common stock to placement agents	--	--	--	--	460,000	460
Amortization of deferred compensation	--	--	--	--	--	--
Compensation expense related to grants of stock options to nonemployees	--	--	--	--	--	--
Accretion and issuance of Series A convertible preferred stock dividend	--	--	20,840	208	--	--
Conversion of Series A convertible preferred stock into common stock	--	--	(21,076)	(211)	495,897	496
Net loss	--	--	--	--	--	--
BALANCE, SEPTEMBER 30, 1999 (UNAUDITED)	--	--	641,023	$ 6,410	16,260,722	$16,261

	Additional Paid-in Capital	Accumulated Deficit	Deferred Compensation	Total Stockholders' Equity (Deficit)
BALANCE, DECEMBER 31, 1997	173,695,698	(218,655,101)	(1,093,837)	(46,048,180)
Issuance of Series A convertible preferred stock and attached warrants in exchange for conversion of 9% convertible subordinated notes payable and accrued interest, net of issuance costs of $1,195,398	38,729,489	--	--	38,734,594
Issuance of common stock and attached warrants in exchange for conversion of accounts payable and other obligations	5,931,341	--	--	5,934,558
Issuance of Series A convertible preferred stock	7,998,817	--	--	7,999,960
Issuance of common stock to Placement Agent	1,194,800	--	--	1,195,398
Issuance of common stock and attached warrants in exchange for conversion of convertible notes payable, net of issuance costs of $566,167	4,230,676	--	--	4,233,833
Issuance of common stock and attached warrants, net of issuance costs of $1,069,970	6,873,453	--	--	6,876,676
Issuance of common stock for services rendered	93,700	--	--	93,750
Deferred compensation related to grants of stock options to nonemployees, net of terminations	109,734	--	(109,734)	--
Issuance of warrants in connection with notes payable	85,433	--	--	85,433
Accretion and issuance of Series A convertible preferred stock dividends	2,688,883	(2,689,048)	--	--
Amortization of deferred compensation	--	--	246,444	246,444
Net loss	--	(17,103,688)	--	(17,103,688)
BALANCE, DECEMBER 31, 1998	241,632,024	(238,447,837)	(957,127)	2,248,778
Issuance of common stock to placement agents	999,540	--	--	1,000,000
Amortization of deferred compensation	--	--	173,808	173,808
Compensation expense related to grants of stock options to nonemployees	402,889	--	--	402,889
Accretion and issuance of Series A convertible preferred stock dividend	3,193,643	(3,193,851)	--	--
Conversion of Series A convertible preferred stock into common stock	(285)	--	--	--
Net loss	--	(8,332,456)	--	(8,332,456)
BALANCE, SEPTEMBER 30, 1999 (UNAUDITED)	$ 246,227,811	$ 249,974,144	$ (783,319)	$ (4,506,981)

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

HYBRIDON, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,			Nine Months Ended September 30,	
	1996	1997	1998	1998	1999
CASH FLOWS FROM OPERATING ACTIVITIES:				(Unaudited)	
Net loss	$(46,852,600)	$(69,461,326)	$(17,103,688)	$(13,592,606)	$ (8,332,456)
Adjustments to reconcile net loss to net cash used in operating activities-					
Extraordinary gain on exchange of 9% convertible subordinated notes payable	--	--	(8,876,685)	(8,876,685)	--
Depreciation and amortization	2,393,751	4,488,719	4,057,286	2,419,269	1,825,370
Loss on disposal of fixed assets	--	--	--	424,675	--
Issuance of common stock for services rendered	--	146,874	93,750	--	--
Amortization of deferred compensation	763,190	316,067	246,444	163,044	576,697
Amortization of deferred financing costs	--	479,737	160,813	240,611	80,951
Noncash portion of restructuring charge	--	1,255,000	--	--	--
Changes in assets and liabilities-					
Accounts receivable	(573,896)	44,194	(645,739)	(295,966)	336,589

Prepaid expenses and other current assets	(593,797)	539,499	894,998	557,703	8,642
Note receivable from officer	(9,845)	70,728	(11,400)	(8,550)	(8,550)
Accounts payable	2,010,981	3,987,398	(3,059,002)	(377,733)	144,575
Accrued expenses	736,141	7,071,532	1,565,806	706,406	(678,875)
Deferred revenue	--	(86,250)	--	--	--
Amounts payable to related parties	(12,500)	--	--	--	--
Net cash used in operating activities	(42,138,575)	(51,147,828)	(22,677,417)	(18,639,832)	(6,047,057)
CASH FLOWS FROM INVESTING ACTIVITIES:					
(Increase) decrease in short-term investments	(3,785,146)	3,785,146	--	--	--
Purchases of property and equipment	(8,902,989)	(7,509,755)	(471,949)	(340,507)	--
Proceeds from sale of property and equipment	--	--	714,400	460,000	(8,303)
(Investment in) sale of real estate partnership	(3,751,552)	--	5,450,000	--	--
Net cash (used in) provided by investing activities	(16,439,687)	(3,724,609)	5,692,451	119,493	(8,303)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from issuance of Series A convertible preferred stock	--	--	7,999,960	7,999,960	--
Proceeds from issuance of common stock related to stock options and restricted stock grants	1,089,676	86,326	--	--	--
Net proceeds from issuance of common stock	52,231,244	--	6,876,676	6,876,676	--
Proceeds from notes payable	7,500,000	--	6,000,000	--	--
Proceeds from issuance of convertible promissory notes payable	--	50,000,000	4,233,833	4,233,833	--
Proceeds from related party promissory notes payable	--	--	--	--	1,000,000
Proceeds from issuance of common stock related to stock warrants	3,176,741	9,075	--	--	--
Proceeds from sale/leaseback of fixed assets	1,722,333	1,205,502	--	--	--
Payments on long-term debt	(446,163)	(1,564,268)	(7,296,646)	(4,236,693)	(52,343)
Decrease (increase) in deferred financing costs	251,921	(2,820,790)	(400,000)	--	--
Decrease (increase) in restricted cash and other assets	401,990	(2,474,948)	2,976,823	2,327,186	--
Net cash provided by financing activities	65,927,742	44,440,897	20,390,646	17,200,962	947,657
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,349,480	(10,431,540)	3,405,680	(1,319,377)	(5,107,703)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,284,262	12,633,742	2,202,202	2,202,202	5,607,882
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 12,633,742	$ 2,202,202	$ 5,607,882	$ 882,825	$ 500,179

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

HYBRIDON, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Including Data Applicable to Unaudited Periods)

(1) ORGANIZATION

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

Since inception, the Company has devoted substantially all of its efforts toward product research and development, its custom contract manufacturing business (Hybridon Specialty Products or HSP) and raising capital. Management anticipates that substantially all future revenues will be derived from the sale of proprietary biopharmaceutical products under development or to be developed in the future, and custom contract manufacturing of synthetic DNA products and reagent products (by HSP), as well as from research and development revenues and fees and royalties derived from licensing of the Company's technology. Accordingly, although the Company has begun to generate revenues from its custom contract manufacturing business, the Company is dependent on the proceeds from possible future sales of debt and equity securities and research and development collaborations in order to fund future operations. There is substantial doubt concerning its ability to continue as a going concern. As of December 31, 1998, the Company had cash and cash equivalents of approximately $5.6 million. The Company expects such resources to fund operations through May 1999. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Company is currently seeking debt or equity financing in an amount sufficient to support its operations through the end of 1999, and in connection therewith, is in negotiations with several parties to obtain such financing. If the Company is unable to obtain this sufficient amount of additional funding in May 1999, it will be forced to terminate its operations or seek relief under applicable bankruptcy law by the end of May 1999.

See Note 22 for additional information through February 1, 2000.

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

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Management Estimates and Uncertainties

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results could differ from those estimates.

The Company is subject to a number of risks and uncertainties similar to those of other companies of the same size within the biotechnology industry, such as uncertainty with clinical trials, uncertainty of additional funding and history of operating losses.

(b) Principles of Consolidation

The accompanying consolidated financial statements include the results of the Company and its subsidiaries, Hybridon S.A. (Europe), a French corporation, and Hybridon Canada, Inc. (an inactive majority-owned subsidiary). The consolidated financial statements also reflect the Company's 30% interest in MethylGene, Inc. (MethylGene), a Canadian corporation which is accounted for under the equity method (see Note 14). All material intercompany balances and transactions have been eliminated in consolidation.

(c) Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Cash and cash equivalents and restricted cash at December 31, 1997 and 1998 consisted of the following (at amortized cost, which approximates fair market value):

	1997	1998
Cash and cash equivalents-		
Cash and money market funds	$1,702,272	$3,865,365
Corporate bond	499,930	1,742,517
Total cash and cash equivalents	$2,202,202	$5,607,882
Restricted cash-		
Note payable to bank (Note 7(a))	$1,758,542	$ -
Foreign bank account (Note 6)	1,034,618	-
Capital lease obligations (Note 7(d))	257,822	-
	$3,050,982	$ -

(d) Depreciation and Amortization

Depreciation and amortization are computed using the straight-line method based on the estimated useful lives of the related assets as follows:

Asset Classification	Estimated Useful Life

Leasehold improvements	Life of lease
Laboratory equipment and other	3-5 years

(e) Accrued Expenses

At December 31, 1997 and 1998, accrued expenses consist of the following:

	1997	1998
Restructuring (Note 3)	$ 8,316,148	$ 469,485
Interest	1,125,000	29,385
Payroll and related costs	742,452	1,151,742
Outside research and clinical costs	1,231,818	797,593
Professional fees	150,000	149,957
Contingent stock (Notes 7(b) and 15(c))	-	1,000,000
Other	351,880	470,517
	$11,917,298	$4,068,679

(f) Reclassifications

Certain amounts in the prior periods consolidated financial statements have been reclassified to conform with the current period's presentation.

(g) Revenue Recognition

The Company has recorded revenue under the consulting and research agreements discussed in Notes 8, 9 and 14. Revenue is recognized as earned on a straight-line basis over the term of the agreement, which approximates when work is performed and costs are incurred. Revenues from product and service sales are recognized when the products are shipped or the services are performed. Product revenue during 1997 and 1998 represents revenues from the sale of oligonucleotides manufactured on a custom contract basis by HSP. Revenue from related parties totaled $50,000, $102,000, $1,686,000, $1,600,000 and $976,000 for 1996, 1997 and 1998 and the nine months ended September 30, 1998 and 1999, respectively.

(h) Research and Development Expenses

The Company charges research and development expenses to operations as incurred.

(i) Patent Costs

The Company charges patent expenses to operations as incurred.

(j) Comprehensive Loss

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

(k) Net Loss per Common Share

The Company applies SFAS No. 128, Earnings per Share. Under SFAS No. 128, basic net loss per common share is computed using the weighted average number of shares of common stock outstanding during the period. Diluted net loss per common share is the same

as basic net loss per common share as the effects of the Company's potential common stock

equivalents are antidilutive. Antidilutive securities which consist of stock options, warrants and convertible preferred stock (on an as-converted basis) that are not included in diluted net loss per common share were 2,595,496, 2,404,561 and 27,774,883 for 1996, 1997 and 1998, respectively.

(l) Segment Reporting

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

(3) RESTRUCTURING

Beginning in July 1997, the Company implemented a restructuring plan to reduce expenditures on a phased basis in an effort to conserve its cash resources. As part of this restructuring plan, in addition to terminating the clinical development of GEM(R) 91, the Company's first generation antisense drug for the treatment of AIDS and HIV infection, the Company reduced or suspended programs unrelated to its core advanced chemistry antisense drug research and development programs. In connection with the reduction in programs, the Company has accrued termination fees related to research contracts and has written off assets related to programs that have been suspended or canceled. As part of the restructuring, all outside testing, public relations, travel and entertainment and consulting arrangements were reviewed and where appropriate the terms were renegotiated, contracts cancelled or the terms significantly reduced. As a result of the implementation of these changes, the Company terminated the employment of 84 employees at its Cambridge and Milford, Massachusetts, facilities in 1997 and closed its operations in Paris, France, terminating 11 employees at that location.

In connection with the restructuring, the Company entered into different subleasing arrangements. During 1997, the Company subleased a portion of each of its facilities in Cambridge, Massachusetts (including a substantial portion of its former headquarters located at 620 Memorial Drive (the Cambridge Headquarters)). The Company incurred expenses relating to these subleases for broker fees and renovation expenses incurred in preparing the Cambridge Headquarters space for the new tenant. In addition, the Company accrued the estimated lease loss of subleasing the Cambridge Headquarters which were vacated during 1998. The Company also subleased its office in Paris, France, and accrued the estimated lease loss.

The following are the significant components of the $11,020,000 charge for restructuring (in thousands):

	Restructuring Charge	Non-Cash Portion	Cash Disbursed	To be Paid as of December 31, 1998

Estimated loss on facility leases	$ 6,372	$ 5,976	$ 356	$ 40
Employee severance, benefits and related costs	2,738	-	2,548	190
Write-down of assets to net realizable value	946	946	-	-
Termination costs of certain research programs	964	672	53	239
	$ 11,020	$ 7,594	$ 2,957	$ 469

The Company disbursed cash totaling approximately $1,453,000 and $1,504,000 in 1997 and 1998, respectively, with respect to the restructuring. The remaining accrued amount of approximately $469,000 will be paid during 1999.

(4) INVESTMENT IN REAL ESTATE PARTNERSHIP

Under the terms of the lease for the Cambridge Headquarters (the Cambridge Lease), the Company accounted for $5,450,000 of its payments for a portion of the costs of construction of the leased premises as contributions to the capital of the Cambridge landlord in exchange for a limited partnership interest in the Cambridge landlord (the Partnership Interest). Under the terms of the Partnership Interest, the Company exercised its right to sell back the Partnership Interest and received payment of the $5,450,000 in 1998.

(5) NOTE RECEIVABLE FROM OFFICER

At December 31, 1997 and 1998 the Company has a note receivable from officer, including accrued interest, of $247,250 and $258,650, respectively. The note has an interest rate of 6.0% per annum and matures in April 2001.

(6) RESTRICTED CASH - BVH

In November 1997, the Company was notified by Bank Fur Vermogensanlagen Und Handel AG (BVH) that the Federal Banking Supervisory Office in Germany had imposed a moratorium on BVH and had closed BVH for business. Accordingly, the Company classified its deposit with BVH as restricted cash. The Company sold the deposit to the Cambridge Landlord, an affiliate of certain directors of the Company, and recovered the full amount in 1998.

(7) LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

Future minimum principal payments due under various notes payable, excluding the 9% convertible subordinated notes (the 9% Notes) due April 1, 2004, are as follows at December 31, 1998:

December 31,	Amount
1999	$ 6,070,951
2000	80,746
2001	91,892
2002	104,576
2003	119,010
Thereafter	76,870
Total long-term debt obligations	6,544,045
Less--Current portion	6,070,951
	$ 473,094

(a) Note Payable to a Bank

In December 1996, the Company entered into a five-year $7,500,000 note payable to a bank. In November 1998, the outstanding balance of approximately $2,895,000 was purchased from the bank by Forum Capital Markets, LLC (Forum) and certain investors associated with Pecks Management Partners Ltd. (Pecks) (collectively, the Lenders), which are affiliates of two members of the Company's Board of Directors.

(b) Note Payable to Lenders

In connection with the purchase by the Lenders of the note payable to the bank, the Lenders lent an additional $3,200,000 so as to increase the outstanding principal amount of the note to $6,000,000. The terms of the note payable were amended as follows: (i) the maturity was extended to November 30, 2003; (ii) the interest rate was decreased to 8%; (iii) interest is payable monthly in arrears, with the principal due in full at maturity of the loan; (iv) the note payable is convertible, at the Lenders' option, in whole or in part, into shares of common stock at a conversion price equal to $2.40 per share; (v) the note includes a minimum liquidity, as defined covenant of $2,000,000; and (vi) the note payable may not be prepaid, in whole or in part, at any time prior to December 1, 2000. On March 30, 1999, the Company received a waiver for noncompliance with the minimum tangible net worth covenant effective as of December 31, 1998 and March 31, 1999. On April 15, 1999, the Company also received a waiver for non-compliance with the minimum liquidity covenant effective as of April 15, 1999. The Company has classified the outstanding balance of $6,000,000 at December 31, 1998 as a current liability in the accompanying consolidated balance sheet as it does not currently have the financing to remain in compliance with the financial covenants. In connection with the purchase of the note payable, Forum is entitled to receive $400,000 as a fee, which Forum has agreed to reinvest by purchasing common stock or preferred stock, both with attached warrants. The Company has recorded the $400,000 as a deferred financing cost, which will be amortized to interest expense over the term of the note and an accrued expense for the issuance of common stock or preferred stock, both with attached warrants, which will occur in 1999. In addition, Forum is entitled to receive warrants to purchase $400,000 of shares of common stock of the Company at the per share valuation of the next financing, or $3.00 per share if the financing is not completed by May 1, 1999. The Company determined the value of the warrants to be $85,433, by using the Black-Scholes option pricing model. The Company has recorded this $85,433 as a deferred financing cost, which will be amortized to interest expense over the term of the note. (See Note 22 for additional information through February 1, 2000.)

(c) Note Payable to Landlord

In December 1994, the Company issued a $750,000 promissory note to its landlord to fund specific construction costs associated with the development of its manufacturing plant in Milford, Massachusetts. The promissory note bears interest at 13% per annum and is to be paid in equal monthly installments of principal and interest over the remainder of the 10-year lease term.

(d) Capital Lease Obligations

The Company had entered into various capital leases for equipment. During 1998, the Company settled its capital lease obligations in full through the issuance of common stock and warrants (see Note 15(c)).

(e) 9% Convertible Subordinated Notes Payable

On April 2, 1997, the Company issued $50,000,000 of the 9% Notes.

Under the terms of the 9% Notes, the Company must make semiannual interest payments on the outstanding

principal balance through the maturity date of April 1, 2004. If the 9% Notes are converted prior to April 1, 2000, the noteholders are entitled to receive accrued interest from the date of the most recent interest payment through the conversion date. The 9% Notes are convertible at any time prior to the maturity date at a conversion price equal to $35.0625, subject to adjustment under certain circumstances, as defined.

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

On February 6, 1998, the Company commenced an exchange offer to the holders of the 9% Notes to exchange the 9% Notes for Series A convertible preferred stock and warrants. On May 5, 1998, noteholders holding $48,694,000 of principal and $2,361,850 of accrued interest tendered such principal and accrued interest to the Company for 510,505 shares of Series A convertible preferred stock and warrants to purchase 3,002,958 shares of common stock with an exercise price of $4.25 per share. In accordance with SFAS No. 15, Accounting by Debtors and Creditors for Troubled Debt Restructurings, the Company recorded an extraordinary gain of $8,876,685 related to the exchange. The extraordinary gain represents the difference between the carrying value of the 9% Notes plus accrued interest, less $2,249,173 of deferred financing costs written off, and the fair value of the Series A convertible preferred stock, as determined by the per share sales price of Series A convertible preferred stock sold in the 1998 Unit Financing (see Note 15(c)), and warrants to purchase common stock issued by the Company.

(8) G.D. SEARLE & CO. AGREEMENT

In January 1996, the Company and G.D. Searle & Co. (Searle) entered into a collaboration relating to research and development of therapeutic antisense compounds. According to the collaboration agreement, as modified in April 1998, targets can be selected from those in the fields of cancer, cardiovascular disease and inflammation/immunomodulation (the Searle Field).

Pursuant to the collaboration, the parties are conducting research and development relating to a compound directed at MDM2. In this project, Searle is funding certain research and development efforts by the Company, and both Searle and the Company have committed certain of its own personnel to the collaboration. The initial phase of research and development activities will be conducted through the earlier of (i) the achievement of certain milestones, and (ii) January 31, 2000, subject to early termination by Searle. The parties may extend the initial collaboration by mutual agreement, including agreement as to additional research funding by Searle. Searle has advised the Company that it intends to inform the Company by February 29, 2000 whether it intends to extend this collaboration.

In addition, under the collaboration, Searle has the right to designate up to six additional molecular targets in the Searle Field (the Additional Targets) on terms substantially consistent with the terms of the collaboration applicable to the initial molecular target. This right is exercisable by Searle with respect to each of the Additional Targets

upon the payment by Searle of certain research payments (beyond the project-specific payments relating to the particular Additional Target) and the purchase of additional common stock from the Company by Searle (at the then fair market value). The aggregate amount to be paid by Searle for such research payments and equity investment in order to designate each of the Additional Targets is $10,000,000 per Additional Target. In the event that Searle designates all of the Additional Targets, the aggregate amount to be paid by Searle for research payments will be $24,000,000, and the aggregate amount to be paid by

Searle in equity investment will be $36,000,000. If Searle has not designated all of the Additional Targets by the time the initial molecular target reaches a certain stage of preclinical development, Searle will be required to purchase an additional $10,000,000 of common stock (at the then fair market value) in order to maintain its right to designate any of the Additional Targets. The payment for any such common stock will be creditable against the equity investment portion of the payments to be made by Searle with respect to the designation of any of the Additional Targets that Searle has not yet designated.

Searle has exclusive rights to commercialize any products resulting from the collaboration. If Searle elects to commercialize a product, Searle will fund and perform preclinical tests and clinical trials of the product candidate and will be responsible for regulatory approvals for and marketing of the product. The Company has agreed to perform research and development work exclusively with Searle. In addition, for each product candidate, the Company will be entitled to milestone payments from Searle totaling up to an aggregate of $10,000,000 upon the achievement of certain development benchmarks. The Company also will be entitled to royalties from net sales of products resulting from the collaboration. Subject to satisfying certain conditions relating to its manufacturing capacities and capabilities, the Company will retain manufacturing rights, and Searle will be required to purchase its requirements of products from the Company on an exclusive basis at specified prices. Upon a change in control of the Company, Searle would have the right to terminate the Company's manufacturing rights, although the royalty payable would be increased in such event.

In the event that Searle designates all of the Additional Targets or if Hybridon fails to satisfy certain requirements relating to its manufacturing capacities and capabilities, Searle will have the right to require Hybridon to form a joint venture with Searle, as defined. The Company and Searle would each own 50% of the joint venture, although Searle's ownership interest in the joint venture would increase based upon a formula to up to a maximum of 75% if the joint venture is established in certain instances relating to the Company's failure to satisfy certain requirements relating to its manufacturing capacities and capabilities.

During 1996, 1997 and 1998, the Company earned $400,000, $600,000 and $600,000, respectively, in research and development revenues from Searle. Under the collaboration, Searle also purchased 200,000 shares of common stock in the Company at the offering price of $50.00 per share.

(9) F. HOFFMANN-LA ROCHE LTD. (ROCHE) COLLABORATION

In December 1992, the Company and Roche entered into a collaboration involving the application of the Company's antisense oligonucleotide chemistry to develop compounds for the treatment of hepatitis B, hepatitis C and human papilloma virus. On September 3, 1997, Roche notified the Company that it had decided not to pursue further collaboration with the Company and was terminating the collaboration effective February 28, 1998.

The Company has recorded $1,019,389 and $345,000 of research and development revenue related to this collaboration in 1996 and 1997, respectively. Due to the termination of the collaboration, as discussed above, the Company recognized no revenue with respect to this collaboration in 1998.

(10) MEDTRONIC, INC. COLLABORATIVE STUDY AGREEMENT

In May 1994, the Company and Medtronic, Inc. (Medtronic) entered into a collaborative study agreement (the Medtronic Agreement) involving the development of antisense compounds for the treatment of Alzheimer's disease and a drug delivery system to deliver such compounds into the central nervous system. The agreement provides that the Company is responsible for the development of, and hold all rights to, any drug developed pursuant to this collaboration, and Medtronic is responsible for the development of, and hold all rights to, any delivery system

developed pursuant to this collaboration. The parties may extend this collaboration by mutual agreement to other neurodegenerative disease targets. The Company is not currently conducting any activities under this collaboration.

(11) LICENSING AGREEMENT

The Company has entered into a licensing agreement with the Worcester Foundation for Biomedical Research, Inc., which has merged with the University of Massachusetts Medical Center, under which the Company has received exclusive licenses to certain patents and patent applications. The Company is required to make royalty payments based on future sales of products employing the technology or falling under claims of a patent, as well as a specified percentage of sublicense income received related to the licensed technology. Additionally, the Company is required to pay an annual maintenance fee through the life of the patents.

(12) PHARMACIA BIOTECH, INC. COLLABORATION

In December 1994, the Company and Pharmacia Biotech, Inc. (Pharmacia) entered into a collaboration involving the design and development of a large-scale oligonucleotide synthesis machine. Following completion of the machine in December 1996, the collaboration expired, and Pharmacia retained the right to sell the machine to third parties, subject to an obligation to pay the Company royalties on such third-party sales. During 1996 and 1997, the Company received $62,321 and $48,000, respectively, of royalty income related to such third-party sales. The Company recognized no royalty income related to this collaboration for 1998.

(13) PERKIN-ELMER CORPORATION SALES AND SUPPLY AGREEMENT

In September 1996, the Company and the Applied Biosystems Division of Perkin-Elmer Corporation (Perkin-Elmer) signed a four-year sales and supply agreement under which Perkin-Elmer agreed to refer potential customers to HSP for the manufacture of custom oligonucleotides and the Company agreed that amidites for the manufacture of these oligonucleotides would be purchased from Perkin-Elmer and a percentage of the sales price will be paid to Perkin-Elmer. In addition, Perkin-Elmer licensed to the Company its oligonucleotide synthesis patents.

(14) INVESTMENT IN METHYLGENE, INC.

In January 1996, the Company and three Canadian institutional investors formed a Quebec company, MethylGene, Inc. (MethylGene) to develop and market certain compounds and procedures to be agreed upon by the Company and MethylGene.

The Company has granted to MethylGene exclusive worldwide licenses and sublicenses in respect of certain technology relating to the MethylGene fields. These fields, as amended, are defined as (i) antisense compounds to inhibit DNA methyltransferase for the treatment of any disease; (ii) other methods of inhibiting DNA methyltransferase for the treatment of any disease; and (iii) antisense compounds to inhibit up to two additional molecular targets for the treatment of cancers, to be agreed upon by the Company and MethylGene. In addition, the Company and MethylGene have entered into a supply agreement pursuant to which MethylGene is obligated to purchase from the Company all required formulated bulk oligonucleotides at specified transfer prices.

The Company acquired a 49% interest in MethylGene for approximately $734,000, and the Canadian investors acquired a 51% interest in

MethylGene for a total of approximately $5,500,000. The institutional investors have the right to exchange all (but not less than all) of their shares of stock in MethylGene for an aggregate of 100,000 shares of Hybridon common stock (subject to adjustment for stock splits, stock dividends and the like). This option is exercisable only during a

90-day period commencing on the earlier of the date five years after the closing of the institutional investors' investment in MethylGene or the date on which MethylGene ceases operations. This option terminates sooner if MethylGene raises certain additional amounts of equity or debt financing or if MethylGene enters into a corporate collaboration that meets certain requirements. During 1998, MethylGene raised additional proceeds from outside investors that decreased the Company's interest to 30%. The Company is accounting for its investment in MethylGene under the equity method and, due to the existence of the investors exchange rights, the Company has recorded, up to its original investment, 100% of MethylGene's losses in the accompanying consolidated statements of operations.

In May 1998, this agreement was amended to grant MethylGene a non-exclusive right to use any and all antisense chemistries discovered by the Company or any of its affiliates for a period commencing on May 5, 1998 and ending on the earlier of (i) the effective date of termination by MethylGene of its contract for development services to be provided by the Company; (ii) May 5, 1999, unless MethylGene exercises its option to continue contracting for development services provided by the Company; or (iii) May 5, 2000. As additional consideration for this nonexclusive right, MethylGene is required to pay the Company certain milestone amounts, as defined, and transferred 300,000 shares of MethylGene's Class B shares to the Company. The Company has placed no value on these shares. During 1996, 1997, 1998 and the nine months ended September 30, 1998 and 1999, the Company recognized $49,565, $101,894, $1,685,932, $1,552,381 and $920,814 respectively, of product and service revenue related to this agreement.

(15) STOCKHOLDERS' EQUITY (DEFICIT)

(a) Common Stock

The Company has 100,000,000 authorized shares of common stock, $.001 par value, of which 15,304,825 shares were issued and outstanding at December 31, 1998.

(b) Initial Public Offering (IPO)

On February 2, 1996, the Company completed its IPO of 1,150,000 shares of common stock at $50.00 per share. The sale of common stock resulted in net proceeds to the Company of $52,231,244 after deducting expenses related to the offering.

(c) 1998 Unit Financing

On May 5, 1998, the Company completed a private offering of equity securities raising total gross proceeds of $26,681,164 from the issuance of 9,597,476 shares of common stock, 114,285 shares of Series A convertible preferred stock and warrants to purchase 3,329,486 shares of common stock at $2.40 per share. The gross proceeds include the conversion of $5,934,558 of accounts payable, capital lease obligations and other obligations into common stock. The Company incurred $1,636,137 of cash expenses related to the private offering and issued 597,699 shares of common stock and warrants to purchase 1,720,825 shares of common stock at $2.40 per share to the placement agents. The compensation received by Pillar, a company affiliated with certain directors of the Company, with respect to the offshore component of the private offering (Offshore Offering) consisted of (i) 9% of gross proceeds of such Offshore Offerings and (ii) a nonaccountable expense allowance equal to 4% of gross proceeds of such Offshore Offering. Pillar received $1,636,137 and warrants to purchase 1,111,630

shares of common stock at $2.40 per share.

In addition, Pillar is entitled to receive 300,000 shares of common stock in connection with its efforts in assisting the Company in restructuring its balance sheet. The Company has recorded $600,000 of general and administrative expense in the accompanying consolidated

statement of operations during 1998, which represents the value of this common stock on May 5, 1998 with an offsetting amount to accrued expenses for the shares to be issued. These shares will be issued in 1999.

