SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q/A

AMENDMENT NO. 1

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

For the quarterly period ended March 31, 2002, 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)*

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

(617) 679-5500
(Registrant's telephone number, including area code)

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

Yes : No

Indicate 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	46,512,142
Class	Outstanding as of April 26, 2002

TABLE OF CONTENTS

HYBRIDON, INC.

FORM 10-Q

INDEX

This quarterly report on Form 10-Q/A references the following U.S. trademarks owned by us: Hybridon®, GEM®, Cyclicon™, and IMO™. This quarterly report on Form 10-Q/A also contains trademarks of other companies.

This Amendment No. 1 on Form 10-Q/A amends and restates Part I, Item 1 – Financial Statements and Part I, Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations of the Quarterly Report on Form 10-Q filed by Hybridon, Inc. on May 14, 2002 for the quarter ended March 31, 2002. These items are being amended and restated solely in order to reclassify certain direct and incremental costs related to the collaboration and license agreement, as amended, between Hybridon and Isis Pharmaceuticals, Inc., dated May 24, 2001, from "License fees" revenues to "General and administrative" expenses in the accompanying Consolidated Condensed Statements of Operations and Management's Discussion and Analysis of Financial Condition and Results of Operations. As a result of the reclassification, Hybridon's "License fees" revenues and "General and administrative" expenses each increased by $59,000 for the three month period ended March 31, 2002. Prior to the reclassification, Hybridon had offset these direct and incremental costs against revenues.

PART I — FINANCIAL STATEMENTS

ITEM 1 — ***FINANCIAL STATEMENTS***

HYBRIDON, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS
(UNAUDITED)

	MARCH 31, 2002	DECEMBER 31, 2001
Assets		
Current Assets:		
Cash and cash equivalents	$ 11,349,019	$ 20,923,295
Short-term investments	13,393,165	10,910,987
Receivables	799,277	274,863
Prepaid expenses and other current assets	110,437	56,992
Total current assets	25,651,898	32,166,137
Property and equipment, net	157,446	143,298
Other assets:		
Deposits	11,500	—
Long-term investments	5,145,843	—
	$ 30,966,687	$ 32,309,435
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities:		
Accounts payable	$ 651,383	$ 498,642
Accrued expenses	1,290,162	1,021,660
Current portion of long-term debt	288,028	288,028
Current portion of deferred revenue (Note 6)	3,098,654	3,098,654
Total current liabilities	5,328,227	4,906,984
9% convertible subordinated notes payable	1,306,000	1,306,000
Deferred revenue, net of current portion (Note 6)	25,355,062	26,129,725
Stockholders' equity (deficit):		
Preferred stock, $0.01 par value		
Authorized — 5,000,000 shares		
Series A convertible preferred stock		
Designated — 1,500,000 shares		
Issued and outstanding — 639,984 and 640,166 shares at March 31, 2002 and December 31, 2001, respectively	6,400	6,402
Common stock, $0.001 par value		
Authorized—100,000,000 shares		
Issued and outstanding—45,701,884 and 45,632,525 shares at March 31, 2002 and December 31, 2001, respectively	45,702	45,632
Additional paid-in capital	274,680,072	273,870,458
Accumulated deficit	(275,684,302)	(273,868,184)
Deferred compensation	(70,474)	(87,582)
Total stockholders' deficit	(1,022,602)	(33,274)
	$ 30,966,687	$ 32,309,435

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,	
	2002	2001
Revenues:		
License fees	$ 678,290	$ —
Royalty and other income	12,516	59,189
Interest income	195,963	105,129
Total revenues	886,769	164,318
Operating expenses:		
Research and development	1,246,166	1,101,051
General and administrative	1,141,943	1,346,538
Stock-based compensation from repriced options(1)	(263,504)	—
Interest	38,033	315,069
Total operating expenses	2,162,638	2,762,658
Loss before provision for income taxes	(1,275,869)	(2,598,340)
Income tax credit	(500,000)	—
Loss before extraordinary item	(775,869)	(2,598,340)
Extraordinary item:		
Loss on early retirement of 8% convertible notes payable	—	(1,411,876)
Net loss	(775,869)	(4,010,216)
Accretion of preferred stock dividends	(1,040,249)	(1,007,884)
Net loss applicable to common stockholders	$ (1,816,118)	$ (5,018,100)
Basic and diluted net loss per share applicable to common stockholders (Note 4)	$ (0.04)	$ (0.27)
Shares used in computing basic and diluted loss per common share	45,669,571	18,489,267
(1) The following summarizes the allocation of stock-based compensation from repriced options:		
Research and development	$ (129,645)	$ —
General and administrative	(133,859)	—
Total	$ (263,504)	$ —

