

IDERA PHARMACEUTICALS, INC.
Form SC 13D/A
March 06, 2018

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 13D

UNDER THE SECURITIES EXCHANGE ACT OF 1934

(Amendment No. 2)*

Idera Pharmaceuticals, Inc.

(Name of Issuer)

Common Stock, par value \$0.001 per share

(Title of Class of Securities)

45168K306

(CUSIP number)

Alexandra A. Toohey

Chief Financial Officer

Baker Bros. Advisors LP

860 Washington Street, 3rd Floor

New York, NY 10014

(212) 339-5690

(Name, address and telephone number of person authorized to receive notices and communications)

January 21, 2018

(Date of event which requires filing of this statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box “.

(Continued on the following pages)

(Page 1 of 10 Pages)

* The remainder of this cover page shall be filled out for a reporting person’s initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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NAMES OF REPORTING PERSONS

1.

Baker Bros. Advisors LP

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

2.(a) "

(b) "

SEC USE ONLY

3.

SOURCE OF FUNDS*

4.

OO

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e)

5.

..

CITIZENSHIP OR PLACE OF ORGANIZATION

6.

Delaware

SOLE VOTING POWER:

7.

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

38,956,461 (1)

SHARED VOTING POWER:

8.

0

9. SOLE DISPOSITIVE POWER:

38,956,461 (1)

SHARED DISPOSITIVE POWER:

10.

0

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:

11.

38,956,461 (1)

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

12.

..

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13.

18.0% (1)(2)

TYPE OF REPORTING PERSON*

14.

IA, PN

(1) Includes 157,500 shares of the common stock of Idera Pharmaceuticals, Inc. (the "Issuer") underlying options directly held by Julian C. Baker, a principal of Baker Bros. Advisors LP ("the Adviser"), 157,500 shares of the common stock of the Issuer underlying options directly held by Dr. Kelvin M. Neu, an employee of the Adviser and 20,316,327 shares of common stock issuable upon the exercise of the 2018 Warrants (as defined below).

(2) Based on 195,635,196 shares of the Issuer's common stock outstanding as of January 3, 2018 as reported in the Issuer's in the Issuer's 8-K Exhibit 2.1 filed with the Securities and Exchange Commission (the "SEC") on January 22, 2018.

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NAMES OF REPORTING PERSONS

1.

Baker Bros. Advisors (GP) LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

2.(a) "

(b) "

SEC USE ONLY

3.

SOURCE OF FUNDS*

4.

OO

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e)

5.

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CITIZENSHIP OR PLACE OF ORGANIZATION

6.

Delaware

SOLE VOTING POWER:

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38,956,461 (1)

SHARED VOTING POWER:

8.

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SHARED DISPOSITIVE POWER:

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38,956,461 (1)

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12.

..

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13.

18.0% (1)(2)

TYPE OF REPORTING PERSON*

14.

HC, OO

(1) Includes 157,500 shares of the common stock of the Issuer underlying options directly held by Julian C. Baker, a principal of the Adviser, 157,500 shares of the common stock of the Issuer underlying options directly held by Dr. Kelvin M. Neu, an employee of the Adviser and 20,316,327 shares of common stock issuable upon the exercise of the 2018 Warrants (as defined below).

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NAMES OF REPORTING PERSONS

1.

Felix J. Baker

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

2.(a) "

(b) "

SEC USE ONLY

3.

SOURCE OF FUNDS*

4.

OO

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e)

5.

..

CITIZENSHIP OR PLACE OF ORGANIZATION

6.

United States

SOLE VOTING POWER:

7.

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

38,956,461 (1)

SHARED VOTING POWER:

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0

9. SOLE DISPOSITIVE POWER:

38,956,461 (1)

SHARED DISPOSITIVE POWER:

10.

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38,956,461 (1)

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12.

..

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13.

18.0% (1)(2)

TYPE OF REPORTING PERSON*

14.

IN, HC

(1) Includes 157,500 shares of the common stock of the Issuer underlying options directly held by Julian C. Baker, a principal of the Adviser, 157,500 shares of the common stock of the Issuer underlying options directly held by Dr. Kelvin M. Neu, an employee of the Adviser and 20,316,327 shares of common stock issuable upon the exercise of the 2018 Warrants (as defined below).