(d) Units Issued to Primedica Corporation

In connection with the unit financing (see Note 15(c)) the Company issued 250,000 shares of common stock and 62,500 warrants to purchase common stock to Primedica Corporation (Primedica) for future services to be provided. The services shall commence upon the Company's request after (i) the Company's securities are listed on a nationally recognized exchange, and (ii) the average closing price of the Company's common stock is at least $2.00 per share for the twenty-day trading period preceding the contract commencement date. In the event that the Company does not use these services as a result of the failure to meet the contract conditions, Primedica shall forfeit to the Company all or part of the common stock and warrants held by Primedica. The Company has recorded these shares as issued and outstanding at December 31, 1998 at par value. The Company will record the value of these services as the services are rendered.

(e) Stock Split

On December 10, 1997, the Board of Directors declared a one-for-five reverse split of its common stock. Share quantities and related per share amounts have been retroactively restated to reflect the reverse stock split.

(f) Warrants

The Company has the following warrants outstanding and exercisable for the purchase of common stock at December 31, 1998:

Expiration Date	Outstanding Warrants	Exercise Price per Share	Exercisable Warrants	Exercise Price per Share
February 4, 1999-October 25, 2000	551,201	$ 50.00	551,201	$50.00
February 28, 2000	20,000	37.50	20,000	37.50
December 31, 2001	13,000	34.49	13,000	34.49
May 4, 2003	8,641,503	2.40-4.25	4,378,044	2.40
	9,225,704		4,962,245	
Weighted average exercise price per share		$5.48		$7.91

Five-year warrants to purchase 368,620 shares of common stock at $50.00 per share were issued in 1994 and 1995 as a component of the compensation for services of several placement agents of the Company's convertible preferred stock. Of these warrants, 304,335 were issued to a company that is controlled by two directors of the Company (see Note 16(b)). The remaining 64,285 warrants were issued to various other companies that acted as placement agents. See Note 15(c) for information relating to warrants issued to placement agents in connection with the 1998 Unit Financing.

As consideration of the agreements made by Forum consenting to the Company's 1998 private placements and waiving certain obligations of the Company to Forum, the Company agreed to amend the warrant to purchase 71,301 shares of common stock at an exercise price

of $35.06 per share, issued to Forum in connection with 9% notes so that the exercise price will be equal to $4.25 per share, and the number of shares of common stock purchasable upon exercise thereof will be increased to 588,235, in each case subject to adjustment; provided, however, that such warrant will also be amended to provide that such warrant may not be exercised until May 5, 1999 and the transactions contemplated by such private placements and by the exchange offer will not trigger any anti-dilution adjustments to the exercise price thereof or the number of shares of common stock subject thereto.

(g) Stock Options

In 1990 and 1995, the Company established the 1990 Stock Option Plan (the 1990 Option Plan) and the 1995 Stock Option Plan (the 1995 Option Plan), respectively, which provide for the grant of incentive stock options and nonqualified stock options. Options granted under these plans vest over various periods and expire no later than 10 years from the date of grant. However, under the 1990 Option Plan, in the event of a change in control (as defined in the 1990 Plan), the exercise dates of all options then outstanding shall be accelerated in full and any restrictions on exercising outstanding options issued pursuant to the 1990 Option Plan shall terminate. In October 1995, the Company terminated the issuance of additional options under the 1990 Option Plan. As of December 31, 1998, options to purchase a total of 525,638 shares of common stock remained outstanding under the 1990 Option Plan.

A total of 700,000 shares of common stock may be issued upon the exercise of options granted under the 1995 Option Plan. The maximum number of shares with respect to which options may be granted to any employee under the 1995 Option Plan shall not exceed 500,000 shares of common stock during any calendar year. The Compensation Committee of the Board of Directors has the authority to select the employees to whom options are granted and determine the terms of each option, including (i) the number of shares of common stock subject to the option; (ii) when the option becomes exercisable; (iii) the option exercise price, which, in the case of incentive stock options, must be at least 100% (110% in the case of incentive stock options granted to a stockholder owning in excess of 10% of the Company's common stock) of the fair market value of the common stock as of the date of grant; and (iv) the duration of the option (which, in the case of incentive stock options, may not exceed 10 years). As of December 31, 1998, options to purchase a total of 550,534 shares of common stock remained outstanding under the 1995 Option Plan.

In October 1995, the Company adopted the 1995 Director Stock Option Plan (the Director Plan). A total of 50,000 shares of common stock may be issued upon the exercise of options granted under the Director Plan. Under the terms of the Director Plan, options to purchase 1,000 shares of common stock were granted to eligible directors upon the closing of the Company's initial public offering at the fair market value of the common stock on the date of the closing. Thereafter, options to purchase 1,000 shares of common stock will be granted to each eligible director on May 1 of each year commencing in 1997. All options will vest on the first anniversary of the date of grant or, in the case of annual options, on April 30 of each year with respect to options granted in the previous year. As of December 31, 1998, options to purchase a total of 21,000 shares of common stock remained outstanding under the Director Plan.

In May 1997, the Company adopted the 1997 Stock Option Plan (the 1997 Option Plan) and has reserved and may issue up to 4,500,000 shares for the grant of incentive and nonqualified stock options. The maximum number of shares with respect to which options may be granted to any employee under the 1997 Option Plan shall not exceed 500,000 shares of common stock during any calendar year. The Compensation Committee of the Board of Directors has the

authority to select the employees to whom options are granted and determine the terms of each option, including (i) the number of shares of common stock subject to the option; (ii)

when the option becomes exercisable; (iii) the option exercise price, which, in the case of incentive stock options, must be at least 100% (110% in the case of incentive stock) of the fair market value of the common stock as of the date of grant; and (iv) the duration of the option (which, in the case of incentive stock options, may not exceed ten years). As of December 31, 1998, options to purchase a total of 2,363,560 shares of common stock remained outstanding under the 1997 Option Plan. See Note 22(g).

Stock option activity for the three years ended December 31, 1998 is summarized as follows:

	Number of Shares	Exercise Price per Share	Weighted Average Price per Share
Outstanding, December 31, 1995	738,208	$.01-$50.00	$29.15
Granted	476,020	25.00-65.60	49.55
Exercised	(57,740)	.01-37.50	18.85
Terminated	(20,100)	25.00-57.85	40.20
Outstanding, December 31, 1996	1,136,388	1.25-65.60	38.05
Granted	315,675	27.50-32.50	30.75
Exercised	(25,005)	1.25-40.00	12.60
Terminated	(236,561)	2.50-65.60	40.35
Outstanding, December 31, 1997	1,190,497	1.25-65.60	36.18
Granted	2,513,000	2.00-3.13	2.00
Terminated	(242,765)	2.50-57.85	37.79
Outstanding, December 31, 1998	3,460,732	$1.25-$65.60	$11.25
Exercisable, December 31, 1996	622,930	$1.25-$65.60	$32.55
Exercisable, December 31, 1997	740,780	$1.25-$65.50	$34.40
Exercisable, December 31, 1998	1,650,021	$1.25-$65.60	$17.13

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price per Share	Number Outstanding	Weighted Average Exercise Price per Share
$1.25	10,000	3.10	$ 1.25	10,000	$ 1.25
2.00-2.37	2,505,000	9.56	2.00	901,562	2.00
2.44-3.13	18,800	6.03	2.61	10,800	2.50
4.25-5.00	1,200	3.75	5.00	1,200	3.75
17.50-2.00	197,330	3.54	23.21	191,331	23.15
27.50-31.66	168,974	7.45	30.50	76,017	30.28
35.00-36.25	30,000	6.73	35.71	30,000	35.71
37.50	316,048	4.72	37.50	282,583	37.50
38.13-43.75	47,900	7.81	40.64	24,648	40.73
50.00	17,700	6.35	50.00	11,700	50.00
57.85-65.60	147,780	6.08	58.22	110,180	58.34
	3,460,732		$11.25	1,650,021	$17.13

In October 1995, the Financial Accounting Standards Board issued SFAS No. 123, Accounting for Stock-Based Compensation. SFAS No. 123 requires the measurement of the fair value of stock options or warrants granted to employees to be included in the statement of

operations or disclosed in the notes to financial statements. The Company has determined that it will continue to account for stock-based compensation for employees under Accounting Principles Board Opinion No. 25 and elect the disclosure-only alternative under SFAS No. 123. In 1996, 1997 and 1998, the Company recorded $1,967,116, $205,978 and $109,734, respectively, of deferred compensation related to grants to nonemployees, net of terminations. Deferred compensation will be amortized over the vesting period of the options. The Company has recorded compensation expense of $763,190, $316,067 and $246,444 in 1996, 1997 and 1998, respectively, related to these grants to nonemployees.

The Company has computed the pro forma disclosures require by SFAS No. 123 for all stock options granted after January 1, 1995 using the Black-Scholes option pricing model. The assumptions used for the three years ended December 31, 1998 are as follows:

	1996	1997	1998
Risk free interest rate	6.14%	6.22%	5.15%
Expected dividend yield	-	-	-
Expected lives	6 years	6 years	6 years
Expected volatility	60%	60%	60%

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option pricing models require the input of highly subjective assumptions including expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

The effect of applying SFAS No. 123 for the three years ended December 31, 1998 would be as follows:

	1996	1997	1998
Net loss applicable to common stockholders-			
As reported	$ (46,852,600)	$ (69,461,326)	$ (19,792,736)
Pro forma	$ (52,890,455)	$ (73,402,170)	$ (23,131,304)
Basic and Diluted net loss per common shares-			
As reported	$(10.24)	$(13.76)	$(1.67)
Pro forma	$(11.56)	$(14.54)	$(1.95)

(h) Employee Stock Purchase Plan

In October 1995, the Company adopted the 1995 Employee Stock Purchase Plan (the Purchase Plan), under which up to 100,000 shares of common stock may be issued to participating employees of the Company, as defined, or its subsidiaries.

On the first day of a designated payroll deduction period (the Offering Period), the Company will grant to each eligible employee who has elected to participate in the Purchase Plan an option to purchase shares of common stock as follows: the employee may authorize an amount (a whole percentage from 1% to 10% of such employee's regular pay) to be deducted

by the Company from such pay during the Offering Period. On the last day of the Offering Period, the employee is deemed to have exercised the option, at the option exercise price, to the extent of accumulated payroll deductions. Under the terms of the Purchase Plan, the option price is an amount equal to 85% of the fair market value per share of the common stock on either the first day or the last day of the Offering Period, whichever is lower. In no event may an employee purchase in any one Offering Period a number of shares which is more than 15% of the employee's annualized base pay divided by 85% of the market value of a share of common stock on the commencement date of the Offering Period. The Compensation Committee may, in its discretion, choose an Offering Period of 12 months or less for each of the Offerings and choose a different Offering Period for each Offering. No shares have been issued under the Plan.

(i) Preferred Stock

The restated Certificate of Incorporation of the Company permits its Board of Directors to issue up to 5,000,000 shares of preferred stock, par value $.01 per share (the Preferred Stock), in one or more series, to designate the number of shares constituting such series, and fix by resolution, the powers, privileges, preferences and relative, optional or special rights thereof, including liquidation preferences and dividends, and conversion and redemption rights of each such series. During 1998, the Company designated 1,500,000 shares as Series A convertible preferred stock.

(j) Series A Convertible Preferred Stock

The rights and preferences of the Series A convertible preferred stock are as follows:

Dividends

The holders of the Series A convertible preferred stock, as of March 15 or September 15, are entitled to receive dividends payable at the rate of 6.5% per annum, payable semi-annually in arrears. Such dividends shall accrue from the date of issuance of such share and shall be paid semi-annually on April 1 and October 1 of each year. Such dividends shall be paid, at the election of the Company, either in cash or additional duly authorized, fully paid and non assessable shares of Series A convertible preferred stock. In calculating the number of shares of Series A convertible preferred stock to be paid with respect to each dividend, the Series A convertible preferred stock shall be valued at $100.00 per share. During 1998, the Company recorded a total accretion of $2,689,048 for the dividend on Series A preferred stock and issued 16,470 shares of Series A convertible preferred stock as a dividend.

Liquidation

In the event of a liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, after payment or provision for payment of debts and other liabilities of the Company, the holder of the Series A convertible preferred stock then outstanding shall be entitled to be paid out of the assets of the Company available for distribution to its stockholders, an amount equal to $100.00 per share plus all accrued but unpaid dividends. If the assets to be distributed to the holders of the Series A convertible preferred stock shall be insufficient to permit the payment of the full preferential amounts, then the assets of the Company shall be distributed ratably to the holders of the Series A convertible preferred stock on the basis of the number of shares of Series A convertible preferred stock held. All shares of Series A convertible preferred stock shall rank as to payment upon the occurrence of any liquidation event senior to the common stock.

Conversion

Commencing after May 6, 1999, but not prior thereto, the shares of Series A convertible preferred stock shall be convertible, in whole or in part, at the option of the holder into fully paid and nonassessable shares of common stock at $4.25 per share, subject to adjustment as defined.

Mandatory Conversion

At any time after May 6, 1998, the Company may at its option, cause the Series A convertible preferred stock to be converted in whole or in part, on a pro rata basis, into fully paid and nonassessable shares of common stock using a conversion price equal to $4.00 if the closing bid price, as defined, of the common stock shall have equaled or exceeded 250% of the conversion price, $4.25, subject to adjustment as defined, for at least 20 trading days in any 30 consecutive trading day period ending three days prior to the date of notice of conversion (such event, the Market Trigger).

At any time after April 1, 2000, the Company, at its option, may redeem the Series A convertible preferred stock for cash equal to $100.00 per share plus all accrued and unpaid dividends at such time, if the Market Trigger has occurred in the period ending three days prior to the date of notice of redemption.

(16) COMMITMENTS AND CONTINGENCIES

(a) Facilities

The Company leases its facility in Milford, Massachusetts, under a lease which has a 10-year term, which commenced on July 1, 1994, with certain extension options.

On February 4, 1994, the Company entered into the Cambridge Lease with a partnership that is affiliated with certain directors of the Company. As compensation for arranging this lease, the Company issued Pillar Limited five-year warrants for the purchase of 100,000 shares of the Company's common stock at an exercise price of $50.00 per share. These warrants expired subsequent to December 31, 1998. The Company vacated the Cambridge, Massachusetts facility in June 1998 and moved its corporate facilities to Milford, Massachusetts (see Note 3).

Future approximate minimum rent payments as of December 31, 1998, under existing lease agreements through 2007, net of sublease agreements are as follows:

December 31,	Amount
1999	$ 614,000
2000	784,000
2001	1,213,000
2002	1,209,000
2003	1,213,000
Thereafter	2,338,000
	$ 7,371,000

During 1996, 1997 and 1998, facility rent expense net of sublease revenue was approximately $2,352,000, $4,613,000 and $3,871,000, respectively.

(b) Related-Party Agreements with Affiliates of Stockholders and Directors

The Company has entered into consulting agreements, stock placement agreements and an advisory agreement with several companies that are controlled by two shareholders and directors of

the Company including Forum, S.A. Pillar Investment N.V. (Pillar Investment), Pillar S.A. (formerly Commerce Consult S.A.) and Pillar Investment Limited (formerly Ash Properties Limited) (Pillar Limited). During 1996, 1997 and 1998, the Company had expensed $1,106,000, $998,000 and $1,300,000, respectively, under consulting and advisory agreements with related parties.

(c) Other Research and Development Agreements

The Company has entered into consulting and research agreements with the universities, research and testing organizations and individuals, under which consulting and research support is provided to the Company. These agreements are for varying terms and provide for certain minimum annual or per diem fees plus reimbursable expenses to be paid during the contract periods. Future minimum fees payable under these contracts as of December 31, 1998 are approximately as follows:

December 31,	Amount
1999	$ 582,000
2000	392,000
2001	279,000
	$ 1,253,000

Total fees and expenses under these contracts were approximately $7,171,000, $9,372,000 and $2,011,000 during 1996, 1997 and 1998, respectively.

(d) Employment Agreements

The Company has entered into employment agreements with its executive officers which provide for, among other things, each officer's annual salary, cash bonus, fringe benefits, and vacation and severance arrangements. Under the agreements, the officers are generally entitled to receive severance payments of two to three years' base salary.

(e) Contingencies

From time to time, the Company may be exposed to various types of litigation. The Company is not engaged in any legal proceedings that are expected, individually or in the aggregate, to have a material adverse effect on the Company's financial condition or results of operations.

(17) INCOME TAXES

The Company applies SFAS No. 109, Accounting for Income Taxes. At December 31, 1998, the Company had net operating loss and tax credit carryforwards for federal income tax purposes of approximately $219,993,000 and $3,936,000, respectively, available to reduce federal taxable income and federal income taxes, respectively. The Tax Reform Act of 1986 (the Act), enacted in October 1986, limits the amount of net operating loss and credit carryforwards that companies may utilize in any one year in the event of cumulative changes in ownership over a three-year period in excess of 50%. The Company has completed several financings since the effective date of the Act, which, as of December 31, 1998, have resulted in ownership changes in excess of 50%, as defined under the Act and which will limit the Company's ability to utilize its net operating loss

carryforwards. Ownership changes in future periods may place additional limits on the Company's ability to utilize net operating loss and tax credit carryforwards.

The federal net operating loss carryforwards and tax credit carryforwards expire approximately as follows:

Expiration Date	Net Operating Loss Carryforwards	Tax Credit Carryforwards
December 31,		
2005	$ 666,000	$ 15,000
2006	3,040,000	88,000
2007	7,897,000	278,000
2008	18,300,000	627,000
2009	25,670,000	689,000
2010	36,134,000	496,000
2011	44,947,000	493,000
2012	60,087,000	750,000
2018	23,252,000	500,000
	$219,993,000	$3,936,000

At December 31, 1997 and 1998, the components of the deferred tax assets are approximately as follows:

	1997	1998
Operating loss carryforwards	$ 78,696,000	$ 87,997,000
Temporary differences	5,137,000	2,677,000
Tax credit carryforwards	3,436,000	3,936,000
	87,269,000	94,610,000
Valuation allowance	(87,269,000)	(94,610,000)
	$ --	$ --

A valuation allowance has been provided, as it is more likely than not the Company will not realize the deferred tax asset. The net change in the total valuation allowance during 1998 was an increase of approximately $7,341,000.

(18) EMPLOYEE BENEFIT PLAN

On October 10, 1991, the Company adopted an employee benefit plan under Section 401(k) of the Internal Revenue Code. The plan allows employees to make contributions up to a specified percentage of their compensation. Under the plan, the Company may, but is not obligated to, match a portion of the employees' contributions up to a defined maximum. The Company is currently matching 50% of employee contributions to the plan, up to 6% of the employee's annual base salary, and charged to operations approximately $224,000, $253,000 and $253,000 during 1996, 1997 and 1998, respectively.

(19) SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Supplemental disclosure of cash flow information for the three years in the period ended December 31, 1998 are as follows:

1996	1997	1998

Cash paid during the period for interest	$ 124,052	$ 3,264,596	$ 1,666,127
Purchase of property and equipment under capital leases	$ 1,722,333	$ 2,374,502	$ --
Conversion of preferred stock into common stock	$ 159,822	$ --	$ --
Deferred compensation related to grants of stock options to nonemployees, net of terminations	$ 1,967,116	$ 205,978	$ 109,734
Issuance of Series A convertible preferred stock and attached warrants in exchange for conversion of 9% convertible subordinated notes payable and accrued interest	$ --	$ --	$51,055,850
Accretion of Series A convertible preferred stock dividends	$ --	$ --	$ 2,689,048
Issuance of common stock and attached warrants in exchange for conversion of convertible promissory notes payable	$ --	$ --	$ 4,800,000
Issuance of common stock and attached warrants in exchange for conversion of accounts payable and other obligations	$ --	$ --	$ 5,934,558

(20) RESTATEMENT

In March 1999, the Company restated its June 30, 1998 and September 30, 1998 financial statements to reflect the accretion on the Series A convertible preferred stock, and record $600,000 of general and administrative expense for the 300,000 shares of common stock that Pillar is entitled to receive in connection with its efforts in assisting the Company in restructuring its balance sheet.

(21) ORIGENIX TECHNOLOGIES, INC.

In January 1999, the Company and certain institutional investors formed a Montreal company, OriGenix Technologies Inc. (OriGenix), to develop and market drugs for the treatment of infectious diseases.

The Company received a 49% interest in OriGenix in consideration of certain research and development efforts previously undertaken by the Company which were made available to OriGenix. The Company has also licensed certain antisense compounds and other technology to OriGenix. If certain conditions are satisfied by OriGenix, the institutional investors are committed to make an additional investment, at which time the Company's ownership interest in OriGenix will be reduced to 40%. The institutional investors acquired a 51% interest in OriGenix for a total of approximately $4.0 million. The Company will account for its investment in OriGenix under the equity method.

(22) INTERIM PERIOD AND SUBSEQUENT EVENTS (Unaudited)

(a) Unaudited Interim Financial Statements

The accompanying consolidated balance sheet as of September 30, 1999, and the consolidated statements of operations, stockholders' equity (deficit) and cash flows for the three and nine months ended September 30, 1998 and 1999 are unaudited, but, in the opinion of management, have been prepared on a basis substantially consistent with audited financial statements and include all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the results of these interim periods. The

results for the period ended September 30, 1999 are not necessarily indicative of results to be expected for the full fiscal year.

In October 1999, the Company obtained approximately $525,000 under a loan agreement (the Loan) from new and existing investors (the New Investors). As of December 13, 1999, the Company sold an

aggregate of $5.1 million principal amount of 8% notes (the "Notes") to purchasers in a private placement transaction. Including the Notes issued upon conversion of the debt issued to the Company's Chief Executive Officer and President (Note 22(f)) and the Loan issued to New Investors, there is $7.1 million principal amount of Notes outstanding. These Notes earn interest semi-annually at 8% per annum, mature on November 30, 2002 and are convertible into the Company's common stock at an initial conversion price of $.60 per share.

In connection with the offering of the Notes, Forum and the entities advised by Pecks entered into a Subordination and Intercreditor Agreement with the Company and the representative of the purchasers of the Notes whereby, among other things, they agreed to subordinate their loan (Note 22(e)) to the Notes, subject to certain conditions. Also in connection with this offering, the Company agreed to issue warrants to purchase an aggregate of 2.75 million shares of the Company's common stock to designees of Pecks and Forum. These warrants are exercisable from December 31, 2000 until December 31, 2002 at $.60 per share.

The Notes permit the noteholders' representative to declare an event default, among other things, if the Company fails to maintain, as of the last day of any calendar month, consolidated cash on hand (and cash equivalents and marketable securities) of at least $1.5 million. As of January 31, 2000, the Company met this requirement. If an event of default under the Notes were declared and not cured in the requisite time period, then the respective representatives of the Notes, Forum and the entities advised by Pecks could declare their debt securities immediately due and payable, in which case the Company may be required to sell substantial assets to raise funds for this repayment and, if the proceeds of those sales together with any other funds available are insufficient, the Company could be forced to declare bankruptcy.

(b) Net Loss per Common Share

The Company applies SFAS No. 128, Earnings per Share, in calculating earnings per share. Basic net loss per share is computed by dividing net loss applicable to common stockholders by the weighted average number of common shares outstanding during the period. Diluted net loss per share for the periods presented is the same as basic net loss per share as the inclusion of the potential common stock equivalents would be antidilutive. Antidilutive securities which consist of stock options, warrants and convertible preferred stock (on an as-converted basis) that are not included in diluted net loss per common share were 12,568,143 and 29,510,050 for the nine-month periods ended September 30, 1998 and 1999, respectively.

(c) Comprehensive Loss

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

(d) Cash Equivalents

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

	September 30, 1999
Cash and cash equivalents-	
Cash and money market funds	$407,966
Corporate bond	92,213
	$500,179

(e) Note Payable to Lenders

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

(f) Related Party Promissory Notes Payable

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

In November 1999, the Company entered into an additional $500,000 promissory note payable with the Lender. This promissory note payable had the same terms as the two promissory notes payable entered into in September 1999. In December 1999, all of the

promissory notes payable, together with $40,000 in accrued interest, were converted into 8% notes of the Company due 2002 (Note 22(a)).

(g) Stock Option Repricing

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

(h) Accrued Expenses

Accrued expenses as of September 30, 1999 consist of the following:

Interest	$ 58,770
Payroll and related costs	987,235
Outside research and clinical costs	181,375
Professional fees	212,812
Research and development costs	200,000
Sales taxes	125,000
Other	624,612
	$2,389,804

(i) Supplemental Disclosure of Cash Flow Information

Supplemental disclosure of cash flow information for the nine month periods ended September 30, 1998 and 1999 are as follows:

	Nine Months Ended September 30, 1998	1999
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for interest	$ 1,494,323	$ --
Supplemental Disclosure of Noncash Activities:		
Accretion of Series A convertible preferred stock dividends	$ 1,026,500	$3,193,851
Issuance of common stock in lieu of services	$ --	$1,000,000
Issuance of Series A convertible preferred stock and attached warrants in exchange for conversion of 9% convertible subordinated notes payable and accrued interest	$ 51,055,850	$ --
Issuance of common stock and attached warrants in exchange for conversion of convertible promissory notes payable	$ 4,800,000	$ --
Issuance of common stock and attached warrants in exchange for conversion of accounts payable and other obligations	$ 5,934,558	$ --
Conversion of Series A convertible preferred stock into shares of common stock	$ --	$ 496

any circumstances, create any implication that there has been no change in the affairs of Hybridon since the date hereof or that the information contained herein is correct as of any time subsequent to its date. ----------
HYBRIDON, INC.

662,167 SHARES
SERIES A CONVERTIBLE PREFERRED STOCK
($.01 par value per share)

34,727,717 SHARES
COMMON STOCK
($.001 par value per share)

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

Estimated expenses (other than underwriting discounts and commissions) payable in connection with the sale of the shares of Series A convertible preferred stock, $.01 par value per share (the "Convertible Preferred Stock") and shares of common stock, $.001 par value per share (the "Common Stock" and, together with the Convertible Preferred Stock, the "Securities") offered hereby are as follows:

SEC Registration fee	
Printing and engraving expenses	
Legal fees and expenses	
Accounting fees and expenses	
Blue Sky fees and expenses (including legal fees)	
Transfer agent and registrar fees and expenses	
Miscellaneous	
Total	

The Registrant will bear all expenses shown above.

Item 14. Indemnification of Directors and Officers.

Article EIGHTH of the Registrant's Restated Certificate of Incorporation provides that no director of the Registrant shall be personally liable for any monetary damages for any breach of fiduciary duty as a director, except to the extent that the Delaware General Corporation Law prohibits the elimination or limitation of liability of directors for breach of fiduciary duty.

Article NINTH of the Registrant's Restated Certificate of Incorporation provides that a director or officer of the Registrant (a) shall be indemnified by the Registrant against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement incurred in connection with any litigation or other legal proceeding (other than an action by or in the right of the Registrant) brought against him by virtue of his position as a director or officer of the Registrant if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Registrant, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful and (b) shall be indemnified by the Registrant against all expenses (including attorneys' fees) and amounts paid in settlement incurred in connection with any action by or in the right of the Registrant brought against him by virtue of his position as a director or officer of the Registrant if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Registrant, except that no indemnification shall be made with respect to any matter as to which such person shall have been adjudged to be liable to the Registrant, unless a court determines that, despite such adjudication but in view of all of the circumstances, he is entitled to indemnification of such expenses. Notwithstanding the foregoing, to the extent that a director or officer has been successful, on the merits or otherwise, including, without

limitation, the dismissal of an action without prejudice, he is required to be indemnified by the Registrant against all expenses (including attorneys' fees) incurred in connection therewith. Expenses shall be advanced to a director or officer at his request, provided that he undertakes to repay the amount advanced if it is ultimately determined that he is not entitled to indemnification for such expenses.

Indemnification is required to be made unless the Registrant determines that the applicable standard of conduct required for indemnification has not been met. In the event of a determination by the Registrant that the director or officer did not meet the applicable standard of conduct required for indemnification, or if the Registrant fails to make an indemnification payment within 60 days after such payment is claimed by such person, such person is permitted to petition the court to make an independent determination as to whether such person is entitled to indemnification. As a condition precedent to the right of indemnification, the director or officer must give the Registrant notice of the action for which indemnity is sought and the Registrant has the right to participate in such action or assume the defense thereof.

Article NINTH of the Registrant's Restated Certificate of Incorporation further provides that the indemnification provided therein is not exclusive, and provides that in the event that the Delaware General Corporation Law is amended to expand the indemnification permitted to directors or officers the Registrant must indemnify those persons to the full extent permitted by such law as so amended.

Section 145 of the Delaware General Corporation Law provides that a corporation has the power to indemnify a director, officer, employee or agent of the corporation and certain other persons serving at the request of the corporation in related capacities against amounts paid and expenses incurred in connection with an action or proceeding to which he is or is threatened to be made a party by reason of such position, if such person shall have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal proceeding, if such person had no reasonable cause to believe his conduct was unlawful; provided that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the adjudicating court determines that such indemnification is proper under the circumstances.

Hybridon is a party to an indemnification agreement with Mr. Grinstead. Such agreement provides that Mr. Grinstead shall be indemnified by the Registrant (a) against all expenses (as defined in the agreement), judgments, fines, penalties and amounts paid in settlement actually and reasonably incurred in connection with any legal proceeding (other than one brought by or on behalf of the Registrant) if Mr. Grinstead acted in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interests of the Registrant, and, with respect to any criminal proceeding, had no reasonable cause to believe that his conduct was unlawful and (b) against all expenses and amounts paid in settlement actually and reasonably incurred in connection with a legal proceeding brought by or on behalf of the Registrant if he acted in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interests of the Registrant, except that no indemnification shall be made in respect of any claim, issue or matter as to which Mr. Grinstead has been adjudged to be liable. If, with respect to such proceedings, Mr. Grinstead is successful on the merits or otherwise, he shall be reimbursed for all expenses. Mr. Grinstead is required to provide notice to the Registrant of any threatened or pending litigation, and the Registrant has the right to participate in such action or assume the defense thereof.

Hybridon has obtained directors and officers insurance for the benefit of its directors and its officers.

Item 15. Recent Sales of Unregistered Securities.