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,	
	2002	**2001**
Cash Flows From Operating Activities:		
Net loss	$ (775,869)	$(4,010,216)
Adjustments to reconcile net loss to net cash used in operating activities -		
Extraordinary loss on exchange of 8% convertible notes payable	—	1,411,876
Stock-based compensation	(263,504)	—
Depreciation and amortization	123,554	121,415
Gain on sale of property and equipment	—	(20,650)
Non-cash interest expense	38,033	250,556
Changes in operating assets and liabilities -		
Accounts receivable	(524,414)	(402,897)
Prepaid expenses and other current assets	(64,945)	31,512
Accounts payable and accrued expenses	383,210	333,232
Deferred revenue	(774,663)	—
Net cash (used in) operating activities	(1,858,598)	(2,285,171)
Cash Flows From Investing Activities:		
Maturities of short-term investments	2,665,000	2,000,000
Purchase of marketable securities	(12,426,018)	—
Sale of marketable securities	2,038,101	—
Purchase of property and equipment	(25,698)	—
Proceeds from sale of property and equipment	—	20,650
Net cash (used in) provided by investing activities	(7,748,615)	2,020,650
Cash Flow From Financing Activities:		
Proceeds from exercise of common stock options	32,937	2,500
Decrease in restricted cash	—	5,000,000
Net cash provided by financing activities	32,937	5,002,500
Net (decrease) increase in cash and cash equivalents	(9,574,276)	4,737,979
Cash and cash equivalents, beginning of period	20,923,295	1,532,155
Cash and cash equivalents, end of period	$ 11,349,019	$ 6,270,134
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ —	$ 120,000
Supplemental disclosure of non cash financing and investing activities:		
Exchange of 8% convertible notes payable for Series B convertible preferred stock	$ —	$ 7,604,600
Accretion of Series A and Series B convertible preferred stock dividends	$ 1,040,250	$ 1,007,884

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) was incorporated in the State of Delaware on May 25, 1989. The Company is engaged in the discovery and development of novel therapeutics and diagnostics using synthetic DNA. The Company's activities are based on four technologies: immunomodulatory oligonucleotide (IMO™) technology, which uses synthetic DNA to modulate responses of the immune system; antisense technology, which uses synthetic DNA to inhibit the production of disease-associated proteins at the cellular level; cancer therapy potentiation, which uses synthetic DNA to enhance the antitumor activity of certain marketed anticancer drugs; and Cyclicon™ technology, which uses novel synthetic DNA structures (Cyclicons), in drug target validation and drug discovery.

(2) Unaudited Interim Financial Statements

The accompanying consolidated condensed financial statements included herein have been prepared by the Company, without audit, in accordance with generally accepted accounting principals for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation of interim period results have been included. The Company believes that its disclosures are adequate to make the information presented not misleading. Interim results for the three month period ended March 31, 2002 are not necessarily indicative of results that may be expected for the year ended December 31, 2002. For further information, refer to the financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001, which was filed with the Securities and Exchange Commission on April 1, 2002.

(3) Reclassifications

Amounts in the prior-period consolidated financial statements have been reclassified to conform with the current period's presentation.

(4) Net Loss per Common Share

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

	Three Months Ended March 31,	
	2002	2001
Numerator:		
Loss before extraordinary item	$ (775,869)	$ (2,598,340)
Extraordinary loss on exchange of 8% convertible notes payable	—	(1,411,876)
Net loss	(775,869)	(4,010,216)
Accretion of preferred stock dividends	(1,040,249)	(1,007,884)
Numerator for basic and diluted loss applicable to common shareholders	$ (1,816,118)	$ (5,018,100)
Denominator for basic and diluted loss per share	45,669,571	18,489,267
Loss per share – basic and diluted		
Loss before extraordinary item	$ (0.02)	$ (0.14)
Extraordinary loss	—	(0.08)
Net loss per share	(0.02)	(0.22)
Accretion of preferred stock dividends	(0.02)	(0.05)
Net loss per share applicable to common stockholders	$ (0.04)	$ (0.27)

Basic net loss per common share is computed using the weighted average number of shares of common stock outstanding during the period. For the three months ended March 31, 2002 and 2001, 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. Total antidilutive securities were 40,994,568 and 55,422,897 for the three months ended March 31, 2002 and 2001, respectively. These securities include stock options, warrants, convertible preferred stock and convertible debt instruments (on an as-converted basis) and are not included in the Company's calculation of diluted net loss per common share.

