

INFINITY PHARMACEUTICALS, INC.  
Form DEF 14A  
April 30, 2009  
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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:

- |  |  |
|--|--|
| <input type="checkbox"/> Preliminary Proxy Statement                 | <input type="checkbox"/> Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
| <input checked="" type="checkbox"/> Definitive Proxy Statement       |  |
| <input type="checkbox"/> Definitive Additional Materials             |  |
| <input type="checkbox"/> Soliciting Material Pursuant to §240.14a-12 |  |

**Infinity 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:

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

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(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):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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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:

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

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(3) Filing Party:

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(4) Date Filed:

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**INFINITY PHARMACEUTICALS, INC.**

**780 Memorial Drive**

**Cambridge, Massachusetts 02139**

**NOTICE OF 2009 ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held on June 17, 2009**

To our stockholders:

We invite you to our 2009 annual meeting of stockholders, which will be held at the Stonehedge Inn, 160 Pawtucket Boulevard, Tyngsboro, Massachusetts 01879 on Wednesday, June 17, 2009 at 8:00 a.m., local time. At the meeting, stockholders will consider and act upon the following matters:

1. To elect 11 directors to serve for a one-year term expiring at the 2010 annual meeting of stockholders;
2. To ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the current fiscal year; and
3. To transact such other business as may properly come before the meeting or any adjournment thereof.

Stockholders of record as of April 20, 2009 will be entitled to notice of and to vote at the annual meeting or any adjournment thereof. Our stock transfer books will remain open for the purchase and sale of our common stock.

It is important that your shares be represented at the annual meeting whether or not you expect to attend the annual meeting. If you are a stockholder of record, you may submit your proxy (1) over the internet, (2) by telephone or (3) by mail, or you may vote in person at the meeting. For specific instructions, please refer to the second page of the proxy statement and the instructions on the proxy card relating to the annual meeting.

If you are a stockholder whose shares are held in street name, you may vote by following the instructions that you will receive from your broker or other nominee. If you plan to attend the meeting, you will need to bring a proxy from your broker or other nominee issued in your name giving you the right to vote your shares.

By Order of the Board of Directors,

Gerald E. Quirk  
Vice President, General Counsel and Secretary

Cambridge, Massachusetts

April 30, 2009

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**INFINITY PHARMACEUTICALS, INC.**

**780 Memorial Drive**

**Cambridge, Massachusetts 02139**

**PROXY STATEMENT FOR THE 2009 ANNUAL MEETING OF STOCKHOLDERS**

We are pleased to take advantage of Securities and Exchange Commission rules that allow us to furnish proxy materials to you via the Internet. On or about April 30, 2009, we mailed to our stockholders of record as of April 20, 2009 either a printed set of proxy materials or a Notice of Internet Availability of Proxy Materials, or Notice. If you received the Notice by mail, you will not receive a printed copy of the proxy materials in the mail unless you request a copy. Instead, the Notice contains instructions on how to access our proxy statement for our 2009 annual meeting of stockholders and our annual report on Form 10-K for the year ended December 31, 2008. The Notice also contains instructions on how to vote online or by telephone, and how to receive a printed copy of the proxy materials by mail at no additional cost to you. We believe that this approach provides a convenient way for you to access your proxy materials and vote your shares, while lowering our printing and delivery costs and reducing the environmental impact associated with our annual meeting.

**IMPORTANT NOTE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE  
ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 17, 2009**

The proxy statement and annual report are available at [www.infi.com/proxy](http://www.infi.com/proxy).

Whether you own few or many shares of stock, it is important that your shares be represented and voted at the annual meeting. If you are a stockholder of record, you can vote your shares by telephone or via the Internet. Instructions for using these convenient services are provided in the proxy statement. You also can vote your shares by requesting a paper proxy card to complete, sign and return by mail. If you decide to attend the annual meeting, you will be able to vote in person, even if you previously have voted by another means.

If your shares are held in street name, that is, held for your account by a broker or other nominee, you will receive instructions from the holder of record that you must follow for your shares to be voted. If you decide to attend the annual meeting, you will need to bring a proxy from your broker or other nominee issued in your name giving you the right to vote your shares.

These proxy materials are being made available to you because our board of directors is soliciting your vote at our 2009 annual meeting of stockholders.

**EXPLANATORY NOTE**

In September 2006, we completed our reverse merger in which a wholly-owned subsidiary of Discovery Partners International, Inc. or DPI, merged with Infinity Pharmaceuticals, Inc., or IPI, such that IPI became a wholly-owned subsidiary of DPI. In that transaction, which we refer to as the reverse merger, IPI changed its name to Infinity Discovery, Inc., or Old Infinity. In addition, DPI changed its name to Infinity Pharmaceuticals, Inc., or Infinity. After completion of the reverse merger, the business conducted by the combined company became the one operated by Old Infinity prior to the reverse merger. Except as specifically identified, the information contained herein with respect to periods prior to the reverse merger reflects the business of Old Infinity, and not DPI, and the information contained herein with respect to periods following the reverse merger reflect the business of the combined company. Further, the terms Infinity, we, us, and our refer to the combined company after the reverse merger, while Old Infinity refers to IPI prior to completion of the merger and DPI refers to Discovery Partners International, Inc. prior to completion of the reverse merger.