In the three years preceding the filing of this registration statement, Hybridon has issued and sold its Common Stock, warrants to purchase its Common Stock, Convertible Subordinated Notes and Series A Convertible Preferred Stock,

to certain investors in transactions that were not registered under the Securities Act of 1933, as amended (the "Securities Act"):

Unregistered Offerings Pursuant to Section 4(2) Under the 1933 Act

The securities issued in each of the following transactions (items (1) through (10)) were offered and sold in reliance upon the exemption from registration under Section 4(2) of the Securities Act, relating to sales by an issuer not involving a public offering. The securities issued in each of the following transactions were offered and sold solely to persons who were "accredited investors" as that term is defined in Regulation D promulgated under the Securities Act.

(1) On January 20, 1997, Hybridon issued 25,000 shares of Common Stock to an investment bank as compensation under a financial advisory services agreement dated that date. These shares were offered and sold to an "accredited investor" (as that term is defined in Regulation D promulgated under the Securities Act) in reliance upon the exemption from registration under Section 4(2) of the Securities Act relating to sales by an issuer not involving any public offering.

(2) On January 25, 1997, Hybridon sold 1,650 shares of Common Stock to one investor upon exercise by such investor of warrants to purchase Common Stock for an aggregate purchase price of $9,075. These shares were offered and sold to an "accredited investor" (as that term is defined in Regulation D promulgated under the Securities Act) in reliance upon the exemption from registration under Section 4(2) of the Securities Act relating to sales by an issuer not involving any public offering.

(3) On April 2, 1997, Hybridon issued to an investment bank $50,000,000 of its 9% Notes. These 9% Notes were offered and sold to an "accredited investor" (as that term is defined in Regulation D promulgated under the Securities Act) in reliance upon the exemption from registration under Section 4(2) of the Securities Act relating to sales by an issuer not involving any public offering.

(4) On April 2, 1997, Hybridon issued to an investment bank warrants to purchase 71,301 shares of Common Stock at an exercise price of $35.0625 per share. These warrants were offered and sold to an "accredited investor" (as that term is defined in Regulation D promulgated under the Securities Act) in reliance upon the exemption from registration under Section 4(2) of the Securities Act relating to sales by an issuer not involving any public offering.

(5) On December 10, 1997, Hybridon issued to Dr. Paul Zamecnik, a Director of Hybridon, 50,000 shares of Common Stock of Hybridon.

(6) On May 5, 1998, Hybridon accepted $48,694,000 principal amount of its 9% Notes tendered to Hybridon in exchange for 510,505 shares of Series A preferred stock (the "Series A Preferred Stock") and warrants (the "Class A Warrants") to purchase 3,002,958 shares of common stock, par value $.001 per share (the "Common Stock"), of Hybridon (the "Exchange Offer"). As a result of the Exchange Offer, there is approximately $1.3 million principal amount of the 9% Notes outstanding.

Pursuant to the Exchange Offer, which commenced on February 6, 1998, all tendering Noteholders received per $1,000 principal amount of the 9% Notes (including accrued but unpaid interest on the 9% Notes) (i) 10 shares of Series A Preferred Stock and (ii) Class A Warrants to purchase such number of shares of Common Stock equal to 25% of the number of shares of Hybridon's Common Stock into which the Series A Preferred Stock issued to such Noteholder pursuant to the Exchange Offer would be convertible.

The Convertible Preferred Stock ranks, as to dividends and liquidation preference, senior to Hybridon's Common Stock. The Convertible Preferred Stock issued in the Exchange Offer and in the Regulation D Offering, as defined below, as well as the Convertible Preferred Stock that was issued as a dividend on September 30, 1998, will be convertible into an aggregate of 15,088,200 shares of Common Stock, subject to adjustment, beginning May 5, 1999.

The Class A Warrants will be exercisable commencing on May 5, 1999 for a period of four years thereafter at $4.25 per share of Common Stock, subject to adjustment. The Class A Warrants are not subject to redemption at the option of Hybridon under any circumstances.

The Exchange Offer was undertaken by Hybridon as part of Hybridon's new business plan contemplating a restructuring of its capital structure to reduce debt service obligations, a significant reduction in its burn rate and an infusion of additional equity capital.

(7) On May 5, 1998, Hybridon closed a private placement (the "Regulation D Offering") of (i) 114,285 shares of Series A Preferred Stock, which sold at $70 per share, and (ii) Class D warrants (the "Class D Warrants") to purchase 672,273 shares of Hybridon's Common Stock, subject to adjustment, for an aggregate amount of approximately $8 million.

The Class D Warrants will be exercisable commencing on May 5, 1999 until May 4, 2003 at $2.40 per share of Common Stock, subject to adjustment.

The net proceeds to Hybridon from the Regulation D Offering are presently used for general corporate purposes, primarily research and product development activities, including costs of preparing investigational new drug applications and conducting preclinical studies and clinical trials, the payment of payroll and other accounts payable and for debt service required under Hybridon's debt obligations. The amounts actually expended by Hybridon and the purposes of such expenditures may vary significantly depending upon numerous factors, including the progress of Hybridon's research, drug discovery and development programs, the results of preclinical studies and clinical trials, the timing of regulatory approvals, sales of DNA products and reagents to third parties manufactured on a custom contract basis by the HSP Division and margins on such sales, technological advances, determinations as to the commercial potential of Hybridon's compounds and the status of competitive products. In addition, expenditures will also depend upon the establishment of collaborative research arrangements with other companies, the availability of other financing and other factors. Under certain circumstances, Hybridon may be required to use net proceeds to repay indebtedness under its bank credit facility.

(8) On May 5, 1998, Hybridon closed a private placement of units (the "Unit Offering") consisting of (i) 2,754,654 shares of Common Stock, and (ii) Class C warrants (the "Class C Warrants") to purchase 788,649 shares of Common Stock, subject to adjustment, which securities were issued in consideration of the cancellation (or reduction) of accounts payable, capital lease and other obligations aggregating $5,509,308.

The Class C Warrants are exercisable at $2.40 per share, subject to adjustment from time to time, until May 4, 2003.

The Common Stock issued pursuant to the Unit Offering and the Common Stock underlying the Class C Warrants are subject to a "lock-up" period ending on May 5, 1999, except to the extent such securities are sold or transferred pursuant to a Registration Statement. After Hybridon files a Registration Statement under the Securities Act, 75% of each holder's Units and the underlying securities will be subject to an additional "lock-up" for the first three months following the effective date of the Registration Statement (the "Effective Date"); thereafter, 50% of such securities will be subject to an additional "lock-up" until six months following the Effective Date; and the remaining 25% of such securities will be "locked-up" until nine months following the Effective Date.

(9) On May 5, 1998, Hybridon sold to Dr. Paul Zamecnik 100,000 shares of Common Stock and Class C Warrants to purchase 25,000 shares of Common Stock, subject to adjustment, for a purchase price of $200,000.

The net proceeds of this offering were used to reduce accounts payable, capital lease and other obligations.

(10) On May 5, 1998, Hybridon issued to certain suppliers a total of 362,500 shares of Common Stock and Class C Warrants to purchase a total of

90,625 shares of Common Stock. These issuances were in consideration of (i) payment to Hybridon of a total of $362.50, the par value of all such issued Common Stock, and (ii) the subsequent furnishing of specified services to Hybridon by each supplier. The extent to which the suppliers have completed performing the specified services varies.

(11) On December 12, 1998, Hybridon issued to Dr. Paul Zamecnik 50,000 shares of Common Stock in recognition of Dr. Zamecnik's extraordinary contribution to Hybridon.

(12) On April 16, 1999, Hybridon issued to Pillar Investments Limited 300,000 shares of Common Stock in connection with Pillar's efforts in assisting Hybridon with restructuring its balance sheet.

(13) On May 1, 1999, Hybridon issued to Forum Capital Markets LLC 160,000 shares of Common Stock and warrants to purchase 173,333 shares of Common Stock, as a reinvestment by Forum of a $400,000 fee paid to Forum in connection with the purchase of a bank loan to Hybridon.

The Common Stock issued to Dr. Paul Zamecnik and to the certain suppliers and the Common Stock underlying the Class C Warrants issued to such persons are subject to a "lock-up" period ending on May 5, 1999, except to the extent such securities are sold or transferred pursuant to a Registration Statement. After Hybridon files a Registration Statement under the Securities Act, 75% of each holder's Units and the underlying securities will be subject to an additional "lock-up" for the first three months following the Effective Date; thereafter, 50% of such securities will be subject to an additional "lock-up" until six months following the Effective Date; and the remaining 25% of such securities will be "locked-up" until nine months following the Effective Date.

(14) In October 1999, Hybridon sold approximately $455,000 principal amount of promissory notes at face value to certain "accredited investors," in reliance upon the exemption from registration under Section 4(2) of the Securities Act relating to sales by an issuer not involving any public offering.

(15) In September and November 1999, Hybridon sold an aggregate of $1.5 million principal amount of promissory notes at face value to E. Andrews Grinstead, III, Hybridon's Chief Executive Officer, in reliance upon the exemption from registration under Section 4(2) of the Securities Act relating to sales by an issuer not involving any public offering.

(16) On December 13, 1999, Hybridon sold an aggregate of $5.1 million principal amount of 8% Notes to purchasers in a private placement transaction. These 8% Notes were offered and sold to "accredited investors" in reliance upon the exemption from registration under Section 4(2) of the Securities Act relating to sales by an issuer not involving any public offering.

(17) As of December 31, 1999, the $455,000 indebtedness under the October 1999 loan agreement were converted into 8% Notes, in reliance upon the exemption from registration under Section 4(2) of the Securities Act relating to sales by an issuer not involving any public offering.

(18) As of December 31, 1999, the $1.5 million principal amount of promissory notes held by Mr. Grinstead, automatically converted into 8% Notes, in reliance upon the exemption from registration under Section 4(2) of the Securities Act relating to sales by an issuer not involving any public offering.

(19) As of December 7, 1999, in connection with the Subordination and Intercreditor Agreement by and among Hybridon, the representative of the purchasers of the 8% Notes, Forum and the entities advised by Pecks, whereby, among other things, the $6,000,000 Forum loan was subordinated to the 8% Notes, Hybridon issued warrants to purchase an aggregate of 2.75 million shares of Hybridon common stock to designees of Pecks and Forum. These warrants were offered

and sold to "accredited investors" in reliance upon the exemption from registration under Section 4(2) of the Securities Act relating to sales by an issuer not involving any public offering.

(20) In connection with the December 13, 1999 private placement of 8% Notes, Hybridon agreed, subject to certain conditions, to issue to Pillar Investment Limited or its designees, 8% Notes in an aggregate principal amount equal to 9% of the aggregate principal amount of 8% Notes sold to investors introduced to Hybridon by Pillar and warrants to purchase an aggregate principal amount of 8% Notes equal to 10% of the 8% Notes sold to investors introduced to Hybridon by Pillar. These notes and warrants were offered and sold to "accredited investors" in reliance upon the exemption from registration under Section 4(2) of the Securities Act relating to sales by an issuer not involving any public offering.

Unregistered Offerings Pursuant to Regulation S Under the Securities Act

The securities issued by Hybridon in each of the following transactions were offered and sold in reliance upon an exemption from registration under Regulation S promulgated under the Securities Act, relating to sales by an issuer in offshore transactions (the "Regulation S Offerings"). The securities issued in each of the following Regulation S Offerings were offered and sold solely to persons who were "accredited investors" as that term is defined in Regulation D promulgated under the Securities Act.

(21) On January 15, 1998, Hybridon commenced a private placement of units (the "Units"), each Unit consisting of 14% Convertible Subordinated Notes Due 2007 (the "14% Notes") and warrants (the "Equity Warrants") to purchase shares of Hybridon's Common Stock (the "14% Note Offering"). The 14% Notes were subject to both mandatory and optional conversion into shares of Series B preferred stock, under certain circumstances which, in turn, were convertible into Common Stock (the "Series B Preferred Stock").

On January 23, 1998, as part of the 14% Note Offering, Hybridon sold $2,230,000 in principal amount of 14% Notes and Equity Warrants.

On February 9, 1998, as part of the 14% Note Offering, Hybridon sold $2,384,000 in principal amount of 14% Notes and Equity Warrants.

On March 27, 1998, as part of the 14% Note Offering, Hybridon sold $200,000 in principal amount of 14% Notes and Equity Warrants.

On April 21, 1998, as part of the 14% Note Offering, Hybridon sold $300,000 in principal amount of 14% Notes and Equity Warrants.

On April 24, 1998, as part of the 14% Note Offering, Hybridon sold $1,020,000 in principal amount of 14% Notes and Equity Warrants.

In each of the above closings, the 14% Notes were issued at face value.

(22) On May 5, 1998, Hybridon closed a private placement of 3,223,000 shares of Common Stock and Class B warrants to purchase 805,750 shares of Hybridon's Common Stock, subject to adjustment, for aggregate gross proceeds of $6,446,000.

The Class B warrants are exercisable for a period of five years at $2.40 per share of Common Stock, subject to adjustment from time to time.

The Common Stock underlying the Class B Warrants issued in such private placement are subject to a "lock-up" for a period ending on May 5, 1999, except to the extent such securities are sold or transferred pursuant to a Registration Statement filed by Hybridon under the Securities Act. After Hybridon files a Registration Statement under the Securities, 75% of each holder's Common Stock

underlying the Class B and Class C warrants will be subject to an additional "lock-up" for the first three months following the Effective Date; thereafter, 50% of such securities will be subject to an additional "lock-up" until six months following the Effective Date; and the remaining 25% of such securities will be "locked-up" until nine months following the Effective Date.

(23) Hybridon has exchanged all of the 14% Notes issued, including any right to interest thereon, and all Equity Warrants issued together with the 14% Notes, for 3,157,322 shares of Common Stock and Class B Warrants to purchase 947,195 shares of Common Stock.

The net proceeds to Hybridon from these offerings were used and continue to be used for general corporate purposes, primarily research and product development activities, including costs of preparing investigational new drug applications and conducting preclinical studies and clinical trials, the payment of payroll and other accounts payable and for debt service required under Hybridon's debt obligations. The amounts actually expended by Hybridon and the purposes of such expenditures may vary significantly depending upon numerous factors, including the progress of Hybridon's research, drug discovery and development programs, the results of preclinical studies and clinical trials, the timing of regulatory approvals, sales of DNA products and reagents to third parties manufactured on a custom contract basis by the HSP Division and margins on such sales, technological advances, determinations as to the commercial potential of Hybridon's compounds and the status of competitive products. In addition, expenditures will also depend upon the establishment of collaborative research arrangements with other companies, the availability of other financing and other factors. Under certain circumstances, Hybridon may be required to use net proceeds to repay indebtedness under its bank credit facility.

Item 16. Exhibits and Financial Statement Schedules

(a) Exhibits:

EXHIBIT INDEX

Exhibit No. Description

3.1(1) Restated Certificate of Incorporation of the Registrant, as amended.

3.2(2) Amended and Restated Bylaws of the Registrant.

3.3(3) Form of Certificate of Designation of Series A Preferred Stock.

3.4(3) Form of Certificate of Designation of Series B Preferred Stock.

4.1(2) Specimen Certificate for shares of Common Stock, $.001 par value, of the Registrant.

4.2(4) Indenture dated as of March 26, 1997 between Forum Capital Markets LLC and the Registrant.

4.3(7) Certificate of Designation of Series A Preferred Stock, par value $.01 per share, dated May 5, 1998.

4.4(7) Class A Warrant Agreement dated May 5, 1998.

4.5(7) Class B Warrant Agreement dated May 5, 1998.

4.6(7) Class C Warrant Agreement dated May 5, 1998.

4.7(7) Class D Warrant Agreement dated May 5, 1998.

4.8 Form of Class F Warrant to purchase shares of Common Stock of Hybridon.

4.9 Form of Notes due 2002 of Hybridon.

4.10 Form of Class G Warrant for the purchase of Notes due 2002 of Hybridon.

+10.1(2) License Agreement dated February 21, 1990 and restated as of September 8, 1993 between the Registrant and the Worcester Foundation for Biomedical Research, Inc., as amended.

+10.2(2) Patent License Agreement dated September 21, 1995 between the Registrant and National Institutes of Health.

+10.3(2) Patent License Agreement effective as of October 13, 1994 between the Registrant and McGill University.

+10.4(2) License Agreement effective as of October 25, 1995 between the Registrant and the General Hospital Corporation.

+10.5(2) License Agreement dated as of October 30, 1995 between the Registrant and Yoon S. Cho-Chung.

+10.6(2) Collaborative Study Agreement effective as of December 30, 1992 between the Registrant and Medtronic, Inc.

+10.7(2) System Design and Procurement Agreement dated as of December 16, 1994 between the Registrant and Pharmacia Biotech, Inc.

10.8(2) Lease dated March 10, 1994 between the Registrant and Laborer's Pension/Milford Investment Corporation for space located at 155 Fortune Boulevard, Milford, Massachusetts, including Note in the original principal amount of $750,000.

10.9(2) Registration Rights Agreement dated as of February 21, 1990 between the Registrant, the Worcester Foundation for Biomedical Research, Inc. and Paul C. Zamecnik.

10.10(2) Registration Rights Agreement dated as of June 25, 1990 between the Registrant and Nigel L. Webb.

10.11(2) Registration Rights Agreement dated as of February 6, 1992 between the Registrant and E. Andrews Grinstead, III.

10.12(2) Registration Rights Agreement dated as of February 6, 1992 between the Registrant and Anthony J. Payne.

++10.13(2) 1990 Stock Option Plan, as amended.

++10.14(2) 1995 Stock Option Plan.

++10.15(2) 1995 Director Stock Plan.

++10.16(2) 1995 Employee Stock Purchase Plan.

10.17(2) Form of Warrant originally issued to Pillar Investment Limited to purchase shares of Common Stock issued as placement commissions in connection with the sale of shares of

Series F Convertible Preferred Stock and in consideration of financial advisory service, as amended.

10.18(2) Warrant issued to Pillar S.A. to purchase 100,000 shares of Common Stock dated as of March 1, 1994, as amended.

10.19(2) Warrant issued to Pillar S.A. to purchase 100,000 shares of Common Stock dated as of March 1, 1995.

10.20(2) Form of Warrant issued to Pillar Investment Limited to purchase shares of Common Stock issued as placement commissions in connection with the sale of Units pursuant to the Series G Agreement.

++10.21(5) Employment Agreement dated as of March 1, 1997 between the Registrant and E. Andrews Grinstead, III.

10.22(2) Indemnification Agreement dated as of February 6, 1992 between the Registrant and E. Andrews Grinstead, III.

++10.23(6) Employment Agreement dated March 1, 1997 between the Registrant and Dr. Sudhir Agrawal.

++10.24(2) Consulting Agreement dated as of February 21, 1990 between the

Registrant and Dr. Paul C. Zamecnik.

10.25(2) Master Lease Agreement dated as of March 1, 1994 between the Registrant and General Electric Capital Corporation.

+10.26(6) Research, Development and License Agreement dated as of January 24, 1996 between the Registrant and G.D. Searle & Co.

+10.27(6) Manufacturing and Supply Agreement dated as of January 24, 1996 between the Registrant and G.D. Searle & Co.

10.28(6) Registration Rights Agreement dated as of January 24, 1996 between the Registrant and G.D. Searle & Co.

10.29(5) Loan and Security Agreement dated as of December 31, 1996 between the Registrant and Silicon Valley Bank.

10.30(7) First Amendment to Loan and Security Agreement dated March 30, 1998 between Hybridon, Inc. and Silicon Valley Bank.

10.31(8) Second Amendment to Loan and Security Agreement dated May 19, 1998, effective as of April 30, 1998, between Hybridon, Inc. and Silicon Valley Bank.

10.32(9) Third Amendment to Loan and Security Agreement dated September 18, 1998 between Hybridon, Inc. and Silicon Valley Bank.

10.33(9) Fourth Amendment to Loan and Security Agreement dated October 30, 1998, effective as of September 29, 1998 between Hybridon, Inc. and Silicon Valley Bank.

10.34(12) Fifth Amendment to Loan and Security Agreement dated December 4, 1998 between Hybridon, Inc. and Silicon Valley Bank.

10.35(5) Warrant issued to Silicon Valley Bank to purchase 65,000 shares of Common Stock dated as of December 31, 1996.

10.36(5) Registration Rights Agreement dated as of December 31, 1996 between the Registrant and Silicon Valley Bank.

+10.37(5) Supply and Sales Agreement dated as of September 1, 1996 between the Registrant and P.E. Applied Biosystems.

10.38(2) Registration Rights Agreement dated as of March 26, 1997 between Forum Capital Markets LLC and the Registrant.

10.39(2) Warrant Agreement dated as of March 26, 1997 between Forum Capital Markets LLC and the Registrant.

+10.40(6) Amendment No. 1 to License Agreement, dated as of February 21, 1990 and restated as of September 8, 1993, by and between the Worcester Foundation for Biomedical Research, Inc. and the Registrant, dated as of November 26, 1996.

10.41(10) Letter Agreement dated May 12, 1997 between the Registrant and Pillar S.A. amending the Consulting Agreement dated as of March 1, 1994 between the Registrant and Pillar S.A.

10.42(10) Amendment dated July 15, 1997 to the Series G Convertible Preferred Stock and Warrant Purchase Agreement dated as of September 9, 1994 among the Registrant and certain purchasers, as amended.

10.43(1) Consent Agreement dated January 15, 1998 between Silicon Valley Bank and the Registrant relating to the Silicon Agreement.

10.44(11) Letter Agreement between the Registrant and Forum Capital Markets LLC and Pecks Management Partners Ltd. for the purchase of the Loan and Security Agreement with Silicon Valley Bank.

10.45(7) Financial Advisory Agreement between Registrant and Pillar Investments Ltd. dated May 5, 1998.

10.46(7) Placement Agency Agreement between Registrant and Pillar Investments Ltd. dated as of January 15, 1998.

+++10.47(12) Licensing Agreement dated March 12, 1999 by and between Hybridon, Inc. and Integrated DNA Technologies, Inc.

+++10.48(13) Licensing Agreement dated September 7, 1999 by and between Hybridon, Inc. and Genzyme Corporation.

10.49(13) Form of loan agreement relating to a loan in the amount of $454,901 made to Hybridon, Inc. in October 1999 by various parties.

10.50(13) Form of promissory note relating to a loan in the amount of $454,901 made to Hybridon, Inc. in October 1999 by various parties.

10.51(13) Loan Agreement dated as of September 1, 1999, between Hybridon, Inc. and E. Andrews Grinstead, III.

10.52(13) Term promissory note in the amount of $500,000 dated September 1, 1999, by Hybridon, Inc. in favor of E. Andrews Grinstead, III.

10.53(13) Term promissory note in the amount of $500,000 dated September 27, 1999, by Hybridon, Inc. in favor of E. Andrews Grinstead, III.

10.54 Subordination and Intercreditor Agreement by and among Hybridon, the holders of Notes due 2002, Forum and entities advised by Pecks, dated as of December 7, 1999.

10.55 Letter Agreement between Hybridon and Pillar Investments dated December 10, 1999.

10.56 Form of Subscription Agreements dated as of December 13, 1999, by and among Hybridon and the purchasers of Notes due 2002.

21.1(2) Subsidiaries of the Registrant.

23.1 Consent of Arthur Andersen LLP.

23.2(11) Consent of McDonnell Boehnen Hulbert & Berghoff.

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(1) Incorporated by reference to Exhibits to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1997.

(2) Incorporated by reference to Exhibits to the Registrant's Registration Statement on Form S-1 (File No. 33-99024).

(3) Incorporated by reference to Exhibit 9(a)(1) to the Registrant's Schedule 13E-4 dated February 6, 1998.

(4) Incorporated by reference to Exhibits to the Registrant's Current Report on Form 8-K dated April 2, 1997.

(5) Incorporated by reference to Exhibits to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1996.

(6) Incorporated by reference to Exhibits to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995.

(7) Incorporated by reference to Exhibits to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 1998.

(8) Incorporated by reference to Exhibits to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1998.

(9) Incorporated by reference to Exhibits to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 1998.

(10) Incorporated by reference to Exhibits to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1997.

(11) Incorporated by reference to Exhibits to the Registrant's Registration Statement on Form S-1 (File No. 333-69649).

(12) Incorporated by reference to Exhibits to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998.

(13) Incorporated by reference to Exhibits to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 1999.

+ Confidential treatment granted as to certain portions, which portions are omitted and filed separately with the Commission.

++ Management contract or compensatory plan or arrangement required to be filed as an Exhibit to the Annual Report on Form 10-K for the year ended December 31, 1997.

+++ Confidential treatment requested as to certain portions, which portions are omitted and filed separately with the Commission.

Item 17. Undertakings.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to provisions described in Item 14 above, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement;

(2) To include any Prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(3) To reflect in the Prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of Securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(4) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

(5) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new Registration Statement relating to the Securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof;

(6) To remove from registration by means of a post-effective amendment any of the Securities being registered which remain unsold at the termination of the offering.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, on February 15, 2000.

HYBRIDON, INC.

By: /s/ SUDHIR AGRAWAL

Sudhir Agrawal
President and Acting Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signatures	Title(s)	Date
Dr. Sudhir Agrawal	President, Acting Chief Executive Officer and Director	February , 2000
* Dr. James B. Wyngaarden	Chairman and Director	February , 2000
* E. Andrews Grinstead, III	Chief Executive Officer and Director	February , 2000
/s/ ROBERT G. ANDERSEN Mr. Robert G. Andersen	Chief Financial Officer Vice President of Operations and Planning	February , 2000
* Mr. Nasser Menhall	Director	February , 2000

*	Director	February , 2000
Dr. Paul C. Zamecnik		
*	Director	February , 2000
Mr. Youssef El-Zein		
	Director	February , 2000
Mr. Arthur W. Berry		

*	Director	February , 2000
Mr. Harold L. Purkey		
	Director	February , 2000
Mr. Camille Chebeir		

* By: /s/ ROBERT G. ANDERSEN
Robert G. Andersen
Attorney-in-fact

EXHIBIT INDEX

Exhibit No.	Description
3.1(1)	Restated Certificate of Incorporation of the Registrant, as amended.
3.2(2)	Amended and Restated Bylaws of the Registrant.
3.3(3)	Form of Certificate of Designation of Series A Preferred Stock.
3.4(3)	Form of Certificate of Designation of Series B Preferred Stock.
4.1(2)	Specimen Certificate for shares of Common Stock, $.001 par value, of the Registrant.
4.2(4)	Indenture dated as of March 26, 1997 between Forum Capital Markets LLC and the Registrant.
4.3(7)	Certificate of Designation of Series A Preferred Stock, par value $.01 per share, dated May 5, 1998.
4.4(7)	Class A Warrant Agreement dated May 5, 1998.
4.5(7)	Class B Warrant Agreement dated May 5, 1998.
4.6(7)	Class C Warrant Agreement dated May 5, 1998.
4.7(7)	Class D Warrant Agreement dated May 5, 1998.
4.8	Form of Class F Warrant to purchase shares of Common Stock of Hybridon.
4.9	Form of Notes due 2002 of Hybridon.
4.10	Form of Class G Warrant for the purchase of Notes due 2002 of Hybridon.

+10.1(2) License Agreement dated February 21, 1990 and restated as of September 8, 1993 between the Registrant and the Worcester Foundation for Biomedical Research, Inc., as amended.

+10.2(2) Patent License Agreement dated September 21, 1995 between the Registrant and National Institutes of Health.

+10.3(2) Patent License Agreement effective as of October 13, 1994 between the Registrant and McGill University.

+10.4(2) License Agreement effective as of October 25, 1995 between the Registrant and the General Hospital Corporation.

+10.5(2) License Agreement dated as of October 30, 1995 between the Registrant and Yoon S. Cho-Chung.

+10.6(2) Collaborative Study Agreement effective as of December 30, 1992 between the Registrant and Medtronic, Inc.

+10.7(2) System Design and Procurement Agreement dated as of December 16, 1994 between the Registrant and Pharmacia Biotech, Inc.

10.8(2) Lease dated March 10, 1994 between the Registrant and Laborer's Pension/Milford Investment Corporation for space located at 155 Fortune Boulevard, Milford, Massachusetts, including Note in the original principal amount of $750,000.

10.9(2) Registration Rights Agreement dated as of February 21, 1990 between the Registrant, the Worcester Foundation for Biomedical Research, Inc. and Paul C. Zamecnik.

10.10(2) Registration Rights Agreement dated as of June 25, 1990 between the Registrant and Nigel L. Webb.

10.11 (2) Registration Rights Agreement dated as of February 6, 1992 between the Registrant and E. Andrews Grinstead, III.

10.12(2) Registration Rights Agreement dated as of February 6, 1992 between the Registrant and Anthony J. Payne.

++10.13(2) 1990 Stock Option Plan, as amended.

++10.14(2) 1995 Stock Option Plan.

++10.15(2) 1995 Director Stock Plan.

++10.16(2) 1995 Employee Stock Purchase Plan.

10.17(2) Form of Warrant originally issued to Pillar Investment Limited to purchase shares of Common Stock issued as placement commissions in connection with the sale of shares of Series F Convertible Preferred Stock and in consideration of financial advisory service, as amended.

10.18(2) Warrant issued to Pillar S.A. to purchase 100,000 shares of Common Stock dated as of March 1, 1994, as amended.

10.19(2) Warrant issued to Pillar S.A. to purchase 100,000 shares of Common Stock dated as of March 1, 1995.

10.20(2) Form of Warrant issued to Pillar Investment Limited to purchase shares of Common Stock issued as placement commissions in connection with the sale of Units pursuant to the Series G Agreement.

++10.21(5) Employment Agreement dated as of March 1, 1997 between the Registrant and E. Andrews Grinstead, III.

10.22(2) Indemnification Agreement dated as of February 6, 1992 between the

Registrant and E. Andrews Grinstead, III.

++10.23(6) Employment Agreement dated March 1, 1997 between the Registrant and Dr. Sudhir Agrawal.

++10.24(2) Consulting Agreement dated as of February 21, 1990 between the Registrant and Dr. Paul C. Zamecnik.