(5) Cash Equivalents and Investments

The Company considers all highly liquid investments with maturities of 90 days or less when purchased to be cash equivalents. Cash and cash equivalents at March 31, 2002 and December 31, 2001 consist of the following:

	MARCH 31 2002	DECEMBER 31 2001
Cash and cash equivalents		
Cash and money market funds	$10,149,000	$20,923,000
Corporate Bond	1,200,000	—
Total	$11,349,000	$20,923,000

The Company accounts for investments in accordance with Statement of Financial Accounting standards (SFAS) No. 115, *Accounting for Certain Investments in Debt and Equity Securities.* In accordance with SFAS No. 115, investments that the Company has the positive intent and ability to hold to maturity are classified as "held to maturity" and reported at amortized cost, which approximates fair market value. Management determines the appropriate classification of marketable securities at the time of purchase and reevaluates such designation at each balance sheet date. All of the Company's short-term investments as of March 31, 2002 and December 31, 2001 are classified as "held-to-maturity." On January 2, 2002 and prior to maturity, the Company sold two of its asset backed securities issued by the same corporation which the Company had classified as "held-to-maturity" as of December 31, 2001. The Company sold such securities when it became aware that the securities' assets might be deteriorating which may lead to an early repayment of par value. In order to avoid any potential losses, the Company sold these securities for a price that approximated their book value.

Short-term investments have maturities of greater than three months and mature within one year of the balance sheet date. All short-term investments mature prior to March 31, 2003. At March 31, 2002 and December 31, 2001, the Company's short-term investments consisted of the following (at amortized cost which approximates fair market value):

	MARCH 31 2002	DECEMBER 31 2001
Short-term investments		
Government bonds	$ 9,360,000	$ 8,929,000
Corporate bonds	4,033,000	1,982,000
Total	$13,393,000	$10,911,000

All long-term investments mature prior to June 30, 2003. At March 31, 2002 and December 31, 2001, the Company's long-term investments consisted of the following (at amortized cost which approximates fair market value):

	MARCH 31 2002	DECEMBER 31 2001
Long-term investments		
Government bonds	$4,078,000	$ —
Corporate bonds	1,068,000	—
Total	$5,146,000	$ —

(6) Collaboration and License Agreement with Isis Pharmaceuticals, Inc.

The Company recognizes revenue related to its Collaboration and License Agreement with Isis Pharmaceuticals, Inc. (the

Agreement) ratably over the 10-year term of the Agreement. “Deferred revenue” on the accompanying consolidated condensed balance sheet relates to the unrecognized portion of the $32.3 million of cash and Isis stock received in 2001 and the unrecognized expenses related to the Agreement. While the amounts received are not refundable under any circumstances and the Company does not believe that it will be required to expend any significant future resources under the Agreement, this revenue has been deferred based on SAB 101, which precludes revenue recognition in cases where future obligations are not interpreted to be “inconsequential and perfunctory”. An ongoing obligation of the Company to make two representatives available to attend semi-annual telephonic meetings of a collaboration committee with the licensee, led to the accounting treatment described above. During the three months ended March 31, 2002, the Company recognized approximately $668,000 of revenues and approximately $59,000 in expense under the Agreement. The agreement was not in effect for the three months ended March 31, 2001. Additional information on the Agreement is included in Note (5) to the Consolidated Financial Statements in the Company’s Annual Report on Form 10-K for the year ended December 31, 2001.

(7) Stock-Based Compensation

In September 1999, the Company’s Board of Directors authorized the repricing of options to purchase 5,251,827 shares of common stock to $0.50 per share, which represented the market value on the date of the repricing. These options are subject to variable plan accounting which requires the Company to remeasure the intrinsic value of the repriced options, through the earlier of the date of exercise, cancellation or expiration, at each reporting date. For the three months ended March 31, 2002, the Company recognized a credit of approximately $264,000 as stock compensation from repriced options as a result of a decrease in the intrinsic value of these options between December 31, 2001 and March 31, 2002. The Company did not have a charge or credit for the first quarter of 2001 because the fair market value of our common stock at March 31, 2001 was at a level that did not require financial statement recognition.

