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

Form 10-K/A

**AMENDMENT NO. 2 TO ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2001

Commission File Number: 0-27352

HYBRIDON, INC.

(Exact name of Registrant as specified in its certificate of incorporation)

Delaware
(State or other jurisdiction of
Incorporation or organization)

04-3072298
(I.R.S. Employer
Identification No.)

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

02139
(Zip Code)

(617) 679-5500

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, \$.001 par value
Preferred Stock Purchase Rights
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The approximate aggregate market value of the voting stock held by non-affiliates of the registrant was \$54.5 million as of March 27, 2002.

As of March 27, 2002, the registrant had 45,697,637 shares of Common Stock outstanding.

This Amendment No. 2 on Form 10-K/A amends and restates Items 12 and 13 of the Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 1, 2002 by Hybridon, Inc., a Delaware corporation (the "Company") which was previously amended and restated by Amendment No. 1 on Form 10-K/A filed with Securities and Exchange Commission on April 30, 2002.

Item 12. Security Ownership of Certain Beneficial Owners and Management

On March 31, 2002 Hybridon had 45,701,884 shares of Common Stock issued and outstanding. The following table sets forth certain information about the beneficial ownership of Common Stock, as of that date, by (i) each person known by the Company to own beneficially more than 5% of the outstanding shares of Common Stock, (ii) each director of the Company, (iii) each executive officer of the Company named in the Summary Compensation Table set forth under the caption "Executive Compensation" below and (iv) all directors and executive officers as a group.

| Name of Beneficial Owner | Number of Shares Beneficial Ownership | Percentage of Common Stock Outstanding(1) |
|-------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-------------------------------------------------|
| 5% Stockholders | | |
| Founders Financial Group, L.P.(2) 53 Forest Avenue Old Greenwich, CT 06870 | 6,265,304 | 12.32% |
| Michael A. Boyd(3) c/o Founders Financial Group, L.P. 53 Forest Avenue Old Greenwich, CT 06870 | 6,265,304 | 12.32% |
| General Motors Employees(4) Domestic Group Trust c/o General Motors Investment Management 767 Fifth Avenue New York, NY 10153 | 4,380,312 | 8.75% |
| Guardian Life Insurance Company of America(5) 201 Park Avenue South, 7A New York, NY 10003 | 3,712,000 | 7.53% |
| Pecks Management Partners Ltd(6) One Rockefeller Plaza New York, NY 10020 | 3,579,271 | 7.26% |

| Name of Beneficial Owner | Number of Shares Beneficial Ownership | Percentage of Common Stock Outstanding(1) |
|------------------------------------------------------------------|------------------------------------------|-------------------------------------------------|
| Directors and Executive Officers | | |
| C. Keith Hartley(7) | 6,413,874 | 12.61% |
| Sudhir Agrawal, D. Phil(8) | 4,100,659 | 8.25% |
| Youssef El-Zein(9) | 1,851,835 | 4.05% |
| Stephen R. Seiler(10) | 1,182,000 | 2.55% |
| Paul C. Zamecnik, M.D.(11) | 958,789 | 2.09% |
| Robert G. Andersen(12) | 757,840 | 1.63% |
| Arthur W. Berry(13) | 587,250 | 1.28% |
| James B. Wyngaarden, M.D.(14) | 544,923 | 1.18% |
| R. Russell Martin, M.D.(15) | 425,705 | * |
| Nasser Menhall(16) | 304,491 | * |
| Jin-yan Tang, Ph.D(17) | 164,826 | * |
| Camille A. Chebeir(18) | 45,000 | * |
| All directors and executive officers as a group (12 persons)(19) | 17,337,192 | 30.17% |