10.25(2) Master Lease Agreement dated as of March 1, 1994 between the Registrant and General Electric Capital Corporation.

+10.26(6) Research, Development and License Agreement dated as of January 24, 1996 between the Registrant and G.D. Searle & Co.

+10.27(6) Manufacturing and Supply Agreement dated as of January 24, 1996 between the Registrant and G.D. Searle & Co.

10.28(6) Registration Rights Agreement dated as of January 24, 1996 between the Registrant and G.D. Searle & Co.

10.29(5) Loan and Security Agreement dated as of December 31, 1996 between the Registrant and Silicon Valley Bank.

10.30(7) First Amendment to Loan and Security Agreement dated March 30, 1998 between Hybridon, Inc. and Silicon Valley Bank.

10.31(8) Second Amendment to Loan and Security Agreement dated May 19, 1998, effective as of April 30, 1998, between Hybridon, Inc. and Silicon Valley Bank.

10.32(9) Third Amendment to Loan and Security Agreement dated September 18, 1998 between Hybridon, Inc. and Silicon Valley Bank.

10.33(9) Fourth Amendment to Loan and Security Agreement dated October 30, 1998, effective as of September 29, 1998 between Hybridon, Inc. and Silicon Valley Bank.

10.34(12) Fifth Amendment to Loan and Security Agreement dated December 4, 1998 between Hybridon, Inc. and Silicon Valley Bank.

10.35(5) Warrant issued to Silicon Valley Bank to purchase 65,000 shares of Common Stock dated as of December 31, 1996.

10.36(5) Registration Rights Agreement dated as of December 31, 1996 between the Registrant and Silicon Valley Bank.

+10.37(5) Supply and Sales Agreement dated as of September 1, 1996 between the Registrant and P.E. Applied Biosystems.

10.38(2) Registration Rights Agreement dated as of March 26, 1997 between Forum Capital Markets LLC and the Registrant.

10.39(2) Warrant Agreement dated as of March 26, 1997 between Forum Capital Markets LLC and the Registrant.

+10.40(6) Amendment No. 1 to License Agreement, dated as of February 21, 1990 and restated as of September 8, 1993, by and between the Worcester Foundation for Biomedical Research, Inc. and the Registrant, dated as of November 26, 1996.

10.41(10) Letter Agreement dated May 12, 1997 between the Registrant and Pillar S.A. amending the Consulting Agreement dated as of March 1, 1994 between the Registrant and Pillar S.A.

10.42(10) Amendment dated July 15, 1997 to the Series G Convertible Preferred Stock and Warrant Purchase Agreement dated as of September 9, 1994 among the Registrant and certain purchasers, as amended.

10.43(1) Consent Agreement dated January 15, 1998 between Silicon Valley Bank

and the Registrant relating to the Silicon Agreement.

10.44(11) Letter Agreement between the Registrant and Forum Capital Markets LLC and Pecks Management Partners Ltd. for the purchase of the Loan and Security Agreement with Silicon Valley Bank.

10.45(7) Financial Advisory Agreement between Registrant and Pillar Investments Ltd. dated May 5, 1998.

10.46(7) Placement Agency Agreement between Registrant and Pillar Investments Ltd. dated as of January 15, 1998.

+++10.47(12) Licensing Agreement dated March 12, 1999 by and between Hybridon, Inc. and Integrated DNA Technologies, Inc.

+++10.48(13) Licensing Agreement dated September 7, 1999 by and between Hybridon, Inc. and Genzyme Corporation.

10.49(13) Form of loan agreement relating to a loan in the amount of $454,901 made to Hybridon, Inc. in October 1999 by various parties.

10.50(13) Form of promissory note relating to a loan in the amount of $454,901 made to Hybridon, Inc. in October 1999 by various parties.

10.51(13) Loan Agreement dated as of September 1, 1999, between Hybridon, Inc. and E. Andrews Grinstead,III.

10.52(13) Term promissory note in the amount of $500,000 dated September 1, 1999, by Hybridon, Inc. in favor of E. Andrews Grinstead, III.

10.53(13) Term promissory note in the amount of $500,000 dated September 27, 1999, by Hybridon, Inc. in favor of E. Andrews Grinstead, III.

10.54 Subordination and Intercreditor Agreement by and among Hybridon, the holders of Notes due 2002, Forum and entities advised by Pecks, dated as of December 7, 1999.

10.55 Letter Agreement between Hybridon and Pillar Investments dated December 10, 1999.

10.56 Form of Subscription Agreements dated as of December 13, 1999, by and among Hybridon and the purchasers of Notes due 2002.

21.1(2) Subsidiaries of the Registrant.

23.1 Consent of Arthur Andersen LLP.

23.2(11) Consent of McDonnell Boehnen Hulbert & Berghoff.

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(1) Incorporated by reference to Exhibits to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1997.

(2) Incorporated by reference to Exhibits to the Registrant's Registration Statement on Form S-1 (File No. 33-99024).

(3) Incorporated by reference to Exhibit 9(a)(1) to the Registrant's Schedule 13E-4 dated February 6, 1998.

(4) Incorporated by reference to Exhibits to the Registrant's Current Report on Form 8-K dated April 2, 1997.

(5) Incorporated by reference to Exhibits to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1996.

(6) Incorporated by reference to Exhibits to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995.

(7) Incorporated by reference to Exhibits to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 1998.

(8) Incorporated by reference to Exhibits to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1998.

(9) Incorporated by reference to Exhibits to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 1998.

(10) Incorporated by reference to Exhibits to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1997.

(11) Incorporated by reference to Exhibits to the Registrant's Registration Statement on Form S-1 (File No. 333-69649).

(12) Incorporated by reference to Exhibits to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998. =

(13) Incorporated by reference to Exhibits to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 1999.

+ Confidential treatment granted as to certain portions, which portions are omitted and filed separately with the Commission.

++ Management contract or compensatory plan or arrangement required to be filed as an Exhibit to the Annual Report on Form 10-K for the year ended December 31, 1997.

+++ Confidential treatment requested as to certain portions, which portions are omitted and filed separately with the Commission.

NEITHER THESE SECURITIES NOR THE COMMON STOCK ISSUABLE UPON EXERCISE HEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR ANY APPLICABLE STATE SECURITIES LAWS. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER SUCH ACT OR AN EXEMPTION THEREFROM. ANY SUCH TRANSFER MAY ALSO BE SUBJECT TO APPLICABLE STATE SECURITIES LAWS.

HYBRIDON, INC.

Class F Warrant for the Purchase of Shares of Common Stock

No. F-2 [2,750,000 in total] Shares

FOR VALUE RECEIVED, HYBRIDON, INC., a Delaware corporation (the "Company"), hereby certifies that _____ or its registered assigns (the "Holder") is entitled to purchase from the Company, subject to the provisions of this Warrant (the "Warrant"), at any time on or after December 31, 2000 (the "Initial Exercise Date"), and prior to 5:00 P.M., New York City time, on December 31, 2002 (the "Termination Date"), [2,750,000] fully paid and non-assessable shares of the Common Stock, $.001 par value, of the Company ("Common Stock"), at an exercise price of $0.60 per share of Common Stock for an aggregate exercise price of [one million six hundred fifty thousand dollars ($1,650,000)] (the aggregate purchase price payable for the Warrant Shares hereunder is hereinafter sometimes referred to as the "Aggregate Exercise Price"). The number of shares of Common Stock to be received upon exercise of this Warrant and the price to be paid for each share of Common Stock are subject to possible adjustment from time to time as hereinafter set forth. The shares of Common Stock or other securities or property deliverable upon such exercise as adjusted from time to time is hereinafter sometimes referred to as the "Warrant Shares." The exercise price of a share of Common Stock in effect at any time and as adjusted from time to time is hereinafter sometimes referred to as the "Per Share Exercise Price." The Per Share Exercise Price is subject to adjustment as hereinafter provided; in the event of any such adjustment, the number of Warrant Shares shall also be adjusted, by dividing the Aggregate Exercise Price by the Per Share Exercise Price in effect immediately after such adjustment. The Aggregate Exercise Price is not subject to adjustment.

1. Exercise of Warrant.

(a) This Warrant may be exercised in whole or in part, at any time by its holder commencing on the Initial Exercise Date and prior to the Termination Date:

(i) by presentation and surrender of this Warrant, together with the duly executed subscription form attached at the end hereof, at the address set forth in Subsection 8(a) hereof, together with payment, by certified or official bank check or wire transfer payable to the order of the Company, of the Aggregate Exercise Price or the proportionate part thereof if exercised in part; or

(ii) by presentation and surrender of this Warrant, together with the duly executed cashless exercise form attached at the end hereof (a "Cashless Exercise") at the address set forth in Subsection 8(a) hereof. The exchange of Common Stock for the Warrant shall take place on the date specified in the Cashless Exercise Form or, if later, the date the Cashless Exercise Form is surrendered to the Company (the "Exchange Date"). Such presentation and surrender shall be deemed a waiver of the Holder's obligation to pay the Aggregate Exercise Price, or the proportionate part thereof if this Warrant is exercised in part. In the event of a Cashless Exercise, this Warrant shall represent the right to subscribe for and to acquire the number of shares of Common Stock (rounded to the next highest integer) equal to (x) the number of shares of Common Stock specified by the Holder in its Cashless Exercise Form (the "Total Number") (such number not

to exceed the maximum number of shares of Common Stock subject to this Warrant, as may be adjusted from time to time) less (y) the number of shares of Common Stock equal to the quotient obtained by dividing (A) the product of the Total Number and the existing Per Share Exercise Price by (B) the Current Market Price (as defined in Subsection 3(h)).

(b) If this Warrant is exercised in part only, the Company shall, upon presentation of this Warrant upon such exercise, execute and deliver (along with the certificate for the Warrant Shares purchased) a new Warrant evidencing the rights of the Holder hereof to purchase the balance of the Warrant Shares purchasable hereunder upon the same terms and conditions as herein set forth. Upon proper exercise of this Warrant, the Company promptly shall deliver certificates for the Warrant Shares to the Holder duly legended as authorized by the subscription form. No fractional shares or scrip representing fractional shares shall be issued upon exercise of this Warrant; provided that the Company shall pay to the holder of the Warrant cash in lieu of such fractional shares.

2. Reservation of Warrant Shares; Fully Paid Shares; Taxes. The Company hereby represents that it has, and until expiration of this Warrant agrees that it shall, reserve for issuance or delivery upon exercise of this Warrant, such number of shares of the Common Stock as shall be required for issuance and/or delivery upon exercise of this Warrant in full, and agrees that all Warrant Shares so issued and/or delivered will be validly issued, fully paid and non-assessable, and further agrees to pay all taxes and charges that may be imposed upon such issuance and/or delivery.

3. Protection Against Dilution.

(a) In case the Company shall hereafter (i) pay a dividend or make a distribution on its Common Stock in shares of Common Stock, (ii) subdivide its outstanding shares of Common Stock into a greater number of shares or (iii) combine its outstanding shares

of Common Stock into a smaller number of shares (each of (i) through (iii) an "Action"), the Per Share Exercise Price shall be adjusted to be equal to a fraction, the numerator of which shall be the Aggregate Exercise Price and the denominator of which shall be the number of shares of Common Stock or other capital stock of the Company that the Holder would have held (solely as a result of the exercise of this Warrant and the operation of such Action) immediately following such Action if this Warrant had been exercised immediately prior to such Action. An adjustment made pursuant to this Subsection 3(a) shall become effective immediately after the record date in the case of a dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification.

(b) In the event of any capital reorganization or reclassification, or any consolidation or merger to which the Company is a party other than a merger or consolidation in which the Company is the continuing corporation, or in case of any sale or conveyance to another entity of the property of the Company as an entirety or substantially as an entirety, or in the case of any statutory exchange of securities with another corporation (including any exchange effected in connection with a merger of a third corporation into the Company), the Holder of this Warrant shall have the right thereafter to receive on the exercise of this Warrant the kind and amount of securities, cash or other property which the Holder would have owned or have been entitled to receive immediately after such reorganization, reclassification, consolidation, merger, statutory exchange, sale or conveyance had this Warrant been exercised immediately prior to the effective date of such reorganization, reclassification, consolidation, merger, statutory exchange, sale or conveyance and in any such case, if necessary, appropriate adjustment shall be made in the application of the provisions set forth in this Section 3 with respect to the rights and interests thereafter of the Holder of this Warrant to the end that the provisions set forth in this Section 3 shall thereafter correspondingly be made applicable, as nearly as may reasonably be, in relation to any shares of stock or other securities or property thereafter deliverable on the exercise of this Warrant. The above provisions of this Subsection 3(b) shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers, statutory exchanges, sales or conveyances. The issuer of any shares of stock or other securities or property

thereafter deliverable on the exercise of this Warrant shall be responsible for all of the agreements and obligations of the Company hereunder. A sale of all or substantially all of the assets of the Company for a consideration consisting primarily of securities shall be deemed a consolidation or merger for the foregoing purposes.

(c) Whenever the Per Share Exercise Price payable upon exercise of each Warrant is adjusted pursuant to this Section 3, the number of shares of Common Stock underlying a Warrant shall simultaneously be adjusted to equal the number obtained by dividing the Aggregate Exercise Price by the adjusted Per Share Exercise Price.

(d) No adjustment in the Per Share Exercise Price shall be required unless such adjustment would require an increase or decrease of at least $0.05 per share of Common Stock; provided, however, that any adjustments which by reason of this Subsection 3(d) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 3 shall be made to the nearest cent or to the nearest 1/100th of a share, as the case may be. Anything in this Section 3 to the contrary notwithstanding, the Company shall be entitled to make such reductions in the Per Share Exercise Price, in addition to those required by this Section 3, as it in its discretion shall deem to

be advisable in order that any stock dividend, subdivision of shares or distribution of rights to purchase stock or securities convertible or exchangeable for stock hereafter made by the Company to its stockholders shall not be taxable.

(e) Whenever the Per Share Exercise Price is adjusted as provided in this Section 3 and upon any modification of the rights of a Holder of Warrants in accordance with this Section 3, the Chief Financial Officer, or equivalent officer, of the Company shall promptly prepare a certificate setting forth the Per Share Exercise Price and the number of Warrant Shares after such adjustment or the effect of such modification, a brief statement of the facts requiring such adjustment or modification and the manner of computing the same and cause copies of such certificate to be mailed to the Holder.

(f) If the Board of Directors of the Company shall declare any dividend or other distribution with respect to the Common Stock, the Company shall mail notice thereof to the Holder no fewer than 30 days prior to the record date fixed for determining stockholders entitled to participate in such dividend or other distribution.

(g) If, as a result of an adjustment made pursuant to this Section 3, the Holder of any Warrant thereafter surrendered for exercise shall become entitled to receive shares of two or more classes of capital stock or shares of Common Stock and other capital stock of the Company, the Board of Directors (whose determination shall be conclusive and shall be described in a written notice to the Holder of any Warrant promptly after such adjustment) shall determine the allocation of the adjusted Per Share Exercise Price between or among shares or such classes of capital stock or shares of Common Stock and other capital stock.

(h) For the purpose of any computation under Section 3 above, the then Current Market Price per share (the "Current Market Price") shall be deemed to be the last sale price of the Common Stock on the trading day prior to such date or, in case no such reported sales take place on such day, the average of the last reported bid and asked prices of the Common Stock on such day, in either case on the principal national securities exchange on which the Common Stock is admitted to trading or listed, or if not listed or admitted to trading on any such exchange, the representative closing bid price of the Common Stock as reported by the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ"), or other similar organization if NASDAQ is no longer reporting such information, or if not so available, the fair market value of the Common Stock as determined by the Company's Board of Directors in good faith.

4. Limited Transferability. This Warrant may not be sold, transferred, assigned or hypothecated by the Holder except in compliance with the provisions of the Act and the applicable state securities "blue sky" laws, and is so transferable only upon the books of the Company which it shall cause to be maintained for such purpose. The Company may treat the registered Holder

of this Warrant as he or it appears on the Company's books at any time as the Holder for all purposes. The Company shall permit any Holder of a Warrant or his duly authorized attorney, upon written request during ordinary business hours, to inspect and copy or make extracts from its books showing the registered holders of Warrants. All Warrants issued

upon the transfer or assignment of this Warrant will be dated the same date as this Warrant, and all rights of the holder thereof shall be identical to those of the Holder.

5. Loss, etc., of Warrant. Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, and of indemnity reasonably satisfactory to the Company, if lost, stolen or destroyed, and upon surrender and cancellation of this Warrant, if mutilated, the Company shall execute and deliver to the Holder a new Warrant of like date, tenor and denomination.

6. Investment Intent.

(a) The Holder represents, by accepting this Warrant, that it understands that this Warrant and any securities obtainable upon exercise of this Warrant have not been registered for sale under Federal or state securities laws and are being offered and sold to the Holder pursuant to one or more exemptions from the registration requirements of such securities laws. The Holder is an "accredited investor" within the meaning of Regulation D under the Securities Act of 1933, as amended (the "Act"). In the absence of an effective registration of such securities or an exemption therefrom, any certificates for such securities shall bear the legend set forth on the first page hereof. The Holder understands that it must bear the economic risk of its investment in this Warrant and any securities obtainable upon exercise of this Warrant for an indefinite period of time, as this Warrant and such securities have not been registered under Federal or state securities laws and therefore cannot be sold unless subsequently registered under such laws, unless as exemption from such registration is available.

(b) The Holder, by his acceptance of its Warrant, represents to the Company that it is acquiring this Warrant and will acquire any securities obtainable upon exercise of this Warrant for its own account for investment and not with a view to, or for sale in connection with, any distribution thereof in violation of the Act. The Holder agrees that this Warrant and any such securities will not be sold or otherwise transferred unless (i) a registration statement with respect to such transfer is effective under the Act and any applicable state securities laws or (ii) such sale or transfer is made pursuant to one or more exemptions from the Act.

7. Status of Holder. This Warrant does not confer upon the Holder any right to vote or to consent to or receive notice as a stockholder of the Company, as such, in respect of any matters whatsoever, or any other rights or liabilities as a stockholder, prior to the exercise hereof.

8. Notices. No notice or other communication under this Warrant shall be effective unless, but any notice or other communication shall be effective and shall be deemed to have been given if, the same is in writing and is mailed by first-class mail, postage prepaid, addressed to:

(a) the Company at 155 Fortune Boulevard, Milford, Massachusetts, 01757 Attention: E. Andrews Grinstead, III, or such other address as the Company has designated in writing to the Holder; or

(b) the Holder at [_____] or such other address as the Holder has designated in writing to the Company.

9. Headings. The headings of this Warrant have been inserted as a matter of convenience and shall not affect the construction hereof.

10. Applicable Law. This Warrant shall be governed by and construed in accordance with the law of the Commonwealth of Massachusetts

without giving effect to principles of conflicts of law thereof.

IN WITNESS WHEREOF, E. Andrews Grinstead, III, acting for and on behalf of the Company, has executed this Warrant and caused the Company's corporate seal to be hereunto affixed and attested by its Secretary or Assistant Secretary as of December __, 1999.

HYBRIDON, INC.

By:_____
Name: E. Andrews Grinstead, III
Title: President and Chief Executive Officer

ATTEST:

Secretary or Assistant Secretary

[Corporate Seal]

SUBSCRIPTION

The undersigned, _____, pursuant to the provisions of the foregoing Warrant, hereby elects to exercise the within Warrant to the extent of purchasing _____ shares of Common Stock of Hybridon, Inc. thereunder and hereby makes payment of $_____ by certified or official bank check in payment of the exercise price therefor.

Dated:_____ Signature:_____

Address:_____

CASHLESS EXERCISE

The undersigned, _____, pursuant to the provisions of the foregoing Warrant, hereby elects to exchange the within Warrant for _____ shares of Common Stock of Hybridon, Inc. pursuant to the cashless exercise provisions of the Warrant. The undersigned hereby confirms the representations and warranties made by it in the Warrant.

Dated:_____ Signature:_____

Address:_____

ASSIGNMENT

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto _____ the foregoing Warrant and all rights evidenced thereby, and does irrevocably constitute and appoint _____, attorney, to transfer said Warrant on the books of Hybridon, Inc.

Dated:_____ Signature:_____

Address:_____

PARTIAL ASSIGNMENT

FOR VALUE RECEIVED _____ hereby assigns and transfers unto _____ the right to purchase _____ shares of the Common Stock, no par value per share, of Hybridon, Inc. covered by the foregoing Warrant, and a proportionate part of said Warrant and the rights evidenced thereby, and does irrevocably constitute and appoint _____, attorney, to transfer that part of said Warrant on the books of Hybridon, Inc.

Dated:_____ Signature:_____

Address:_____

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

THE SECURED PARTY (AS DEFINED IN THE SUBSCRIPTION AGREEMENT) IS THE EXCLUSIVE AGENT OF THE HOLDER OF THIS NOTE WITH RESPECT TO CERTAIN ACTIONS HEREUNDER AND UNDER THE SUBSCRIPTION AGREEMENT; THE SECURED PARTY, IN ITS SOLE DISCRETION, MAY TAKE OR FOREBEAR FROM TAKING CERTAIN ACTIONS HEREUNDER AND UNDER THE SUBSCRIPTION AGREEMENT ON BEHALF OF THE HOLDERS OF NOTES.

HYBRIDON, INC.

No.___

Note due 2002

$_____

[DATE OF ISSUANCE]

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to _____ (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

of the Company. The Notes are secured by the Collateral pursuant to the Subscription Agreement, and the security interests granted therein are subject to any prior security interest in the Collateral granted by the Company except as modified by the Intercreditor Agreement.

SECTION 1. Interest.

The Company will pay interest semi-annually in arrears on April 1 and October 1 of each year (each an "Interest Payment Date"), or if any such day is not a Business Day, on the next succeeding Business Day to the registered Holder hereof as of the preceding March 15 or September 15 (each, a "Record Date"). Interest on this Note will accrue from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of its issuance set forth above; provided that if there is no existing Default in the payment of interest, and if this Note is authenticated between a Record Date, and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date. The Company may, with respect to each Interest Payment Date, at its option and in its sole discretion, in lieu of payment of interest on the Notes in cash, issue additional Notes ("Interest Notes") in an aggregate principal amount equal to the amount of interest not paid in cash on such Interest Payment Date. Each issuance of Interest Notes in lieu of the payment of cash interest on the Notes shall be made pro rata with respect to the outstanding Notes; provided, however, that the Company may at its option pay cash in lieu of issuing Interest Notes in any denomination of less than $1,000. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

SECTION 2. Prepayment.

(a) This Note (including interest accrued on the principal hereof) may be prepaid by the Company, at any time, in whole or in part, without penalty or premium except as provided in Subsection 2(b).

(b) If this Note (or any portion hereof) is prepaid by the Company, then the Company shall simultaneously issue to the Holder hereof Class E Warrants ("Warrants") to purchase a number of shares of Common Stock equal to the number of shares of Common Stock then issuable upon conversion of this Note (or the prepaid portion hereof, if prepaid in part). Such Warrants shall initially be exercisable at $.60 per share of Common Stock and shall be governed by a Warrant Agreement by and among the Company, ChaseMellon Shareholder Services, L.L.C. and the Secured Party in substantially the form attached to the Subscription Agreement as Exhibit B (the "Warrant Agreement").

SECTION 3. Conversion

(a) Conversion. The Holder may elect, at any time prior to the Maturity Date, to convert this Note and all accrued interest hereon into a number of shares of Common Stock equal to Liquidation Amount (as defined below) divided by the then current Conversion Price (as defined below). The "Liquidation Amount" shall be the aggregate principal amount of, plus any accrued but unpaid interest on, this Note. The "Conversion Price" shall initially be $0.60, subject to adjustment as provided below, representing an initial conversion rate (subject to

adjustment) of 1,666-2/3 shares of Common Stock per $1,000 of Liquidation Amount (the "Conversion Rate").

(b) Conversion Procedures. (i) Any Holder of a Note desiring to convert such Note into Common Stock shall surrender such Note at the Company's principal executive office, accompanied by proper instruments of transfer to the Company or in blank, accompanied by irrevocable written notice to the Company that the Holder elects so to convert such Note (the "Notice of Conversion") and specifying the name or names (with address) in which a certificate or certificates evidencing shares of Common Stock are to be issued.

(ii) The Company need not deem a Notice of Conversion to be received unless the Holder complies with all the provisions hereof. The Company will make a notation of the date that a Notice of Conversion is received, which date of receipt shall be deemed to be the date of receipt for purposes hereof.

(iii) The Company shall, as soon as practicable after such deposit of any Note accompanied by a Notice of Conversion and compliance with any other conditions herein contained, deliver to the person for whose account such Note was so surrendered, or to the nominee or nominees of such person, certificates evidencing the number of full shares of Common Stock to which such person shall be entitled as aforesaid, subject to Section 4.

(iv) Subject to the following provisions of this Paragraph 3(b)(iv), such conversion shall be deemed to have been made as of the date of such surrender of the Note to be converted, and the person or persons entitled to receive the Common Stock deliverable upon conversion of such Note shall be treated for all purposes as the record holder or holders of such Common Stock on such date and the Note shall no longer be deemed outstanding and all rights whatsoever in respect thereof (including the right to receive interest thereon) shall terminate except the right to receive the number of full shares of Common Stock to which such person shall be entitled hereunder; provided, however, that the Company shall not be required to convert any Note while the stock transfer books of the Company are closed for any purpose, but the surrender of a Note for conversion during any period while such books are so closed shall become effective for conversion immediately upon the reopening of such books as if the surrender had been made on the date of such reopening, and the conversion shall be at the Conversion Rate in effect on such date applied to the Liquidation Amount calculated through such date of reopening.

(c) Adjustments to Conversion Price. (i) In case the Company shall hereafter (A) pay a dividend or make a distribution on its Common Stock in shares of Common Stock, (B) subdivide its outstanding shares of Common Stock into a greater number of shares or (C) combine its outstanding shares of Common Stock into a smaller number of shares (each of (A) through (C) an "Action"), the Conversion Price shall be adjusted to equal the product of the Conversion Price in effect immediately prior to such Action multiplied by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding

immediately prior to such Action and the denominator of which shall be the number of shares of Common Stock outstanding immediately following such Action. An adjustment made pursuant to this Subsection 3(b) shall become effective immediately after the record date in the case of a

dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification.

(ii) In case the Company shall hereafter issue by reclassification of its Common Stock any shares of capital stock of the Company (a "Reclassification"), provision shall be made so that, immediately following such Reclassification, the Notes shall be convertible into the kind and quantity of securities to which the Holders of such Notes would have been entitled pursuant to such Reclassification, had such Holders converted such Notes immediately prior to such Reclassification.

(d) Reservation of Shares; Transfer Taxes; Etc. The Company shall at all times reserve and keep available, out of its authorized and unissued shares of Common Stock, solely for the purpose of effecting the conversion of the Notes, such number of shares of its Common Stock free of preemptive rights as shall be sufficient to effect the conversion of all Notes from time to time outstanding. The Company shall use its best efforts from time to time, in accordance with the laws of the State of Delaware, to increase the authorized number of shares of Common Stock if at any time the number of shares of Common Stock not outstanding shall not be sufficient to permit the conversion of all the then-outstanding Notes.

The Company shall pay any and all issue or other taxes (other than income taxes) that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of the Notes. The Company shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of Common Stock (or other securities or assets) in a name other than that in which the Notes so converted were registered, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Company the amount of such tax or has established, to the satisfaction of the Company, that such tax has been paid.

(e) Other Changes in Conversion Rate. The Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 days and if the increase is irrevocable during the period. Whenever the Conversion Rate is so increased, the Company shall mail to the Holder of record of this Note a notice of the increase at least 15 days before the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period it will be in effect.

The Company may make such increases in the Conversion Rate, in addition to those required or allowed by this paragraph (e), as shall be determined by it, as evidenced by a resolution of the Board of Directors of the Company, to be advisable in order to avoid or diminish any income tax to holders of Common Stock resulting from any dividend or distribution of stock or issuance of rights or warrants to purchase or subscribe for stock or from any event treated as such for income tax purposes.

SECTION 4. Fractional Shares.

No fractional shares or scrip representing fractional shares of Common Stock shall be issued upon conversion of this Note. If more than one certificate evidencing Notes shall be surrendered for conversion at one time by the same Holder, the number of full shares issuable

upon conversion thereof shall be computed on the basis of the aggregate Liquidation Amount of the Notes so surrendered. Instead of any fractional share of Common Stock which would otherwise be issuable upon conversion of this Note (or of such aggregate number of Notes), the Company may elect, in its sole discretion, independently for each Holder, whether such number of shares of Common Stock will be rounded to the nearest whole share (with a .5 of a share rounded upward) or whether such Holder will be given cash, in lieu of any fractional share, in an amount equal to the same fraction of the Conversion Price as of the close of business on the day of conversion.

SECTION 5. Events of Default Defined.

The following shall each constitute an "Event of Default" hereunder:

(a) the failure of the Company to make any payment of (i) principal of this Note when due and payable and such failure shall continue for five (5) or more days; and (ii) interest on this Note when due and payable and such failure shall continue for thirty (30) or more days;

(b) the failure of the Company to observe or perform any covenant in this Note or in the Subscription Agreement, and such failure shall have continued unremedied for a period of sixty (60) days after written notice as provided in the last paragraph of this Section 5;

(c) a default occurs (after giving effect to any applicable grace periods or any extension of any maturity date) in the payment when due of principal of, or an acceleration of, any indebtedness for money borrowed by the Company or any of its Subsidiaries (other than an Unrestricted Subsidiary (as defined below) which is not a Significant Subsidiary (as defined below) and provided there is no recourse against the Company or any other Subsidiary with respect to the obligations of such Unrestricted Subsidiary arising as a result of such default) in excess of $2 million, individually or in the aggregate, if such indebtedness is not discharged, or such acceleration is not annulled, within 30 days after written notice as provided in the last paragraph of this Section 5;

(d) the Company or any of its Significant Subsidiaries, pursuant to or within the meaning of any Bankruptcy Law:

(i) commences a voluntary case,

(ii) consents to the entry of an order for relief against it in an involuntary case,

(iii) consents to the appointment of a Custodian of it or for all or substantially all of its property, and such Custodian is not discharged within 30 days,

(iv) makes a general assignment for the benefit of its creditors, or

(v) admits in writing that it is generally unable to pay its debts as the same become due;

(e) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(i) is for relief in any involuntary case against the Company or any Significant Subsidiary,

(ii) appoints a Custodian of the Company or any Significant Subsidiary or for all or substantially all of the property of the Company or any Significant Subsidiary, or

(iii) orders the liquidation of the Company or any Significant Subsidiary, and, in each case, the order or decree remains unstayed and in effect for 60 consecutive days.