(8) Income Taxes

During 2001, the Company had a provision for income taxes of $500,000 for Alternative Minimum Tax (AMT) of which $450,000 was paid by the Company in 2001. In March 2002, the National Stabilization and Recovery Act temporarily rescinded the AMT with respect to the use of net operating loss carryforwards to offset current taxable income. As a result, the Company recognized a $500,000 tax benefit in operating results during the three months ended March 31, 2002 and recorded a receivable of $450,000 for estimated taxes paid during 2001 for which the Company expects to receive a refund in 2002.

(9) Series A Convertible Preferred Stock Dividend

The holders of 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 shares 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. Through March 31, 2002, the Company has always elected to pay these dividends in stock. In calculating the number of shares to be paid with respect to each dividend, the Series A convertible preferred stock is valued at $100.00 per share. During the three months ended March 31, 2002 and March 31, 2001, total Series A dividend accretion was approximately $1,040,000 and $965,000, respectively.

(10) 8% Convertible Notes Payable

On March 5, 2001, the Company made an offer to the holders of its 8% Convertible Notes Payable (the 8% Notes) to exchange their notes in a ratio of one share of a newly-designated class of Series B convertible preferred stock for each $100 in principal and interest of notes tendered. On March 30, 2001 holders of 8% Notes in the aggregate original principal amount of $7,354,000 exchanged their notes for 76,046 shares of Series B convertible preferred stock. The Company recorded an extraordinary loss of $1.4 million related to the early extinguishment of the 8% Notes. The extraordinary loss represents the difference between the carrying value of the 8% Notes and the fair value of the Series B convertible preferred stock, as determined by the fair market value of the common stock into which the Series B convertible preferred stock was convertible and the write-off of deferred financing costs and related legal fees.

(11) Early Exercise Program

In June 2001, the Company began an “early exercise” program (the Early Exercise Program) to exchange its common stock for its Series B convertible preferred stock, several classes of its warrants and its remaining 8% Notes, in order to simplify the Company’s capital structure and to reduce the number of outstanding securities which are exercisable for or convertible into shares of its common stock. At the completion of the Early Exercise Program in 2001, the results were as follows:

All holders of the Company’s Series B convertible preferred stock exchanged their shares for 19,564,500 shares of the Company’s common stock;

Holders of warrants priced between $0.60 and $2.40 exchanged their warrants for 4,669,808 shares of the Company’s common stock; and Holders of $456,221 in principal and interest under 8% Notes exchanged their 8% Notes for 1,140,448 shares of the Company’s common stock.

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

GENERAL

We are a leading company in the discovery and development of novel therapeutics and diagnostics using synthetic DNA. Our activities are based on four technologies:

- immunomodulatory oligonucleotide, or IMO, technology, which uses synthetic DNA to modulate responses of the immune system;
- antisense technology, which uses synthetic DNA to inhibit the production of disease-associated proteins at the cellular level;
- cancer therapy potentiation, which uses synthetic DNA to enhance the antitumor activity of certain marketed anticancer drugs; and
- Cyclicon technology, which uses novel synthetic DNA structures which we refer to as Cyclicons in drug target validation and drug discovery.

Since we began operations in February 1990, we have been involved primarily in research and development and manufacturing. To date, almost all of our revenues have been from collaborative and license agreements, interest income and manufacturing of synthetic DNA and reagent products by our DNA manufacturing business, known as the Hybridon Specialty Products Division, or HSP, prior to our selling HSP in September 2000.

We have incurred total losses of $275.7 million through March 31, 2002 and expect to incur substantial operating losses in the future. In order to commercialize our therapeutic products, we need to address a number of technological challenges and to comply with comprehensive regulatory requirements. We expect that our research and development and general and administrative expenses will be significant in 2002 as we use our cash resources to advance more rapidly our discovery and development programs.

This management's discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the Untied States. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Areas where significant estimates and judgments are made, include, but are not limited to, revenue recognition. A discussion of these estimates and judgments is included in our Annual Report on Form 10-K for the year ended December 31, 2001 under the caption "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies."