* Less than 1%

- (1) The number of shares beneficially owned by each person is determined under rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the stockholder has the sole or shared voting power or investment power and also any shares which the stockholder has the right to acquire within 60 days of March 31, 2002 through the conversion of any convertible security or the exercise of any stock option, warrant or other right. Unless otherwise indicated, each stockholder has sole investment and voting power (or shares such power with his spouse) with respect to the shares set forth in the table. The inclusion of any shares deemed beneficially owned does not constitute an admission of beneficial ownership of such shares.
- (2) Includes 2,605,427 shares of Common Stock issuable upon exercise of warrants, 2,059,388 shares of Common Stock issuable upon conversion of 87,524 shares of the Company's Series A Convertible Preferred Stock, \$0.01 par value per share (the "Series A Preferred Stock"), and 499,248 shares of Common Stock issuable upon conversion of \$299,549 in convertible debt.
- (3) Consists of the securities owned by Founders Financial Group, L.P. ("Founders") as set forth in the table above. Mr. Boyd is the sole director and shareholder of Michael A. Boyd, Inc., which is the general partner of Founders. Mr. Boyd may be considered a beneficial owner of the securities beneficially owned by Founders.
- (4) Consists of 1,114,971 shares of Common Stock issuable upon exercise of warrants and 3,265,341 shares of Common Stock issuable upon conversion of 138,777 shares of Series A Preferred Stock.
- (5) Includes 353,316 shares of Common Stock issuable upon exercise of warrants and 3,112,188 shares of Common Stock issuable upon conversion of 132,268 shares of Series A Preferred Stock. Also includes 18,596 shares of Common Stock issuable upon exercise of warrants held by the Guardian Life Insurance Company of America Master Pension Trust and 92,471 shares of Common Stock issuable upon conversion of 3,930 shares of Series A Preferred Stock held by the Guardian Life Insurance Company of America Master Pension Trust.
- (6) Consists of 208,895 shares of Common Stock issuable upon exercise of warrants and 3,370,376 shares of Common Stock issuable upon conversion of 143,241 shares of Series A Preferred Stock held by investment advisory clients of Pecks which clients would receive dividends and the proceeds from the sale of these shares.
- (7) Includes 10,000 shares of Common Stock subject to outstanding stock options held by Mr. Hartley. Also includes the securities owned by Founders as set forth in the table above. Included in Founders' holdings are 87,524 shares of Series A Preferred Stock, which represent 13.24% of the outstanding Series A Preferred Stock. Mr. Hartley is an affiliate of Founders and may be considered the beneficial owner of the securities owned by Founders.

- (8) Includes 3,978,499 shares subject to outstanding stock options.
- (9) Includes 28,000 shares subject to outstanding stock options.
- (10) Includes 672,000 shares subject to outstanding stock options.
- (11) Includes 201,000 shares subject to outstanding stock options.
- (12) Includes 701,269 shares subject to outstanding stock options.
- (13) Includes 20,000 shares subject to outstanding stock options.
- (14) Includes 431,000 shares subject to outstanding stock options.
- (15) Includes 334,955 shares subject to outstanding stock options.
- (16) Includes 28,000 shares subject to outstanding stock options.
- (17) Consists of 164,826 shares subject to outstanding stock options.
- (18) Includes 20,000 shares subject to outstanding stock options.
- (19) Includes 6,589,549 shares subject to outstanding stock options held by the directors and executive officers. Also includes the securities owned by Founders as set forth in the table above.

Item 13. Certain Relationships and Related Transactions

Since January 1, 2001, Hybridon has entered into or has been engaged in the following transactions with the following Hybridon directors, officers, stockholders who beneficially owned more than 5% of the outstanding Common Stock ("5% Stockholders") of Hybridon at the time of these transactions and affiliates or immediate family members of those directors, officers and 5% Stockholders. Hybridon believes that the terms of the transactions described below were no less favorable than Hybridon could have obtained from unaffiliated third parties.

\$6.0 Million Loan Arrangement

During 1998, the Company entered into a \$6.0 million loan arrangement with several lenders, including several 5% Stockholders. The terms of the loan were as follows: (i) the maturity date was November 30, 2003; (ii) the interest rate was 8%; (iii) interest was payable monthly in arrears, with the principal due in full at maturity of the loan; (iv) the loan was convertible, at the holders' option, in whole or in part, into shares of common stock at a conversion price equal to \$2.40 per share; and (v) the loan required minimum liquidity, as defined, of \$2.0 million.

On March 28, 2001, the Company entered into an agreement with the lenders pursuant to which it agreed to pay \$3.0 million to the lenders in partial payment of the principal amount outstanding under the loan. In addition, the Company deposited \$821,250 in a restricted account for the purpose of securing the payment of the balance remaining on the loan. The Company entered into this arrangement in order to encourage the lenders to release their security interest in the shares of MethlyGene Inc. held by Hybridon so that Hybridon could sell such shares to third parties. In addition, the Company agreed to reduce the conversion price of the loan from \$2.40 per share to \$1.50 per share upon completion of the sale of 60% of the Company's holdings in MethlyGene. The Company also agreed to further reduce the conversion price from \$1.50 per share to \$0.50 per share if the balance of the loan was not paid in full by the Company before September 30, 2001. On September 27, 2001, the Company paid off the remaining \$3.0 million to the lenders in full satisfaction of the loan. The \$821,250 deposited in the restricted account to secure the loan was released to the Company.

