

IDERA PHARMACEUTICALS, INC.  
Form DEF 14A  
May 22, 2018

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

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 under §240.14a-12

**IDERA PHARMACEUTICALS, INC.**

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(Name of Registrant as Specified In Its Charter)

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

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- 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:
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(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 2018 ANNUAL MEETING OF STOCKHOLDERS

**Date and Time:** Wednesday, June 20, 2018 at 10:00 a.m., local time  
**Place:** Idera Pharmaceuticals, Inc.  
505 Eagleview Boulevard  
Suite 212  
Exton, Pennsylvania 19341  
**Items of Business:** At our 2018 annual meeting of stockholders we will ask our stockholders to:

Elect three Class II directors to our board of directors for terms to expire at the 2021 annual meeting of stockholders;

Approve an amendment to our Restated Certificate of Incorporation, as amended, to effect a reverse stock split of our issued and outstanding common stock by a whole number ratio of not less than 1-for-4 and not more than 1-for-8, such ratio and the implementation and timing of such reverse stock split to be determined in the discretion of our board of directors at any time prior to our 2019 annual meeting of stockholders, and, in connection therewith, to decrease the number of authorized shares of our common stock on a basis proportional to the reverse stock split ratio;

Approve an amendment to our Restated Certificate of Incorporation, as amended, to set the number of authorized shares of our common stock at a number determined by calculating the product of 280,000,000 multiplied by two times (2x) the reverse stock split ratio. This Proposal Three is subject to approval by our stockholders of the amendment to our Restated Certificate of Incorporation, as amended, effecting the reverse stock split as set forth in Proposal Two and, therefore, will not be implemented unless Proposal Two is approved and such reverse stock split is implemented;

Approve, by non-binding vote, executive compensation;

Ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018; and

Transact any other business as may properly come before the 2018 annual meeting or any postponement or adjournment of the 2018 annual meeting.  
The board of directors has no knowledge of any other business to be transacted at the 2018 annual meeting.

**Record Date:** You may vote at the 2018 annual meeting if you were a stockholder of record at the close of business on May 17, 2018.

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**Proxy Voting:**

It is important that your shares be represented and voted at the 2018 annual meeting. Whether or not you plan to attend the 2018 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 2018 annual meeting.

By order of the board of directors,

/s/ LOUIS J. ARCUDI, III

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Louis J. Arcudi, III  
*Senior Vice President of Operations, Chief Financial Officer,  
Treasurer and Assistant Secretary*  
Cambridge, Massachusetts

May 22, 2018

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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 June 20, 2018**

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 2018 annual meeting of stockholders, or the 2018 annual meeting. The 2018 annual meeting will be held on Wednesday, June 20, 2018, at 10:00 a.m., local time, at our office located at 505 Eagleview Boulevard, Suite 212, Exton, Pennsylvania 19341. If the 2018 annual meeting is adjourned for any reason, then proxies submitted may be used at any adjournment of the 2018 annual meeting.

This proxy statement summarizes information about the proposals to be considered at the 2018 annual meeting and other information you may find useful in determining how to vote. The proxy card is one means by which you may 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 May 23, 2018.

In this mailing, we are also including copies of our annual report to stockholders for the year ended December 31, 2017, or 2017 Annual Report. Our 2017 Annual Report consists of our annual report on Form 10-K for the year ended December 31, 2017, as filed with the Securities and Exchange Commission, or the SEC, on March 7, 2018, including our audited financial statements, which annual report on Form 10-K is available free of charge on our website, [www.iderapharma.com](http://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](http://www.sec.gov). **To obtain directions to be able to attend the 2018 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](mailto:ir@iderapharma.com).**

**Important Notice Regarding the Availability of  
Proxy Materials for the 2018 Annual Meeting  
to Be Held on June 20, 2018:**

**The Notice of Annual Meeting, Proxy Statement and 2017 Annual Report are available at  
<http://ir.iderapharma.com/shareholder-services/annual-meeting>.**

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**INFORMATION ABOUT THE 2018 ANNUAL MEETING**

**Who may vote?**

Holders of record of our common stock at the close of business on May 17, 2018, the record date for the 2018 annual meeting, are entitled to vote on each matter properly brought before the 2018 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. As of the close of business on May 17, 2018, the record date for the 2018 annual meeting, we had 217,310,991 shares of common 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 the proxy card that accompanies this proxy statement. 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. 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 2018 annual meeting, you may vote by delivering your completed proxy card in person or you may vote by completing a ballot at the 2018 annual meeting. Ballots will be available at the 2018 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 2018 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.