RESULTS OF OPERATIONS

Three Months Ended March 31, 2002 and 2001

Total revenues increased by $723,000, or 440%, from $164,000 for the three months ended March 31, 2001 to $887,000 for the three months ended March 31, 2002. The increase in revenues was primarily due to the recognition of license revenues from agreements with Isis Pharmaceuticals, Inc. and EpiGenesis Pharmaceuticals, Inc. In connection with these agreements, we recorded $678,000 in revenues, which is net of amortization of the estimated value of our stock to be issued to Isis. The increase in revenues for the three months ended March 31, 2002 also reflected increased interest income from higher cash and investment balances as a result of the payments received during 2001 from Isis and EpiGenesis, the sale of our interest in MethylGene, Inc. and the remaining contingent payment due us from the sale of our DNA manufacturing business, known as the Hybridon Specialty Products Division, or HSP.

Research and development expenses increased by $145,000, or 13%, from $1,101,000 to $1,246,000 for the three months ended March 31, 2002 compared to the same period in 2001. The increase was primarily attributable to expanded discovery efforts. In the three months ended March 31, 2002 and 2001, our research and development expenses related primarily to the preclinical development of our IMO technology. In the first quarter of 2002, we commenced a Phase I/II clinical trial of our second generation antisense compound GEM 231 in combination with irinotecan. We are conducting the trial at Vanderbilt University Medical Center and the University of Chicago Medical Center. Given the technological and regulatory hurdles likely to be encountered in the development and commercialization of our products, the future timing and costs of our various research and development programs are uncertain.

General and administrative expenses decreased by $205,000, or 15%, from $1,347,000 in the three months ended March 31, 2001 to $1,142,000 for the three months ended March 31, 2002. This decrease primarily reflected executive compensation awards approved in the first quarter of 2001. There were no comparable awards approved in the first quarter of 2002. General and administrative expenses consist primarily of salary expense, consulting fees and professional legal fees associated with our regulatory filing requirements and business development. Amortization of direct expenses associated with our agreement with Isis is also included in general and administrative expense for the three months ended March 31, 2002.

As a result of a repricing of our stock options in September 1999, certain outstanding stock options are subject to variable plan accounting. During the three months ended March 31, 2002, we credited operating results for $264,000 representing a decrease in the intrinsic value of these options. This credit resulted from a decrease in the market value of the Company's common stock during the first quarter of 2002. We did not have a stock-based compensation charge or credit for the three months ended March 31, 2001 because the fair market value of our common stock was at a level that did not require any financial statement recognition. Compensation charges and credits will likely occur in the future based upon changes in the market value of our common stock.

Interest expense decreased by $277,000, or 88%, from $315,000 to $38,000 for the three months ended March 31, 2002 compared to the same period in 2001. The decrease for the three months ended March 31, 2002 was primarily attributable to a $13.7 million debt reduction during 2001 which resulted from the conversion of $8.0 million of our 8% notes into equity and the repayment of a $6.0 million note payable that occurred in the second and fourth quarters of 2001.

In March 2002, the National Economic Stabilization and Recovery Act temporarily rescinded the Alternative Minimum Tax (AMT) with respect to the use of net operating loss carryforwards to offset current taxable income. As a result, we recognized a tax benefit in operating results of $500,000 for the three months ended March 31, 2002 and recorded a receivable of $450,000 for estimated taxes paid during 2001 for which the Company expects to receive a refund in 2002. We did not have any income subject to AMT during the first quarter of 2001.

We pay dividends on our Series A convertible preferred stock of 6.5% per annum, payable semi-annually in arrears. We have the election to pay such dividends in either cash or additional duly authorized, fully paid and non assessable shares of Series A convertible preferred stock. Through March 31, 2002, we had only paid such dividends in Series A convertible preferred stock. Hybridon recorded Series A preferred stock dividends of $1,040,000 during the first quarter of 2002 and $965,000 during the first quarter of 2001. Such dividends will continue to be incurred for as long as the Series A convertible preferred stock is outstanding.

As a result of the factors discussed above, our net loss applicable to common stockholders amounted to $1,816,000 for the three months ended March 31, 2002 and $5,018,000 for the three months ended March 31, 2001.