The term "Bankruptcy Law" means Title 11 of the U.S. Code or any similar federal, foreign or state law for the relief of debtors. The term "Custodian" means any receiver, trustee, assignee, liquidator, examiner or similar official under any Bankruptcy Law. The term "Significant Subsidiary" has the same meaning as significant subsidiary has under Regulation S-X under the Securities Act as in effect on the date hereof. "Unrestricted Subsidiary" means any Subsidiary of the Company which (i) is not wholly-owned by the Company, (ii) is designated as an Unrestricted Subsidiary by the Board of Directors of the Company and (iii) at the time of any investment by the Company in such Subsidiary, in the aggregate holds or comprises less than 20% of the Company's assets as shown on the Company's consolidated balance sheet prepared in accordance with generally accepted accounting principles consistently applied as at the time of such investment.

(f) the failure of the Company to maintain, as of the last day of any calendar month, consolidated cash on hand (and cash equivalents and marketable securties) of at least $1.5 million.

A Default under Subsection (b), (c) or (f) of this Section 5 shall not be an Event of Default until (i) the Secured Party shall have notified the Company of the Default and (ii) the Company shall have failed to cure the Default under such Subsection (b) within 60 days after receipt of the notice, under such Subsection (c) within 10 days after receipt of the notice or under Subsection (f) within 30 days after receipt of the notice. Any such notice must (x) specify the Default, (y) demand that it be remedied and (z) state that the notice is a "Notice of Default."

SECTION 6. Remedies upon Event of Default.

Except as limited by the Intercreditor Agreement:

(a) If an Event of Default occurs and is continuing, the Secured Party (by notice to the Company) may declare the unpaid principal of and accrued interest on all the Notes then outstanding to be due and payable (an "Acceleration"). Upon any such declaration, such principal and accrued interest shall be due and payable immediately. The Secured Party may rescind an acceleration and its consequences if (a) the Company has paid a sum sufficient to pay (i) all overdue interest on all Notes then outstanding and (ii) the principal of the Notes then outstanding which have become due otherwise than by such declaration of acceleration and accrued interest thereon at a rate borne by the Notes and (b) the rescission would not conflict

with any judgment or decree and if all existing Events of Default have been cured or waived except nonpayment of principal or interest that has become due solely because of acceleration. No such rescission shall effect any subsequent Default or impair any right consequent thereto.

(b) The Secured Party may waive an existing Default or Event of Default and its consequences. Upon any such waiver, such Default shall cease to exist and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Note and the Subscription Agreement; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

(c) If the Company defaults in a payment of interest on the Notes, then, in lieu of this Note's ordinary 8% interest, the Company shall pay defaulted interest at a rate of 12% (or, during the first six months immediately following any Acceleration, 16%, and thereafter 24%) per annum. The Company shall pay the defaulted interest to the Holders of the Notes on a special record date. The Company shall fix or cause to be fixed any such special record date and payment date, which specified record date shall not be fewer than 10 days prior to the payment date for such defaulted interest, and shall promptly mail or cause to be mailed to each Holder a notice that states the special record date, the payment date and the amount of defaulted interest to be paid.

(d) Upon the occurrence and during the continuance of an Event of Default, the Secured Party may, at its election, without notice of its election and without demand, take any action permitted by law, including the exercise of any rights accorded a secured creditor under the Uniform Commercial Code as in effect in the Commonwealth of Massachusetts at such time.

(e) To the extent permitted by law, the remedies provided herein shall be exclusive of any other remedies now or hereafter existing at law or in equity or by statute or otherwise.

(f) In any suit for the enforcement of any right or remedy under this Note or the Subscription Agreement, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant.

SECTION 7 Note Register.

(a) The Company shall keep at its principal executive office a register (herein sometimes referred to as the "Note Register"), in which,

subject to such reasonable regulations as it may prescribe, but at its expense (other than transfer taxes, if any), the Company shall provide for the registration and transfer of this Note.

(b) Whenever this Note shall be surrendered at the principal executive office of the Company for transfer or exchange, accompanied by a written instrument of transfer in form reasonably satisfactory to the Company duly executed by the Holder hereof or his attorney duly authorized in writing, and, subject to compliance with applicable securities laws, the Company shall execute and deliver in exchange therefor a new Note or Notes, as may be

requested by such Holder, in the same aggregate unpaid principal amount and payable on the same date as the principal amount of the Note or Notes so surrendered; each such new Note shall be dated as of the date to which interest has been paid on the unpaid principal amount of the Note or Notes so surrendered and shall be in such principal amount and registered in such name or names as such Holder may designate in writing.

(c) Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Note and of indemnity or bond reasonably satisfactory to it, and upon reimbursement to the Company of all reasonable expenses incidental thereto, and upon surrender and cancellation of this Note (in case of mutilation) the Company will make and deliver in lieu of this Note a new Note of like tenor and unpaid principal amount and dated as of the date to which interest has been paid on the unpaid principal amount of this Note in lieu of which such new Note is made and delivered.

SECTION 8 Miscellaneous.

(a) Amendments and Waivers. The Secured Party on behalf of the Holders of the Notes may waive or otherwise consent to the amendment of any of the provisions hereof, provided that no such waiver or amendment may reduce the principal amount of or interest on any of the Notes or change the stated maturity of the principal of this Note, without the consent of each holder of any Note affected thereby.

(b) Restrictions on Transferability. In addition to the restrictions set forth in the Subscription Agreement, the securities represented by this Note have been acquired for investment and have not been registered under the Securities Act of 1933, as amended, or the securities laws of any state or other jurisdiction. Without such registration, such securities may not be sold, pledged, hypothecated or otherwise transferred, except pursuant to exemptions from the Securities Act of 1933, as amended, and the securities laws of any state or other jurisdiction.

(c) Forbearance from Suit. No holder of Notes shall institute any suit or proceeding for the enforcement of the payment of principal or interest unless the Secured Party joins in such suit or proceeding.

(d) No Recourse Against Others. No directors, officer, employee, incorporator or stockholder of the Company, as such, shall have any liability for any obligations of the Company under this Note, the Subscription Agreement or for any claim based on, in respect of, or by reason of, such obligations or their creation. The Holder of this Note by accepting this Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of this Note.

(e) Subordination. The Holder by accepting this Note agrees that the payment (by set-off or otherwise) of principal of and interest on the Notes is subordinated in right of payment, to the extent and in the manner provided in Section 9 of the Subscription Agreement, to the prior payment in full of all obligations in respect of Operating Indebtedness of the Company, whether outstanding on the date of the Subscription Agreement or thereafter incurred.

(f) Denominations. This Note is issuable in minimum denominations of $1,000 and integral multiples of $1,000 in excess thereof, except as otherwise provided in Section 1 hereof.

(g) Governing Law. This Note shall be governed by, and

construed in accordance with, the laws of the State of Massachusetts, excluding the body of law relating to conflict of laws. Notwithstanding anything to the contrary contained herein, in no event may the effective rate of interest collected or received by the Holder exceed that which may be charged, collected or received by the Holder under applicable law.

(h) Interpretation. If any term or provision of this Note shall be held invalid, illegal or unenforceable, the validity of all other terms and provisions hereof shall in no way be affected thereby.

(i) Successors and Assigns. This Note shall be binding upon the Company and its successors and assigns and shall inure to the benefit of the Holder and its successors and registered assigns.

(j) Notices. All notices, requests, consents and demands shall be made in writing and shall be mailed postage prepaid, or delivered by hand, to the Company or to the Holder thereof at their respective addresses set forth below or to such other address as may be furnished in writing to the other party hereto:

If to the Holder: At the address shown on Schedule A attached hereto

If to the Company: Hybridon, Inc.
155 Fortune Boulevard
Milford, Massachusetts 01757
Attention: E. Andrews Grinstead, III

(k) Saturdays, Sundays, Holidays. If any date that may at any time be specified in this Note as a date for the making of any payment of principal or interest under this Note shall fall on Saturday, Sunday or on a day which in New York or Massachusetts or California shall be a legal holiday, then the date for the making of that payment shall be the next subsequent day which is not a Saturday, Sunday or legal holiday.

(l) Subscription Agreement. This Note is subject to the terms contained in the Subscription Agreement and the registered Holder of this Note is entitled to the benefits of such Subscription Agreement to the extent provided therein.

(m) No Adverse Interpretation of Other Agreements. This Note and the Subscription Agreement may not be used to interpret another note, indenture, loan or debt agreement of the Company or a Subsidiary. Any such note, indenture, loan or debt agreement may not be used to interpret this Note or the Subscription Agreement.

IN WITNESS WHEREOF, this Note due 2002 No. __ has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder

THE TERMS OF THIS NOTE ARE SUBJECT TO THE TERMS OF A SUBSCRIPTION AGREEMENT AND

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

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HYBRIDON, INC.

No. 1

Note due 2002

$60,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Essam A. J. Alamdar (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 1 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Essam A. J. Alamdar	Riyadh-11431 Saudi Arabia

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OFFERED FOR SALE, PLEDGED OR HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE SECURITIES ACT. ANY SUCH TRANSFER MAY ALSO BE SUBJECT TO COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS AND THE LAWS OF OTHER APPLICABLE JURISDICTIONS.

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HYBRIDON, INC.

No. 2

Note due 2002

$25,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Mansour S. M. A. Al-Sharif (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 2 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Mansour S. M. A. Al-Sharif	

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HYBRIDON, INC.

No. 3

Note due 2002

$75,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to H.K. Properties Limited (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 3 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
H.K. Properties Limited	

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THE SECURED PARTY (AS DEFINED IN THE SUBSCRIPTION AGREEMENT) IS THE EXCLUSIVE AGENT OF THE HOLDER OF THIS NOTE WITH RESPECT TO CERTAIN ACTIONS HEREUNDER AND UNDER THE SUBSCRIPTION AGREEMENT; THE SECURED PARTY, IN ITS SOLE DISCRETION, MAY TAKE OR FOREBEAR FROM TAKING CERTAIN ACTIONS HEREUNDER AND UNDER THE

SUBSCRIPTION AGREEMENT ON BEHALF OF THE HOLDERS OF NOTES.

HYBRIDON, INC.

No. 4

Note due 2002

$75,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Kincroft Limited (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 4 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Kincroft Limited	Ridgeway House, Ridgeway St. Douglas, Isle of Man

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HYBRIDON, INC.

No. 5

Note due 2002

$100,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Fouad M. O. Tawfig (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 5 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Fouad M. O. Tawfig	

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

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HYBRIDON, INC.

No. 6

Note due 2002

$50,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Fouad M. O. Tawfig (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 6 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Fouad M. O. Tawfig	

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

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HYBRIDON, INC.

No. 7

Note due 2002

$20,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Fouad M. O. Tawfig (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 7 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Fouad M. O. Tawfig	

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

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HYBRIDON, INC.

No. 8

Note due 2002

$120,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Seif Foundation (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as

designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 8 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Seif Foundation	

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

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HYBRIDON, INC.

No. 9

Note due 2002

$250,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Bajrai Int'l Group Ltd. (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein

without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 9 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Bajrai Int'l Group Ltd.	

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

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HYBRIDON, INC.

No. 10

Note due 2002

$400,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Darier, Hentsch & Cie (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 10 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Darier, Hentsch & Cie	

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

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HYBRIDON, INC.

No. 11

Note due 2002

$150,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Solter Corporation (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 11 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder | Address of Holder

Solter Corporation

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HYBRIDON, INC.

No. 12

Note due 2002

$75,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Malek Salam and Oussama Salam (jointly, the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 12 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Malek Salam and Oussama Salam	

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

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HYBRIDON, INC.

No. 13

Note due 2002

$40,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Mohamad Khaled Omari (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 13 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Mohamad Khaled Omari	

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

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HYBRIDON, INC.

No. 14

Note due 2002

$300,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Khaled M. K. Abdulghani (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 14 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Khaled M. K. Abdulghani	

THE TERMS OF THIS NOTE ARE SUBJECT TO THE TERMS OF A SUBSCRIPTION AGREEMENT AND AN INTERCREDITOR AGREEMENT, COPIES OF WHICH ARE AVAILABLE FROM HYBRIDON, INC. (THE "COMPANY"). THE SECURITIES REPRESENTED BY THIS NOTE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE

ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE SECURITIES ACT. ANY SUCH TRANSFER MAY ALSO BE SUBJECT TO COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS AND THE LAWS OF OTHER APPLICABLE JURISDICTIONS.

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HYBRIDON, INC.

No. 15

Note due 2002

$200,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Sylvione Abu Haidar (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 15 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Sylvigne Abu Haidar	

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

THE SECURED PARTY (AS DEFINED IN THE SUBSCRIPTION AGREEMENT) IS THE EXCLUSIVE AGENT OF THE HOLDER OF THIS NOTE WITH RESPECT TO CERTAIN ACTIONS HEREUNDER AND UNDER THE SUBSCRIPTION AGREEMENT; THE SECURED PARTY, IN ITS SOLE DISCRETION, MAY

TAKE OR FOREBEAR FROM TAKING CERTAIN ACTIONS HEREUNDER AND UNDER THE SUBSCRIPTION AGREEMENT ON BEHALF OF THE HOLDERS OF NOTES.

HYBRIDON, INC.

No. 16

Note due 2002

$600,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Nicris Limited (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 16 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Nicris Limited	

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

THE SECURED PARTY (AS DEFINED IN THE SUBSCRIPTION AGREEMENT) IS THE EXCLUSIVE AGENT OF THE HOLDER OF THIS NOTE WITH RESPECT TO CERTAIN ACTIONS HEREUNDER AND UNDER THE SUBSCRIPTION AGREEMENT; THE SECURED PARTY, IN ITS SOLE DISCRETION, MAY TAKE OR FOREBEAR FROM TAKING CERTAIN ACTIONS HEREUNDER AND UNDER THE SUBSCRIPTION AGREEMENT ON BEHALF OF THE HOLDERS OF NOTES.

HYBRIDON, INC.

No. 17

Note due 2002

$200,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Clapham Investments Limited (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 17 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Clapham Investments Limited	

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

THE SECURED PARTY (AS DEFINED IN THE SUBSCRIPTION AGREEMENT) IS THE EXCLUSIVE AGENT OF THE HOLDER OF THIS NOTE WITH RESPECT TO CERTAIN ACTIONS HEREUNDER AND UNDER THE SUBSCRIPTION AGREEMENT; THE SECURED PARTY, IN ITS SOLE DISCRETION, MAY TAKE OR FOREBEAR FROM TAKING CERTAIN ACTIONS HEREUNDER AND UNDER THE SUBSCRIPTION AGREEMENT ON BEHALF OF THE HOLDERS OF NOTES.

HYBRIDON, INC.

No. 18

Note due 2002

$60,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for

value received, hereby promises to pay to Torben Duer (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 18 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Torben Duer	

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

THE SECURED PARTY (AS DEFINED IN THE SUBSCRIPTION AGREEMENT) IS THE EXCLUSIVE AGENT OF THE HOLDER OF THIS NOTE WITH RESPECT TO CERTAIN ACTIONS HEREUNDER AND UNDER THE SUBSCRIPTION AGREEMENT; THE SECURED PARTY, IN ITS SOLE DISCRETION, MAY TAKE OR FOREBEAR FROM TAKING CERTAIN ACTIONS HEREUNDER AND UNDER THE SUBSCRIPTION AGREEMENT ON BEHALF OF THE HOLDERS OF NOTES.

HYBRIDON, INC.

No. 19

Note due 2002

$30,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Nafez M. M. Al-Jindi (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002

(individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 19 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Nafez M. M. Al-Jindi	

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

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HYBRIDON, INC.

No. 20

Note due 2002

$300,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Alain Mallart (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 20 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Alain Mallart	

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

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HYBRIDON, INC.

No. 21

Note due 2002

$100,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Imad Moustapha Mansour (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 21 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Imad Moustapha Mansour	

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

THE SECURED PARTY (AS DEFINED IN THE SUBSCRIPTION AGREEMENT) IS THE EXCLUSIVE AGENT OF THE HOLDER OF THIS NOTE WITH RESPECT TO CERTAIN ACTIONS HEREUNDER AND UNDER THE SUBSCRIPTION AGREEMENT; THE SECURED PARTY, IN ITS SOLE DISCRETION, MAY TAKE OR FOREBEAR FROM TAKING CERTAIN ACTIONS HEREUNDER AND UNDER THE SUBSCRIPTION AGREEMENT ON BEHALF OF THE HOLDERS OF NOTES.

HYBRIDON, INC.

No. 22

Note due 2002

$100,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Oussama M. Salam (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 22 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Oussama M. Salam	

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

THE SECURED PARTY (AS DEFINED IN THE SUBSCRIPTION AGREEMENT) IS THE EXCLUSIVE AGENT OF THE HOLDER OF THIS NOTE WITH RESPECT TO CERTAIN ACTIONS HEREUNDER AND UNDER THE SUBSCRIPTION AGREEMENT; THE SECURED PARTY, IN ITS SOLE DISCRETION, MAY TAKE OR FOREBEAR FROM TAKING CERTAIN ACTIONS HEREUNDER AND UNDER THE SUBSCRIPTION AGREEMENT ON BEHALF OF THE HOLDERS OF NOTES.

HYBRIDON, INC.

No. 23

Note due 2002

$100,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to LGT Bank in Liechtenstein AG (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 23 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
LGT Bank in Liechtenstein AG	

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

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HYBRIDON, INC.

No. 24

Note due 2002

$60,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Investeringsselskabet af 1/12 1997 Ap.S (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 24 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Investeringsselskabet af 1/12 1997 Ap.S	

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

UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE SECURITIES ACT. ANY SUCH TRANSFER MAY ALSO BE SUBJECT TO COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS AND THE LAWS OF OTHER APPLICABLE JURISDICTIONS.

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HYBRIDON, INC.

No. 25

Note due 2002

$15,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to MicroTech Software A/S (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 25 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
MicroTech Software A/S	

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

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SUBSCRIPTION AGREEMENT ON BEHALF OF THE HOLDERS OF NOTES.

HYBRIDON, INC.

No. 26

Note due 2002

$6,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to JSP Holding Ap.S (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 26 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
JSP Holding Ap.S	

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

THE SECURED PARTY (AS DEFINED IN THE SUBSCRIPTION AGREEMENT) IS THE EXCLUSIVE AGENT OF THE HOLDER OF THIS NOTE WITH RESPECT TO CERTAIN ACTIONS HEREUNDER AND UNDER THE SUBSCRIPTION AGREEMENT; THE SECURED PARTY, IN ITS SOLE DISCRETION, MAY TAKE OR FOREBEAR FROM TAKING CERTAIN ACTIONS HEREUNDER AND UNDER THE SUBSCRIPTION AGREEMENT ON BEHALF OF THE HOLDERS OF NOTES.

HYBRIDON, INC.

No. 27

Note due 2002

$50,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Motasim F. Hajaj (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 27 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Motasim F. Hajaj	

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

THE SECURED PARTY (AS DEFINED IN THE SUBSCRIPTION AGREEMENT) IS THE EXCLUSIVE AGENT OF THE HOLDER OF THIS NOTE WITH RESPECT TO CERTAIN ACTIONS HEREUNDER AND UNDER THE SUBSCRIPTION AGREEMENT; THE SECURED PARTY, IN ITS SOLE DISCRETION, MAY TAKE OR FOREBEAR FROM TAKING CERTAIN ACTIONS HEREUNDER AND UNDER THE SUBSCRIPTION AGREEMENT ON BEHALF OF THE HOLDERS OF NOTES.

HYBRIDON, INC.

No. 28

Note due 2002

$250,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Mohamad A. Bajria (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as

designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 28 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Mohamad A. Bajria	

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

THE SECURED PARTY (AS DEFINED IN THE SUBSCRIPTION AGREEMENT) IS THE EXCLUSIVE AGENT OF THE HOLDER OF THIS NOTE WITH RESPECT TO CERTAIN ACTIONS HEREUNDER AND UNDER THE SUBSCRIPTION AGREEMENT; THE SECURED PARTY, IN ITS SOLE DISCRETION, MAY TAKE OR FOREBEAR FROM TAKING CERTAIN ACTIONS HEREUNDER AND UNDER THE SUBSCRIPTION AGREEMENT ON BEHALF OF THE HOLDERS OF NOTES.

HYBRIDON, INC.

No. 29

Note due 2002

$1,500,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to E. Andrews Grinstead, III (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the

Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 29 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
E. Andrews Grinstead, III	

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

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HYBRIDON, INC.

No. 30

Note due 2002

$60,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Essam A. J. Alamdar (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 30 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Essam A. J. Alamdar	

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

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HYBRIDON, INC.

No. 31

Note due 2002

$[366,390]

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Pillar Investments Ltd. (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 31 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Pillar Investments Ltd.	28 Avenue de Messine Paris, France 75008

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HYBRIDON, INC.

No. 32

Note due 2002

$250,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Christopher S. Gaffney (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 32 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Christopher S. Gaffney	3 Winthrop Street West Newton, MA 02465

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HYBRIDON, INC.

No. 33

Note due 2002

$10,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Jonathan P. Raymond (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 33 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Jonathan P. Raymond	133 Park St., #1207 Brookline, MA 02446

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REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE SECURITIES ACT. ANY SUCH TRANSFER MAY ALSO BE SUBJECT TO COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS AND THE LAWS OF OTHER APPLICABLE JURISDICTIONS.

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HYBRIDON, INC.

No. 34

Note due 2002

$250,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Forum Capital Markets LLC (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 34 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Forum Capital Markets LLC	53 Forest Ave. Old Greenwich, CT 06870

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

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HYBRIDON, INC.

No. 35

Note due 2002

$105,000

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to Samuel Morrill Robbins (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. 35 has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder
Samuel Morrill Robbins	300 Prince Street West Newton, MA 02465

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HYBRIDON, INC.

No. _

Note due 2002

$_____

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to _____ (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. __ has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder Address of Holder

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HYBRIDON, INC.

No. _

Note due 2002

$_____

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for

value received, hereby promises to pay to _____ (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. __ has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder

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

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HYBRIDON, INC.

No. _

Note due 2002

$_____

December 13, 1999

Hybridon, Inc., a Delaware corporation, (the "Company"), for value received, hereby promises to pay to _____ (the "Holder"), or registered assigns, the principal sum set forth above, with accrued but unpaid interest thereon at a rate equal to eight percent (8%) per annum, on November 30, 2002 (the "Maturity Date"). Payment shall be made at such place as designated by the Company upon surrender of this Note (as defined below), and shall be in such coin or currency of the United States of America as

at the time of payment shall be legal tender for the payment of public and private debts. This Note is one of a duly authorized issue of Hybridon, Inc. Notes due 2002 (individually a "Note" and collectively the "Notes") issued pursuant to a Subscription Agreement which is available from the Company (the "Subscription Agreement") and similar agreements. Capitalized terms used herein without definition have the respective meanings specified therefor in the Subscription Agreement. The Notes shall be subordinated in right of payment to all existing and future Operating Indebtedness

IN WITNESS WHEREOF, this Note due 2002 No. __ has been executed and delivered on the date first above written by the duly authorized representative of the Company.

HYBRIDON, INC.

By:_____
Name:
Title:

SCHEDULE A

Name of Holder	Address of Holder

THE TERMS OF THE NOTES ISSUABLE UPON EXERCISE HEREOF ARE SUBJECT TO THE TERMS OF A SUBSCRIPTION AGREEMENT AND AN INTERCREDITOR AGREEMENT, COPIES OF WHICH ARE AVAILABLE FROM HYBRIDON, INC. (THE "COMPANY"). NEITHER THESE SECURITIES NOR THE NOTES ISSUABLE UPON EXERCISE HEREOF NOR THE COMMON STOCK ISSUABLE UPON CONVERSION THEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR ANY APPLICABLE STATE SECURITIES LAWS. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER SUCH ACT OR AN EXEMPTION THEREFROM. ANY SUCH TRANSFER MAY ALSO BE SUBJECT TO APPLICABLE STATE SECURITIES LAWS.

THE SECURED PARTY (AS DEFINED IN THE SUBSCRIPTION AGREEMENT) SHALL BE THE EXCLUSIVE AGENT OF THE HOLDER OF THE NOTES ISSUABLE UPON EXERCISE HEREOF WITH RESPECT TO CERTAIN ACTIONS UNDER SUCH NOTES AND UNDER THE SUBSCRIPTION AGREEMENT; THE SECURED PARTY, IN ITS SOLE DISCRETION, MAY TAKE OR FOREBEAR FROM TAKING CERTAIN ACTIONS UNDER THE NOTES AND UNDER THE SUBSCRIPTION AGREEMENT ON BEHALF OF THE HOLDERS OF NOTES.

HYBRIDON, INC.

Class G Warrant for the Purchase of

Notes due 2002

No. G-1 $387,100 principal amount of Notes due 2002

FOR VALUE RECEIVED, HYBRIDON, INC., a Delaware corporation (the "Company"), hereby certifies that Pillar Investments Ltd. or its registered assigns (the "Holder") is entitled to purchase from the Company, subject to the provisions of this Warrant (the "Warrant"), at any time on or after December 13, 1999 (the "Initial Exercise Date"), and prior to 5:00 P.M., New York City time, on November 30, 2006 (the "Termination Date"), three hundred eighty-seven thousand one hundred dollars ($387,100) principal amount of Notes due 2002 ("Notes") of the Company, at an exercise price of one hundred ten percent (110%) of such Notes' principal amount, for an aggregate exercise price of four hundred twenty-five thousand eight hundred ten dollars ($425,810) (the aggregate purchase price payable for the Warrant Notes hereunder is hereinafter sometimes referred to as the "Aggregate Exercise Price"). The Notes deliverable upon such exercise are hereinafter sometimes referred to as the "Warrant Notes." The exercise price per dollar principal amount of Notes (i.e. one dollar and ten cents ($1.10)) is hereinafter sometimes referred to as the "Per Dollar Exercise Price."

1. Exercise of Warrant.

(a) This Warrant may be exercised in whole or in part, at any time by its Holder commencing on the Initial Exercise Date and prior to the Termination Date by presentation and surrender of this Warrant, together with the duly executed subscription form attached at the end hereof, at the address set forth in Subsection 8(a) hereof, together with payment, by certified or official bank check or wire transfer payable to the order of the Company, of the Aggregate Exercise Price or the proportionate part thereof if exercised in part.

(b) If this Warrant is exercised in part only, the Company shall, upon presentation of this Warrant upon such exercise, execute and deliver (along with the certificate for the Warrant Notes purchased) a new Warrant evidencing the rights of the Holder hereof to purchase the balance of the Warrant Notes purchasable hereunder upon the same terms and conditions as herein set forth. Upon proper exercise of this Warrant, the Company promptly shall deliver the Warrant Notes to the Holder duly legended as authorized by the subscription form.

(c) The execution of this Warrant shall also constitute the Holder's agreement to be bound by the terms of a Subscription Agreement and a Subordination and Intercreditor Agreement, copies of which are available from

the Company.

2. Reservation of Warrant Shares; Fully Paid Shares; Taxes. The Company hereby represents that it has, and until expiration of this Warrant agrees that it shall, reserve for issuance or delivery upon exercise of this Warrant, such number of Notes and such number of shares of Common Stock as shall be required for issuance and/or delivery upon exercise of this Warrant and conversion of the Notes issuable upon exercise hereof in full, and agrees that all Warrant Notes and shares of Common Stock so issued and/or delivered will be validly issued, fully paid and non-assessable, and further agrees to pay all taxes and charges that may be imposed upon such issuance and/or delivery.

3. [Reserved.]

4. Limited Transferability. This Warrant may not be sold, transferred, assigned or hypothecated by the Holder except in compliance with the provisions of the Act and the applicable state securities "blue sky" laws, and is so transferable only upon the books of the Company which it shall cause to be maintained for such purpose. The Company may treat the registered Holder of this Warrant as he or it appears on the Company's books at any time as the Holder for all purposes. The Company shall permit any Holder of a Warrant or his duly authorized attorney, upon written request during ordinary business hours, to inspect and copy or make extracts from its books showing the registered holders of Warrants. All Warrants issued upon the transfer or assignment of this Warrant will be dated the same date as this Warrant, and all rights of the holder thereof shall be identical to those of the Holder.

5. Loss, etc., of Warrant. Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, and of indemnity reasonably satisfactory to the Company, if lost, stolen or destroyed, and upon surrender and

cancellation of this Warrant, if mutilated, the Company shall execute and deliver to the Holder a new Warrant of like date, tenor and denomination.

6. Investment Intent.

(a) The Holder represents, by accepting this Warrant, that it understands that this Warrant and any securities obtainable upon exercise of this Warrant have not been registered for sale under Federal or state securities laws and are being offered and sold to the Holder pursuant to one or more exemptions from the registration requirements of such securities laws. The Holder is an "accredited investor" within the meaning of Regulation D under the Securities Act of 1933, as amended (the "Act"). In the absence of an effective registration of such securities or an exemption therefrom, any certificates for such securities shall bear the legend set forth on the subscription form hereof. The Holder understands that it must bear the economic risk of its investment in this Warrant and any securities obtainable upon exercise of this Warrant for an indefinite period of time, as this Warrant and such securities have not been registered under Federal or state securities laws and therefore cannot be sold unless subsequently registered under such laws, unless as exemption from such registration is available.