**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, banks or brokerage firms subject to these rules 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. Banks or brokerage firms will have this discretionary authority with respect to routine or "discretionary" matters. Among the proposals to be presented at the 2018 annual meeting, Proposal Two (approval of a reverse stock split),



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Proposal Three (approval of an amendment setting the number of authorized shares of common stock) and Proposal Five (the ratification of the selection of our independent registered public accounting firm) are discretionary matters, and banks and brokerage firms are permitted to vote your shares even if you have not given voting instructions. Proposal One (the election of directors) and Proposal Four (the approval of a non-binding vote on executive compensation) are non-routine or "non-discretionary" matters, and banks and brokerage firms cannot vote your shares on such proposals if you have not given voting instructions. "Broker non-votes" occur when a bank or brokerage firm submits a proxy for shares but does not indicate a vote for a particular proposal because the bank or brokerage firm either does not have authority to vote on that proposal and has not received voting instructions from the beneficial owner, or has discretionary authority but chooses not to exercise it. 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?".

Even if your shares are held in street name, you are welcome to attend the 2018 annual meeting. If your shares are held in street name, you may not vote your shares in person at the 2018 annual meeting unless you obtain a proxy, executed in your favor, from the holder of record (i.e., your bank or brokerage firm). If you hold your shares in street name and wish to vote in person, please contact your bank or brokerage firm before the 2018 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 Assistant 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 2018 annual meeting, notify our Assistant 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 2018 annual meeting, a quorum must be present. A quorum consists of the holders of a majority of the shares of our common stock issued, outstanding and entitled to vote at the 2018 annual meeting.

Shares of common 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.

If a quorum is not present, the 2018 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 2018 annual meeting to be approved and the effect that abstentions, withheld votes and broker

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non-votes will have on the outcome of voting on each proposal that is being submitted to our stockholders for approval at the 2018 annual meeting.

<b>Proposal</b>	<b>Affirmative Vote Required</b>	<b>Abstentions/ Withholds</b>	<b>Broker Non-Votes</b>
Election of Directors ( <i>Proposal 1</i> )	Plurality of votes cast by holders of common stock entitled to vote	No effect(1)	No effect
Approve Reverse Stock Split ( <i>Proposal 2</i> )	Majority of issued and outstanding common stock entitled to vote	Has the same effect as a vote AGAINST	Has the same effect as a vote AGAINST
Approve Setting Number of Authorized Shares of Common Stock ( <i>Proposal 3</i> )	Majority of issued and outstanding common stock entitled to vote	Has the same effect as a vote AGAINST	Has the same effect as a vote AGAINST
Advisory Vote on Executive Compensation ( <i>Proposal 4</i> )	Majority of common stock present or represented and voting on the matter	No effect	No effect
Ratification of Selection of Ernst & Young LLP ( <i>Proposal 5</i> )	Majority of common stock present or represented and voting on the matter	No effect	No effect

(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.

**How does the board of directors recommend that I vote?**

Our board of directors recommends that you vote as follows:

To elect the three nominees to our board of directors (Proposal One); and

FOR Proposal Two, Proposal Three, Proposal Four and Proposal Five.

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 Four, 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, as described in greater detail in Proposal Five, is also advisory. Our board will carefully consider the outcome of each of these votes.

**Will any other business be conducted at the 2018 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 2018 annual meeting. If any other matter properly comes before the 2018 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 2018 annual meeting.

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**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 employees, without additional remuneration, may solicit proxies by telephone, facsimile, email, personal interviews and other means. We have retained MacKenzie Partners, Inc. to assist in the solicitation of proxies in connection with the 2018 annual meeting for an estimated fee of 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 2019 annual meeting of stockholders?**

If you are interested in submitting a proposal for inclusion in the proxy statement and proxy card for our 2019 annual meeting of stockholders, or the 2019 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 January 23, 2019. 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 2019 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 2019 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.

**Are annual meeting materials householded?**

Some banks and brokerage firms may be participating in the practice of "householding" proxy statements and annual reports. This means that the banks and brokerage firms send only one copy of this proxy statement and the accompanying 2017 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 stockholders. To make such a request, please call Investor Relations at 1 (877) 888-6550, write to Investor Relations, 167 Sidney Street, Cambridge, Massachusetts 02139 or email Investor Relations at [ir@iderapharma.com](mailto:ir@iderapharma.com). To receive separate copies of our annual report to stockholders and proxy statement in the future, or to receive only one copy for the household, please contact us or your bank or brokerage firm.

