As filed with the Securities and Exchange Commission on May 17, 1999

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 1999, or

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

For transition period from ________________.

Commission File Number 0-27352

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

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

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

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

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

Yes X No ____

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

Common Stock, par value $.001 per share	15,606,825
Class	Outstanding as of May 14, 1999

HYBRIDON, INC.

FORM 10-Q

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HYBRIDON, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
(UNAUDITED)

ASSETS

	March 31, 1999	December 31, 1998
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,461,184	$ 5,607,882
Accounts receivable	1,278,492	1,175,441
Prepaid expenses and other current assets	105,421	110,827
Total current assets	3,845,097	6,894,150
PROPERTY AND EQUIPMENT, AT COST:		
Leasehold improvements	11,127,035	11,127,035
Laboratory and other equipment	11,430,255	11,432,435
	22,557,290	22,559,470
Less--Accumulated depreciation and amortization	14,479,810	13,788,979
	8,077,480	8,770,491
OTHER ASSETS:		
Deferred financing costs and other assets	585,390	612,374
Notes receivable from officers	261,500	258,650
	846,890	871,024
	$ 12,769,467	$ 16,535,665

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES:		
Current portion of long-term debt	$ 6,073,283	$ 6,070,951
Accounts payable	1,838,983	2,368,163
Accrued expenses	3,753,129	4,068,679
Total current liabilities	11,665,395	12,507,793
LONG-TERM DEBT, NET OF CURRENT PORTION	453,875	473,094
9% CONVERTIBLE SUBORDINATED NOTES PAYABLE	1,306,000	1,306,000
STOCKHOLDERS' EQUITY(DEFICIT):		
Preferred stock, $.01 par value-		
Authorized--5,000,000 shares		
Issued and outstanding--None	-	-
Series A convertible preferred stock, $.01 par value-		
Authorized--5,000,000 shares		
Issued and outstanding--641,259 shares (Liquidation preference of $65,168,048 at March 31, 1999)	6,413	6,413
Common stock, $.001 par value-		
Authorized--100,000,000 shares		
Issued and outstanding--15,304,825	15,305	15,305
Additional paid-in capital	242,674,076	241,632,024
Accumulated deficit	(242,456,081)	(238,447,837)
Deferred compensation	(895,516)	(957,127)
Total stockholders' (deficit) equity	(655,803)	2,248,778
	$ 12,769,467	$16,535,665

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

HYBRIDON, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

(UNAUDITED)

	Three Months Ended March 31, 1999	1998
REVENUES:		
Product and service revenue	$ 1,529,854	$ 825,069
Research and development	150,000	150,000
Interest	52,801	17,845
Royalty and other income	40,225	-
	1,772,880	992,914
OPERATING EXPENSES:		
Research and development	3,447,278	6,402,537
General and administrative	1,121,468	1,665,112

Interest	170,326	1,607,437
Total operating expenses	4,739,072	9,675,086
Net loss	(2,966,192)	(8,682,172)
ACCRETION OF PREFERRED STOCK DIVIDENDS	1,042,052	-
Net loss applicable to common stockholders	$ (4,008,244)	$ (8,682,172)
BASIC AND DILUTED NET LOSS PER COMMON SHARE (Note 3)		
Net loss per share	$ (0.19)	$ (1.72)
Accretion of preferred stock dividends	(0.07)	-
Net loss per share applicable to common stockholders	$ (0.26)	$ (1.72)
SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE (Note 3)	15,304,825	5,059,650

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

HYBRIDON, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31, 1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (2,966,192)	$ (8,682,172)
Adjustments to reconcile net loss to net cash used in operating activities-		
Depreciation and amortization	690,831	1,130,540
Loss on disposal of fixed assets	-	359,424
Amortization of deferred compensation	61,611	54,348
Amortization of deferred financing costs	26,984	217,021
Changes in operating assets and liabilities-		
Accounts receivable	(103,051)	7,815
Prepaid and other current assets	5,406	298,956
Notes receivable from officers	(2,850)	(2,850)
Accounts payable	(529,180)	(479,432)
Accrued expenses	(315,550)	745,990
Net cash used in operating activities	(3,131,991)	(6,350,360)
CASH FLOWS FROM INVESTING ACTIVITIES:		

