

IDERA PHARMACEUTICALS, INC.

Form DEF 14A

June 10, 2013

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

IDERA PHARMACEUTICALS, INC.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - 1) Title of each class of securities to which transaction applies:

 - 2) Aggregate number of securities to which transaction applies:

 - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

 - 4) Proposed maximum aggregate value of transaction:

 - 5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - 1) Amount Previously Paid:

 - 2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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IDERA PHARMACEUTICALS, INC.

167 Sidney Street

Cambridge, Massachusetts 02139

NOTICE OF 2013 ANNUAL MEETING OF STOCKHOLDERS

Date and Time: Friday, July 26, 2013 at 10:00 a.m., local time

Place: Idera Pharmaceuticals, Inc.

167 Sidney Street

Cambridge, Massachusetts 02139

Items of Business: At our 2013 annual meeting of stockholders we will ask our stockholders to:

Approve amendments to our Restated Certificate of Incorporation to (a) declassify our board of directors, (b) provide that our stockholders may remove directors with or without cause following declassification of our board of directors and (c) eliminate the supermajority voting requirement for amending or repealing Article ELEVENTH of our Restated Certificate of Incorporation;

Approve an amendment to our Restated Certificate of Incorporation to increase the number of authorized shares of our common stock from 140,000,000 shares to 280,000,000 shares;

Approve, by non-binding vote, executive compensation;

Approve the Idera Pharmaceuticals, Inc. 2013 Stock Incentive Plan;

Ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013;

Elect three directors to our board of directors as named and for the terms indicated in this proxy statement;

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Approve the issuance and sale by us to certain affiliates of Pillar Invest Corporation (including our prior issuances and sales of our securities to such affiliates in November 2011 and November 2012) of a number of shares of our common stock (including securities convertible into or exercisable for shares of our common stock) that is greater than 19.99% of the total number of issued and outstanding shares of common stock and of the outstanding voting power of our securities after such issuance and sale in accordance with Nasdaq Listing Rule 5635(b);

Approve amendments to our Restated Certificate of Incorporation amending the Certificate of Designations, Preferences and Rights of Series D Preferred Stock to:

- (a) provide that, if the Nasdaq Proposal, as described below, were approved by our stockholders, the beneficial ownership limitation applicable to our Series D preferred stock would be increased from 19.99% to 35%, consistent with the beneficial ownership limitations applicable to our Series E preferred stock;

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(b) modify the dividend provisions of the Series D Certificate of Designations so that dividends on the Series E preferred stock are not required to be paid to the holders of our Series D preferred stock;

(c) modify the dividend provisions of the Series D Certificate of Designations to (i) change the date after which we may elect to pay dividends to the holders of our Series D preferred stock in shares of our common stock in lieu of cash from December 31, 2014 to October 1, 2013, and (ii) allow for the payment of such dividends in shares of a to-be-created new series of our preferred stock in the event that payment of such dividends may not be made in shares of our common stock as a result of the application of the beneficial ownership limitations set forth in the Series D Certificate of Designations; and

(d) (i) eliminate the provision of the Series D Certificate of Designations that had provided the holders of our Series D preferred stock with the right to require us to redeem the Series D preferred stock upon the occurrence of specified fundamental changes and provide, in the event of a sale of the corporation (as defined the Series D Certificate of Designations), for the distribution of any assets that remain available for distribution to our stockholders, after payment to the holders of our Series A preferred stock and any other class of our capital stock that ranks senior to the Series D preferred stock, to the holders of the Series D preferred stock on a pro rata basis with the holders of our common stock, Series E preferred stock and any new series of non-voting preferred stock that ranks pari passu with the Series D preferred stock and (ii) modify the Series D Certificate of Designations to eliminate the right of the holders of our Series D preferred stock to receive, in the event of a liquidation, dissolution or winding up of our company, or Liquidation, an amount per share of Series D preferred stock equal to the original issue price of such share of Series D preferred stock plus any dividends accrued or declared but unpaid thereon to the extent such amount is greater than the amount that would have been payable with respect to such share had all shares of Series D preferred stock been converted into shares of our common stock immediately prior to such Liquidation, such that upon a Liquidation the holders of our Series D preferred stock will receive an amount per share of Series D preferred stock equal to the amount that would be payable with respect to such share had all shares of Series D preferred stock been converted into shares of our common stock immediately prior to such Liquidation;