The following table sets forth the principal amounts originally loaned to the Company by 5% Stockholders and the amounts repaid by the Company to those 5% Stockholders in 2001, including interest paid:

| Lender | Principal Amount Loaned | Amount of Repayment | | | Interest Paid in 2001 |
|----------------------------------------------------------------------------------|-------------------------|---------------------|--------------|--------------------|-----------------------|
| | | April 27, 2001 | May 14, 2001 | September 27, 2001 | |
| Founders Financial Group, L.P. | \$3,000,000 | \$900,000 | \$600,000 | \$1,500,000 | \$150,877 |
| General Motors Employees Domestic Group Trust | 1,357,500 | 407,250 | 271,500 | 678,750 | 68,272 |
| Delaware State Employees Retirement Fund | 852,600 | 255,780 | 170,520 | 426,300 | 42,879 |
| Declaration of Trust for the Defined Benefit Plan of ICI American Holdings, Inc. | 391,320 | 117,396 | 78,264 | 195,660 | 19,680 |

8% Convertible Notes

In March 2000, the Company completed an offering of 8% convertible notes ("8% Notes") in the aggregate original principal amount of \$7.6 million. On March 30, 2001, holders of 8% Notes in the aggregate principal amount of \$7,354,046 exchanged their 8% Notes (including principal and accrued interest thereon) for 76,046 shares of the Company's Series B Convertible Preferred Stock, \$0.01 par value (the "Series B

Preferred Stock”), including the following directors, executive officers and 5% Stockholders of the Company, and affiliates thereof:

| Noteholder | Principal | Accrued Interest | Shares of Series B Preferred Stock |
|---------------------------------------|------------|------------------|---------------------------------------|
| Abdul Raof M. Abu Anza(1) | \$ 658,288 | \$ 22,674 | 6,809 |
| Mohammed A. Bajrai(1) | 266,298 | 9,172 | 2,754 |
| Bajrai International Group Ltd.(1) | 266,298 | 9,172 | 2,754 |
| Arthur W. Berry | 213,038 | 7,338 | 2,203 |
| Darier Hentsch & Cie(1) | 426,076 | 14,676 | 4,407 |
| Youssef El-Zein | 30,698 | 1,057 | 317 |
| Estate of E. Andrews Grinstead III(1) | 140,394 | 56,503 | 1,968 |
| R. Russell Martin | 34,086 | 1,174 | 352 |
| Nasser Menhall | 17,168 | 591 | 177 |
| Nicris Ltd.(1) | 1,100,000 | — | 11,000 |
| Oussama Salam(1) | 179,675 | 6,189 | 1,858 |
| Paul Zamecnik | 27,695 | 954 | 286 |

(1) In each case, the entity or individual beneficially owned more than 5% of the outstanding shares of Common Stock at the time of the transaction.

As of April 15, 2002, Founders held 8% Notes in the aggregate principal amount of \$299,549. This principal amount included \$33,251 in interest paid by the Company to Founders through the issuance of additional 8% Notes between January 1, 2001 and April 15, 2002.

Early Exercise Program

In 2001, the Company conducted an early exercise program (the “Early Exercise Program”) under which it exchanged its Common Stock for Series B Preferred Stock, several classes of its warrants and a portion of its remaining 8% Notes in order to simplify the Company’s capital structure and to reduce the number of outstanding securities which are exercisable for or convertible into shares of its Common Stock. The Company offered the holders of its Series B Preferred Stock the right to convert such shares into Common Stock at a lower conversion price than that set forth in the Certificate of Designation governing the terms of the Series B Preferred Stock. The Company offered the holders of various warrants the opportunity to immediately exercise their warrants for the purchase of shares covered by such warrants at a reduced exercise price, either by paying the lower exercise price for such shares in cash or by engaging in a “cashless” transaction, whereby they could receive a reduced number of shares of Common Stock in exchange for warrants of equivalent value. The value of the warrants was determined by the Company based on advice from the Company’s investment bankers. The Company offered the holders of its remaining 8% Notes the opportunity to exchange the 8% Notes for shares of the Company’s Common Stock at a reduced conversion price. As of December 31, 2001, the results of the program were as follows:

All holders of the Company’s Series B Preferred Stock exchanged their shares of Series B Preferred Stock for 19,564,500 shares of the Company’s Common Stock, including the following directors, executive officers and 5% Stockholders of the Company, and affiliates thereof:

| Holder | Shares of Series B Preferred Stock | Shares of Common Stock |
|------------------------------------|---------------------------------------|---------------------------|
| Abdul Raof M. Abu Anza(1) | 6,299 | 1,574,750 |
| Mohammed A. Bajrai(1) | 2,552 | 638,000 |
| Bajrai International Group Ltd.(1) | 2,552 | 638,000 |
| Arthur W. Berry | 2,269 | 567,250 |
| Darier Hentsch & Cie(1) | 4,085 | 1,021,250 |

| Holder | Shares of Series B Preferred Stock | Shares of Common Stock |
|---------------------------------------|------------------------------------|------------------------|
| Youssef El-Zein | 3,851 | 962,750 |
| Estate of E. Andrews Grinstead III(1) | 2,106 | 526,500 |
| R. Russell Martin | 363 | 90,750 |
| Nasser Menhall | 164 | 41,000 |
| Nicris Ltd.(1) | 10,137 | 2,534,250 |
| Oussama Salam(1) | 2,102 | 525,500 |
| Paul Zamecnik | 1,066 | 266,500 |

(1) In each case, the entity or individual beneficially owned more than 5% of the outstanding shares of Common Stock at the time of the transaction.