(b) The Holder, by his acceptance of this Warrant, represents to the Company that it is acquiring this Warrant and will acquire any Notes obtainable upon exercise of this Warrant and any shares of Common Stock obtainable upon conversion of such Notes for its own account for investment and not with a view to, or for sale in connection with, any distribution thereof in violation of the Act. The Holder agrees that this Warrant and any such Notes and Common Stock will not be sold or otherwise transferred unless (i) a registration statement with respect to such transfer is effective under the Act and any applicable state securities laws or (ii) such sale or transfer is made pursuant to one or more exemptions from the Act.

7. Status of Holder. This Warrant does not confer upon the Holder any right to vote or to consent to or receive notice as a stockholder of the Company, as such, in respect of any matters whatsoever, or any other rights or liabilities as a stockholder, prior to the exercise hereof.

8. Notices. No notice or other communication under this Warrant shall be effective unless, but any notice or other communication shall be effective and shall be deemed to have been given if, the same is in writing

and is mailed by first-class mail, postage prepaid, addressed to:

(a) the Company at 155 Fortune Boulevard, Milford, Massachusetts, 01757 Attention: E. Andrews Grinstead, III, or such other address as the Company has designated in writing to the Holder; or

(b) the Holder at Pillar Investments Ltd., 28 Avenue de Messine, Paris, France 75008 or such other address as the Holder has designated in writing to the Company.

9. Headings. The headings of this Warrant have been inserted as a matter of convenience and shall not affect the construction hereof.

10. Applicable Law. This Warrant shall be governed by and construed in accordance with the law of the Commonwealth of Massachusetts without giving effect to principles of conflicts of law thereof.

IN WITNESS WHEREOF, E. Andrews Grinstead, III, acting for and on behalf of the Company, has executed this Warrant and caused the Company's corporate seal to be hereunto affixed and attested by its Secretary or Assistant Secretary as of December __, 1999.

HYBRIDON, INC.

By:_____
Name: E. Andrews Grinstead, III
Title: President and Chief Executive Officer

ATTEST:

Secretary or Assistant Secretary

[Corporate Seal]

SUBSCRIPTION

The undersigned, _____, pursuant to the provisions of the foregoing Warrant, hereby elects to exercise the within Warrant to the extent of purchasing $_____ principal amount of Notes due 2002 thereunder and hereby makes payment of $_____ by certified or official bank check in payment of the exercise price therefor. The undersigned further consents to the placement of the following legends on such Notes:

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

THE SECURED PARTY (AS DEFINED IN THE SUBSCRIPTION AGREEMENT) IS THE EXCLUSIVE AGENT OF THE HOLDER OF THIS NOTE WITH RESPECT TO CERTAIN

ACTIONS HEREUNDER AND UNDER THE SUBSCRIPTION AGREEMENT; THE SECURED PARTY, IN ITS SOLE DISCRETION, MAY TAKE OR FOREBEAR FROM TAKING CERTAIN ACTIONS HEREUNDER AND UNDER THE SUBSCRIPTION AGREEMENT ON BEHALF OF THE HOLDERS OF NOTES.

Dated:_____ Signature:_____

Address:_____

ASSIGNMENT

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto _____ the foregoing Warrant and all rights evidenced thereby, and does irrevocably constitute and appoint _____, attorney, to transfer said Warrant on the books of Hybridon, Inc.

Dated:_____ Signature:_____

Address:_____

PARTIAL ASSIGNMENT

FOR VALUE RECEIVED _____ hereby assigns and transfers unto _____ the right to purchase $_____ principal amount of Notes due 2002 of Hybridon, Inc. covered by the foregoing Warrant, and a proportionate part of said Warrant and the rights evidenced thereby, and does irrevocably constitute and appoint _____, attorney, to transfer that part of said Warrant on the books of Hybridon, Inc.

Dated:_____ Signature:_____

Address:_____

SUBORDINATION AND INTERCREDITOR AGREEMENT

THIS SUBORDINATION AND INTERCREDITOR AGREEMENT (this "Agreement") is effective as of December 7, 1999 (the "Effective Date") by and among Hybridon, Inc., a Delaware corporation ("Borrower"), those persons who from time to time hold the 8% senior notes (described herein) of the Borrower due November 30, 2002 (collectively, the "Senior Lenders"), and Forum Capital Markets, LLC ("Forum"), Delaware State Employees Retirement Fund, Declaration of Trust for the Defined Benefit Plans of ICI American Holdings Inc., Declaration of Trust for the Defined Benefit Plans of Zeneca Holdings Inc., The J.W. McConnell Family Foundation and General Motors Employees Domestic Group Trust (said trusts, foundation and fund being referred to collectively as the "Pecks Parties"; Forum and the Pecks Parties are collectively referred to as the "Subordinate Lenders").

RECITALS:

A. Senior Lenders have agreed to extend financial accommodations to Borrower pursuant to the terms of the Senior Loan Documents (defined below).

B. Subordinate Lenders are also shareholders of Borrower and have representatives on Borrower's Board of Directors.

C. As of December 31, 1996, Borrower entered into a non-revolving term loan with Silicon Valley Bank (the "Bank") which was evidenced, in part, by that certain Loan and Security Agreement dated as of December 31, 1996 (the "Subordinate Loan Agreement")

D. As security for the financial accommodations made pursuant to the Subordinate Loan Agreement, Borrower granted to Bank a security interest in certain assets of Borrower described more fully in the Subordinate Loan Agreement and herein.

E. On or about November 20, 1998, Subordinate Lenders purchased the interests of Bank in credit facility evidenced and secured by the Subordinate Loan Agreement and the Subordinate Loan Documents (defined herein).

F. As a condition to making their new financial accommodations. Senior Lenders have required, and the Borrower and Subordinate Lenders have agreed, that certain obligations of Borrower to Subordinate Lenders be subordinated, and other processes be agreed to, as more fully set forth herein.

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the mutuality, receipt and sufficiency of which hereby are acknowledged, and intending to be legally bound the parties hereto agree as follows:

1. DEFINITIONS.

Certain terms used herein and not otherwise defined (including capitalized terms used in the foregoing Recitals) shall have the following meanings:

An "Acceleration" shall mean the occurrence of any acceleration of the principal and interest under any of the Borrower Obligations.

"Borrower's Public Filings" shall mean the periodic filings on Forms 10-K, 10-Q and 8-K, as filed from time to time with the U.S. Securities and Exchange Commission.

Borrower Obligations" means the Senior Obligations or the Subordinate Obligations, as the context requires.

"Committee Event" shall have the meaning set forth in Section 2.2(a).

"Default" shall mean any Default or "default" under and as defined in the Senior Loan Agreement or the Subordinate Loan Documents, as the context requires.

"Event of Default" means any Senior Event of Default or Subordinate

Event of Default, as the context requires.

"Forum Representative" means Harold L. Purkey, or a successor chosen by Forum.

"Lenders Committee" shall have the meaning set forth in Section 2.2(a).

"Payment in Full" or "Paid in Full" or any similar term) with respect to any Borrower Obligation means (a) the indefeasible satisfaction and final payment in full of such Borrower Obligation in cash or cash equivalents reasonably acceptable to the payee and the termination of any obligation on the part of the holder of such Borrower Obligation to make any loans or to afford any financial accommodation to Borrower and the full and timely performance of all other obligations to the holder of such Borrower Obligation or (b) in the case of any Borrower Obligation consisting of contingent obligations (including without limitation contingent obligations in respect of letters of credit or other indemnifications under the Subordinate Loan Documents), the setting apart of cash sufficient to discharge such portion of such Borrower Obligation in an account for the exclusive benefit of the holders thereof, in which account such holders shall be granted by Borrower a first priority perfected security interest in a manner acceptable to such holders, which payment or perfected security interest shall have been retained by the holders, in the case of each of (a) and (b) above, for a period of time in excess of all applicable preference or other similar periods under applicable bankruptcy, insolvency or creditors' rights laws.

"Pecks Representative" means Arthur W. Berry or a successor chosen by the holders of a majority of the interests held by the Pecks Parties.

"Remedy Notification" means the written notification by Subordinate Lenders to Senior Lenders or by Senior Lenders to Subordinate Lenders of such party's desire to exercise a Remedy following the occurrence of an Event of Default.

"Remedy" means any the following actions by either Senior Lenders or Subordinate Lenders:

(i) the exercise of any right or remedies they may have under the Subordinate Loan Documents or otherwise (other than a declaration of an Acceleration);

(ii) the commencement or joinder with any other creditors of Borrower in commencing any bankruptcy, reorganization, receivership or insolvency proceeding against Borrower; or

(iii) the commencement of any action or proceeding against Borrower to enforce or collect any Borrower Obligation, to obtain possession of property of Borrower, to exercise control over property of Borrower or to create, perfect or enforce any lien against property of Borrower.

"Senior Event of Default" means any Event of Default under and as defined in the Senior Loan Documents.

"Senior Lenders' Representative" means Youssef El-Zein (a representative designated by Pillar Investments Ltd.) or a successor representative chosen by the holders of a majority (measured by dollar amount) of the Senior Obligations, outstanding from time to time.

"Senior Loan Documents" means the Borrower's 8% notes, due November 30, 2002, issued to Senior Lenders, the Subscription Agreements between Borrower and each Senior Lender, the Warrant Agreements between Borrower and the Senior Lenders and all other instruments, agreements and documents which create, evidence or secure the Senior Obligations from time to time (including but not limited to any promissory notes, security agreements, pledge agreements, hypothecation agreements, mortgages, financing statements, and all other agreements of any type whatsoever), delivered by Borrower to Senior Lenders, as such may be amended, modified, supplemented, restated, replaced or refinanced (in any such case with any Senior Lender) from time to time, including all such extensions, renewals, refinancings or refundings thereof, whether or not the principal amount is increased.

"Senior Obligations" means all obligations of the Borrower under the

Senior Loan Documents including but not limited to principal, interest, fees and all other amounts owing to Senior Lenders under the Senior Loan Documents, from time to time. Notwithstanding the foregoing, the Senior Obligations shall not include any principal owed by the Borrower to the Senior Lenders in excess of $10,000,000 except with the consent of the Senior Lenders' Representative and the Subordinate Lenders' Representatives.

"Subordinate Debt" means all principal, interest, fees and other amounts owing to Subordinate Lenders under the Subordinate Loan Documents from time to time, whether in respect of principal interest or otherwise.

"Subordinate Event of Default" means any Event of Default under and as defined in the Subordinate Loan Documents.

"Subordinate Lenders' Representatives" shall mean the Pecks Representative and the Forum Representative.

"Subordinate Loan Agreement" shall have the meaning set forth in the Recitals.

"Subordinate Loan Documents" means Subordinate Loan Agreement and all other instruments, agreements and documents which create, evidence or secure the Subordinate Obligations from time to time.

"Subordinate Obligations" means all obligations of Borrower under the Subordinate Loan Documents including but not limited to principal, interest, fees and all other amounts owing to Subordinate Lenders under the Subordinate Loan Documents, from time to time.

2. SUBORDINATION AND INTERCREDITOR PROVISIONS.

2.1 Subordination.

(a) Subordinate Lenders hereby consent to Borrower obtaining certain financial accommodations from Senior Lenders, all on a senior secured basis.

(b) Senior Lenders hereby acknowledge that Subordinate Lenders have been previously granted a security interest in certain of the assets of Borrower. Subordinate Lenders hereby acknowledge and agree that they are willing to and hereby do subordinate the Subordinate Obligations and the collateral securing such obligations to the Senior Obligations.

(c) Borrower and Subordinate Lenders each hereby represents and warrants to Senior Lenders that a true, accurate and complete copy of all Subordinate Loan Documents has been either filed as an inhibit to Borrower's Public Filings or otherwise provided to Senior Lenders' Representative or its counsel in writing, and that none of the Subordinate Loan Documents has been amended or modified in any way from the versions so filed or provided.

(d) Subordinate Lenders agree, for themselves and each future holder of the Subordinate Obligations, that: (i) subject to the terms hereof, the Subordinate Debt is and shall be expressly subordinate and junior in right of payment to all Senior Obligations until the Senior Obligations have been Paid in Full; (ii) Subordinate Lenders shall not accept additional security or further collateral to support the payment or performance of the Subordinate Debt, unless the Senior Lender is granted a lien or security interest in such additional collateral, and such lien or security interest in favor of Senior Lenders is senior to the lien of the Subordinate Lenders; and (iii) Senior Lenders have advanced funds in reliance upon the subordination of the Subordinate Debt and the collateral securing such debt to the Senior Obligations.

2.2 Lenders Committee.

(a) Senior Lenders and Subordinate Lenders hereby agree to constitute a "Lenders Committee" immediately upon the first to occur of the following: (i) the occurrence of an Acceleration, or (ii) the occurrence of a Remedy Notification (a "Committee Event").

(b) The Lenders Committee shall have three members which shall be comprised of the Senior Lenders' Representative and the two Subordinate Lenders' Representatives. Any matter which, under the terms of this Agreement or otherwise, requires a vote or action by the Lenders Committee, shall require the

affirmative votes of a majority of the members of the Lenders Committee.

(c) From and after its formation following a Committee Event, the Lenders Committee shall be charged solely with liquidating any collateral held by any of the Senior Lenders or Subordinate Lenders by obtaining possession of or exerting control over such collateral, and perfecting or enforcing liens of the Senior Lenders and the Subordinate Lenders against such collateral. Borrower and the Lenders Committee shall disburse any proceeds of such liquidation according to the priorities set by this Agreement.

(d) From and after any Event of Default, neither Senior Lenders nor Subordinate Lenders may exercise a Remedy without first providing not less that ten (10) days advance written notice to the other Lenders of its desire to so exercise a Remedy (the "Remedy Notification"). Subsequent to the delivery of the Remedy Notification and the resulting formation of the Lenders Committee, then, until the date the Senior Obligations are Paid in Full, Subordinate Lenders shall not exercise any Remedy without either (a) direction or approval by the Lenders Committee or (b) express approval provided herein. Similarly, at any time prior to the date the Subordinate Obligations are Paid in Full, Senior Lenders shall not exercise any Remedy, without either (a) direction or approval by the Lenders Committee or (b) express approval provided herein.

(e) If any insolvency, bankruptcy, receivership, liquidation, reorganization or other similar proceedings are commenced by or against Borrower or its property, if any proceedings for involuntary liquidation, dissolution or other winding up of Borrower whether or not involving insolvency or bankruptcy are commenced by or against Borrower (collectively, any "Reorganization Proceedings"), then Senior Lenders shall be entitled in any such Reorganization Proceedings to receive Payment in Full of all Senior Obligations before Subordinate Lenders are entitled in any the Reorganization Proceedings to receive any payment on account of the Subordinate Obligations. In any Reorganization Proceedings, any payment or distribution of any kind or character, whether in cash or in property to which Subordinate Lenders would be entitled on account of the Subordinate Obligations but for the provisions of this Agreement, shall be delivered to Senior Lender to the extent necessary to make Payment in Full of all Senior Obligations remaining unpaid, after giving effect to any concurrent payment or distribution to or for Senior Lender in respect thereof. Subject to the Payment-in-Full of all Senior Obligations, the holders of Subordinate Obligations shall be subrogated to the rights of the holders of the Senior Obligations (to the extent of payments or distributions made to holders of Senior Obligations pursuant to the foregoing sentence or Section 2.3(b)) to receive payments or distributions of the assets of Borrower applicable to the Senior Obligations. No such payments or distributions applicable to the Senior Obligations shall, as between Borrower and its creditors, other than the holders of Borrower Obligations, be deemed to be a payment by Borrower to or on account of the Subordinate Obligations; and for the purposes of such subrogation, no payments or distributions to the holders of Senior Obligations to which the holders of Subordinate Obligations would be entitled except for the provisions of this section shall, as between Borrower and its creditors, other than the holders of Borrower Obligations, be deemed to be a payment by Borrower to or on account of the Senior Obligations.

(f) Notwithstanding anything to the contrary contained herein, Subordinate Lenders may, in any proceedings described in Section 2.2 (e), in the name of Subordinate Lenders, file claims, proofs of claims and other instruments of similar character necessary to enforce the obligations of Borrower in respect of the Subordinate Obligations. Notwithstanding anything to

the contrary contained herein, Senior Lenders may, in any proceedings described in Section 2.2 (e), in the name of Senior Lenders, file claims, proofs of claims and other instruments of similar character necessary to enforce the obligations of Borrower in respect of the Senior Obligations. Neither this Section 2.2(f) nor any other provision hereof shall be construed to give Subordinate Lenders any right to vote any Borrower Obligation held by Senior Lenders, any related claim or any portion of such claim, whether in connection with any resolution, arrangement, plan or reorganization, compromise, settlement, election of trustees or otherwise, all such votes, as to Senior Obligations to be made solely on the direction of the Senior Lenders. Neither this Section 2.2(f) nor any other provision hereof shall be construed to give Senior Lenders any right

to vote any Borrower Obligation held by Subordinate Lenders, any related claim or any portion of such claim, whether in connection with any resolution, arrangement, plan or reorganization, compromise, settlement, election of trustees or otherwise, all such votes, as to Subordinate Obligations to be made solely on the direction of the Subordinate Lenders.

2.3 Payments of Borrower Obligations.

(a) The following provisions shall govern Subordinate Lenders' right to receive and Borrower's right and obligation to pay any amount due and owing under the Subordinate Loan Documents:

(i) Provided that the Subordinate Lenders' Representatives shall not have been notified that an Acceleration shall have occurred and be continuing or would be created thereby under the terms of the Senior Loan Documents, Subordinate Lenders may receive and Borrower may pay interest only at the interest rate set forth in the Subordinate Loan Documents as of the Effective Date, when due and owing on an unaccelerated basis and not at a rate applicable upon default.

(ii) Except as expressly permitted pursuant to Section 2.3(a)(i), Subordinate Lenders shall not be entitled to receive or retain any direct or indirect payment (in cash, cash-equivalents, property, by set-off or otherwise) of or on account of any Subordinate Obligation at any time prior to Payment in Full of the Senior Obligations; provided, however, Borrower may deliver to Subordinate Lenders' Representatives, at any time (including during the occurrence of an Event of Default under the Senior Loan Documents and/or the Subordinate Loan Documents), the proceeds from the sale of Subordinate Lender's Collateral, which sale shall be made in a manner directed or approved by the Lenders Committee. Except as expressly permitted pursuant to Section 2.3(a)(i) and (ii), at any time that any of the Senior Obligations is outstanding, Borrower shall not make and Subordinate Lenders shall not receive or accept any payment (in cash, cash equivalents, property, by set-off, "bid in" of debt in a disposition of collateral or otherwise) of any kind or nature with respect to the Subordinate Obligations.

(b) If Subordinate Lenders receive any payment with respect to the Subordinate Obligations which Subordinate Lenders are not permitted to receive and retain pursuant to this Agreement, then such payment shall be held in trust for the benefit of, and shall be paid over promptly to Senior Lenders, for application to the payment of the Senior Obligations, in such order of priority as Senior Lenders' Representative shall determine. If Subordinate Lenders pay over any payment or distribution as provided above, then such payment or distribution shall be

deemed to have been made by Borrower directly to Senior Lenders and not to Subordinate Lenders and no Subordinate Obligation shall be discharged by reason of its receipt of any payment or distribution which is so paid over to Senior Lenders.

(c) To the extent necessary for Senior Lenders to realize the benefits of the subordination of the Subordinate Obligations provided for herein, Subordinate Lenders shall execute and deliver to Senior Lenders' Representative such instruments or documents (together with such assignments or endorsements as Senior Lender shall deem necessary), as are consistent with the terms of this Agreement and are reasonably requested by Senior Lenders' Representative.

(d) In the event Subordinate Lenders at any time incur any obligation to pay money to Borrower, Subordinate Lenders hereby irrevocably agree that they shall pay such obligation in cash or cash equivalents in accordance with the terms of the document or instrument governing such obligation without deduction or set-off against the Subordinate Obligations.

2.4 Borrower's Obligations Absolute. The provisions of this Agreement are solely for the benefit of Borrower, Senior Lenders and Subordinate Lenders for the purpose of defining the relative rights of the parties thereto. Nothing herein shall impair, as between Borrower and any other party hereto, the obligations of Borrower, which are unconditional and absolute, to Senior Lenders and to Subordinate Lenders, respectively.

2.5 Transfers. Any Senior Lender or any Subordinate Lender may sell,

assign or otherwise transfer, in whole or in part, any of the Borrower Obligations or any interest therein to any other person or entity, but only on the express condition that the transferee of the Borrower Obligations shall expressly acknowledge to the other parties to this agreement, in writing, that it agrees to be bound by all of the terms hereof. Senior Lenders and Subordinate Lenders each hereby represents and warrants to the others that as of the execution date hereof neither Senior Lenders nor Subordinate Lenders has transferred or entered into any agreement or understanding with a proposed transferee that they will transfer any of the Borrower Obligations.

2.6 Liens Subordinate. (a) Subordinate Lenders agree that any liens upon Borrower's assets securing payment of the Subordinated Debt, now or hereafter existing, are and shall be and remain inferior and subordinate to any liens securing payment of the Senior Obligations regardless of whether such encumbrances in favor of the Subordinated Lenders or Senior Lenders presently exist or are hereafter created or attach.

(b) Senior Lenders and Subordinate Lenders hereby agree that, after the Lenders Committee is constituted, the Lenders Committee may file any or all lien releases, UCC releases, and termination statements on behalf of the Senior Lenders and the Subordinate Lenders at any time Borrower, or any successor, assign or agent of Borrower, proposes a sale of any asset that is approved by the Lenders Committee. In furtherance thereof, the Senior Lenders and the Subordinate Lenders agree to execute, acknowledge and deliver any lien releases, UCC-3 termination statements or such additional instruments or documents as may be reasonably necessary to confirm the foregoing within three (3) business days of the request therefor by Lenders Committee.

2.7 Additional Representations and Warranties. Subordinate Lenders and Borrower represent and warrant to Senior Lenders that:

(a) as of the date hereof, the total principal amount of the Subordinate Obligations is $6,000,000.00 plus accrued but unpaid interest;

(b) except as indicated in Borrower's Public Filings or disclosed in writing to the Senior Lenders' Representative and its counsel, which writing is hereby made a part hereof, as of the date hereof, to the best of their knowledge, after due inquiry, no default or Event of Default, or event which the notice or passage of time or both would constitute an Event of Default exists or has occurred under the Subordinate Loan Documents;

(c) Subordinate Lenders are collectively the exclusive legal and beneficial owner of all of the Subordinate Obligations;

(d) except as indicated in Borrower's Public Filings or disclosed in writing to the Senior Lenders' Representative and its counsel, which writing is hereby made a part of this Agreement, none of the Subordinate Obligations is subject to any lien, security interest (other than Subordinate Lender's Collateral), financing statements, subordination, assignment or other claim; and

(e) this Agreement constitutes the legal, valid and binding obligations of Subordinate: Lenders, enforceable in accordance with its terms.

2.8 Legends. Subordinate Lenders agree that any instrument at any time evidencing the Subordinate Obligations, or any portion thereof, shall be permanently marked on its face with a legend conspicuously indicating that payment thereof is subordinate in right of payment to the Senior Obligations and subject to the terms and conditions of this Agreement, and after being so marked certified copies thereof shall be delivered to Senior Lenders. In the event any legend or endorsement is omitted, Senior Lenders or any of their representatives, officers or employees are hereby irrevocably authorized on behalf of Subordinate Lenders to make the same. No specific legend, further assignment or endorsement or delivery of notes, guarantees or instruments shall be necessary to subject any Subordinate Obligations to the subordination thereof contained in this Agreement.

2.9 Waiver of Covenant. Subordinate Lenders hereby waive any breaches or defaults arising from Borrower's failure to maintain compliance with Section 6.9 of the Subordinate Loan Agreement, entitled "Minimum Liquidity", such waiver to remain in effect so long as any amounts of Senior Obligations remain outstanding,

3. AGREEMENT BY BORROWER.

(a) Borrower hereby acknowledges and agrees to the foregoing terms and provisions, and agrees that the provisions hereof will bind Borrower, together with its successors and assigns.

(b) Borrower acknowledges and agrees that: (i) in the event of a breach by Borrower or Subordinate Lenders of any of the terms and provisions contained in this Agreement, such a

breach shall constitute an Event of Default, as defined in and under the Senior Loan Documents; and (ii) it will execute and deliver such additional documents and take such additional action as may be necessary or desirable in the opinion of either Subordinate Lenders or Senior Lenders to effectuate the provisions and purposes of this Agreement.

4. MISCELLANEOUS.

4.1 Notices. Any and all notices given in connection with this Agreement shall be deemed adequately given only if in writing and addressed to the party for whom such notices are intended at the address set forth below. All notices shall be sent by personal delivery, Federal Express or other over-night messenger service, first class registered or certified mail, postage prepaid, return receipt requested or by other means at least as fast and reliable as first class mail. A written notice shall be deemed to have been given to the recipient party on the earlier of (a) the date it shall be delivered to the address required by this Agreement; (b) the date delivery shall have been refused at the address required by this Agreement; or (c) with respect to notices sent by mail, the date as of which the postal service shall have indicated such notice to be undeliverable at the address required by this Agreement. Any and all notices referred to in this Agreement, or which either party desires to give to the other, shall be addressed as follows:

if to Borrower:	Hybridon. Inc. 155 Fortune Blvd. Milford, MA 01757 Attn.: President
with a copy to:	Kramer Levin Naftalis & Frankel LLP 919 Third Avenue New York, New York 10022 Attn.: Monica C. Lord. Esq.
if to Senior Lenders:	Pillar Investments Ltd. Representative 28 Avenue de Messine Paris, FRANCE 75008 Attn: Youssef El-Zein
with a copy to:	Sachnoff & Weaver, Ltd. 30 South Wacker Drive Suite 2900 Chicago, Illinois 60606 Attn: Lance R. Rodgers, Esq.
if to Subordinate Lenders:	Pecks Management 1 Rockefeller Plaza, Suite 900 New York, NY 10020 Attn: Arthur W. Berry and Forum Capital Markets

	53 Forest Avenue Old Greenwich, CT 06870 Ann: Harold L. Purkey
with copies to:	

The above addresses may be changed by notice of such change, mailed as provided

herein, to the last address designated.

4.2 No Fiduciary Duty. Nothing in this Agreement shall be construed to create or impose upon any Senior Lender any fiduciary duty to any Subordinate Lender, or any other implied obligation to act or refrain from acting with respect to Borrower or the Senior Obligations or the collateral security securing the Senior Obligations in any manner contrary to what any Senior Lender may determine is in its own best interests. Similarly, nothing in this Agreement shall be construed to create or impose upon any Subordinate Lender any fiduciary duty to any Senior Lender, or any other implied obligation to act or refrain from acting with respect to Borrower or the Subordinate Obligations or the collateral security securing the Subordinate Obligations in any manner contrary to what any Subordinate Lender may determine is in its own best interests.

4.3 Notice of Default. In addition to any other notices which may be required hereunder, Subordinate Lenders shall give written notice to Senior Lender Representative, promptly after they become aware of the occurrence of: (a) an Event of Default under the terms of the Subordinate Loan Documents; (b) the cure of any such Event of Default: (c) the payment in full of the Subordinate Debt; (d) any Acceleration of the Subordinate Debt; and (e) any action or proceeding instituted against Borrower on account of any Event of Default.

4.4 Successors; Continuing Effect.

(a) This Agreement is being entered into for the benefit of, and shall be binding upon, Borrower, each Senior Lender and each Subordinate Lender and their respective successors and assigns, including each subsequent or additional holder of Senior Obligations or Subordinate Debt, and any participant (whether now existing or hereafter arising) in the Senior Obligations. The terms "Senior Lenders" and "Subordinate Lenders" shall include, respectively, any such subsequent or additional holder of or participant in Senior Obligations or Subordinate Obligations whenever the context permits. This Agreement shall inure to the benefit of and be enforceable by any future holder or holders of the Borrower Obligations or any part of any of the same; provided that, nothing contained in this Section 4.3 shall be deemed to permit the transfer of the Subordinate Obligations in violation of the provisions of Section 2.5.

(b) Senior Lenders reserve the right to grant participations in, or otherwise sell, assign, transfer or negotiate all or any part of, or any interest in, the Senior Obligations and the Collateral securing same. In connection with any participation or other transfer or assignment, Senior Lenders (i) may disclose to such assignee, participant or other transferee or assignee all documents and information which Senior Lender now or hereafter may have relating to the Senior Obligations or the Collateral, and (ii) shall disclose to such participant or other transferee or assignee the existence and terms and conditions of this Agreement.

4.5 Amendments. This Agreement may be amended only by a written instrument executed by holders of a majorities in interest of each of the Senior Obligations and the Subordinate Obligations and, if such amendment affects Borrower, by Borrower.

4.6 Term. This Agreement shall remain in full force and effect until the Payment in Full of the Senior Obligations.

4.7 Waivers. No waiver shall be deemed to be made by any party of any of its rights hereunder unless the same shall be in writing and then only with respect to the specific instance involved, and no such waiver shall impair or offset the rights of the waiving party or the obligations of the party benefited by such waiver in any other respect or at any other time.

4.8 Governing Law. This Agreement, including the validity hereof and the rights and obligations of the parties hereunder, shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Massachusetts.

4.9 The Borrower May Not Impair Subordination. No right of Senior Lenders or Subordinate Lenders to enforce the subordination created hereby shall be impaired by any act or failure to act by Borrower or by the failure by Borrower to comply with this Agreement, regardless of any knowledge which any Senior Lender or any Subordinate Lender may have or be otherwise charged with.

4.10 Specific Performance. The parties hereto acknowledge that legal remedies maybe inadequate and therefore Senior Lenders and Subordinate Lenders are hereby authorized to demand specific performance of the provisions of this Agreement at any time when Borrower. Senior Lenders or Subordinate Lenders shall have failed to comply with any provision hereof. Each party hereto hereby irrevocably waives any defense based on the adequacy of a remedy at law that might be asserted as a bar to such remedy of specific performance.

4.11 Further Actions. After the execution of this Agreement each party will execute and deliver all such documents and instruments and do all such other acts and things as may be reasonably necessary to carry out the provisions of this Agreement.