LIQUIDITY AND CAPITAL RESOURCES

We require cash to fund our operating expenses, to make capital expenditures and to pay debt service. We expect that our cash requirements for these uses will be substantial and will increase as we expand our operations. Historically, we have funded our operations with revenues from collaborative and license agreements, interest income and manufacturing of synthetic DNA and reagent products by HSP, prior to its sale in September 2000, as well as from a variety of debt and equity financings, lease financings, the sale of our shareholdings in MethylGene, and the sale of HSP. Our only material committed external sources of funds are a $450,000 tax refund expected from the U.S. government during 2002 and the final $4.5 million payment due to us from Isis under our license agreement. This payment from Isis is due no later than May 2003 and may be made by Isis, at its option, in cash or with its common stock having a fair market value intended to approximate $4.5 million. Under our agreement with Isis, we are required to pay Isis $6.0 million in cash or common stock in three equal annual installments of $2.0 million beginning in May 2002.

As of March 31, 2002, we had approximately $29.9 million in cash, cash equivalents and investments, a decrease of $1.9 million

from December 31, 2001. In the first quarter of 2002, we utilized approximately $1.9 million to fund operating activities. The $1.9 million to fund operating activities consisted of a net loss of $775,000 combined with non-cash operating adjustments which include stock-based compensation, deferred revenue related to the Isis agreement, and increased accounts receivable.

During the first quarter of 2002, there were no financing activities except for exercises of stock options.

As of March 31, 2002, our outstanding indebtedness consisted of $0.3 million in principal amount of 8% notes maturing in November 2002 and $1.3 million in principal amount of 9% notes maturing in April 2004. These notes are unsecured.

We believe that our existing cash and investments will be sufficient to fund our cash requirements at least through the end of 2003. Our actual cash requirements will depend on many factors, including particularly the scope and pace of our research and development efforts and our success in entering into strategic alliances.

We do not expect to generate significant additional funds internally until we successfully complete development and obtain marketing approval for products, either alone or in collaboration with third parties, which we expect will take many years. We expect to seek additional external funds periodically from collaborations with other biotechnology companies or pharmaceutical companies and from additional debt, equity and lease financings. We believe that the key factors that will affect our internal and external sources of cash are:

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

We may not be successful in generating funds internally or from external sources. Lack of necessary funds may require us to delay, scale back or eliminate some or all of our research and development programs.

FORWARD-LOOKING STATEMENTS

This quarterly report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 that involve risks and uncertainties. We may, in some cases, use words such as “project,” “believe,” “anticipate,” “plan,” “expect,” “estimate,” “intend,” “should,” “would,” “could,” “will,” “may” or other words that convey uncertainty of future events or outcomes to identify these forward-looking statements. There are a number of important factors that could cause actual results to differ materially from the results anticipated by these forward-looking statements. These important factors include those set forth in the Company’s Annual Report on Form 10-K for the year ended December 31, 2001 under “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations— Risk Factors That May Affect Results” which are filed with this quarterly report as Exhibit 99.1, and are incorporated herein by reference. These factors and the other cautionary statements made in this quarterly report should be read as being applicable to all related forward-looking statements wherever they appear in this quarterly report. If one or more of these factors materialized, or if any underlying assumptions prove incorrect, our actual results, performance or achievements may vary materially from any future results, performance or achievements expressed or implied by these forward-looking statements. In addition, any forward-looking statements represent our estimates only as of the date this quarterly report was filed with the Securities and Exchange Commission and should not be relied upon as representing the Company’s estimates as of any subsequent date. While we may elect to update forward-looking statements at some point in the future, we specifically disclaim any obligation to do so, even if our estimates change.

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.

/s/ Stephen R. Seiler

Date: May 14, 2003

Stephen R. Seiler
Chief Executive Officer

/s/ Robert G. Andersen

Date: May 14, 2003

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

CERTIFICATIONS

I, Stephen R. Seiler, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A.

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

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

Dated: May 14, 2003

/s/ Stephen R. Seiler

Stephen R. Seiler
Chief Executive Officer
(principal executive officer)

I, Robert G. Andersen, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A.

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

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

Dated: May 14, 2003

/s/ Robert G. Andersen

Robert G. Andersen
Chief Financial Officer and
Vice President of Operations
(principal financial officer)

Exhibit Index

Exhibit No.	
99.1	Certification Pursuant to 18.U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.2	Certification Pursuant to 18.U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.