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**PROPOSAL ONE**

**ELECTION OF DIRECTORS**

**General Information**

Our board of directors is divided into three classes and currently consists of three Class I directors: Vincent J. Milano, Kelvin M. Neu, M.D. and William S. Reardon, C.P.A.; three Class II directors: Julian C. Baker, James A. Geraghty and Maxine Gowen, Ph.D.; and one Class III director: Mark Goldberg, M.D. Each member of a class is elected for a three-year term, with the terms staggered so that approximately one-third of our directors stand for election at each annual meeting of stockholders. The Class I, Class II and Class III directors were elected to serve until the annual meeting of stockholders to be held in 2020, 2018 and 2019, respectively, and until their respective successors are elected and qualified.

Our board of directors, on the recommendation of the members of our nominating and corporate governance committee, has nominated Mr. Baker, Mr. Geraghty and Dr. Gowen for election as Class II directors at the 2018 annual meeting. At the 2018 annual meeting, stockholders will be asked to consider the election of Mr. Baker, Mr. Geraghty and Dr. Gowen. Dr. Gowen has been nominated for election as a director at a meeting of our stockholders for the first time. In January 2016, Dr. Gowen was elected to our board of directors as a Class II director by action of our board of directors with a term expiring at our 2018 annual meeting. Dr. Gowen was recommended for initial election to our board of directors by our nominating and corporate governance committee.

The persons named in the enclosed proxy card will vote to elect Mr. Baker, Mr. Geraghty and Dr. Gowen to our board of directors unless you indicate that you withhold authority to vote for the election of any or all nominees. You may not vote for more than three directors. Each Class II director will be elected to hold office until our 2021 annual meeting of stockholders and until his or her successor is elected and qualified or until his or her earlier resignation, death or removal. Each of the nominees is presently a director and each has indicated a willingness to serve as a director, if elected. If a nominee becomes unable or unwilling to serve, however, the persons acting under the proxy may vote for substitute nominees selected by the board of directors.

On January 21, 2018, we entered into an Agreement and Plan of Merger, or the Merger Agreement, with BioCryst Pharmaceuticals, Inc., a Delaware corporation, or BioCryst, Nautilus Holdco, Inc., a Delaware corporation and a wholly owned subsidiary of BioCryst, or Holdco, Island Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Holdco, or Merger Sub A, and Boat Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Holdco, or Merger Sub B. Pursuant to the Merger Agreement, and subject to the satisfaction or waiver of the conditions specified therein, (a) Merger Sub A will be merged with and into us, or the Idera Merger, with us surviving as a wholly owned subsidiary of Holdco, and (b) Merger Sub B will be merged with and into BioCryst, or the BioCryst Merger, which we refer to together with the Idera Merger as the Mergers, with BioCryst surviving as a wholly owned subsidiary of Holdco. We and BioCryst are each planning to hold a special meeting of stockholders to vote on, among other things, the Merger Agreement on July 10, 2018, and, if approved by both our stockholders and BioCryst's stockholders, we expect to consummate the Mergers as soon as practicable thereafter. If the Mergers are consummated, at the effective time of the Mergers and in accordance with the terms of the Merger Agreement, each of Mr. Milano, Dr. Neu, Mr. Reardon, Mr. Baker, Mr. Geraghty, Dr. Gowen and Dr. Goldberg are expected to resign from his or her respective position as a member of our board of directors and any committee thereof. Following the effective time of the Mergers, it is anticipated that Messrs. Milano and Geraghty and Drs. Goldberg and Gowen will serve as members of Holdco's board of directors.

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**Information about our Directors**

Set forth below are the names of each of the nominees for election to our board of directors, the names of each of our other continuing directors, the year in which each director first became a director, their age as of April 30, 2018, their positions and offices with our Company, their principal occupations and business experience during at least the past five years and the names of other public companies for which they currently serve, or have served within the past five years, as a director. We have also included information about each director's specific experience, qualifications, attributes or skills that led our board of directors to conclude that such individual should serve as one of our directors. We also believe that all of our directors have a reputation for integrity, honesty and adherence to high ethical standards. They each have demonstrated business acumen and an ability to exercise sound judgment, as well as a commitment of service to Idera and our board of directors.