Proceeds from sale of fixed assets	2,180	400,000
Net cash provided by investing activities	2,180	400,000
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of convertible promissory notes payable	-	4,233,833
Payments on long-term debt and capital leases	(16,887)	(2,204,315)
Decrease in restricted cash and other assets	-	2,157,854
Net cash (used in) provided by financing activities	(16,887)	4,187,372
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,146,698)	(1,762,988)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	5,607,882	2,207,702
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 2,461,184	$ 439,214
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 186,695	$ 358,680
Accretion of Series A convertible preferred stock dividend	$ 1,042,052	$ -

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

HYBRIDON, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

(1) ORGANIZATION

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

Since inception, the Company has been engaged primarily in research and development efforts, development of its manufacturing capabilities and organizational efforts, including recruiting of scientific and management personnel and raising capital. To date, the Company has not received revenue from the sale of biopharmaceutical products developed by it based on antisense technology. In order to commercialize its own products, the Company will need to address a number of technological challenges and comply with comprehensive regulatory requirements. Accordingly, it is not possible to predict the amount of funds that will be required or the length of time that will pass before the Company receives revenues from sales of any of these products. All revenues received by the Company to date have been derived from collaboration agreements, interest on investment funds and revenues from the custom contract manufacturing of synthetic DNA and reagent products by the Company's Hybridon Specialty Products Division. As a result, although the Company has begun to generate revenues from its contract manufacturing business, the Company is dependent on the proceeds from possible future sales of equity securities, debt financing and research and development collaborations in order to fund future operations.

The Company is currently seeking debt or equity financing in an amount sufficient to support its operations through the end of 1999, and in connection therewith, is in negotiations with several parties to obtain such financing. The Company's existing cash resources and proceeds of accounts receivable from HSP customers are expected to be sufficient to fund the Company's operations into July 1999. The Company's management expects such receivables to be collected no later than July 1999, given such customers' payment histories, although there can be no assurance thereof. If the Company is unable to obtain additional funding by the end of July 1999, it will be forced to terminate its operations or seek relief under applicable bankruptcy law.

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

(2) UNAUDITED INTERIM FINANCIAL STATEMENTS

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

financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1998, as filed with the Securities and Exchange Commission.

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Loss per Common Share

The Company follows the provisions of Statement of Financial Accounting Standards (SFAS) No. 128, Earnings per Share. Under SFAS No. 128, basic net loss per 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.

Comprehensive Loss

The Company follows the provisions of SFAS No. 130, Reporting

Comprehensive Income. Comprehensive loss is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from nonowner sources. The Company's comprehensive loss is the same as the reported net loss for all periods presented.

Segment Reporting

The Company follows the provisions of SFAS No. 131, Disclosures About Segments of an Enterprise and Related Information. SFAS No. 131 establishes standards for reporting information regarding operating segments in annual financial statements and requires selected information for those segments to be 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 United States and substantially all assets are located in the United States.

(4) CASH EQUIVALENTS

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

	March 31, 1999	December 31, 1998
Cash and cash equivalents --		
Cash and money market funds	$2,267,758	$3,865,365
Corporate bond	193,426	1,742,517
	$2,461,184	$5,607,882

(5) 9% CONVERTIBLE SUBORDINATED NOTES

On April 2, 1997, the Company issued $50,000,000 of 9% convertible subordinated notes (the "9% Notes"). On May 5, 1998, noteholders holding $48.7 million of principal value of the 9% Notes and $2.4 million of accrued interest thereon tendered such notes and accrued interest in exchange for 510,505 shares of Series A convertible preferred stock and warrants to purchase 3,002,958 shares of common stock. As of March 31, 1999, there is $1.3 million of 9% Notes outstanding. Under the terms of the 9% Notes, the Company must make semi-annual interest payments on the outstanding principal balance through the maturity date of April 1, 2004. If the 9% Notes are converted prior to April 1, 2000, the

Noteholders are entitled to receive accrued interest from the date of the most recent interest payment through the conversion date. The 9% Notes are convertible at any time prior to the maturity date at a conversion price equal to $35.0625, 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.