Approve amendments to our Restated Certificate of Incorporation amending the Certificate of Designations, Preferences and Rights of Series E Preferred Stock to:

(a) modify the dividend provisions of the Series E Certificate of Designations to (i) permit us to elect to pay dividends to the holders of our Series E preferred stock in shares of our common stock in lieu of cash commencing October 1, 2013, and (ii) allow for the payment of such dividends in shares of a to-be-created new series of our preferred stock in the event that payment of such

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dividends may not be made in shares of our common stock as a result of the application of the beneficial ownership limitations set forth in the Series E Certificate of Designations; and

(b) modify the Series E Certificate of Designations to eliminate the right of the holders of our Series E preferred stock to receive, in the event of a Liquidation, an amount per share of Series E preferred stock equal to the original issue price of such share of Series E preferred stock plus any dividends accrued or declared but unpaid thereon to the extent such amount is greater than the amount that would have been payable with respect to such share had all shares of Series E preferred stock been converted into shares of our common stock immediately prior to such Liquidation, such that upon a Liquidation the holders of our Series E preferred stock will receive an amount per share of Series E preferred stock equal to the amount that would be payable with respect to such share had all shares of Series E preferred stock been converted into shares of our common stock immediately prior to such Liquidation; and

Transact any other business as may properly come before the 2013 annual meeting or any postponement or adjournment of the 2013 annual meeting.

The board of directors has no knowledge of any other business to be transacted at the 2013 annual meeting.

Record Date:

You may vote at the 2013 annual meeting if you were a stockholder of record at the close of business on June 3, 2013.

Proxy Voting:

It is important that your shares be represented and voted at the annual meeting. Whether or not you plan to attend the 2013 annual meeting, please mark, sign, date and promptly mail your proxy card in the enclosed postage-paid envelope or follow the instructions on the proxy card to vote by telephone or over the internet. You may revoke your proxy at any time before its exercise at the 2013 annual meeting.

By order of the board of directors,
Louis J. Arcudi, III
Secretary
Cambridge, Massachusetts
June 10, 2013

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IDERA PHARMACEUTICALS, INC.

167 Sidney Street

Cambridge, Massachusetts 02139

PROXY STATEMENT

For our Annual Meeting of Stockholders to be held on July 26, 2013

Idera Pharmaceuticals, Inc., a Delaware corporation, which is referred to as we, us, the Company or Idera in this proxy statement, is sending you this proxy statement and the enclosed proxy card because our board of directors is soliciting your proxy to vote at our 2013 annual meeting of stockholders. The 2013 annual meeting will be held on Friday, July 26, 2013, at 10:00 a.m., local time, at our principal offices located at 167 Sidney Street, Cambridge, Massachusetts 02139. If the 2013 annual meeting is adjourned for any reason, then proxies submitted may be used at any adjournments of the 2013 annual meeting.

This proxy statement summarizes information about the proposals to be considered at the 2013 annual meeting and other information you may find useful in determining how to vote. The proxy card is the means by which you actually authorize another person to vote your shares in accordance with your instructions.

We are mailing this proxy statement and the enclosed proxy card to stockholders on or about June 13, 2013.