Holders of warrants with exercise prices ranging between \$0.60 per share and \$2.40 per share exchanged their warrants for 4,669,808 shares of the Company's Common Stock. The following directors, executive officers and 5% Stockholders of the Company, and affiliates thereof, participated in the exchange and exercised their warrants either through a cashless exercise involving a cancellation of a portion of their warrants or through the payment of the exercise prices therefor as set forth below:

| Holder | Warrants | Cash Paid | Shares of Common Stock |
|-------------------------------------------------------------------------------------|----------|-----------|------------------------|
| Abdul Raof M. Abu Anza(1) | 356,702 | \$ — | 220,019 |
| Darier Hentsch & Cie(1) | 140,636 | — | 75,170 |
| Declaration of Trust for the Defined Benefit Plan of ICI American Holdings, Inc.(1) | 253,620 | — | 154,839 |
| Delaware State Employees Retirement Fund(1) | 661,046 | — | 396,039 |
| Youssef El-Zein | 748,248 | — | 474,304 |
| Founders Financial Group L.P.(1) | 635,012 | — | 343,542 |
| Global Investment Enterprises Ltd.(2) | 55,872 | — | 39,066 |
| Guardian Life Insurance Company Of America(1) | 252,101 | — | 135,429 |
| C. Keith Hartley | 138,570 | 51,271 | 138,570 |
| Intercity Holdings Ltd.(1) | 375,000 | — | 202,875 |
| Nasser Menhall | 136,029 | — | 81,711 |
| Nicris Ltd.(1) | 234,764 | — | 127,007 |
| Oussama Salam(1) | 577,762 | — | 357,493 |
| James B. Wyngaarden | 27,737 | 10,817 | 27,737 |
| Paul Zamecnik | 230,793 | 91,018 | 230,793 |

(1) In each case, the entity or individual beneficially owned more than 5% of the outstanding shares of Common Stock at the time of the transaction.

(2) Global Investment Enterprises Ltd. is an affiliate of Camille Chebeir.

No directors, officers or 5% stockholders exchanged 8% Notes for Common Stock as part of the Early Exercise Program.

Pillar Consulting Fees

In 2001, Pillar S.A. provided consulting services to the Company relating to the sale by the Company of shares of Methylgene Inc., the Company's transaction with Isis Pharmaceuticals, Inc., the 8% Note conversion and the Early Exercise Program. In consideration for such services, the Company paid \$250,000 in cash to Pillar and issued 178,571 shares of Common Stock to Pillar.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Amendment No. 2 to the Registrant's Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, on this 24th day of May 2002.

Hybridon, Inc.

By: /s/ Stephen R. Seiler

Stephen R. Seiler
Chief Executive Officer

POWER OF ATTORNEY AND SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

| Signature | Title | Date |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------|--------------|
| * | President, Chief Scientific Officer and Director | May 24, 2002 |
| Sudhir Agrawal, D. Phil | | |
| /s/ Stephen R. Seiler | Chief Executive Officer and Director (Principal Executive Officer) | May 24, 2002 |
| Stephen R. Seiler | | |
| * | Chairman of the Board of Directors | May 24, 2002 |
| James B. Wyngaarden, M.D. | | |
| /s/ Robert G. Andersen | Chief Financial Officer and Vice President of Operations, Treasurer and Secretary (Principal Financial Officer) | May 24, 2002 |
| Robert G. Andersen | | |
| * | Director | May 24, 2002 |
| Nasser Menhall | | |
| * | Director | May 24, 2002 |
| Paul C. Zamecnik, M.D. | | |
| * | Director | May 24, 2002 |
| Youssef El-Zein | | |
| * | Director | May 24, 2002 |
| Arthur W. Berry | | |
| * | Director | May 24, 2002 |
| C. Keith Hartley | | |
| * | Director | May 24, 2002 |
| Camille Chebeir | | |

* By: /s/ Stephen R. Seiler

Stephen R. Seiler, Attorney-in-Fact

Date: May 24, 2002