(6) NOTE PAYABLE TO LENDERS

In December 1996, the Company entered into a five-year $7,500,000 note payable to a bank (the "Note"). 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. In connection with the purchase, 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 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 is

convertible, at the Lenders' option, in whole or in part, into shares of common stock at a conversion price of $2.40 per share; (v) the Note includes a minimum liquidity covenant, as defined, of $2,000,000; and (vi) the Note 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 through the quarter ended March 31, 1999 and for the minimum liquidity covenant for May 30, 1999. The Company has classified the outstanding balance of $6,000,000 at March 31, 1999 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 the purchase of the Note, Forum is entitled to receive $400,000 as a fee, which Forum has agreed to reinvest by purchasing 160,000 shares of common stock and warrants to purchase 40,000 shares of common stock at $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 and an accrued expense for the issuance of common stock and warrants. In addition, Forum is entitled to receive warrants to purchase 133,333 shares of common stock of the Company at $3.00 per share. The Company recorded 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.

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

GENERAL

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

Hybridon has incurred cumulative losses from inception through March 31, 1999 of approximately $242.5 million. Hybridon implemented a restructuring plan in the second half of 1997, which continues to significantly reduce Hybridon's 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 incur operating losses and have significant capital requirements that it will not be able to satisfy with internally generated funds. As of May 14, 1999, the Company had 50 full-time employees.

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 1999 AND 1998

Hybridon had total revenues of $1.8 million for the three months ended March 31, 1999, compared with $1.0 million for the same period in 1998. Product and service revenue increased to $1.5 million for the three months ended March 31, 1999, compared with $0.8 million for the same period in 1998. The increase was primarily the result of an expansion of the HSP customer base, increased sales to certain existing customers, and the receipt of $0.1 million in service revenue from MethylGene pursuant to an agreement entered into in May 1998.

Revenues from interest income increased to $0.1 million for the three months ended March 31, 1999, from a nominal amount for the same period in 1998. The change was primarily the result of higher cash balances available for investment during the quarter.

Hybridon's research and development expenses decreased to $3.4 million for the three months ended March 31, 1999, from $6.4 million for the same period in 1998. The decrease reflects Hybridon's restructuring that commenced during the second half of 1997 and continued into 1998. The restructuring included the discontinuation of operations at Hybridon's facilities in Europe, termination of the clinical development of GEM(R)91 and the reduction or suspension of selected programs unrelated to Hybridon's core 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. Accordingly, research and development salaries and related costs decreased in 1999 due to the reduction in the number of employees engaged in research and development.

The facilities expense included in research and development expenses decreased significantly in 1999 as a result of the relocation of the Company's corporate offices in July 1998 from Cambridge to Milford, Massachusetts. Hybridon's facility costs in 1999 related to research and development were also reduced by the income received from subleasing its underutilized Cambridge facilities before the relocation.

Hybridon's general and administrative expenses decreased to $1.1 million for the three months ended March 31, 1999, from $1.7 million for the same period in 1998. The decrease reflects Hybridon's restructuring program initiated during the second half of 1997 and its effect on employee-related and consulting expenses and net facilities costs and increased legal and accounting fees resulting from Hybridon's financing activities in 1998.

The facilities expense included in general and administrative expenses also decreased significantly in 1999 as a result of the relocation of the Company's corporate offices to Milford, Massachusetts. Facility costs in 1999 were also reduced by the income received from subleasing underutilized Cambridge facilities before the relocation. General and administrative expenses related to business development, public relations and legal expenses all decreased in 1999.

Hybridon's patent expenses remained at approximately the same level in 1999, 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's interest expense decreased to $0.2 million for the three months ended March 31, 1999, from $1.6 million for the same period in 1998. The decrease is attributable to the exchange of approximately $48.7 million of the 9% convertible subordinated notes (the " 9% Notes"), issued in the second quarter of 1997, for Series A Preferred Stock on May 5, 1998. In addition, the outstanding balance of borrowings to finance the purchase of property and equipment was reduced in May 1998, resulting in a reduction in interest expense.

As a result of the above factors, Hybridon incurred a net loss of $3.0 million for the three months ended March 31, 1999, compared with a net loss of $8.7 million for the three months ended March 31, 1998. Hybridon had accretion of preferred stock dividends of $1.0 million at March 31, 1999 to reflect the 1999 portion of dividends payable to the holders of Series A Preferred Convertible Stock, resulting in a net loss to common stockholders of $4.0 million for the three months ended March 31, 1999.

LIQUIDITY AND CAPITAL RESOURCES

During the three months ended March 31, 1999, Hybridon used approximately $3.1 million to fund operating activities. The primary use of cash for operating activities was to fund Hybridon's loss before accretion of preferred stock dividends of $3.0 million. Hybridon did not engage in any significant investing and financing activities during the three months ended March 31, 1999.