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NAMES OF REPORTING PERSONS

1.

Julian C. Baker

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

2.(a) "

(b) "

SEC USE ONLY

3.

SOURCE OF FUNDS*

4.

OO

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5.

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CITIZENSHIP OR PLACE OF ORGANIZATION

6.

United States

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SHARED DISPOSITIVE POWER:

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PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

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18.0% (1)(2)

TYPE OF REPORTING PERSON*

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IN, HC

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(2) Based on 195,635,196 shares of the Issuer's common stock outstanding as of January 3, 2018 as reported in the Issuer's in the Issuer's 8-K Exhibit 2.1 filed with the SEC on January 22, 2018.

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Amendment No. 2 to Schedule 13D

This Amendment No. 2 to Schedule 13D amends and supplements the previously filed Schedules 13D filed by Baker Bros. Advisors LP (the “Adviser”), Baker Bros. Advisors (GP), LLC (the “Adviser GP”), Julian C. Baker and Felix J. Baker (collectively the “Reporting Persons”). Except as supplemented herein, such statements, as heretofore amended and supplemented, remain in full force and effect.

The Adviser GP is the sole general partner of the Adviser. Pursuant to the management agreements, as amended, among the Adviser, Baker Brothers Life Sciences, L.P. (“Life Sciences”), 14159, L.P. (“14159”), and 667, L.P. (“667”, and together with Life Sciences and 14159, the “Funds”) and their respective general partners, the Funds respective general partners relinquished to the Adviser all discretion and authority with respect to the investment and voting power of the securities held by the Funds, and thus the Adviser has complete and unlimited discretion and authority with respect to the Funds’ investments and voting power over investments.

ITEM 4. Purpose of the Transaction.

Item 4 of Amendment No. 2 is supplemented and superseded, as the case may be, as follows:

On March 5, 2018, Life Sciences, 667 and 14159 increased to 19.99% the beneficial ownership limitation (“Beneficial Ownership Limitation”) on the warrants to acquire common stock of Idera Pharmaceuticals, Inc. (“the Issuer”) at an exercise price of \$0.47 per share with an expiration date of May 7, 2018 (the “2018 Warrants”). The Beneficial Ownership Limitation had limited exercise of the 2018 Warrants to the extent that giving effect to such exercise would not cause the holders thereof and their affiliates to beneficially own, for purposes of Rule 13d-3 under the Exchange Act, in excess of 4.999% of the outstanding shares of Common Stock of the Issuer. The increase in the Beneficial Ownership Limitation becomes effective 61 days after March 5, 2018

Julian C. Baker, a principal of the Adviser, and Dr. Kelvin M. Neu, an employee of the Adviser, serve on the Board of Directors of the Issuer (the “Board”), as representatives of the Funds. Dr. Neu serves as Chairman of the Compensation Committee. Julian C. Baker and Dr. Neu hold 55,042 and 73,684 shares of Common Stock, respectively, received as compensation for service on the Board. Additionally, Julian C. Baker and Dr. Neu each hold options to purchase shares of Common Stock (“Stock Options”) received for their service on the Board. Each of Julian C. Baker and Dr. Neu holds 225,000 Stock Options, of which 157,500 are vested or will vest within 60 days hereof.

The policy of the Funds and the Adviser does not permit principals or employees of the Adviser to receive compensation for serving as a directors of the Issuer and the Funds are instead entitled to the pecuniary interest in the Stock Options or shares of Common Stock received as director compensation. Julian C. Baker and Dr. Neu have no voting or dispositive power and no pecuniary interest in the Stock Options and Common Stock received as compensation for their service on the Board. Other than through their control of the Adviser, Felix J. Baker and Julian C. Baker have neither voting nor dispositive power and have no direct pecuniary interest in the Stock Options or Common Stock received as directors compensation held by Julian C. Baker and Dr. Neu.

The Adviser has voting and investment power over the Stock Options and Common Stock received as director compensation held by Julian C. Baker and Dr. Neu.