In this mailing, we are also including copies of our annual report to stockholders for the year ended December 31, 2012. Our annual report on Form 10-K for the year ended December 31, 2012, as filed with the Securities and Exchange Commission, or the SEC, on March 11, 2013, including our audited financial statements, is included in our annual report to stockholders and is also available free of charge on our website, www.iderapharma.com, where it can be accessed by clicking Investors and then SEC Filings, or through the SEC's electronic data system at www.sec.gov. **To request a printed copy of our Notice of Annual Meeting, Proxy Statement and Annual Report on Form 10-K, which we will provide to you free of charge, or to obtain directions to be able to attend the 2013 annual meeting and vote in person, write to Investor Relations, Idera Pharmaceuticals, Inc., 167 Sidney Street, Cambridge, Massachusetts 02139, call our toll-free number 1 (877) 888-6550, or email Investor Relations at ir@iderapharma.com.**

Important Notice Regarding the Availability of

Proxy Materials for the 2013 Annual Meeting

to Be Held on July 26, 2013:

The Notice of Annual Meeting, Proxy Statement and 2012 Annual Report are available at <http://ir.iderapharma.com/phoenix.zhtml?c=208904&p=proxy>.

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INFORMATION ABOUT THE 2013 ANNUAL MEETING

Who may vote?

Holders of record of our common stock and our Series D redeemable convertible preferred stock, or Series D preferred stock, at the close of business on June 3, 2013, the record date for the 2013 annual meeting, are entitled to vote on each matter properly brought before the 2013 annual meeting. Except where expressly stated otherwise in this proxy statement, holders of our common stock and our Series D preferred stock will vote together as a single class. Except where expressly stated otherwise in this proxy statement, holders of our Series E convertible preferred stock, or Series E preferred stock, are not entitled to vote at the 2013 annual meeting. Holders of our common stock will be entitled to one vote for each share of common stock held as of the record date. Holders of our Series D preferred stock will be entitled to cast a number of votes equal to the number of whole shares of common stock into which the shares of Series D Preferred Stock held by such holder are convertible as of the record date (rounded down to the nearest whole share). As of the record date, each share of Series D preferred stock is convertible into 5.5736 shares of common stock. On any matter set forth in this proxy statement in which the holders of our Series E preferred stock are entitled to vote, holders of our Series E preferred stock will be entitled to one vote for each share of Series E preferred stock held as of the record date. As of the close of business on June 3, 2013, the record date for the 2013 annual meeting, we had shares of 45,165,160 common stock outstanding, 1,124,260 shares of Series D preferred stock outstanding and 424,242 shares of Series E preferred stock outstanding.

How do I vote my shares if I am a stockholder of record?

If you are a stockholder of record (meaning that you hold shares in your name in the records of our transfer agent, Computershare Trust Company, N.A., and that your shares are not held in street name by a bank or brokerage firm), you may vote your shares in any one of the following ways:

You may vote by mail. To vote by mail, you need to complete, date and sign the proxy card that accompanies this proxy statement and promptly mail it in the enclosed postage-prepaid envelope. You do not need to put a stamp on the enclosed envelope if you mail it from within the United States.

You may vote by telephone. To vote by telephone through services provided by Computershare Trust Company, N.A., call 1-800-652-VOTE (8683), and follow the instructions provided on each proxy card. If you vote by telephone, you do not need to complete and mail your proxy card.

You may vote over the internet. To vote over the internet through services provided by Computershare Trust Company, N.A., please go to the following website: <http://www.investorvote.com/IDRA> and follow the instructions at that site for submitting your proxy card. If you vote over the internet, you do not need to complete and mail your proxy card.

You may vote in person. If you attend the 2013 annual meeting, you may vote by delivering your completed proxy card in person or you may vote by completing a ballot at the 2013 annual meeting. Ballots will be available at the 2013 annual meeting. Your proxy will only be valid if you complete and return the proxy card, vote by telephone or vote over the internet at or before the 2013 annual meeting. The persons named in the proxy card will vote the shares you own in accordance with your instructions on your proxy card, in your vote by telephone or in your vote over the internet. If you return the proxy card, vote by telephone or vote over the internet, but do not give any instructions on a particular matter described in this proxy statement, the persons named in the proxy card will vote the shares you own in accordance with the recommendations of our board of directors.

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How do I vote my shares if I hold them in street name?