Hybridon had cash and cash equivalents of $2.5 million at March 31, 1999. However, since that date, Hybridon has expended the majority of such cash resources and continues to have substantial obligations to lenders, real estate landlords, trade creditors and others. On May 14, 1999, Hybridon's obligations included $1.3 million principal amount of 9% Notes, a $6.0 million loan with Forum Capital Markets, LLC and others, as described below, $0.5 million of notes payable and approximately $1.8 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.

HISTORY OF OPERATING LOSSES; UNCERTAINTY OF FUTURE PROFITABILITY

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

FUTURE CAPITAL NEEDS; UNCERTAINTY OF ADDITIONAL FUNDING

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 through the end of 1999, 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. The Company's existing cash resources and proceeds of accounts receivable from HSP customers are expected to be sufficient to fund the Company's operations into July 1999. The Company's management expects such receivables to be collected no later than July 1999, given such customers' payment histories, although there can be no assurance thereof. If the Company is unable to obtain substantial additional new funding by the end of July, 1999, Hybridon may be required to further curtail significantly one or more of its core drug development programs, 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.

Even if Hybridon obtains sufficient cash to fund its operations in 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 beyond 1999. Except for research and development funding from Searle under its collaborative agreement with Searle (which is subject to early termination in certain circumstances), Hybridon has no committed external sources of capital, and, as discussed above, expects no product revenues for several years from sales of the therapeutic products that it is developing (as opposed to sales of DNA products and reagents manufactured and sold by HSP).

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

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

third-party financing for leasehold improvements and other capital expenditures and the costs of manufacturing scale-up and commercialization activities and arrangements.

YEAR 2000; CONTINGENCY PLANS

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

Hybridon believes that all of its internal systems will be Y2K compliant by the end of the third quarter of 1999. Hybridon is currently evaluating all of its internal computer systems and microprocessors in light of the Y2K problem. As part of this process, Hybridon has conducted an inventory of its automated instruments and other computerized equipment and is contacting applicable vendors for information regarding Y2K compliance. Hybridon will then upgrade or otherwise modify its internal computer systems and microprocessors, to the extent necessary. Testing of all its internal computer systems and microprocessors was completed in the first quarter of 1999. Hybridon does not expect the cost of bringing all Hybridon's systems and microprocessors into Y2K compliance to be material. Approximately 50% of Hybridon's systems either have been found compliant or have already been brought into compliance.

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

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

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

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

SAFE HARBOR FOR FORWARD-LOOKING STATEMENTS

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

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Historically, Hybridon's primary exposures have been related to nondollar-denominated operating expenses in Europe. As of March 31, 1999, Hybridon's assets and liabilities related to nondollar-denominated currencies were not material.

HYBRIDON, INC.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings. None

Item 2. Changes in Securities and Use of Proceeds. None

Item 3. Defaults Upon Senior Securities. None

Item 4. Submission of Matters to a Vote of Security Holders. None

Item 5. Other Information. None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

27.1 Financial Data Schedule (EDGAR)

(b) No current reports on Form 8-K were filed during the three months ended March 31, 1999.

SIGNATURES

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

HYBRIDON, INC.

May 17, 1999	/s/ E. Andrews Grinstead, III
Date	E. Andrews Grinstead, III Chairman, President and Chief Executive Officer (Principal Executive Officer)
May 17, 1999	/s/ Robert G. Andersen
Date	Robert G. Andersen Treasurer (Principal Financial and Accounting Officer)

HYBRIDON, INC.

EXHIBIT INDEX

27.1	Financial Data Schedule (EDGAR)

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<OTHER-SE> (677,521)
<TOTAL-LIABILITY-AND-EQUITY> 12,769,467
<SALES> 1,529,854
<TOTAL-REVENUES> 1,772,880
<CGS> 0
<TOTAL-COSTS> 4,568,746
<OTHER-EXPENSES> 0
<LOSS-PROVISION> 0
<INTEREST-EXPENSE> 170,326
<INCOME-PRETAX> (2,966,192)
<INCOME-TAX> 0
<INCOME-CONTINUING> (2,966,192)
<DISCONTINUED> 0
<EXTRAORDINARY> 0
<CHANGES> 0
<NET-INCOME> (2,966,192)
<EPS-PRIMARY> (0.26)
<EPS-DILUTED> (0.26)