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**IMPORTANT INFORMATION ABOUT THE ANNUAL MEETING AND VOTING**

**Q. Who can vote at the annual meeting?**

**A.** To be able to vote, you must have been a stockholder of record at the close of business on April 20, 2009, the record date for our annual meeting. The number of outstanding shares entitled to vote at the meeting is 26,155,570 shares of common stock.

If you were a stockholder of record on that date, you will be entitled to vote all of the shares that you held on that date at the annual meeting, or at any postponements or adjournments of the meeting.

**Q. What are the voting rights of holders of our common stock?**

**A.** Each outstanding share of our common stock will be entitled to one vote on each matter considered at the annual meeting.

**Q. How do I vote?**

**A.** If you are a record holder, meaning your shares are registered in your name, you may vote:

(1) **By Submitting a Proxy Over the Internet or by Telephone:** You may submit a proxy over the Internet by following the instructions at *www.proxyvote.com* or by telephone by calling 1-800-690-6903. You must specify how you want your shares voted. Your shares will be voted according to your instructions.

(2) **By Submitting a Proxy By Mail:** If you received a paper copy of these proxy materials, included with such copy is a proxy card. Complete and sign the proxy card and return it by mail in the postage prepaid envelope enclosed with the proxy card. Your shares will be voted according to your instructions. If you do not specify how you want your shares voted, they will be voted as recommended by our board of directors.

(3) **In Person at the Meeting:** If you attend the meeting, you may deliver your completed proxy card in person or you may vote by completing a ballot, which we will provide to you at the meeting.

If your shares are held in street name, meaning they are held for your account by a broker or other nominee, you may vote:

(1) **By Submitting Voting Instructions Over the Internet or by Telephone:** You will receive instructions from your broker or other nominee if they permit Internet or telephone voting instructions. You should follow those instructions.

(2) **By Submitting Voting Instructions By Mail:** You will receive instructions from your broker or other nominee explaining how you can submit voting instructions for your shares by mail. You should follow those instructions.

(3) **In Person at the Meeting:** Contact your broker or other nominee who holds your shares to obtain a brokers proxy card and bring it with you to the meeting. **You will not be able to vote in person at the meeting unless you have a proxy from your broker issued in your name giving you the right to vote your shares.**

**Q. Can I change my vote?**

**A.** Yes. You may revoke your proxy and change your vote at any time before the annual meeting. To do so, you must do one of the following:

(1) Submit a proxy over the Internet or by telephone as instructed above. Only your latest Internet or telephone proxy is counted.

(2) Sign a new proxy and submit it as instructed above. Only your latest dated proxy will be counted.

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(3) Attend the meeting, request that your proxy be revoked and vote in person as instructed above. Attending the meeting will not revoke your proxy unless you specifically request it.

**Q. Will my shares be voted if I don't return my proxy?**

**A.** If your shares are registered directly in your name, your shares will not be voted if you do not submit a proxy over the Internet or by telephone, return your proxy, or vote by ballot at the meeting. If your shares are held in street name, your brokerage firm may, under certain circumstances, vote your shares if you do not return your proxy. Brokerage firms can vote customers' unvoted shares on routine matters. If you do not return a proxy to your brokerage firm to vote your shares, your brokerage firm may, on routine matters, either vote your shares or leave your shares unvoted. Your brokerage firm cannot vote your shares on any matter that is not considered routine.

Proposal 1, the election of directors, and Proposal 2, the ratification of the selection of our independent registered public accounting firm, are both considered routine matters. We encourage you to provide voting instructions to your brokerage firm by giving your proxy to your brokerage firm. This ensures that your shares will be voted at the meeting according to your instructions. You should receive directions from your brokerage firm about how to submit your proxy to your brokerage.

**Q. How many shares must be present to hold the meeting?**

**A.** A majority of our outstanding shares of common stock must be present at the meeting to hold the meeting and conduct business. This is called a quorum. For purposes of determining whether a quorum exists, we count as present any shares that are represented by proxy or that are represented in person at the meeting. For purposes of establishing a quorum, we will count as present shares that a stockholder holds even if the stockholder votes to abstain or does not vote on one or more of the matters to be voted upon. If a quorum is not present, we expect to adjourn the meeting until we obtain a quorum.

**Q. What vote is required to approve each matter and how are votes counted?**

**A. Proposal 1 Election of 11 Directors**

To elect any of the nominees for director, a majority of the votes cast by stockholders present in person or represented by proxy and entitled to vote with respect to that director's election must be voted FOR such nominee. You may vote FOR, AGAINST, or ABSTAIN for each nominee. If your shares are held by your broker in street name, and you do not vote your shares, your brokerage firm may vote your unvoted shares on Proposal 1 or leave your shares unvoted. Broker non-votes and abstentions are not votes cast and, therefore, will have no effect on the outcome of voting on this matter.