If the shares you own are held in street name by a bank or brokerage firm, your bank or brokerage firm, as the record holder of your shares, is required to vote your shares according to your instructions. In order to vote your shares, you will need to follow the directions that your bank or brokerage firm provides to you. Many banks and brokerage firms solicit voting instructions over the internet or by telephone.

Under applicable stock exchange rules, bank or brokerage firms that hold shares in street name for customers have the discretion to vote those shares with respect to certain matters if they have not received instructions from the beneficial owners. Bank or brokerage firms will have this discretionary authority with respect to routine matters such as the ratification of the selection of our independent registered public accounting firm; however, they will not have this discretionary authority with respect to any of the other matters scheduled to be voted upon at the 2013 annual meeting. As a result, with respect to all matters other than ratification of the selection of our independent registered public accounting firm, if the beneficial owners have not provided instructions with respect to that matter, those beneficial owners' shares will be considered broker non-votes. Broker non-votes are shares with respect to which a bank or brokerage firm does not receive voting instructions from the beneficial holder and does not have or exercise discretionary authority in voting on a proposal. The effect of broker non-votes is discussed below in the answer to the question "What vote is required to approve each matter and how will votes be counted?" .

Regardless of whether your shares are held in street name, you are welcome to attend the 2013 annual meeting. If your shares are held in street name, you may not vote your shares in person at the 2013 annual meeting unless you obtain a proxy, executed in your favor, from the holder of record (i.e., your brokerage firm or bank). If you hold your shares in street name and wish to vote in person, please contact your brokerage firm or bank before the 2013 annual meeting to obtain the necessary proxy from the holder of record.

How may I change or revoke my vote?

If you are a stockholder of record, even if you complete and return a proxy card or vote by telephone or over the internet, you may change or revoke your vote at any time before your proxy is exercised by taking one of the following actions:

send written notice to our Secretary, Louis J. Arcudi, III, at our address above, stating that you wish to revoke your vote;

deliver to us another signed proxy card with a later date or vote by telephone or over the internet at a later date; or

attend the 2013 annual meeting, notify our Secretary that you are present and then vote by ballot.

If you own shares in street name, your bank or brokerage firm should provide you with instructions for changing or revoking your vote.

What constitutes a quorum?

In order for business to be conducted at the 2013 annual meeting, a quorum must be present. A quorum consists of the holders of shares of capital stock representing a majority of the combined voting power of our common stock and our Series D preferred stock that is issued, outstanding and entitled to vote at the 2013 annual meeting.

Shares of voting stock present in person or represented by proxy (including broker non-votes and shares that are abstained or withheld or with respect to which no voting instructions are provided for one or more of the matters to be voted upon) will be counted for the purpose of determining whether a quorum exists.

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If a quorum is not present, the 2013 annual meeting will be adjourned until a quorum is obtained.

What vote is required to approve each matter and how will votes be counted?

The table below sets forth the vote required for each matter being submitted to our stockholders at the 2013 annual meeting to be approved and the effect that withheld votes, abstentions and broker non-votes will have on the outcome of voting on each proposal that is being submitted to our stockholders for approval at the 2013 annual meeting.

Proposal	Affirmative Vote Required	Abstentions/ Withholds	Broker Non- Votes
Amendments to Restated Certificate of Incorporation to Declassify Board of Directors <i>(Proposals 1(a), 1(b) and 1(c))</i>	At least 75% of issued and outstanding common stock and Series D preferred stock entitled to vote, voting together as a single class and on an as-converted basis	Has the same effect as a vote AGAINST	Has the same effect as a vote AGAINST
Amendments to Restated Certificate of Incorporation to Increase Number of Authorized Shares of Common Stock <i>(Proposal 2)</i>	Majority of issued and outstanding common stock and Series D preferred stock entitled to vote, voting together as a single class and on an as-converted basis	Has the same effect as a vote AGAINST	Has the same effect as a vote AGAINST
Advisory Vote on Executive Compensation <i>(Proposal 3)</i>	Majority of common stock and Series D preferred stock present or represented and voting on the matter, voting together as a single class and on an as-converted basis	No effect	No effect
Approval of 2013 Stock Incentive Plan <i>(Proposal 4)</i>	Majority of common stock and Series D preferred stock present or represented and voting on the matter, voting together as a single class and on an as-converted basis	No effect	No effect
Ratification of Selection of Ernst & Young LLP <i>Proposal 5)</i>	Majority of common stock and Series D preferred stock present or represented and voting on the matter, voting together as a single class and on an as-converted basis	No effect	No effect
Election of Directors <i>(Proposal 6)</i>	Plurality of votes cast by holders of common stock and Series D preferred stock entitled to vote, voting together as a single class and on an as-converted basis	No effect(1)	No effect