4.12 Agreement to Control. If any provision in any document or instrument relating to the Senior Obligations or the Subordinate Debt differs with the terms of this Agreement regarding the same or any similar matter, the provisions of this Agreement shall control and each other provision shall be interpreted so as to give effect to the provisions of this Agreement.

4.13 Entire Agreement. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior written and oral agreements, and all contemporaneous oral agreements, relating to such matters.

4.14 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

4.15 Facsimile. For purposes of negotiating and finalizing this Agreement (including any subsequent amendments thereto), any signed document transmitted by facsimile machine ("Fax") shall be treated in all manner and respects as an original document. The signature of any party by Fax shall be considered for these purposes as an original signature. Any such Fax document shall be considered to have the same binding legal effect as an original document, provided that an original of the faxed document was mailed by first class U.S. Mail or personally delivered to the recipient, on the date of its transmission with proof of the fax transmission. At the request of any party, any Fax document subject to this Agreement shall be re-executed by both parties in an original form. The undersigned parties hereby agree that neither shall raise the use of the Fax or the fact that any signature or document was transmitted or communicated through the use of a Fax as a defense to the formation of this Agreement. This agreement may be signed in one or more counterparts, each of which shall be an original, but all of which together shall constitute one agreement. binding on all of the parties hereto notwithstanding that all of the parties hereto are not signatories to the same counterpart. Each of the undersigned parties authorizes the assembly of one or more original copies of this Agreement through the combination of the several executed counterpart signature pages with one or more copies of this Agreement. including the Schedules and Exhibits, if any to this Agreement. Each such compilation of this Agreement shall constitute one original of this Agreement.

4.16 Consent to Jurisdiction; Waiver of Jury Trial.

(a) BORROWER, SUBORDINATE LENDERS AND SENIOR LENDER EACH HEREBY (i) TO THE EXTENT PERMITTED BY APPLICABLE LAW, IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED IN BOSTON, MASSACHUSETTS, OVER ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY MATTER ARISING FROM OR RELATED TO THIS AGREEMENT; (ii) IRREVOCABLY WANES, TO THE FULLEST EXTENT BORROWER, SUBORDINATE LENDERS AND SENIOR LENDERS MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT; (iii) AGREES THAT, TO THE EXTENT PERMITTED BY APPLICABLE LAW, A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN ANY OTHER JURISDICTION BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW; AND (iv) TO THE EXTENT PERMITTED BY APPLICABLE LAW, AGREES NOT TO INSTITUTE ANY LEGAL ACTION OR PROCEEDING AGAINST ANY PARTY HERETO OR ANY OF PARTY'S DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR PROPERTY, CONCERNING ANY MATTER ARISING OUT OF OR RELATING TO THIS AGREEMENT 1N ANY COURT OTHER THAN ONE LOCATED IN BOSTON, MASSACHUSETTS.

(b) NOTHING IN THIS SECTION SHALL AFFECT OR IMPAIR SENIOR OR SUBORDINATE LENDERS' RIGHT TO SERVE LEGAL PROCESS ON BORROWER IN ANY MANNER PERMITTED BY LAW OR SENIOR OR SUBORDINATE LENDERS' RIGHT TO BRING ANY ACTION OR PROCEEDING AGAINST BORROWER OR BORROWER'S PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION.

(c) BORROWER, SENIOR LENDERS AND SUBORDINATE LENDERS EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF EITHER PARTY. EACH PARTY HERETO HEREBY EXPRESSLY ACKNOWLEDGES THIS WAIVER IS A MATERIAL INDUCEMENT FOR SENIOR LENDER TO ENTER INTO THIS AGREEMENT AND TO MAKE THE LOAN EVIDENCED BY THE SENIOR LOAN DOCUMENTS.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Subordination Agreement as of the day, month and year first above written.

HYBRIDON, INC.

By:_____
Name: _____
Title:_____

SENIOR LENDERS
By: Pillar Investments Ltd,
Their Representative

By:_____
Name:_____

FORUM CAPITAL MARKETS. LLC

By:_____
Name:_____
Title:_____

DELAWARE STATE EMPLOYEES RETIREMENT FUND DECLARATION OF TRUST FOR THE DEFINED BENEFIT PLANS OF ICI AMERICAN HOLDINGS INC DECLARATION OF TRUST FOR THE DEFINED BENEFIT PLANS OF ZENECA HOLDINGS INC. THE J.W. MCCONNELL FAMILY FOUNDATION GENERAL MOTORS EMPLOYEES DOMESTIC GROUP TRUST

By: PECKS MANAGEMENT PARTNERS, LTD.

By:_____

[LETTERHEAD OF PILLAR INVESTMENTS]

December __, 1999

Hybridon, Inc.
155 Fortune Boulevard
Milford, MA 01757
Attn: Mr. E. Andrews Grinstead, III.

Ladies and Gentlemen:

This letter agreement (this "Agreement") is to confirm our understanding regarding the compensation to be paid by Hybridon, Inc. (the "Company") to Pillar Investments Ltd. and its affiliates and designees (collectively "Pillar") in connection with the Company's private placement offering (the "Offering") of Notes due 2002 ("Notes").

The Company shall issue to Pillar additional Notes (the "In-Kind Fee") in an aggregate principal amount equal to nine percent (9%) of the aggregate principal amount of Notes purchased in the Offering by investors introduced to the Company by Pillar.

The Company shall issue to Pillar warrants (the "Unit Purchase Warrants") to purchase additional Notes in an aggregate principal amount equal to ten percent (10%) of the aggregate principal amount of Notes purchased in the Offering by investors introduced to the Company by Pillar. The Unit Purchase Warrants shall be exercisable until and including November 30, 2006 at an exercise price equal to 110 percent (110%) of the Notes' principal amount.

The Company shall pay in cash all reasonable out-of-pocket expenses incurred by Pillar in providing services with respect to the Offering, including reasonable fees and disbursements of Pillar's counsel, within thirty (30) days of submission of a bill or bills accompanied by reasonably detailed documentation by Pillar.

Notwithstanding the foregoing, the Company's obligations to issue the In-Kind Fee and the Unit Purchase Warrants and to reimburse Pillar's Placement Expenses pursuant to this Agreement shall be subject to the condition precedent that the Company will have had delivered to it a fairness opinion in form and substance deemed by the Company, in its sole discretion, to satisfy the requirements of that certain Indenture, relating to the 9% Convertible Subordinated Notes Due 2004 of the Company, between the Company and State Street Bank and Trust Company, dated as of March 26, 1997, as amended.

This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of law. The parties hereto

irrevocably consent to the jurisdiction of the courts of the State of New York and of any federal court located in such State in connection with any action or proceeding arising out of or relating to this Agreement, any document or instrument delivered pursuant to, in connection with or simultaneously with this Agreement, or a breach of this Agreement or any such document or instrument. In any such action or proceeding, each party hereto waives personal service of any summons, complaint or other process and agrees that service thereof may be made in accordance with this Paragraph. Within thirty (30) days after such service, or such other time as may be mutually agreed upon in writing by the attorneys for the parties to such action or proceeding, the party so served shall appear or answer such summons, complaint or other process. Pillar hereby appoints Sachnoff & Weaver Ltd. as its agent for purposes of notice hereunder and to receive on behalf of Pillar service of copies of summons and complaints and other process which may be served in any such action or proceeding. All such notices to Pillar shall be sent to Sachnoff & Weaver, Ltd., 30 South Wacker

Drive, Suite 2900, Chicago, Illinois 60606, Attn: Lance R. Rodgers, Esq.

This Agreement shall be binding upon Pillar and the Company and the successors and assigns of Pillar.

This Agreement is intended, and for all purposes shall be construed, to supersede any existing agreements, whether written, oral or otherwise, between the parties hereto regarding Pillar's rights to compensation in connection with the Offering.

Please confirm that the foregoing is in accordance with your understanding by signing and returning to us the enclosed duplicate of this Agreement.

Sincerely yours,
PILLAR INVESTMENTS LTD.

By:_____
Name:
Title:

Confirmed as of the date hereof:
HYBRIDON, INC.

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

SUBSCRIPTION AGREEMENT

SUBSCRIPTION AGREEMENT (this "Agreement"), dated as of December 13, 1999, by and among HYBRIDON, INC., a Delaware corporation (the "Company"), and the Persons listed on the signature pages hereof (the "Current Purchasers") and such other Persons that from time to time hereafter may become party hereto pursuant to Section 13.10 (the "Additional Purchasers" and, collectively with the Current Purchasers, the "Purchasers").

The Company desires to issue and sell to Purchasers, and Purchasers desire to purchase from the Company, Notes due 2002 (the "Notes") in substantially the form attached hereto as Exhibit A, upon and subject to the terms and conditions hereinafter set forth. As used herein, the term "Offering" shall mean the offering of Notes by the Company during the Offering Period hereinafter referred to pursuant to this Agreement and substantially similar agreements.

Accordingly, in consideration of the premises and the mutual agreements contained herein, Purchasers and the Company hereby agree as follows:

1. Purchase and Sale of the Notes. Subject to the terms and conditions set forth herein, the Company hereby agrees to issue and sell to Purchasers, and Purchasers, severally and not jointly, hereby agree to purchase from the Company Notes. The aggregate purchase price for the respective Notes sold to each Purchaser pursuant to this Agreement shall be one hundred percent (100%) of the aggregate principal amount of such Notes. "Operative Documents" as used herein shall mean this Agreement, the Notes, the Subordination and Intercreditor Agreement of even date herewith (the "Intercreditor Agreement") and the form of Warrant Agreement attached hereto as Exhibit B (the "Warrant Agreement").

2. Delivery of Notes.

2.1. Delivery of Notes. (a) The Company shall offer the Notes for sale. Upon receipt of subscriptions for Notes pursuant to the Offering, the Company may conduct an initial closing (any closing hereunder, a "Closing" and the date thereof, a "Closing Date") and may conduct subsequent Closings on an interim basis during the Offering Period. The Offering Period shall terminate at 12:00 noon (New York Time) on December 31, 1999, subject to extension at the sole option of the Company, for an additional 60 days (the "Termination Date").

(b) Contemporaneously with the execution and delivery of this Agreement by a Purchaser and pending the sale of Notes at a Closing, such Purchaser will be required to deposit the Purchase Price in escrow with the Escrow Agent (as defined in the Escrow Agreement hereinafter referred to) by wire transfer of immediately available funds for the account of the Escrow Agent made payable to Sachnoff & Weaver, 30 South Wacker Drive, 29th Floor, Chicago, Illinois, 60606, Attention Douglas Newkirk, pursuant to the terms of an escrow agreement in substantially the form attached hereto as Exhibit C (the "Escrow Agreement").

(c) At a Closing, the funds required for the purchase of the Notes by respective Purchasers will be released by the Escrow Agent net of any Required Deductions (as

defined in the Escrow Agreement) from the escrow account in accordance with the terms of the Escrow Agreement. The Company will promptly deliver to Purchasers the Notes to be purchased on the date of a Closing as set forth in Article 1 hereof against the receipt by the Company of the Purchase Price net of any Required Deductions from escrow in accordance with the Escrow Agreement. Each Purchaser hereby authorizes the Secured Party (as defined below) to accept delivery of Notes on such Purchaser's behalf unless the Purchaser is in attendance at such Closing. The Notes shall be registered in the Purchasers' respective names or the name of the nominee(s) of such Purchasers in denominations of $1,000 and integral multiples thereof pursuant to instructions delivered to the Company not less than two days prior to a Closing. Interest on each Note sold in the Offering shall accrue only from the date of issuance of such Note.

2.2. Warrants. Pursuant to the Notes, if the Company prepays the Notes (or any portions thereof), then the Company shall simultaneously issue to the holders of such prepaid Notes (or portions) warrants ("Warrants") to purchase a number of shares of Common Stock equal to the number of shares of Common Stock then issuable upon conversion of such prepaid Notes (or the prepaid portions thereof, if prepaid in part). The terms of the Warrants shall be as more fully described in the Warrant Agreement between the Company ChaseMellon Shareholder Services LLC, as Warrant Agent and the Secured Party (the "Warrant Agreement"), a form of which is attached hereto as Exhibit B.

3. Conditions to the Obligations of Purchasers at a Closing. The obligation of Purchasers to purchase and pay for the Notes to be purchased by Purchasers at a Closing is subject to the satisfaction on or prior to the relevant Closing Date of the following conditions, which may only be waived by written consent of the Secured Party.

3.1. Representations and Warranties. The representations and warranties of the Company contained in this Agreement shall be true and correct in all material respects when made, and shall be true and correct in all material respects at and as of the date of such Closing as if they had been made on and as of such Closing.

3.2. Performance of Covenants. All of the covenants and agreements of the Company contained in this Agreement and required to be performed on or prior to the relevant Closing Date shall have been performed in a manner reasonably satisfactory to the Secured Party.

3.3. Closing Documents. The Company shall have delivered to the Secured Party the following:

(a) a certificate executed by the President or Chief Executive Officer of the Company dated the relevant Closing Date stating that the conditions set forth in Sections 3.1 and 3.2 have been satisfied; and

(b) a certificate of the Secretary or Assistant Secretary of the Company, dated the relevant Closing Date, certifying the attached copy of the By-laws of the Company, the authorization of the execution, delivery and performance of the Operative Documents, and the resolutions authorizing the actions to be taken by the Company under the Operative Documents.

3.4. No Legal Order Pending. There shall not then be in effect any legal or other order enjoining or restraining the transactions contemplated by this Agreement.

3.5. No Law Prohibiting or Restricting Such Sale. There shall not be in effect any law, rule or regulation prohibiting or restricting such sale or requiring any consent or approval of any person which shall not have been obtained to issue the Notes (except as otherwise provided in this Agreement).

3.6. Proceedings. All corporate and other proceedings taken or to be taken in connection with the transactions contemplated hereby to be consummated at each Closing and all documents incident thereto shall be reasonably satisfactory in form and substance to the Secured Party, including but not limited to the authorization of the issuance of the Notes, Warrants and the Note-Underlying Common Stock (as defined below).

4. Conditions to the Obligations of the Company at a Closing. The obligation of the Company to issue and sell Notes to Purchasers at a Closing is subject to the satisfaction of the following conditions, each of which may be waived by the Company:

4.1. Representations and Warranties. The representations and warranties of each Purchaser contained in this Agreement shall be true and correct when made, and shall be true and correct at and as of the date of such Closing as if they had been made on and as of such Closing.

4.2. No Law Prohibiting or Restricting Such Sale. There shall not be in effect any law, rule or regulation prohibiting or restricting such sale or requiring any consent or approval of any person which shall not have been obtained to issue the Notes (except as otherwise provided in this

Agreement).

5. Creation of Security Interest.

5.1. Grant of Security Interest. The Company hereby grants and pledges to Youssef El-Zein (a representative designated by Pillar Investments Ltd.) or a successor representative chosen, at any time, by the holders of a majority (measured by dollar amount) of the Notes outstanding from time to time (the "Secured Party"), solely as agent for Purchasers and not in his individual capacity, a continuing security interest in all presently existing and hereafter acquired or arising assets and property of the Company described on Exhibit D hereto (the "Collateral") in order to secure prompt payment of the principal sum and interest evidenced by the Notes, and the performance by the Company of each of its obligations under this Agreement and the Notes. Such security interest shall automatically terminate upon the earlier of (i) the payment of principal and interest on the Notes and (ii) such time as the Notes are no longer outstanding (the "Security Interest Termination Date"). Purchasers hereby acknowledge and agree that the security interests granted hereby are subordinate and subject to any prior security interest in the Collateral granted by the Company, except as modified by the Intercreditor Agreement, and are subordinate and subject to any lien granted in the future to secure Operating Indebtedness of the Company. Purchasers and the Secured Party hereby agree not to exercise any of their rights with respect to the Collateral under this Agreement, at law, in equity or otherwise until the holders of Operating Indebtedness have been paid in full.

5.2. Designation of Secured Party as Agent. Purchasers, by their acceptance of the benefits of this Agreement and the Notes, hereby irrevocably designate the Secured Party to act as Secured Party with respect to this Agreement and as specified in the other Operative Documents. Each Purchaser hereby irrevocably authorizes, and each holder of any Note, by such holder's acceptance of such Note, shall be deemed irrevocably to authorize, the Secured Party to take such action on its behalf under the provisions of this Agreement and the other Operative Documents and any other instruments and agreements referred to herein or therein and to exercise such powers and to perform such duties hereunder and thereunder as are specifically delegated to, or required of, the Secured Party by the terms hereof or thereof and such other powers as are reasonably incidental thereto. Each Purchaser, on behalf of itself and future holders of the Notes issued to such Purchaser, hereby authorizes and directs the Secured Party, from time to time in the Secured Party's discretion to take any action and promptly to execute and deliver on its behalf any document or instrument that the Company may reasonably request to effect, confirm or evidence the provisions of this Article 5, including, without limitation, the occurrence of the Security Interest Termination Date, any subordination agreement, or otherwise. In addition, Purchasers and Secured Party hereby covenant and agree promptly to execute and deliver any such document or instrument in respect of such subordination, and in respect of the occurrence of the Security Interest Termination Date, as the Company may reasonably request.

5.3. Delivery of Additional Documentation Required. The Company shall from time to time execute and deliver to Secured Party, at the request of Secured Party, all financing statements and other documents that Secured Party may reasonably request to perfect and continue perfected Secured Party's security interests in the Collateral and in order fully to consummate all of the transactions contemplated under this Agreement, it being understood and agreed by the Purchasers and the Secured Party that the Company need not deliver possession of any Collateral to the Secured Party, take any action to perfect the security interest granted hereby other than the filing of financing statements under the Uniform Commercial Code or take any other action that would, in its sole judgment, conflict with the terms of or pertaining to any Operating Indebtedness.

6. Representations and Warranties of Purchasers. Purchasers hereby severally represent and warrant to the Company as follows:

6.1. Investment Intent. Each Purchaser recognizes that the purchase of the Notes involves a high degree of risk including, but not limited to, the following: (i) the Company remains a development stage business with limited operating history and requires substantial funds in addition to the proceeds of the Offering; (ii) an investment in the Company is highly speculative, and only investors who can afford the loss of their entire

investment should consider investing in the Company, the Notes, the Warrants, or the shares of Note-Underlying Common Stock, (iii) such Purchaser may not be able to liquidate his investment; (iv) transferability of the Notes, the Warrants and the Note-Underlying Common Stock is extremely limited; (v) in the event of a disposition of the Notes, the Warrants and the Note-Underlying Common Stock, such Purchaser could sustain the loss of his entire investment and (vi) the Company has not paid any dividends since inception and does not anticipate the payment of dividends on the Common Stock in the foreseeable future. Such risks are more fully set forth in the SEC Reports (as hereinafter defined).

6.2. Lack of Liquidity. Each Purchaser confirms that he or it is able (i) to bear the economic risk of this investment, (ii) to hold the Notes, the Warrants and any shares of Note-Underlying Common Stock for an indefinite period of time, and (iii) presently to afford a complete loss of his or its investment; and represents that he or it has sufficient liquid assets so that the illiquidity associated with this investment will not cause any undue financial difficulties or affect such Purchaser's ability to provide for his or its current needs and possible financial contingencies, and that his or its commitment to all speculative investments is reasonable in relation to his or its net worth and annual income. Furthermore, each Purchaser acknowledges that the Warrants contain certain restrictions on exercise, voting, conversion and certain other rights, as more particularly set forth in the Warrant Agreement attached hereto as Exhibit B.

6.3. Knowledge and Experience. Each Purchaser hereby acknowledges and represents that such Purchaser has prior investment experience, including investment in securities that are non-listed, unregistered and are not traded on the Nasdaq National or SmallCap Market, nor on the National Association of Securities Dealers, Inc.'s (the "NASD") automated quotation system, or such Purchaser has employed at its own expense the services of an investment advisor, attorney and/or accountant to request documents from the Company pursuant to Section 6.5 hereof and to read all of the documents furnished or made available by the Company to such Purchaser and to evaluate the investment, tax and legal merits and the consequences and risks of such a transaction on such Purchaser's behalf, that such Purchaser or such professional advisor has such knowledge and experience in financial and business matters and that such Purchaser or such professional advisor is capable of evaluating the merits and risks of the prospective investment and, if applicable, satisfies the conditions set out in Rule 501(h) under the Securities Act.

6.4. Purchaser Capacity. Each Purchaser hereby represents that such Purchaser either by reason of such Purchaser's business or financial experience, or the business or financial experience of such Purchaser's professional advisors (who are unaffiliated with, and who are not compensated by, the Company or any affiliate or selling agent of the Company, directly or indirectly), has the capacity to protect such Purchaser's own interests in connection with the transaction contemplated hereby.

6.5. Receipt of Information. Each Purchaser hereby acknowledges that such Purchaser has carefully reviewed (a) the SEC Reports and (b) this Agreement and all attachments to it, and hereby represents that such Purchaser has been furnished by the Company during the course of this transaction with all information regarding the Company which such Purchaser or its representative has requested or desired to know, has been afforded the opportunity to ask questions of, and to receive answers from, duly authorized officers or other representatives of the Company concerning the terms and conditions of the Offering, the Notes, the Warrants and the Note-Underlying Common Stock and the affairs of the Company and has received any additional information which such Purchaser or its representative has requested.

6.6. Reliance on Information. Each Purchaser has relied solely upon the information provided by the Company in the SEC Reports and in this Agreement in making the decision to invest in the Notes. To the extent necessary, each Purchaser has retained, at the sole expense of such Purchaser, and relied upon, appropriate professional advice regarding the investment, tax and legal merits and consequences of this Agreement and its purchase of the

Notes, its potential acquisition of the Warrants and the conversion of the Notes

into, or exercise of the Warrants for, Note-Underlying Common Stock.

6.7. No Solicitation. Each Purchaser represents that (i) such Purchaser was contacted regarding the sale of the Notes by the Company (or an authorized agent or representative thereof) with whom such Purchaser had a prior substantial pre-existing relationship and (ii) no Notes were offered or sold to such Purchaser by means of any form of general solicitation or general advertising, and in connection therewith no Purchaser (A) received or reviewed any advertisement, article, notice or other communication published in a newspaper or magazine or similar media or broadcast over television or radio whether closed circuit, or generally available; or (B) attended any seminar meeting or industry investor conference whose attendees were invited by any general solicitation or general advertising.

6.8. Registration. Each Purchaser hereby acknowledges that the Offering has not been reviewed by the Securities and Exchange Commission or any state regulatory authority, since the Offering is intended to be exempt from the registration requirements of Section 5 of the Securities Act pursuant to Regulation D. No Purchaser shall sell or otherwise transfer the Notes, the Warrants or any Note-Underlying Common Stock unless such securities are registered under the Securities Act or unless an exemption from such registration is available.

6.9. Purchase for own Account. Each Purchaser understands that neither the Notes nor the Warrants nor any shares of Note-Underlying Common Stock have been registered under the Securities Act by reason of a claimed exemption under the provisions of the Securities Act which depends, in part, upon such Purchaser's investment intention. In this connection, each Purchaser hereby represents that such Purchaser is purchasing Notes for such Purchaser's own account for investment and not with a view toward the resale or distribution to others or for resale in connection with, any distribution or public offering (within the meaning of the Securities Act), nor with any present intention of distributing or selling the same and such Purchaser has no present or contemplated agreement, undertaking, arrangement, obligation or commitment providing for the disposition thereof. No Purchaser, if an entity, was formed for the purpose of purchasing the Notes.

6.10. Holding Period. Nothing in this Section 6.10 shall be construed to relieve the Company of its registration obligations pursuant to Section 12, hereof. Each Purchaser understands that there is no public market for the Notes or the Warrants and that no market is expected to develop for any such Notes or Warrants. Each Purchaser understands that even if a public market develops for such Notes or Warrants, reliance upon Rule 144 under the Securities Act for resales requires, among other conditions, a one-year holding period prior to the resale (in limited amounts) of securities acquired in a non-public offering without having to satisfy the registration requirements under the Securities Act. Each Purchaser understands and hereby acknowledges that the Company is under no obligation to register any of the Notes or any Warrants under the Securities Act or any applicable non-United States, state securities or "blue sky" laws. Each Purchaser shall hold the Company and its directors, officers, employees, controlling persons and agents and the Secured Party and their respective heirs, representatives, successors and assigns harmless from, and shall indemnify them against, all liabilities, costs and expenses incurred by them as a result of (i) any misrepresentation made by such Purchaser contained in this Agreement (including in Article 14 hereof), (ii) any sale or distribution by such

Purchaser in violation of the Securities Act or any applicable non-United States, state securities or "blue sky" laws or (iii) any untrue statement made by such Purchaser.

6.11. Legends. Each Purchaser consents to the placement of the legend set forth below on any certificate or other document evidencing the Notes:

> THE TERMS OF THIS NOTE ARE SUBJECT TO THE TERMS OF A SUBSCRIPTION AGREEMENT AND AN INTERCREDITOR AGREEMENT, COPIES OF WHICH ARE AVAILABLE FROM HYBRIDON, INC. (THE "COMPANY"). THE SECURITIES REPRESENTED BY THIS NOTE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD, OFFERED FOR SALE,

PLEDGED OR HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE SECURITIES ACT. ANY SUCH TRANSFER MAY ALSO BE SUBJECT TO COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS AND THE LAWS OF OTHER APPLICABLE JURISDICTIONS.

THE SECURED PARTY (AS DEFINED IN THE SUBSCRIPTION AGREEMENT) IS THE EXCLUSIVE AGENT OF THE HOLDER OF THIS NOTE WITH RESPECT TO CERTAIN ACTIONS HEREUNDER AND UNDER THE SUBSCRIPTION AGREEMENT; THE SECURED PARTY, IN HIS SOLE DISCRETION, MAY TAKE OR FOREBEAR FROM TAKING CERTAIN ACTIONS HEREUNDER AND UNDER THE SUBSCRIPTION AGREEMENT ON BEHALF OF THE HOLDERS OF NOTES.

Each Purchaser further consents to the placement of one or more restrictive legends on the Warrants and the Note-Underlying Common Stock as required by applicable securities laws. Each Purchaser is aware that the Company will make a notation in its appropriate records with respect to the restrictions on the transferability of such Notes, Warrants and Note-Underlying Common Stock.

6.12. Financial Review. Each Purchaser understands that the Company will review this Agreement and is hereby given authority by each Purchaser to call such Purchaser's bank or place of employment or otherwise review the financial standing of such Purchaser; and it is further agreed that the Company, at its sole discretion, reserves the unrestricted right, without

further documentation or agreement on the part of such Purchaser, to reject or limit any purchase, and to close the Offering to such Purchaser at any time.

6.13. Residence of Purchaser. Each Purchaser hereby represents that the address of such Purchaser furnished by such Purchaser on the signature page hereof is such Purchaser's principal residence if such Purchaser is an individual or its principal business address if it is a corporation or other entity.

6.14. Power and Authority. Each Purchaser represents that such Purchaser has full power and authority (corporate, statutory and otherwise) to execute and deliver this Agreement and to purchase the Notes, the Warrants and any shares of Note-Underlying Common Stock. This Agreement constitutes the legal, valid and binding obligation of each Purchaser, enforceable against such Purchaser in accordance with its terms.

6.15. Plans. If a Purchaser is a corporation, partnership, limited liability company, trust, employee benefit plan, individual retirement account or other entity, then subject to the terms contained in this Agreement (a) it is authorized and qualified to become an investor in the Company and the person signing this Agreement on behalf of such entity has been duly authorized by such entity to do so, and (b) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization.

6.16. NASD. Each Purchaser acknowledges that if he or she is a registered representative of an NASD member firm, he or she must give such firm the notice required by the NASD's Rules of Fair Practice, receipt of which must be acknowledged by such firm in Section 14.3 below.

6.17. Securities Laws. Each Purchaser acknowledges that at such time, if ever, as the Notes, the Warrants or Note-Underlying Common Stock are registered, sales of the Notes, the Warrants and Note-Underlying Common Stock will be subject to applicable non-United States and state securities laws, including, without limitation, those of the State of New Jersey which require any securities sold in New Jersey to be sold through a registered broker-dealer or in reliance upon an exemption from registration.

6.18. Brokers. Each Purchaser represents and warrants that it has not engaged, consented to nor authorized any broker, finder or intermediary to act on its behalf, directly or indirectly, as a broker, finder or intermediary in connection with the transactions contemplated by this Agreement. Each Purchaser shall indemnify and hold harmless the Company from and against all fees, commissions or other payments owing to any such person or firm acting on behalf of such Purchaser hereunder.

6.19. Recent Financing Activities. Each Purchaser acknowledges

that it is aware of the following recent financing activities of the Company that have not yet been disclosed in the SEC Reports, and that such Purchaser has had the opportunity to review the agreements and instruments relating thereto, and to ask questions of the Company regarding the same: (a) an aggregate of $1,000,000 principal amount of promissory notes were sold to E. Andrews Grinstead III, who is the Company's President and Chief Executive Officer, at face value during September 1999; (b) an additional $500,000 principal amount of promissory notes

were sold to E. Andrews Grinstead III, at face value during November 1999; and (c) an aggregate of approximately $455,000 of debt was sold to purchasers in a private placement transaction in October 1999, which debt will, on December 31, 1999, automatically convert into either Notes or preferred stock of the Company having the terms set forth in the term sheet attached hereto as Exhibit E.

6.20. Beneficial Owner. Each Purchaser, whose name appears on the signature line below, will be the beneficial owner of the Notes that such Purchaser acquires.

6.21. Accredited Investor. Each Purchaser represents that it is an "accredited investor" as such term is defined in Rule 501 of Regulation D.

6.22. Reliance on Representation and Warranties. Each Purchaser understands that the Notes are being offered and sold to the undersigned in reliance on specific exemptions from the registration requirements of United States Federal and state securities laws and that the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of the undersigned set forth herein in order to determine the applicability of such exemptions and the suitability of the undersigned to acquire the Notes, the Warrants and the Note-Underlying Common Stock.