**Proposal 2 Ratification of Selection of Independent Registered Public Accounting Firm**

To approve Proposal 2, stockholders holding a majority in voting power of the shares of our stock that are present in person or represented by proxy and entitled to vote thereon must vote FOR the proposal. If your shares are held by your broker in street name, and you do not vote your shares, your brokerage firm may vote your unvoted shares on Proposal 2. If you vote to ABSTAIN on Proposal 2, your shares will not be voted in favor of or against the proposal and will also not be counted as votes cast or shares voting on the proposal. As a result, voting to ABSTAIN will have the same effect as votes against the proposal.

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Although stockholder approval of our Audit Committee's selection of Ernst & Young LLP as our independent registered public accounting firm is not required, we believe that it is advisable to give stockholders an opportunity to ratify this selection. If this proposal is not approved at the annual meeting, our Audit Committee will reconsider its selection of Ernst & Young LLP.

**Q. Are there other matters to be voted on at the meeting?**

**A.** We do not know of any other matters that may come before the meeting other than the election of 11 directors and the ratification of the selection of our independent registered public accounting firm. If any other matters are properly presented at the meeting, the persons named in the accompanying proxy intend to vote, or otherwise act, in accordance with their judgment on the matters.

**Q. Where can I find the voting results?**

**A.** We expect to report the voting results in our Quarterly Report on Form 10-Q for the quarter ending June 30, 2009, which we anticipate filing with the Securities and Exchange Commission in August 2009.

**Q. What are the costs of soliciting these proxies?**

**A.** We will bear the cost of soliciting proxies. In addition to these proxy materials, our directors, officers and employees may solicit proxies by telephone, e-mail, facsimile and in person, without additional compensation. Upon request, we will reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for distributing proxy materials.

**Delivery of Security Holder Documents**

Some banks, brokers and other nominee record holders may be participating in the practice of "householding" proxy statements and annual reports. This means that only one copy of our proxy statement and annual report to stockholders may have been sent to multiple stockholders in your household. We will promptly deliver a separate copy of either document to you if you write or call us at the following address or telephone number: 780 Memorial Drive, Cambridge, Massachusetts 02139, Attention: Investor Relations; 617-453-1015. If you want to receive separate copies of the proxy statement or annual report to stockholders in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker or other nominee record holder, or you may contact us at the above address and telephone number.

**Stock Ownership of Certain Beneficial Owners and Management**

The following table sets forth certain information, as of February 28, 2009, or such other date as indicated below, with respect to the beneficial ownership of our common stock by:

each person whom we know beneficially owns more than 5% of the outstanding shares of our common stock;

each of our current directors and nominees for director;

each of our executive officers named below under the heading "Compensation of Executive Officers and Directors" Summary Compensation Table ; and

all of our current directors and executive officers as a group.

The number of shares of our common stock owned by each person is determined under the rules of the Securities and Exchange Commission, or SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under these rules, beneficial ownership includes any shares as to which the individual has sole or shared voting power or investment power and also any shares which the individual has the right to acquire within 60 days after February 28, 2009 through the exercise of any stock option or other right.



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Unless otherwise indicated, each person has sole voting and investment power, or shares such power with his or her spouse, with respect to the shares set forth in the following table. The inclusion in this table of any shares deemed beneficially owned does not constitute an admission of beneficial ownership of those shares.

Unless otherwise indicated, the address for each person is to the care of Infinity Pharmaceuticals, Inc., 780 Memorial Drive, Cambridge, Massachusetts 02139.

Name and Address of Beneficial Owner	Number of Shares of Common Stock Owned	+	Common Stock Underlying Options and Other Rights Acquirable Within 60 days	=	Total Beneficial Ownership (#)	Percentage of Common Stock Beneficially Owned (%)
			(1)			
<b>5% Stockholders</b>						
Beacon Company(3)	3,000,000		3,000,000		6,000,000	20.6%
Rosebay Medical Company L.P.(4)	3,000,000		3,000,000		6,000,000	20.6%
Entities affiliated with Biotechnology Value Fund, L.P.(5)	2,157,613				2,157,613	8.3%
Entities affiliated with Prospect Venture Partners II, L.P.(6)	2,102,445				2,102,445	8.0%
Novartis AG(7)	1,434,478				1,434,478	5.5%
<b>Directors</b>						
Steven H. Holtzman(8)	347,284		216,292		563,576	2.1%
Martin Babler			9,375		9,375	*
Anthony B. Evnin, Ph.D.(9)	1,176,284		36,095		1,212,379	4.6%
Harry F. Hixson, Jr., Ph.D.			50,398		50,398	*
Eric S. Lander, Ph.D.(10)	82,758		25,648		108,406	*
Patrick P. Lee			29,063		29,063	*
Arnold J. Levine, Ph.D.(11)	15,287		34,613		49,900	*
Franklin H. Moss, Ph.D.(12)	56,128		25,648		81,776	*
Vicki L. Sato, Ph.D.	11,051		51,665		62,716	*
Ian F. Smith			11,250		11,250	*
James B. Tananbaum, M.D.(13)	1,552,198		24,845		1,577,043	6.0%
Michael C. Venuti, Ph.D.	50,000		35,938		85,938	*
<b>Other Named Executive Officers</b>						
Julian Adams, Ph.D.(14)	262,945		163,478		426,423	1.6%
Adelene Q. Perkins(15)	243,180		213,297		456,477	1.7%
All current directors and executive officers as a group (14 persons)	3,797,115		927,605		4,724,720	17.5%

\* Represents holdings of less than one percent.