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Approval of Prior Issuances and Sales to Pillar and its Affiliates (<i>Proposal 7</i>)	Majority of outstanding common stock and Series D preferred stock present or represented and voting on the matter, voting together as a single class and on an as-converted basis	No effect	No effect
Amendments to Certificate of Designations, Preferences and Rights of Series D Preferred Stock (<i>Proposals 8(a), 8(b), 8(c) and 8(d)</i>)	Holders (other than us, Pillar Invest Corporation and their respective affiliates) of a majority of issued and outstanding common stock and Series D preferred stock entitled to vote and held by such holders, voting together as a single class and on an as-converted basis Majority of issued and outstanding common stock and Series D preferred stock entitled to vote, voting together as a single class and on an as-converted basis	Has the same effect as a vote AGAINST	Has the same effect as a vote AGAINST
Amendments to Certificate of Designations, Preferences and Rights of Series E Preferred Stock (<i>Proposals 9(a) and 9(b)</i>)	Majority of issued and outstanding Series D preferred stock entitled to vote, voting separately as a series Majority of issued and outstanding common stock and Series D preferred stock entitled to vote, voting together as a single class and on an as-converted basis	Has the same effect as a vote AGAINST	Has the same effect as a vote AGAINST
	Majority of issued and outstanding Series E preferred stock entitled to vote, voting separately as a series		

(1) You may vote FOR all of the director nominees, WITHHOLD your vote from all of the director nominees or WITHHOLD your vote from any of the director nominees.

Each share of common stock will be counted as one vote. Holders of our Series D preferred stock will be entitled to cast a number of votes equal to the number of whole shares of common stock into which the shares of Series D preferred stock held by such holder are convertible as of the record date (rounded down to the nearest whole share). As of the record date, each share of Series D preferred stock is convertible into 5.5736 shares of common stock. Except where expressly stated otherwise in this proxy statement (see Proposal Nine), holders of our Series E preferred stock are not entitled to vote at the 2013 annual meeting. On any matter set forth in this proxy statement in which the holders of our Series E preferred stock are entitled to vote, holders of our Series E preferred stock will be entitled to one vote for each share of Series E preferred stock held as of the record date

How does the board of directors recommend that I vote?

Our board of directors recommends that you vote as follows:

FOR Proposal One, Proposal Two, Proposal Three, Proposal Four, Proposal Five, Proposal Seven, Proposal Eight and Proposal Nine; and

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To elect the three nominees to our board of directors (Proposal Six).

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Under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and related SEC regulations, the vote on executive compensation, as described in greater detail in Proposal Three set forth elsewhere in this proxy statement, is an advisory vote, meaning it is non-binding. The vote on the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm is also advisory. Our board will carefully consider the outcome of each of these votes.

Will any other business be conducted at the 2013 annual meeting of stockholders?

Our board of directors does not know of any other business to be conducted or matters to be voted upon at the 2013 annual meeting. If any other matter properly comes before the 2013 annual meeting, the persons named in the proxy card that accompanies this proxy statement will exercise their judgment in deciding how to vote or otherwise act with respect to that matter at the 2013 annual meeting.

Who is making and paying for the solicitation of proxies and how is it made?