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In addition, on January 21, 2018, the Issuer, BioCryst Pharmaceuticals, Inc. (“BioCryst”), Nautilus Holdco, Inc., a direct, wholly owned subsidiary of BioCryst (“Holdco”), Island Merger Sub, Inc., a Delaware corporation and a direct, wholly owned subsidiary of Holdco (“Merger Sub A”), and Boat Merger Sub, Inc., a Delaware corporation and a direct, wholly owned subsidiary of Holdco (“Merger Sub B”), entered into an Agreement and Plan of Merger (the “Merger Agreement”) pursuant to which (a) Merger Sub A shall be merged with and into the Issuer (the “Idera Merger”), with the Issuer surviving as a wholly owned subsidiary of Holdco, and (b) Merger Sub B shall be merged with and into BioCryst (the “BioCryst Merger”, and, together with the Idera Merger, the “Mergers”), with BioCryst surviving as a wholly owned subsidiary of Holdco. Simultaneously with the execution of the Merger Agreement, 667 and Life Sciences entered into a Voting and Support Agreement (the “Voting Agreement”) with the Issuer pursuant to which for each Voting Event (as defined in the Voting Agreement) 667 and Life Sciences each shall cause the shares of common stock of BioCryst beneficially owned by them to be counted as present thereat for purposes of calculating a quorum and shall vote (or cause to be voted), in person or by proxy, such shares (i) in favor of the adoption of the Merger Agreement and the transactions contemplated by the Merger Agreement, (ii) in favor of any proposal to adjourn a meeting of the stockholders of BioCryst to solicit additional proxies in favor of the adoption of the Merger Agreement; (iii) against any competing proposal or any other proposal in opposition to, or in competition with, the Mergers and the transactions contemplated by the Merger Agreement; and (iv) against any other action, agreement or transaction that is intended to, or would reasonably be expected to, impede, interfere with, delay, postpone or discourage the transactions or the Voting Agreement or the performance by BioCryst of its obligations under the Merger Agreement or by 667 and Life Sciences of their obligations under the Voting Agreement.

The foregoing description of the Voting Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Voting Agreement, which is incorporated by reference as Exhibit 99.1 and is incorporated herein by reference.

The Funds hold securities of the Issuer for investment purposes. The Reporting Persons or their affiliates may purchase additional securities or dispose of securities in varying amounts and at varying times depending upon the Reporting Persons’ continuing assessments of pertinent factors, including the availability of shares of Common Stock or other securities for purchase at particular price levels, the business prospects of the Issuer, other business investment opportunities, economic conditions, stock market conditions, money market conditions, the attitudes and actions of the Board and management of the Issuer, the availability and nature of opportunities to dispose of shares in the Issuer and other plans and requirements of the particular entities. The Reporting Persons may discuss items of mutual interest with the Issuer, which could include items in subparagraphs (a) through (j) of Item 4 of Schedule 13D.

Depending upon their assessments of the above factors, the Reporting Persons or their affiliates may change their present intentions as stated above and they may assess whether to make suggestions to the management of the Issuer regarding financing, and whether to acquire additional securities of the Issuer, including shares of Common Stock (by means of open market purchases, privately negotiated purchases, exercise of some or all of the 2018 Warrants and Prefunded Warrants (as defined below), exercise of some or all of the Stock Options, or otherwise) or to dispose of

some or all of the securities of the Issuer, including shares of Common Stock, under their control.

ITEM 5. Interest in Securities of the Issuer.

(a) and (b) Items 7 through 11 and 13 of each of the cover pages of this Amendment No. 2 are incorporated herein by reference. Set forth below is the aggregate number of shares of Common Stock directly held by each of the Funds, which may be deemed to be indirectly beneficially owned by the Reporting Persons, as well as shares of Common Stock that may be acquired upon exercise the 2018 Warrants, certain warrants to purchase shares of Common Stock at an exercise price of \$0.01 per share that expire on May 7, 2020 (“May 2020 Warrants”), certain warrants to purchase shares of Common Stock at an exercise price of \$0.01 per share that expire on September 25, 2020 (“September 2020 Warrants”) and certain warrants to purchase shares of Common Stock at an exercise price of \$0.01 per share that expire on February 10, 2021 (“2021 Warrants”, and together with the May 2020 Warrants, and September 2020 Warrants, the “Prefunded Warrants”) by the Funds, subject to the limitation on exercise described below.