- (1) All stock options assumed by us in the reverse merger were granted under the Infinity Pharmaceuticals, Inc. Pre-Merger Stock Incentive Plan, and are subject to a right of early exercise, pursuant to which an optionee could exercise unvested stock options and receive, in lieu thereof, shares of restricted stock that are subject to a right of repurchase by us that lapses in accordance with the vesting schedule of the original option. For purposes of this table, however, options that will not vest within 60 days after February 28, 2009 have not been deemed exercisable.
- (2) Percentage of beneficial ownership is based on 26,133,330 shares of our common stock outstanding as of February 28, 2009. In addition, shares of common stock subject to options or other rights currently exercisable, or exercisable within 60 days of February 28, 2009, are deemed outstanding and beneficially owned for the purpose of computing the percentage beneficially owned by (i) the individual holding such options or other rights (but not any other individual) and (ii) the directors and executive officers as a group.
- (3) Includes 3,000,000 shares of common stock issuable upon the exercise of currently exercisable warrants. Beacon Company's partners are Stanhope Gate Corp., a British Virgin Islands company and Beacon Trust Company Limited, as Trustee under Settlement dated 31 December 1993. Beacon Company's principal executive offices are located at Don Street, St. Helier, Jersey JE4 9WG, Channel Islands. For information regarding Beacon Company, we have relied on the Schedule 13D filed by Beacon Company and Rosebay Medical Company L.P. with the SEC on December 1, 2008 and the Schedule 13D/A filed by Beacon Company and Rosebay Medical Company L.P. with the SEC on January 7, 2009.



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- (4) Includes 3,000,000 shares of common stock issuable upon the exercise of currently exercisable warrants. Rosebay Medical Company L.P.'s general partner is Rosebay Medical Company, Inc., a Delaware corporation. Rosebay Medical Company L.P.'s principal executive offices are located at 14000 Quail Springs Parkway #2200, Oklahoma City, Oklahoma 73134. For information regarding Rosebay Medical Company L.P., we have relied on the Schedule 13D filed by Beacon Company and Rosebay Medical Company L.P. with the SEC on December 1, 2008 and the Schedule 13D/A filed by Beacon Company and Rosebay Medical Company L.P. with the SEC on January 7, 2009.
- (5) Consists of 492,613 shares of common stock held by Biotechnology Value Fund, L.P., 340,000 shares of common stock held by Biotechnology Value Fund II, L.P., 1,181,000 shares of common stock held by BVF Investments, L.L.C., and 144,000 shares of common stock held by Investment 10, L.L.C. The address of Biotechnology Value Fund, L.P. is 900 North Michigan Avenue, Suite 1100, Chicago, Illinois 60611. For information regarding Biotechnology Value Fund, L.P., we have relied on the Schedule 13G filed by Biotechnology Value Fund, L.P. with the SEC on January 30, 2009.
- (6) Consists of 1,417,508 shares of common stock held by Prospect Venture Partners II, L.P. and 684,937 shares of common stock held by Prospect Venture Partners, L.P. The general partner of Prospect Venture Partners II, L.P. is Prospect Management Co. II, L.L.C. The managing directors of Prospect Management Co. II, L.L.C., Dr. Tananbaum, David Schnell, Alexander Barkas and Russell Hirsch, share voting and investment power over the shares held of record by Prospect Venture Partners II, L.P. The general partner of Prospect Venture Partners, L.P. is Prospect Management Co., L.L.C. The managing directors of Prospect Management Co., L.L.C., David Schnell and Alexander Barkas, share voting and investment power over the shares held of record by Prospect Venture Partners, L.P. Each of the managing directors listed above disclaims beneficial ownership of the shares over which he shares voting and investment power, except to the extent of his pecuniary interest therein. The address of Prospect Venture Partners is 435 Tasso Street, Suite 200, Palo Alto, California 94301.
- (7) Consists of 1,134,809 shares of common stock held by Novartis Pharma AG and 299,669 shares of common stock held by Novartis BioVentures Ltd. Novartis AG, as the parent of each of Novartis Pharma AG and Novartis BioVentures Ltd., may be deemed to beneficially own such shares. The address of Novartis AG is Lichtstrasse 35, 4056-Basel, Switzerland. For information regarding Novartis AG, we have relied on the Schedule 13G filed by Novartis AG with the SEC on February 14, 2007.
- (8) Of the shares of common stock held by Mr. Holtzman, 6,907 shares were subject to a right of repurchase in our favor as of February 28, 2009.
- (9) Includes 211,504 shares of common stock held by Venrock Associates, 941,249 shares of common stock held by Venrock Associates III, L.P. and 23,531 shares of common stock held by Venrock Entrepreneurs Fund III, L.P. Venrock Associates is a limited partnership of which Dr. Evnin is a General Partner. The General Partners of Venrock Associates, Dr. Evnin, Michael Brooks, Eric Copeland, Bryan Roberts, Ray Rothrock, Anthony Sun and Michael Tyrrell, share voting and investment power with respect to securities held of record by Venrock Associates. Venrock Associates III, L.P. is a limited partnership of which Venrock Management III LLC is the General Partner. The Members of Venrock Management III, LLC, Dr. Evnin, Michael Brooks, Eric Copeland, Bryan Roberts, Ray Rothrock, Anthony Sun and Michael Tyrrell, share voting and investment power with respect to securities held of record by Venrock Associates III, L.P. Venrock Entrepreneurs Fund III, L.P. is a limited partnership of which VEF Management III, LLC is the General Partner. The Members of VEF Management III, LLC, Dr. Evnin, Michael Brooks, Eric Copeland, Bryan Roberts, Ray Rothrock, Anthony Sun and Michael Tyrrell, share voting and investment power with respect to securities held of record by Venrock Entrepreneurs Fund III, L.P. Dr. Evnin disclaims beneficial ownership of all such securities listed above, except to the extent of his pecuniary interest therein. The address of Venrock is 530 Fifth Avenue, 22<sup>nd</sup> Floor, New York, New York 10036.
- (10) Consists of 71,707 shares of common stock held by Dr. Lander and 11,051 shares of common stock held by the Lander-Weiner Family Trust, of which Dr. Lander serves as a trustee. Dr. Lander shares voting and investment power with the other trustee over the shares held by the Lander-Weiner Family Trust.
- (11) Of the shares of common stock held by Dr. Levine, 1,691 shares were subject to a right of repurchase in our favor as of February 28, 2009.
- (12) Consists of 22,974 shares of common stock held by Dr. Moss, and 33,154 shares of common stock held by Dr. Moss, together with Kimberley S. Moss, as joint tenants with the right of survivorship.
- (13) Includes 134,690 shares of common stock held by a trust for which Dr. Tananbaum serves as trustee and has voting and investment power, and 1,417,508 shares of common stock held by Prospect Venture Partners II, L.P. Dr. Tananbaum is a managing director of Prospect Management Co. II, L.L.C., the general partner of Prospect Venture Partners II, L.P. Dr. Tananbaum disclaims beneficial ownership of the shares of common stock held by Prospect Venture Partners II, L.P., except to the extent of his pecuniary interest therein.
- (14) Of the shares of common stock held by Dr. Adams, 22,478 shares were subject to a right of repurchase in our favor as of February 28, 2009.
- (15) Of the shares of common stock held by Ms. Perkins, 8,358 shares were subject to a right of repurchase in our favor as of February 28, 2009.