We are making the solicitation and will bear the costs of soliciting proxies. In addition to solicitations by mail, our directors, officers and regular employees, without additional remuneration, may solicit proxies by telephone, facsimile, email, personal interviews and other means. We may retain a proxy solicitation firm to assist in the solicitation of proxies in connection with the 2013 annual meeting. In that event, we will pay such firm customary fees, which we expect would be approximately \$10,000, plus expenses. We have requested that brokerage houses, custodians, nominees and fiduciaries forward copies of the proxy materials to the persons for whom they hold shares and request instructions for voting the proxies. We will reimburse the brokerage houses and other persons for their reasonable out-of-pocket expenses in connection with this distribution.

How and when may I submit a proposal for the 2014 annual meeting of stockholders?

If you are interested in submitting a proposal for inclusion in the proxy statement and the proxy card for our 2014 annual meeting, you need to follow the procedures outlined in Rule 14a-8 of the Exchange Act. We must receive your proposal intended for inclusion in the proxy statement at our principal executive offices, 167 Sidney Street, Cambridge, Massachusetts 02139, Attention: Secretary, no later than February 13, 2014. SEC rules set standards for the types of stockholder proposals and the information that must be provided by the stockholder making the request.

If you wish to present a proposal at the 2014 annual meeting, but do not wish to have the proposal considered for inclusion in the proxy statement and proxy card or have not complied with the requirements for inclusion of such proposal in our proxy statement under SEC rules, you must also give written notice to us at the address noted above. Our bylaws specify the information that must be included in any such notice, including a brief description of the business to be brought before the annual meeting, the name of the stockholder proposing such business and stock ownership information for such stockholder. In accordance with our bylaws, we must receive this notice at least 60 days, but not more than 90 days, prior to the date of the 2014 annual meeting and the notice must include specified information regarding the proposal and the stockholder making the proposal.

Notwithstanding the foregoing, if we provide less than 70 days' notice or prior public disclosure of the date of the annual meeting to the stockholders, notice by the stockholders must be received by our Secretary no later than the close of business on the tenth day following the date on which the notice of the annual meeting was mailed or such public disclosure was made, whichever occurs first. If a stockholder who wished to present a proposal fails to notify us by this date, the proxies that management solicits for that meeting will have discretionary authority to vote on the stockholder's proposal if it is otherwise properly brought before that meeting. If a stockholder makes timely notification, the proxies may still exercise discretionary authority to vote on stockholder proposals under circumstances consistent with the SEC's rules.

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Are annual meeting materials householded?

Some banks, brokers and other nominee record holders may be participating in the practice of householding proxy statements and annual reports. This means that the brokers and nominee record holders send only one copy of this proxy statement and the accompanying annual report to multiple stockholders in the same household. Upon request, we will promptly deliver separate copies of this proxy statement and our annual report. To make such a request, please call (617) 679-5500 or write to Investor Relations, 167 Sidney Street, Cambridge, Massachusetts 02139 or ir@iderapharma.com. To receive separate copies of our annual report and proxy statement in the future, or to receive only one copy for the household, please contact your bank, broker, or other nominee record holder, or contact us at the above address and phone number.

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PROPOSAL ONE

APPROVAL OF AMENDMENTS TO OUR RESTATED CERTIFICATE OF INCORPORATION TO DECLASSIFY OUR BOARD OF DIRECTORS

Under our Restated Certificate of Incorporation, our board of directors is currently divided into three classes, with members of each class holding office for staggered three-year terms. We are asking you to approve amendments to our Restated Certificate of Incorporation to (a) declassify our board of directors, (b) provide that our stockholders may remove directors with or without cause following declassification of our board of directors and (c) eliminate the supermajority voting requirement for amending or repealing Article ELEVENTH of our Restated Certificate of Incorporation. The board of directors believes that these changes are advisable and in the best interests of our stockholders. The board of directors has unanimously approved the proposed amendments and declared them to be advisable, and recommends that our stockholders approve the proposed amendments.