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Holder	Shares of Common Stock	2018 Warrants	May 2020 Warrants	September 2020 Warrants	2021 Warrants
667, L.P.	1,723,224	2,250,846	1,752,291	465,230	172,406
Baker Brothers Life Sciences, L.P.	16,438,080	17,626,445	13,722,245	3,620,051	1,938,274
14159, L.P.	35,105	439,036	341,791	90,694	48,070
Total	18,196,409	20,316,327	15,816,327	4,175,975	2,158,750

The Prefunded Warrants are only exercisable to the extent that after giving effect to such exercise the holders thereof and their affiliates would beneficially own, for purposes of Rule 13d-3 under the Securities Exchange Act of 1934, as amended, no more than 4.999% of the outstanding shares of Common Stock of the Issuer. The 2018 Warrants are only exercisable to the extent that after giving effect to such exercise the holders thereof and their affiliates would beneficially own, for purposes of Rule 13d-3 under the Securities Exchange Act of 1934, as amended, no more than 19.99% of the outstanding shares of Common Stock of the Issuer. As a result of this restriction, the number of shares that may be issued upon exercise of the Warrants by the above holders may change depending upon changes in the outstanding shares of Common Stock.

The Adviser GP, Felix J. Baker and Julian C. Baker as principals of the Adviser GP, and the Adviser may be deemed to be beneficial owners of securities of the Issuer directly held by the Funds, and may be deemed to have the power to vote or direct the vote of and the power to dispose or direct the disposition of such securities.

The Reporting Persons disclaim beneficial ownership of the securities held by each of the Funds, and this Amendment No. 2 shall not be deemed an admission that the Reporting Persons are the beneficial owners of such securities for purposes of Section 13(d) or for any other purpose.

The Adviser GP, and Felix J. Baker and Julian C. Baker as principals of the Adviser GP, may be deemed to have the power to vote or direct the vote of and the power to dispose or direct the disposition of the Stock Options held by Julian C. Baker and Dr. Neu.

(c) Except as described in this Amendment No. 2, none of the Reporting Persons has effected any transaction in the securities of the Issuer during the past 60 days.

(d) Certain securities of the Issuer are held directly by 667, a limited partnership the sole general partner of which is Baker Biotech Capital, L.P., a limited partnership the sole general partner of which is Baker Biotech Capital (GP), LLC. Julian C. Baker and Felix J. Baker are the controlling members of Baker Biotech Capital (GP), LLC.

Certain securities of the Issuer are held directly by Life Sciences, a limited partnership the sole general partner of which is Baker Brothers Life Sciences Capital, L.P., a limited partnership the sole general partner of which is Baker Brothers Life Sciences Capital (GP), LLC. Julian C. Baker and Felix J. Baker are the controlling members of Baker Brothers Life Sciences Capital (GP), LLC.

Certain securities of the Issuer are held directly by 14159, a limited partnership the sole general partner of which is 14159 Capital, L.P., a limited partnership the sole general partner of which is 14159 Capital (GP), LLC. Julian C. Baker and Felix J. Baker are the controlling members of 14159 Capital (GP), LLC.

(e) Not applicable.

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ITEM 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

Item 6 of Amendment No. 2 is supplemented and superseded, as the case may be, as follows:

The disclosure in Items 4 and 5 is incorporated herein by reference.

The Voting Agreement is incorporated by reference as Exhibit 99.1 hereto and is incorporated by reference herein.

ITEM 7. Material to Be Filed as Exhibits.

Exhibit Description

99.1	Voting and Support Agreement, dated as of January 21, 2018, by and between Idera Pharmaceuticals, Inc., 667, L.P. and Baker Brothers Life Sciences, L.P. (incorporated by reference to Exhibit 99.1 to the Issuer's Current Report on Form 8-K, filed with the SEC on January 22, 2018).
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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

March 6, 2018

BAKER BROS. ADVISORS LP

By: Baker Bros. Advisors (GP) LLC, its general partner

By: /s/ Scott L. Lessing
Name: Scott L. Lessing
Title: President

BAKER BROS. ADVISORS (GP) LLC

By: /s/ Scott L. Lessing
Name: Scott L. Lessing
Title: President

/s/ Julian C. Baker
Julian C. Baker

/s/ Felix J. Baker
Felix J. Baker