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**PROPOSAL 1 ELECTION OF DIRECTORS**

All of our directors stand for election annually. The board of directors has set the number of directors at 11. The persons named in the accompanying proxy will vote to elect Messrs. Babler, Holtzman, Lee and Smith and Drs. Evnin, Hixson, Lander, Levine, Moss, Tananbaum and Venuti as directors unless you indicate otherwise on your proxy. Each of the nominees is currently a member of our board of directors.

Dr. Sato, who is currently a member of our board of directors, is retiring effective June 17, 2009 and is not standing for re-election as a director. Dr. Sato, age 60, has served as a member of Infinity's board of directors since September 2006 and a member of the board of directors of Old Infinity from 2001 through the completion of the reverse merger. She is currently a professor at Harvard University. From 1992 to 2005, Dr. Sato held various positions with Vertex Pharmaceuticals, Inc., a publicly-traded pharmaceutical company, most recently serving as President from 2000 to 2005. Prior to joining Vertex Pharmaceuticals, Inc., from 1984 to 1992, Dr. Sato held various positions with Biogen, Inc., a publicly traded biotechnology company, most recently serving as Vice President of Research and a member of its Scientific Advisory Board. Since 1993, Dr. Sato has served on the Board of Tutors, Department of Biochemistry and Molecular Biology at Harvard University and also served as an Assistant Professor and Associate Professor in the Department of Biology at Harvard University from 1975 to 1983. Dr. Sato is a business advisor to Atlas Ventures, a venture capital firm, and other enterprises in the biotechnology and pharmaceutical industries. Dr. Sato serves as a director of Bristol-Myers Squibb Company and Alnylam Pharmaceuticals, Inc., publicly traded biopharmaceutical companies, Perkin-Elmer, Inc., a diversified company with businesses in the life and analytical sciences and optoelectronics, and Avila Therapeutics, a private biopharmaceutical company. Dr. Sato received an A.B. in Biology from Radcliffe College and an M.A. and Ph.D. in Biology from Harvard University.

If they are elected, each of the nominees will each hold office until our annual meeting of stockholders in 2010 and until his successor is duly elected and qualified. Each of the nominees has indicated his willingness to serve, if elected; however, if any nominee should be unable to serve, the shares of common stock represented by proxies may be voted for a substitute nominee designated by the board of directors.

There are no family relationships between or among any of our officers or directors.