If the proposed amendments to our Restated Certificate of Incorporation described in this Proposal One are approved by the stockholders, the declassification of our board of directors would be phased in commencing with the 2013 annual meeting and would result in the classified board of directors being fully phased-out (and all board members standing for annual elections) commencing with our 2015 annual meeting of stockholders. Therefore, the Class III directors would be elected at the 2013 annual meeting for one-year terms, the Class III and Class I directors would stand for election at our 2014 annual meeting of stockholders for one-year terms (with the Class II directors having one year remaining in their term), and beginning with our 2015 annual meeting of stockholders, the board will be completely declassified and all directors will stand for election for one-year terms. If the proposed amendments are not approved in the manner described in this Proposal One, no changes will be made to our Restated Certificate of Incorporation under this Proposal One.

Proposals 1(a), 1(b) and 1(c) all relate to the proposed declassification of our board of directors, but each proposal concerns a different amendment to our Restated Certificate of Incorporation. We are submitting these amendments to our stockholders as separate items so that our stockholders are able to express their views on each amendment separately. The approval of Proposals 1(a) and 1(b) is conditioned upon both items receiving the requisite stockholder vote. The approval of Proposal 1(c) is conditioned on the approval of both Proposals 1(a) and 1(b), but Proposals 1(a) and 1(b) are not conditioned on Proposal 1(c). Therefore:

If Proposals 1(a), 1(b) and 1(c) each receive the requisite stockholder vote, then our Restated Certificate of Incorporation will be amended to reflect all of the revisions set forth in Appendix A to this proxy statement, and a Certificate of Amendment to our Restated Certificate of Incorporation reflecting the amendments will be filed with the Secretary of State of the State of Delaware immediately following the vote and during the 2013 annual meeting.

If Proposals 1(a) and 1(b) each receive the requisite stockholder vote, but Proposal 1(c) does not, then our Restated Certificate of Incorporation will be amended to reflect the corresponding revisions set forth in Appendix A to this proxy statement, and a Certificate of Amendment to our Restated Certificate of Incorporation reflecting the approved amendments will be filed with the Secretary of State of the State of Delaware immediately following the vote and during the 2013 annual meeting.

If either Proposal 1(a) or 1(b) does not receive the requisite stockholder vote (regardless of the outcome of Proposal 1(c)), then no changes will be made to our Restated Certificate of Incorporation under this Proposal One, and our board will continue to be classified.

For each of Proposal 1(a), 1(b) and 1(c), the affirmative vote of at least 75% of the issued and outstanding shares of our common stock and Series D preferred stock entitled to vote, voting together as a single class and on an as-converted basis, is required to amend our Restated Certificate of Incorporation. Our board of directors reserves the right, at any time prior to the effectiveness of the filing of the Certificate of Amendment reflecting the approved amendments, to abandon the proposed amendments.

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The following description of the proposed amendments to our Restated Certificate of Incorporation is a summary and is qualified by the full text of the proposed amendments, which are attached to this proxy statement as [Appendix A](#).

Proposal 1(a): Proposed amendment to our Restated Certificate of Incorporation to declassify our board of directors

Restated Certificate of Incorporation sections affected: Sections 2, 4, 5 and 8 of Article ELEVENTH

Our board of directors and our nominating and corporate governance committee regularly review our corporate governance policies and practices. As part of our nominating and corporate governance committee's continuing review, it discussed the potential declassification of the board of directors and moving to annual elections of all directors. In connection with our Series E preferred stock financing, which is described in greater detail in the section titled "Summary of November 2011 and November 2012 Preferred Stock Financing Transactions" set forth in Proposal Seven set forth elsewhere in this proxy statement and in "Transactions with Related Persons" set forth elsewhere in this proxy statement, we agreed to submit a proposal to our stockholders at the 2013 annual meeting to, among other things, approve an amendment to our Restated Certificate of Incorporation and bylaws to declassify our board of directors.