**Recommendation of the Board of Directors**

**Our board of directors unanimously recommends that the stockholders vote FOR the election of Mr. Baker, Mr. Geraghty and Dr. Gowen as Class II directors.**

**Class II Nominees Terms to Expire in 2018**

**Julian C. Baker**

*Director since 2014*

Mr. Baker, age 51, is a Managing Partner of Baker Brothers Investments, which he founded in 2000 with his brother, Dr. Felix J. Baker. The firm primarily manages long-term investment funds focused on publicly traded life sciences companies. Mr. Baker's career as a fund manager began in 1994 when he co-founded a biotechnology investing partnership with his brother and the Tisch Family. Previously, Mr. Baker was employed from 1988 to 1993 by the private equity investment arm of Credit Suisse First Boston Corporation. He also serves on the boards of directors of Acadia Pharmaceuticals, Inc., Incyte Corporation and Genomic Health, Inc. and previously served on the board of directors of Trimeris, Inc. Mr. Baker holds an A.B. from Harvard University. We believe that Mr. Baker's qualifications to sit on our board of directors include his financial expertise, affiliation with one of our significant stockholders, knowledge of our industry and significant public company board experience.

**James A. Geraghty**

*Director since 2013*

Mr. Geraghty, age 63, has served as chairman of our board of directors since July 2013. He was an Entrepreneur in Residence at Third Rock Ventures from May 2013 to October 2016. Mr. Geraghty served as a Senior Vice President of Sanofi, a global healthcare company, from April 2011 to December 2012. Prior to that, he served in various senior management roles at Genzyme Corporation, a biotechnology company, from 1992 to April 2011, including as Senior Vice President, International Development from January 2007 to April 2011. Mr. Geraghty currently serves as chairman of the board of Juniper Pharmaceuticals, Inc., a publicly traded company, and as a member of the board of Voyager Therapeutics, Inc., a publicly traded company. He also serves as a director of Fulcrum Therapeutics, Inc. He previously served as a director of bluebird bio Inc. and GTC Biotherapeutics, Inc. We believe that Mr. Geraghty's qualifications to sit on our board of directors include his public company board and management experience and his broad and deep knowledge of the industry in which we operate.

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**Maxine Gowen, Ph.D.**

*Director since 2016*

Dr. Gowen, age 59, has served as the founding President and CEO and a member of the board of directors of Trevena, Inc., a biopharmaceutical company, since November 2007. Prior to joining Trevena, Dr. Gowen was Senior Vice President for the Center of Excellence for External Drug Discovery at GlaxoSmithKline plc, or GSK, where she held a variety of leadership positions during her tenure of 15 years. Before GSK, Dr. Gowen was Senior Lecturer and Head, Bone Cell Biology Group, Department of Bone and Joint Medicine, of the University of Bath, U.K. Dr. Gowen has served as a director of Akebia Therapeutics, Inc., a publicly traded company, since July 2014. From 2008 until 2012, Dr. Gowen served as a director of Human Genome Sciences, Inc., a publicly traded company. She received her Ph.D. from the University of Sheffield, U.K., an M.B.A. with academic honors from The Wharton School of the University of Pennsylvania, and a B.Sc. with Honors in Biochemistry from the University of Bristol, U.K. We believe that Dr. Gowen's qualifications to sit on our board of directors include her significant public company management and board experience and knowledge of our industry.

**Class I Directors Terms to Expire in 2020**

**Vincent J. Milano**

*Director since 2014*

Vincent Milano, age 54, has been our President and Chief Executive Officer, and a member of our board of directors, since December 2014. Prior to joining us, Mr. Milano served as Chairman, President and Chief Executive Officer of ViroPharma Inc., a pharmaceutical company that was acquired by Shire Plc in January 2014, from March 2008 to January 2014, as its Vice President, Chief Financial Officer and Chief Operating Officer from January 2006 to March 2008 and as its Vice President, Chief Financial Officer and Treasurer from April 1996 to December 2005. Mr. Milano also served on the board of directors of ViroPharma from March 2008 to January 2014. Prior to joining ViroPharma, Mr. Milano served in increasingly senior roles, most recently senior manager, at KPMG LLP, an independent registered public accounting firm, from July 1985 to March 1996. Mr. Milano currently serves on the board of directors of Spark Therapeutics, Inc. and Vanda Pharmaceuticals Inc., each a publicly traded company, and VenatoRx Pharmaceuticals, Inc. Mr. Milano holds a Bachelor of Science degree in Accounting from Rider College. We believe Mr. Milano's qualifications to sit on our board of directors include his knowledge of our company as our President and Chief Executive Officer, knowledge of our industry, including over 20 years of experience serving in a variety of roles of increasing responsibility in the finance department, corporate administration and operations of a multinational biopharmaceutical company, and understanding of pharmaceutical research and development, sales and marketing, strategy, and operations in both the United States and overseas. He also has corporate governance experience through service on other public company boards.