Below are the names, ages and certain other information of each of the nominees for director. Information with respect to the number of shares of common stock beneficially owned by each of these individuals, directly or indirectly, as of February 28, 2009 appears above under the heading "Stock Ownership of Certain Beneficial Owners and Management."

**Martin Babler**, age 44, has served as a member of our board of directors since May 2008. Mr. Babler is Chief Executive Officer of Talima Therapeutics, Inc., a privately-held drug delivery company, a position he has held since February 2008. Prior to joining Talima, from 2000 to 2006, Mr. Babler was Vice President of Immunology Sales and Marketing, and Director of Cardiovascular Marketing, at Genentech, Inc. Prior to joining Genentech, Mr. Babler held various roles of increasing responsibility in sales, sales management, marketing and business development with Eli Lilly and Company. Mr. Babler holds a degree in Pharmacy/Pharmacology from the ETH in Zurich, Switzerland and attended the Executive Development Program at Kellogg Graduate School of Management.

**Anthony B. Evnin, Ph.D.**, age 68, has served as a member of our board of directors since September 2006 and a member of the board of directors of Old Infinity from June 2001 through the completion of the reverse merger. Since 1980, Dr. Evnin has served as Managing General Partner of Venrock, a venture capital firm, and has been employed by Venrock since 1974. Dr. Evnin also serves as a director of several private companies, as well as the following publicly-traded biopharmaceutical companies: Icagen, Inc., Sunesis Pharmaceuticals, Inc. and Pharmos Corporation. Dr. Evnin received an A.B. in Chemistry from Princeton University and a Ph.D. in Chemistry from the Massachusetts Institute of Technology.

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**Harry F. Hixson, Jr., Ph.D.**, age 70, has served as a member of our board of directors and of the board of directors of DPI since May 2001 and as Chairman of DPI from November 2005 through the completion of the reverse merger. Dr. Hixson is currently Chairman of BrainCells, Inc., a private biopharmaceutical company, and served as Chief Executive Officer from its founding until 2005. From 1998 to 2002, Dr. Hixson served as Chief Executive Officer of Elitra Pharmaceuticals, a private biopharmaceutical company, and as its Chairman from 1998 to 2003. Dr. Hixson is also Chairman of SEQUENOM, a publicly-traded human genetics products and services company, a director of Arena Pharmaceuticals, a publicly-traded pharmaceutical company, and a director of NovaBay Pharmaceuticals, Inc., a publicly-traded biopharmaceuticals company. Dr. Hixson received a B.S. in Chemical Engineering from Purdue University, an M.B.A. from The University of Chicago and a Ph.D. in Physical Biochemistry from Purdue University.

**Steven H. Holtzman**, age 55, has served as our Chief Executive Officer and Chair of our board of directors since September 2006, and as our president from October 2007 to October 2008. Mr. Holtzman is also a co-founder of Old Infinity and served as its Chief Executive Officer and as Chair of its board of directors from inception in 2001 through completion of the reverse merger. Mr. Holtzman has also served as President of Old Infinity from July 2001 to February 2006. From 1994 to 2001, Mr. Holtzman served as Chief Business Officer of Millennium Pharmaceuticals, Inc., a publicly-traded pharmaceutical company. From 1996 to 2001, Mr. Holtzman served as a presidential appointee to the National Bioethics Advisory Commission, the principal advisory body to the President and Congress on ethical issues in the biomedical and life sciences. Prior to joining Millennium Pharmaceuticals, Inc., from 1986 to 1994, Mr. Holtzman was a founder and Executive Vice President of DNX Corporation, a publicly-traded biotechnology company. Mr. Holtzman is a director of Anadys Pharmaceuticals, Inc., a publicly-traded biopharmaceutical company, and a trustee of the Berklee College of Music. Mr. Holtzman received a B.A. in Philosophy from Michigan State University and a B.Phil. in Philosophy from Oxford University, which he attended as a Rhodes Scholar.

**Eric S. Lander, Ph.D.**, age 52, has served as a member of our board of directors since September 2006. Dr. Lander was a co-founder and a member of the board of directors of Old Infinity from 2001 through the completion of the reverse merger. Dr. Lander has been a Professor and Associate Professor of Biology at the Massachusetts Institute of Technology since 1990 and a Professor of Systems Biology at Harvard Medical School since 2004. Dr. Lander has served as the founding Director of The Eli and Edythe L. Broad Institute, a biomedical research institute formed by MIT and Harvard University, since 2003 and as a member of the Whitehead Institute for Biomedical Research since 1989. From 1993 to 2003, Dr. Lander was the Director of the Whitehead/MIT Center for Genome Research. Dr. Lander received an A.B. in Mathematics from Princeton University and a D.Phil. in Mathematics from Oxford University, which he attended as a Rhodes Scholar.