In deciding whether to recommend that stockholders vote in favor of this proposal, our nominating and corporate governance committee, as well as the full board of directors, considered the advantages of both a classified and declassified board structure. A classified board can promote continuity and enhance the stability of the board of directors, encourage a long-term perspective of management and reduce a company's vulnerability to coercive takeover tactics. Having experienced directors on the board of directors is important because of the unique demands of overseeing our company, including the need to understand the complexities of our business and our long-term strategy for profitable growth. The directors also considered that many investors and commentators believe that the election of directors is the primary means for stockholders to influence corporate governance policies and hold management accountable for implementing those policies. The directors recognized that many investors believe that a classified board structure reduces the accountability of directors to stockholders because the directors do not face an annual election. The directors determined that the advantages to our stockholders of annual director elections for all directors outweigh the advantages of a classified board. After weighing these and other considerations, our nominating and corporate governance committee determined that moving to annual elections of directors is in the best interests of Idera and our stockholders and recommended to the board of directors that it support the proposal to declassify the board of directors. After deliberation, the board of directors unanimously accepted that recommendation. If this proposed amendment is not approved, no changes will be made to our Restated Certificate of Incorporation under this Proposal One.

This proposed amendment is conditioned on the approval of Proposal 1(b) by the stockholders.

Approval of this Proposal 1(a) will also constitute stockholder approval of conforming changes to Sections 2.3, 2.4, 2.5 and 2.6 of our bylaws, as reflected in [Appendix B](#).

Recommendation of the Board of Directors and Required Vote

Our board of directors believes that the proposed amendment to our Restated Certificate of Incorporation to declassify our board of directors is in the best interests of our company and our stockholders and therefore recommends that the stockholders vote FOR this proposal.

The affirmative vote of the stockholders holding at least 75% of the issued and outstanding shares of our common stock and Series D preferred stock entitled to vote, voting together as a single class and on an as-converted basis, is required for approval of this Proposal 1(a).

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Proposal 1(b): Proposed amendment to our Restated Certificate of Incorporation to provide that our stockholders may remove our directors with or without cause following declassification of our board of directors

Restated Certificate of Incorporation sections affected: Section 7 of Article ELEVENTH

Delaware corporate law provides that members of a classified board of directors may be removed only for cause, unless otherwise provided in the certificate of incorporation. Our Restated Certificate of Incorporation currently provides that our directors can be removed only for cause by the affirmative vote of at least two-thirds of the shares of our capital stock outstanding and entitled to vote.

If the proposed amendment is approved by our stockholders at the 2013 annual meeting, our Restated Certificate of Incorporation would be amended to provide that, effective immediately after our 2015 annual meeting of stockholders, when our board of directors is no longer classified, directors may be removed with or without cause by the affirmative vote of a majority of our common stock issued and outstanding and entitled to vote, as set forth in [Appendix A](#). Even if this amendment is approved, our directors would continue to be removable only for cause until our 2015 annual meeting of stockholders, at which point our board of directors will no longer be classified. If the proposed amendment is not approved, no changes will be made to our Restated Certificate of Incorporation under this Proposal One.

This proposed amendment is conditioned on the approval of Proposal 1(a) by the stockholders.

Approval of this Proposal 1(b) will also constitute stockholder approval of conforming changes to Section 2.15 of our bylaws, as reflected in [Appendix B](#).

Recommendation of the Board of Directors and Required Vote

Our board of directors believes that the proposed amendment to our Restated Certificate of Incorporation to provide that our stockholders may remove our directors with or without cause by the affirmative vote of a majority of our common stock issued and outstanding and entitled to vote following declassification of our board of directors is in the best interests of our company and our stockholders and therefore recommends that the stockholders vote FOR this proposal.

The affirmative vote of the stockholders holding at least 75% of the issued and outstanding shares of our common stock and Series D preferred stock entitled to vote, voting together as a single class and on an as-converted basis, is required for approval of this Proposal 1(b).

Proposal 1(c): Proposed amendment to our Restated Certificate of Incorporation to eliminate the supermajority voting requirement for amending or repealing Article ELEVENTH of our Re