6.23. Reserved.

6.24. Abdication of Rights to Secured Party. Each Purchaser acknowledges that such Purchaser has irrevocably designated Secured Party to act on such Purchaser's behalf with respect to the Notes, the Warrants and the Collateral, under the Notes, the Warrant Agreement and this Agreement. Each Purchaser further acknowledges and accepts that the actions of Secured Party on such Purchaser's behalf may be materially different than how such Purchaser would have acted in such Purchaser's own capacity, and that such Purchaser may be materially and adversely affected thereby.

7. [Reserved]

8. Representation, Warranties and Covenants of the Company. The Company hereby represents, warrants and covenants to each Purchaser that all reports required to be filed by the Company since and including the most recent filing of the Company's Annual Report on Form 10-K, to and including the relevant Closing Date (collectively, the "SEC Reports") have been duly filed with the Securities and Exchange Commission, complied at the time of filing in all material respects with the requirements of their respective forms and were complete and correct in all material respects as of the dates at which the information was furnished, and contained (as of such dates) no untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

9. [Reserved]

10. Secured Party's Rights and Remedies

10.1. Rights and Remedies. Upon the occurrence and during the continuance of an Event of Default (as defined in the Note), the Secured Party may, in addition to the remedies pursuant to Section 6 of the Notes, at its election, without notice of its election and without demand, take any action permitted by law, including the exercise of any rights accorded a secured creditor under the Uniform Commercial Code as in effect in the Commonwealth of Massachusetts at such time.

11. Certain Definitions. For the purposes of this Agreement the following terms have the respective meanings set forth below:

11.1. "Business Day" means a Monday through Friday on which banks are generally open for business in New York, Massachusetts and California.

11.2. "Common Stock" means the Company's common stock, par value $.001 per share.

11.3. "Note-Underlying Common Stock" shall mean the Common Stock issuable upon conversion of, or in lieu of cash interest on, the Notes and any Common Stock issuable upon exercise of any Warrants that may be issued upon prepayment of Notes.

11.4. "Offering" shall have the meaning ascribed to such terms in the first paragraph of this Agreement.

11.5. "Person" means any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or governmental agency.

11.6. "Regulation D" means Regulation D promulgated under the Securities Act.

11.7. "Secured Party" shall have the meaning ascribed to such term in Section 5.1.

11.8. "Securities Act" means, as of any given time, the Securities Act of 1933, as amended, or any similar federal law then in force.

11.9. "Securities and Exchange Commission" includes any governmental body or agency succeeding to the functions thereof.

11.10. "Operating Indebtedness" means the principal of (and premium, if any) and accrued interest on (including all interest accruing subsequent to the commencement of any bankruptcy or similar proceeding, whether or not a claim for post-petition interest is allowable as a claim in any such proceeding) all reimbursement obligations and other liabilities (contingent or otherwise) with respect to letters of credit, bank guarantees or bankers' acceptances, and any amendments, renewals, extensions, modifications and refundings of any such indebtedness or obligation. Notwithstanding the foregoing, the Operating Indebtedness shall not include any

such obligations or liabilities to the extent they exceed $1,000,000 in the aggregate at any time outstanding.

11.11. "SEC Reports" shall have the meaning ascribed thereto in Article 8.

11.12. "Transfer Restricted Securities" means each Warrant, each Note and, if any Note has been converted or any Warrant has been exercised, the Note-Underlying Common Stock issued upon such conversion or exercise, until the earlier of (a) the date on which such Note, Warrant or Note-Underlying Common Stock, as applicable, has been effectively registered under the Securities Act and disposed of pursuant to, and in accordance with, an effective registration statement under the Securities Act, (b) the date on which such Note, Warrant or Note-Underlying Common Stock, as applicable, is distributed to the public pursuant to Rule 144 or any other applicable exemption under the Securities Act without additional restriction upon public resale or (c) at such time as such Note, Warrant or Note-Underlying Common Stock, as applicable, may be sold by a Holder under Rule 144(k).

12. Registration Rights.

12.1 As used in this Article 12, the following terms shall have the following meanings:

(a) "Affiliate" shall mean, with respect to any Person (as defined below), any other Person controlling, controlled by, or under direct or indirect common control with, such Person (for the purposes of this definition

"control," when used with respect to any specified Person, shall mean the power to direct the management and policies of such person, directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing).

(b) [Reserved].

(c) "Holders" shall mean the Purchasers and any person holding Registrable Securities or any person to whom the rights under Article 12 have been transferred in accordance with Section 12.10 hereof.

(d) [Reserved]

(e) The terms "register," "registered" and "registration" refer to the registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of the effectiveness of such registration statement.

(f) "Registrable Securities" shall mean the shares of Common Stock issuable upon conversion of the Notes; provided, however, that securities shall only be treated as Registrable Securities if and only for so long as they (A) have not been disposed of pursuant to a registration statement declared effective by the Securities and Exchange Commission, (B) have not been sold in a transaction exempt from the registration and prospectus delivery requirements of the Securities Act so that all transfer restrictions and restrictive legends with respect thereto are removed upon the consummation of such sale, (C) are held by a Holder or a permitted

transferee pursuant to Section 12.10 or (D) are not freely tradeable without limitations as to volume or filing requirements under applicable federal securities laws.

(g) "Registration Expenses" shall mean all expenses incurred by the Company in complying with Section 12.2 hereof, including, without limitation, all registration, qualification and filing fees, printing expenses, escrow fees, fees and expenses of counsel for the Company, blue sky fees and expenses and the expense of any special audits incident to, or required by, any such registration (but excluding the fees of legal counsel for any Holder).

(h) "Registration Statement" shall have the meaning ascribed to such term in Section 12.2.

(i) "Registration Period" shall have the meaning ascribed to such term in Section 12.4.

(j) "Selling Expenses" shall mean all underwriting discounts and selling commissions applicable to the sale of Registrable Securities and all fees and expenses of legal counsel for any Holder.

12.2. The Company shall use its reasonable best efforts to file a "shelf" registration statement on the appropriate form (the "Registration Statement") with the Securities and Exchange Commission, by ninety (90) days after the Termination Date and shall use its reasonable best efforts to effect the registration, qualifications or compliances (including, without limitation, the execution of any required undertaking to file post-effective amendments, appropriate qualifications or exemptions under applicable blue sky or other state securities laws and appropriate compliance with applicable securities laws, requirements or regulations) prior to the date which is two hundred ten (210) days after the Termination Date. Notwithstanding the foregoing, the Company shall not be obligated to enter into any underwriting agreement for the sale of any of the Registrable Securities.

12.3. All Registration Expenses incurred in connection with any registration, qualification or compliance pursuant to Section 12.2 shall be borne by the Company. All Selling Expenses relating to the sale of securities registered by or on behalf of Holders shall be borne by such Holders pro rata on the basis of the number of securities so registered; provided that if a Holder uses its own legal counsel in addition to one counsel for all of the Holders of securities registered on behalf of the Holders, such Holder shall bear the cost of such counsel.

12.4. In the case of the registration, qualification or compliance effected by the Company pursuant to this Agreement, the Company shall, upon reasonable request, inform each Holder as to the status of such registration, qualification and compliance. At its expense the Company shall:

(a) use its reasonable best efforts to keep such registration, and any qualification, exemption or compliance under state securities laws which the Company determines to obtain, continuously effective until the Holders have completed the distribution described in the registration statement relating thereto. Notwithstanding the foregoing, at the Company's election, the Company may cease to keep such registration, qualification or compliance effective with respect to any Registrable Securities, and the registration rights of a

Holder shall expire, upon the earlier of (i) such time as the Holder may sell under Rule 144(k) under the Securities Act (or other exemption from registration acceptable to the Company) in a three-month period all Registrable Securities then held by such Holder and (ii) November 30, 2002. The period of time during which the Company is required hereunder to keep the Registration Statement effective is referred to herein as the "Registration Period."; and

(b) advise the Holders:

(i) when the Registration Statement or any amendment thereto has been filed with the Securities and Exchange Commission and when the Registration Statement or any post-effective amendment thereto has become effective;

(ii) of any request by the Securities and Exchange Commission for amendments or supplements to the Registration Statement or the prospectus included therein or for additional information;

(iii) of the issuance by the Securities and Exchange Commission of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for such purpose;

(iv) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities included therein for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; and

(v) of the happening of any event that requires the making of any changes in the Registration Statement or the prospectus included therein so that, as of such date, the statements therein are not misleading and do not omit to state a material fact required to be stated therein or necessary to make the statements therein (in the case of the prospectus, in the light of the circumstances under which they were made) not misleading;

(vi) make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of any Registration Statement at the earliest possible time;

(vii) furnish to each Holder, without charge, at least one copy of such Registration Statement and any post-effective amendment thereto, including financial statements and schedules, and, if the Holder so requests in writing, all exhibits (including those incorporated by reference) in the form filed with the Securities and Exchange Commission;

(viii) during the Registration Period, deliver to each Holder, without charge, as many copies of the prospectus included in such Registration Statement and any amendment or supplement thereto as such Holder may reasonably request; and the Company consents to the use, consistent with the provisions hereof, of the prospectus or any amendment or supplement thereto by each of the selling Holders of Registrable Securities in connection with the offering and sale of the Registrable Securities covered by the prospectus and any amendment or supplement thereto. In addition, upon the reasonable request of the Holder and subject in all cases to confidentiality protections reasonably acceptable to the Company, the Company will meet with a Holder or a representative thereof at the Company's headquarters to discuss all information relevant for disclosure in the Registration Statement covering the Registrable

Securities, and will otherwise cooperate with any Holder conducting an investigation for the purpose of reducing or eliminating such Holder's exposure to liability under the Securities Act, including the reasonable production of information at the Company's headquarters;

(ix) during the Registration Period, deliver to each Holder, without charge, (i) as soon as practicable (but in the case of the annual report of the Company to its stockholders, within 120 days after the end of each fiscal year of the Company) one copy of: (A) its annual report to its stockholders, if any (which annual report shall contain financial statements audited in accordance with generally accepted accounting principles in the United States of America by a firm of certified public accountants of recognized standing); (B) if not included in substance in its annual report to stockholders, its annual report on Form 10-K (or similar form); (C) each of its quarterly reports to its stockholders, and, if not included in substance in its quarterly reports to stockholders, its quarterly report on Form 10-Q (or similar form), and (D) a copy of the full Registration Statement (the foregoing, in each case, excluding exhibits); and (ii) upon reasonable request, all exhibits excluded by the parenthetical to the immediately preceding clause (D), and all other information that is generally available to the public;

(x) prior to any public offering of Registrable Securities pursuant to any Registration Statement, register or qualify for offer and sale under the securities or blue sky laws of such jurisdictions as any such Holders reasonably request in writing, provided that the Company shall not for any such purpose be required to qualify generally to transact business as a foreign corporation in any jurisdiction where it is not so qualified or to consent to general service of process in any such jurisdiction, and do any and all other acts or things reasonably necessary or advisable to enable the offer and sale in such jurisdictions of the Registrable Securities covered by such Registration Statement;

(xi) cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold pursuant to any Registration Statement free of any restrictive legends to the extent not required at such time and in such denominations and registered in such names as Holders may request at least three (3) business days prior to sales of Registrable Securities pursuant to such Registration Statement;

(xii) upon the occurrence of any event contemplated by Section 12.4(b)(v) above, the Company shall promptly prepare a post-effective amendment to the Registration Statement or a supplement to the related prospectus, or file any other required document so that, as thereafter delivered to purchasers of the Registrable Securities included therein, the prospectus will not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(xiii) use its reasonable best efforts to comply with all applicable rules and regulations of the Securities and Exchange Commission, and will make generally available to the Holders not later than 45 days (or 90 days if the fiscal quarter is the fourth fiscal quarter) after the end of its fiscal quarter in which the first anniversary date of the effective date of the Registration Statement occurs, an earnings statement satisfying the provisions of Section 11(a) of the Securities Act.

12.5. Delay Periods; Suspension of Sales. Each Holder shall suspend, upon request of the Company, any disposition of Registrable Securities pursuant to the Registration Statement and prospectus contemplated by Section 12.2 during (i) any period not to exceed two 30-day periods within any one 12-month period the Company requires in connection with a primary underwritten offering of equity securities and (ii) any period, not to exceed one 45-day period per circumstance or development, when the Company determines in good faith that offers and sales pursuant thereto should not be made by reason of the presence of material undisclosed circumstances or developments with respect to which the disclosure that would be required in such a prospectus is premature, would have an adverse effect on the Company or is otherwise inadvisable; provided that the Company makes such determination and applies such halts of offers and sales uniformly and universally to all Persons then offering shares of Common Stock pursuant to effective Registration Statements (including Registration Statements on Forms S-4 and S-8).

12.6. The Holders shall have no right to take any action to restrain, enjoin or otherwise delay any registration pursuant to Section 12.2 hereof as a result of any controversy that may arise with respect to the interpretation or implementation of this Agreement.

12.7. (a) To the extent permitted by law, the Company shall indemnify each Holder, each underwriter of the Registrable Securities and each person controlling such Holder within the meaning of Section 15 of the Securities Act, with respect to which any registration, qualification or compliance has been effected pursuant to this Agreement, against all claims, losses, damages and liabilities (or action in respect thereof), including any of the foregoing incurred in settlement of any litigation, commenced or threatened (subject to Subsection 12.7(c) below), arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any registration statement, prospectus or offering circular, or any amendment or supplement thereof, incident to any such registration, qualification or compliance, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in light of the circumstances in which they were made, and shall reimburse each Holder, each underwriter of the Registrable Securities and each person controlling such Holder, for legal and other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability or action as incurred; provided that the Company shall not be liable in any such case to the extent that any untrue statement or omission or allegation thereof is made in reliance upon and in conformity with information furnished to the Company by or on behalf of such Holder and stated to be specifically for use in preparation of such registration statement, prospectus or offering circular; provided that the Company shall not be liable in any such case where the claim, loss, damage or liability arises out of or is related to the failure of the Holder to comply with the covenants and agreements contained in this Agreement respecting sales of Registrable Securities, and except that the foregoing indemnity agreement is subject to the condition that, insofar as it relates to any such untrue statement or alleged untrue statement or omission or alleged omission made in the preliminary prospectus but eliminated or remedied in the amended prospectus on file with the Securities and Exchange Commission at the time the registration statement becomes effective or in the amended prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) of the Securities Act or in the prospectus subject to completion and term sheet under Rule 434 of the Securities Act, which together meet the requirements of Section 10(a) of the Securities Act (the "Final Prospectus"), such indemnity agreement shall not inure to

the benefit of any such Holder, any such underwriter or any such controlling person, if a copy of the Final Prospectus furnished by the Company to the Holder for delivery was not furnished to the person or entity asserting the loss, liability, claim or damage at or prior to the time such furnishing is required by the Securities Act and the Final Prospectus would have cured the defect giving rise to such loss, liability, claim or damage.

(b) Each Holder will severally, if Registrable Securities held by such Holder are included in the securities as to which such registration, qualification or compliance is being effected, indemnify the Company, each of its directors and officers, each underwriter of the Registrable Securities and each person who controls the Company within the meaning of Section 15 of the Securities Act, against all claims, losses, damages and liabilities (or actions in respect thereof), including any of the foregoing incurred in settlement of any litigation, commenced or threatened (subject to Subsection 12.7(c) below), arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any registration statement, prospectus or offering circular, or any amendment or supplement thereof, incident to any such registration, qualification or compliance, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in light of the circumstances in which they were made, and will reimburse the Company, such directors and officers, each underwriter of the Registrable Securities and each person controlling the Company for reasonable legal and any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability or action as incurred, in each case to the extent, but only to the extent, that such untrue statement or omission or allegation thereof is made in reliance upon and in conformity with written information furnished to the Company by or on behalf of the Holder and stated to

be specifically for use in preparation of such registration statement, prospectus or offering circular; provided that the indemnity shall not apply to the extent that such claim, loss, damage or liability results from the fact that a current copy of the prospectus was not made available to the Holder and such current copy of the prospectus would have cured the defect giving rise to such loss, claim, damage or liability. Notwithstanding the foregoing, in no event shall a Holder be liable for any such claims, losses, damages or liabilities in excess of the proceeds received by such Holder in the offering, except in the event of fraud by such Holder.

(c) Each party entitled to indemnification under this Section 12.7 (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom, provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or litigation, shall be approved by the Indemnified Party (whose approval shall not unreasonably be withheld), and the Indemnified Party may participate in such defense at such Indemnified Party's expense, and provided further that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Agreement, unless such failure is materially prejudicial to the Indemnifying Party in defending such claim or litigation. An Indemnifying Party shall not be liable for any settlement of an action or claim effected without its written consent (which consent will not be unreasonably withheld).

(d) If the indemnification provided for in this Section 12.7 is held by a court of competent jurisdiction to be unavailable to an Indemnified Party with respect to any loss, liability, claim, damage or expense referred to therein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party thereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Indemnified Party on the other in connection with the statements or omissions which resulted in such loss, liability, claim, damage or expense as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and of the Indemnified Party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the Indemnifying Party or by the Indemnified Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

12.8. (a) Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event requiring the preparation of a supplement or amendment to a prospectus relating to Registrable Securities so that, as thereafter delivered to the Holders, such prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, each Holder will forthwith discontinue disposition of Registrable Securities pursuant to the registration statement contemplated by Section 12.2 until its receipt of copies of the supplemented or amended prospectus from the Company and, if so directed by the Company, each Holder shall deliver to the Company all copies, other than permanent file copies then in such Holder's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice.

(b) As a condition to the inclusion of its Registrable Securities, each Holder shall furnish to the Company such information regarding such Holder and the distribution proposed by such Holder as the Company may request in writing or as shall be required in connection with any registration, qualification or compliance referred to in this Article 12.

(c) Each Holder hereby covenants with the Company (i) not to make any sale of the Registrable Securities without effectively causing the prospectus delivery requirements under the Securities Act to be satisfied, and (ii) if such Registrable Securities are to be sold by any method or in any transaction other than on a national securities exchange, the Nasdaq National Market, Nasdaq SmallCap Market or in the over-the-counter market, in privately negotiated transactions, or in a combination of such methods, to notify the

Company at least five (5) business days prior to the date on which the Holder first offers to sell any such Registrable Securities.

(d) Each Holder acknowledges and agrees that the Registrable Securities sold pursuant to the Registration Statement described in this Article 12 are not transferable on the books of the Company unless the stock certificate submitted to the transfer agent evidencing such Registrable Securities is accompanied by a certificate reasonably satisfactory to the Company to the effect that (i) the Registrable Securities have been sold in accordance with such

Registration Statement and (ii) the requirement of delivering a current prospectus has been satisfied.

(e) Each Holder shall not take any action with respect to any distribution deemed to be made pursuant to such registration statement, which would constitute a violation of Regulation M under the Securities Exchange Act of 1934, as amended (the "Exchange Act") or any other applicable rule, regulation or law.

(f) At the end of the Registration Period, the Holders of Registrable Securities included in the Registration Statement shall discontinue sales of shares pursuant to such Registration Statement upon receipt of notice from the Company of its intention to remove from registration the shares covered by such Registration Statement which remain unsold, and such Holders shall notify the Company of the number of shares registered which remain unsold immediately upon receipt of such notice from the Company.

12.9. With a view to making available to the Holders the benefits of certain rules and regulations of the Securities and Exchange Commission which at any time permit the sale of the Registrable Securities to the public without registration, the Company shall use its reasonable best efforts:

(a) to make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act, at all times;

(b) to file with the Securities and Exchange Commission in a timely manner all reports and other documents required of the Company under the Exchange Act; and

(c) so long as a Holder owns any unregistered Registrable Securities, to furnish to such Holder upon any reasonable request a written statement by the Company as to its compliance with Rule 144 under the Securities Act, and of the Exchange Act, a copy of the most recent annual or quarterly report of the Company, and such other reports and documents of the Company as such Holder may reasonably request in availing itself of any rule or regulation of the Securities and Exchange Commission allowing a Holder to sell any such securities without registration.

12.10. The rights to cause the Company to register Registrable Securities granted to the Holders by the Company under Section 12.2 may be assigned in full by a Holder in connection with a transfer by such Holder of its Registrable Securities, provided that (i) such transfer may otherwise be effected in accordance with applicable securities laws; (ii) such transfer involves not fewer than the fewer of all or 20,000 shares of such Holder's Registrable Securities, (iii) such Holder gives prior written notice to the Company; and (iv) such transferee agrees to comply with the terms and provisions of this Agreement, and such transfer is otherwise in compliance with this Agreement. Except as specifically permitted by this Section 12.10, the rights of a Holder with respect to Registrable Securities as set out herein shall not be transferable to any other Person, and any attempted transfer shall cause all rights of such Holder therein to be forfeited.

12.11. With the written consent of the Company and the Secured Party, any provision of this Article 12 may be waived (either

generally or in a particular instance, either retroactively or prospectively and

either for a specified period of time or indefinitely) or amended. Upon the effectuation of each such waiver or amendment, the Company shall promptly give written notice thereof to the Holders, if any, who have not previously received notice thereof.

13. Miscellaneous.

13.1. Amendments and Waivers. (a) This Agreement and all exhibits and schedules hereto set forth the entire agreement and understanding among the parties as to the subject matter hereof and merges and supersedes all prior discussions, agreements and understandings of any and every nature among them. This Agreement may be amended only by mutual written agreement of the Company and the Secured Party, and the Company may take any action herein prohibited or omit to take any action herein required to be performed by it, and any breach of any covenant, agreement, warranty or representation may be waived, only if the Company has obtained the written consent or waiver of the Secured Party. No course of dealing between or among any persons having any interest in this Agreement will be deemed effective to modify, amend or discharge any part of this Agreement or any rights or obligations of any person under or by reason of this Agreement.

(b) After an amendment or waiver becomes effective it shall bind every holder of a Note regardless of whether such holder held such Note at the time such amendment or waiver became effective, or subsequently acquired such Note.

13.2. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns and Purchasers and their successors and registered assigns. The provisions hereof which are for Purchasers' benefit as purchasers or holders of the Notes are also for the benefit of, and enforceable by, any subsequent registered holder of such Notes.

13.3. Notices. All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given personally or when mailed by certified or registered mail, return receipt requested and postage prepaid, and addressed to the addresses of the respective parties set forth below or to such changed addresses as such parties may have fixed by notice; provided, however, that any notice of change of address shall be effective only upon receipt:

If to the Company:

Hybridon, Inc.
155 Fortune Boulevard
Milford, MA 01757
Attn: E. Andrews Grinstead, III

If to Secured Party or Purchasers:

c/o Pillar
28 Avenue de Messine
75008 Paris, France; and

c/o Pecks Management
1 Rockefeller Plaza, Suite 900
Attn: Art Berry
New York, NY 10020; and

c/o Forum Capital Markets
53 Forest Avenue
Old Greenwich, CT 06870
Attn: Hal Purkey

13.4. Governing Law. The validity, performance, construction and effect of this Agreement shall be governed by the internal laws of the State of Massachusetts without giving effect to such State's principles of conflict of laws.

13.5. Counterparts. This Agreement may be executed in any

number of counterparts and, notwithstanding that any of the parties did not execute the same counterpart, each of such counterparts (or facsimile copies thereof) shall, for all purposes, be deemed an original, and all such counterparts shall constitute one and the same instrument binding on all of the parties hereto. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be as effective as delivery of a manually executed counterpart of a signature page of this Agreement.

13.6. Headings. The headings of the Sections hereof are inserted as a matter of convenience and for reference only and in no way define, limit or describe the scope of this Agreement or the meaning of any provision hereof.

13.7. Severability. In the event that any provision of this Agreement or the application of any provision hereof is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall not be affected except to the extent necessary to delete such illegal, invalid or unenforceable provision unless the provision held invalid shall substantially impair the benefit of the remaining portion of this Agreement.

13.8. Exculpation Among Purchasers. Each Purchaser acknowledges and agrees that it is not relying upon any other Purchaser, or any officer, director, employee partner or affiliate of any such other Purchaser, in making its investment or decision to invest in the Company or in monitoring such investment. Each Purchaser agrees that no Purchaser nor any controlling person, officer, director, stockholder, partner, agent or employee of any Purchaser shall be liable for any action heretofore or hereafter taken or omitted to be taken by any of them relating to or in connection with the Company or the securities, or both.

13.9. Actions by Purchasers. Any actions permitted to be taken by the Secured Party and any consents required to be obtained from the same under this Agreement, may be taken or given only by the Secured Party and if the Secured Party takes any action or grants any consent, such action or consent shall be deemed given or taken by all holders or Purchasers' who

shall be bound by the decision or action taken by the Secured Party without any liability on the part of the Secured Party to any holder or Purchasers of securities hereunder.

13.10. Additional Purchasers. Upon the execution and delivery by any Person of this Agreement after the date hereof with the written consent of the Company, such Person shall be referred to as an Additional Purchaser and shall become a Purchaser, and each reference in this Agreement to "Purchaser" shall also mean and be a reference to such Additional Purchaser.

14. Confidential Investor Questionnaire.

14.1. Each Purchaser represents and warrants that he, she or it comes within one of category A through H below. ALL INFORMATION IN RESPONSE TO THIS SECTION WILL BE KEPT STRICTLY CONFIDENTIAL. The undersigned agrees to furnish any additional information which the Company deems necessary in order to verify the answers set forth below.

Category A: The undersigned is an individual (not a partnership, corporation, etc.) whose individual net worth, or joint net worth with his or her spouse, presently exceeds $1,000,000.

Explanation. In calculating net worth you may include equity in personal property and real estate, including your principal residence, cash, short-term investments, stock and securities. Equity in personal property and real estate should be based on the fair market value of such property less debt secured by such property.

Category B: The undersigned is an individual (not a partnership, corporation, etc.) who had an individual income in excess of $200,000 in each of the two most recent

years, or joint income with his or her spouse in excess of $300,000 in each of those years (in each case including foreign income, tax exempt income and full amount of capital gains and losses but excluding any income of other family members and any unrealized capital appreciation) and has a reasonable expectation of reaching the same income level in the current year.

Category C: The undersigned is a director or executive officer of the Company which is issuing and selling the Notes.

Category D: The undersigned is a bank; a savings and loan association; insurance company; registered investment company; registered business development company; licensed small business investment company ("SBIC"); or employee benefit plan within the meaning of Title 1 of ERISA and (a) the investment decision is made by a plan fiduciary which is either a bank, savings and loan association, insurance company or registered investment advisor, or (b) the plan has total assets in excess of $5,000,000 or is a self directed plan with investment decisions made solely by persons that are accredited investors.

Category E: The undersigned is a private business development company as defined in section 202(a)(22) of the Investment Advisors Act of 1940.

Category F: The undersigned is either a corporation, partnership, Massachusetts business trust, or non-profit organization within the meaning of Section 501(c)(3) of the Internal Revenue Code, in each case not formed for the specific purpose of acquiring the Notes and with total assets in excess of $5,000,000.

Category G: The undersigned is a trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the Notes, where the purchase is directed by a "sophisticated person" as defined in Regulation 506(b)(2)(ii) under the Securities Act.

Category H: The undersigned is an entity (other than a trust) all the equity owners of which are "accredited investors" within one or more of the above categories. If relying upon this Category alone, each equity owner must complete a separate copy of this Agreement.

The undersigned agrees that the undersigned will notify the Company at any time on or prior to the Final Closing Date in the event that the representations and warranties in this Agreement shall cease to be true, accurate and complete.

14.2. Manner in Which Title Is To Be Held. (circle one)

(a) Individual Ownership
(b) Community Property
(c) Joint Tenant with Right of Survivorship (both parties must sign)
(d) Partnership*
(e) Tenants in Common
(f) Company*
(g) Trust*
(h) Other

*If Notes are being subscribed for by an entity, the attached Certificate of Signatory must also be completed.

14.3. NASD Affiliation.

Are you affiliated or associated with an NASD member firm (please check one):

Yes _____ No _____

If Yes, please describe:

_____

_____

_____

*If Purchaser is a Registered Representative with an NASD member firm, have the following acknowledgment signed by the appropriate party:

The undersigned NASD member firm acknowledges receipt of the notice required by Article 3, Sections 28(a) and (b) of the Rules of Fair Practice.

_____
Name of NASD Member Firm

By: _____
Authorized Officer

Date: _____

14.4. Reliance on Confidential Investor Questionnaire. The undersigned is informed of the significance to the Company of the foregoing representations and answers contained in the Confidential Investor Questionnaire contained in this Article 14 and such answers have been provided under the assumption that the Company will rely on them.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year indicated.

[Signature Page for each Purchaser]

$_____ principal amount of Notes, at face value, for an aggregate of $_____ (the "Purchase Price")

By its execution and delivery of this signature page, the undersigned Purchaser hereby joins in and agrees to be bound by the terms and conditions of the Subscription Agreement (the "Purchase Agreement") by and among Hybridon, Inc. (the "Company") and the Purchasers (as defined therein), as to the aggregate principal amount of Notes set forth above and authorizes this signature page to be attached to the Purchase Agreement or counterparts thereof.

Signature	Signature (if purchasing jointly)
Name Typed or Printed	Name Typed or Printed
Entity Name	Entity Name
Address	Address
City, State and Zip Code	City, State and Zip Code
Telephone-Business	Telephone--Business
Telephone-Residence	Telephone--Residence

Facsimile-Business	Facsimile--Business
Facsimile-Residence	Facsimile--Residence
Tax ID # or Social Security #	Tax ID # or Social Security #

Dated: _____ _____, ___

This Agreement is agreed to and accepted as of _____, ____.

HYBRIDON, INC.

By:_____
Name:
Title:

CERTIFICATE OF SIGNATORY

(To be completed if Notes are
being subscribed for by an entity)

I, _____, am the _____ (the "Entity"). I certify that I am empowered and duly authorized by the Entity to execute and carry out the terms of the Subscription Agreement, dated as of , and to purchase and hold the Notes, and certify further that the Subscription Agreement has been duly and validly executed on behalf of the Entity and constitutes a legal and binding obligation of the Entity.

IN WITNESS WHEREOF, I have set my hand this ____ day of _____, ____.

_____
(Signature)

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our report (and to all references to our Firm) included in or made a part of this Registration Statement.

/s/ ARTHUR ANDERSEN LLP

Boston, Massachusetts
February 15, 2000