**Patrick P. Lee**, age 53, has served as a member of our board of directors since September 2006 and a member of the board of directors of Old Infinity from September 2002 through the completion of the reverse merger. Mr. Lee has been a General Partner of Ares Life Sciences, an investment firm, since February 2009. Prior to joining Ares Life Sciences, Mr. Lee was a General Partner of Advent Venture Partners, a venture capital firm, and was employed by Advent Venture Partners from 1999 through February 2009. Prior to joining Advent Venture Partners, from 1989 to 1999, Mr. Lee held various positions with Rhone-Poulenc Rorer in the United States, and Rhone Poulenc in Paris, France, where he was most recently Group Vice President for Mergers & Acquisitions. Prior to that he had been with Baxter International, a publicly-traded healthcare products and services company, and Booz Allen and Hamilton, a consulting firm. Mr. Lee received a B.A. in Biology from Vassar College and an M.B.A. from the Stanford Graduate School of Business.

**Arnold J. Levine, Ph.D.**, age 69, has served as a member of our board of directors since September 2006 and a member of the board of directors of Old Infinity from 2001 through the completion of the reverse merger. Since 2002, Dr. Levine has been a Professor at the Institute for Advanced Study and Professor at The Cancer Institute of New Jersey, Robert Wood Johnson School of Medicine and a Professor at the Institute for Advanced Study. From 1998 to 2002, Dr. Levine was President of Rockefeller University. Prior to joining Rockefeller University, Dr. Levine was the Harry C. Weiss Professor in the Life Sciences and Chairman of the Department of

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Molecular Biology at Princeton University from 1984 to 1996. Dr. Levine also serves as a director of Theravance, Inc., and Life Technologies, publicly-traded life science companies. Dr. Levine received a B.A. in Biology from Harpur College, State University of New York at Binghamton and a Ph.D. in Microbiology from The University of Pennsylvania.

**Franklin H. Moss, Ph.D.**, age 60, has served as a member of our board of directors since September 2006. Dr. Moss was a co-founder and a member of the board of directors of Old Infinity from 2001 through the completion of the reverse merger. Since 1998, Dr. Moss has been President of Strategic Software Ventures LLC, a firm that nurtures enterprise software startup companies, and since February 2006, Dr. Moss has served as Director of The Media Lab and Weisner Professor of Media Arts and Sciences at the Massachusetts Institute of Technology. From 2001 through 2003, Dr. Moss served as Chairman of the Informatics Advisory Board of Old Infinity. From 1991 to 1996, Dr. Moss served as Chief Executive Officer and Chairman of Tivoli Systems, a private software company sold to IBM in 1996. Prior to joining Tivoli Systems, Dr. Moss held a variety of positions with Lotus Development, Stellar Computer, Apollo Computer and IBM Research. Dr. Moss received a B.S. in Aerospace and Mechanical Sciences from Princeton University and an S.M. and Ph.D. in Aeronautics and Astronautics from the Massachusetts Institute of Technology.

**Ian F. Smith**, age 43, has served as a member of our board of directors since May 2008. Mr. Smith is Executive Vice President and Chief Financial Officer of Vertex Pharmaceuticals, Inc., a position he has held since February 2006. From November 2003 to February 2006, he was Vertex's Senior Vice President and Chief Financial Officer, and from October 2001 to November 2003, he served as Vertex's Vice President and Chief Financial Officer. Prior to joining Vertex, Mr. Smith served as a partner in the Life Science and Technology Practice Group of Ernst & Young LLP, an accounting firm, from 1999 to 2001. Mr. Smith initially joined Ernst & Young's U.K. firm in 1987, and then joined its Boston office in 1995. Mr. Smith currently is a member of the Board of Directors of Acorda Therapeutics, Inc., and Epix Pharmaceuticals, Inc., both publicly-traded biopharmaceutical companies. Mr. Smith holds a B.A. in accounting and finance from Manchester Metropolitan University, U.K., is a member of the American Institute of Certified Public Accountants and is a Chartered Accountant of England and Wales.

**James B. Tananbaum, M.D.**, age 45, has served as a member of our board of directors since September 2006. Dr. Tananbaum was a co-founder and a member of the board of directors of Old Infinity from 2001 through the completion of the reverse merger. From 2000 to the present, Dr. Tananbaum has served as Managing Director of Prospect Venture Partners L.P. II and III, venture partnerships he co-founded. From 1997 to 2000, Dr. Tananbaum served as Chief Executive Officer of Theravance, Inc., a publicly-traded biopharmaceutical company. From 1993 to 1997, Dr. Tananbaum served as a partner of Sierra Ventures, a venture capital firm. Dr. Tananbaum also serves as a director of Jazz Pharmaceuticals, Inc. and Novavax, Inc., both publicly-held biopharmaceutical companies, and the following privately-held biopharmaceutical companies: Vitae Pharmaceuticals, Inc., Patient Care, Inc., Pathwork Diagnostics, Inc., RoxRo Pharma, Inc., Cogentus Pharmaceuticals, Inc., Amira Pharmaceuticals, Inc. and Lapis Therapeutics, Inc. Dr. Tananbaum received a B.S.E.E. from Yale University and an M.D. and M.B.A. from Harvard University.