**Kelvin M. Neu, M.D.**

*Director since 2014*

Dr. Neu, age 44, is a Managing Director of Baker Bros. Advisors LP and has been with the firm since 2004. The firm primarily manages long-term investment funds focused on publicly traded life sciences companies. Dr. Neu previously served on the board of directors of XOMA Corporation, a publicly traded company. Dr. Neu also served as a director of AnorMED Inc. and diaDexus, Inc. Dr. Neu holds an A.B. in Molecular Biology from Princeton University and an M.D. from Harvard Medical School and the Harvard-MIT Division of Health Sciences and Technology. He also trained for three years in the Immunology Ph.D. program at Stanford University. We believe that Dr. Neu's qualifications to sit on our board of directors include his scientific background, affiliation with one of our significant stockholders and knowledge of our industry.

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**William S. Reardon, C.P.A.**

*Director since 2002*

Mr. Reardon, age 71, has been a director since 2002 and served as lead independent director of our board of directors from September 2010 to July 2013. He served as an audit partner at PricewaterhouseCoopers LLP, where he led the Life Science Industry Practice for New England and the Eastern United States from 1986 until his retirement from the firm in July 2002. Mr. Reardon currently serves as a trustee of closed-end mutual funds Tekla Healthcare Investors, Tekla Life Sciences Investors and of Tekla Healthcare Opportunities Fund and Tekla World Healthcare Fund. Mr. Reardon also previously served as a director of Synta Pharmaceuticals Corp., a publicly traded company. We believe that Mr. Reardon's qualifications to sit on our board of directors include his accounting and financial experience, including as a partner at a leading accounting firm leading its life science practice, his role in keeping the board of directors and senior management team abreast of current accounting regulations and his experience as a member of several boards of directors of biotechnology companies. Additionally, we value Mr. Reardon's role in leading the board on matters of corporate governance, before, during and after his service as lead independent director.

**Class III Directors Terms to Expire in 2019**

**Mark Goldberg, M.D.**

*Director since 2014*

Dr. Goldberg, age 63, served as consultant and medical and regulatory strategist for Synageva BioPharma Corp., a biopharmaceutical company, from October 2014 until June 2015. Prior to that, he served as the Executive Vice President for Medical and Regulatory Strategy of Synageva from January 2014 to October 2014 and as the Senior Vice President of Medical and Regulatory Affairs of Synageva from September 2011 to January 2014. Dr. Goldberg served in a variety of senior management positions at Genzyme Corporation from 1996 to July 2011, including most recently as Senior Vice President for Clinical Development and Therapeutic Group Head for Oncology and Personalized Genetic Health from 2009 to July 2011. Prior to working at Genzyme Corporation, he was a full-time staff physician at Brigham and Women's Hospital and Dana Farber Cancer Institute, where he still holds appointments. He has also been an Associate Professor of Medicine at Harvard Medical School since 1996. Dr. Goldberg is a board-certified medical oncologist and hematologist and has more than 50 published papers. Dr. Goldberg currently serves on the board of directors of ImmunoGen, Inc. GlycoMimetics, Inc., Blueprint Medicines Corporation and Audentes Therapeutics, Inc., all publicly traded companies. He also served on the board of directors of aTyr Pharma, Inc. from 2015 to 2017. Dr. Goldberg holds an A.B. from Harvard College and an M.D. from Harvard Medical School. We believe that Dr. Goldberg's qualifications to sit on our board of directors include his extensive scientific and medical background, public company board experience and extensive experience in the management and operations of pharmaceutical companies.

**Director Compensation**

We use a combination of cash and equity-based compensation to attract and retain candidates to serve on our board of directors. We do not compensate directors who are also our employees for their service on our board of directors. As a result, Mr. Milano does not, and Dr. Sudhir Agrawal, our former director and President of Research, did not, receive any compensation for their service on our board of directors.

We generally review our director compensation program every two years with the advice of an independent compensation consultant. In November 2016, we modified our director compensation program, effective January 1, 2017.

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Under our director compensation program, we pay our non-employee directors retainers in cash. Each director receives a cash retainer for service on the board of directors and for service on each committee on which the director is a member. The chairmen of each committee receive higher retainers for such service. These fees are paid quarterly in arrears. The fees paid to non-employee directors for service on the board of directors and for service on each committee of the board of directors on which the director was a member during 2017 were as follows:

	<b>Member Annual Fee</b>	<b>Chairman Annual Fee</b>
Board of Directors	\$ 35,000	\$ 70,000
Audit Committee	\$ 7,500	\$ 15,000
Compensation Committee	\$ 6,250	\$ 12,500
Nominating and Corporate Governance Committee	\$	