**Michael C. Venuti, Ph.D.**, age 55, has served as a member of our board of directors and the board of directors of DPI since May 2003. Dr. Venuti has been Chief Executive Officer of BioSeek, Inc., a privately-held drug discovery company, since November 2007. Prior to that, Dr. Venuti was an Operating Manager at TPG Growth Biotech Ventures, a private equity firm, from January through June 2007. Dr. Venuti served as the Acting Chief Executive Officer of DPI prior to the completion of the reverse merger and as its Chief Scientific Officer from April 2005 through September 2006. Prior to that, he was Senior Vice President of Pharmacogenomics, and was named Senior Vice President of Research and General Manager of Celera South San Francisco when the Celera Genomics Group of Applera Corporation, a life sciences company, acquired Axys Pharmaceuticals, Inc. in 2001. From 1994 through 2001, Dr. Venuti was Director of Medicinal Chemistry, and then Chief Technical Officer, for Axys Pharmaceuticals and its predecessor company, Arris Pharmaceutical Corporation. Dr. Venuti has also held an appointment as Adjunct Professor of Chemistry at the University of California, San Francisco since 1992. Dr. Venuti received an A.B. in Chemistry from Dartmouth College and a Ph.D. in Organic Chemistry from the Massachusetts Institute of Technology.

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### **CORPORATE GOVERNANCE**

#### **General**

This section describes key corporate governance guidelines and practices that we have adopted. Complete copies of our corporate governance guidelines, committee charters and code of business conduct and ethics described below are available on our website, [www.infi.com](http://www.infi.com). Alternatively, you can request a copy of any of these documents by writing to: Investor Relations, Infinity Pharmaceuticals, Inc., 780 Memorial Drive, Cambridge, Massachusetts 02139. Our board of directors believes that good corporate governance is important to ensure that Infinity is managed for the long-term benefit of our stockholders.

#### **Corporate Governance Guidelines**

Our board of directors has adopted corporate governance guidelines to assist the board in the exercise of its duties and responsibilities and to serve the best interests of Infinity and our stockholders. These guidelines, which provide a framework for the conduct of the board's business, provide that:

the principal responsibility of the directors is to oversee our management;

a majority of the members of the board shall be independent directors, unless otherwise permitted by NASDAQ rules;

the independent directors meet at least twice a year and at other times at the request of any independent director;

directors have full and free access to management and, as necessary and appropriate, independent advisors; and

at least annually, the board and its committees will conduct a self-evaluation to determine whether they are functioning effectively.

#### **Board Determination of Independence**

Under applicable NASDAQ rules, a director will only qualify as an independent director if, in the opinion of our board of directors, that person does not have a relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Our board of directors has determined that none of Messrs. Babler, Lee or Smith or Drs. Evin, Hixson, Lander, Levine, Moss, or Tananbaum has a relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is or would be an independent director as defined under Rule 4200(a)(15) of the NASDAQ Stock Market, Inc. Marketplace Rules. Further, our board of directors had previously determined that Dr. Vicki Sato, who served on our board of directors during the year ended December 31, 2008, did not have a relationship that would have interfered with the exercise of independent judgment in carrying out the responsibilities of a director and that she was an independent director as defined above. Mr. Holtzman and Dr. Venuti are not independent as defined under applicable NASDAQ rules.

#### **Director Nomination Process**

The process followed by the Nominating and Corporate Governance Committee of our board to identify and evaluate candidates includes requests to independent directors and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates and interviews of selected candidates by members of the board.

In considering whether to recommend to our board of directors any particular candidate for inclusion in the board's slate of recommended director nominees, including candidates recommended by stockholders, the Nominating and Corporate Governance Committee applies the criteria as set forth in our corporate governance





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guidelines. These criteria include the candidate's integrity, business acumen, knowledge of our business and industry, experience, diligence, conflicts of interest and the ability to act in the interests of all stockholders. The Nominating and Corporate Governance Committee does not assign specific weights to particular criteria and no particular criterion is a prerequisite for each nominee. We believe that the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow the board to fulfill its responsibilities.

Stockholders may recommend individuals to the Nominating and Corporate Governance Committee for consideration as potential director candidates by submitting their names, together with appropriate biographical information and background materials and a statement as to whether the stockholder or group of stockholders making the recommendation has beneficially owned more than 5% of our common stock for at least a year as of the date such recommendation is made to the Nominating and Corporate Governance Committee, c/o Gerald E. Quirk, Esq., Vice President and General Counsel, Infinity Pharmaceuticals, Inc., 780 Memorial Drive, Cambridge, Massachusetts 02139. Assuming that appropriate biographical and background material is provided for candidates recommended by stockholders, the Nominating and Corporate Governance Committee will evaluate those candidates by following substantially the same process, and applying substantially the same criteria, as for candidates submitted by others.

Our stockholders also have the right to nominate director candidates themselves, without any prior review or recommendation by the Nominating and Corporate Governance Committee, by following the procedures set forth under Stockholder Proposals for the 2010 Annual Meeting.

## **Board Meetings and Attendance**

Our board of directors held ten meetings, either in person or by teleconference, during the year ended December 31, 2008, or Fiscal 2008. During Fiscal 2008, each director attended at least 75% of the aggregate