## INFINITY PHARMACEUTICALS INC Form 425 August 03, 2006

Filed by Discovery Partners International, Inc. Pursuant to Rule 425

Under the Securities Act of 1933

and Deemed Filed Pursuant to Rule 14a-12

Under the Securities Exchange Act of 1934

Subject Company: Infinity Pharmaceuticals, Inc.

Commission File No. 333-134438

## Additional Information about the Merger and Where to Find It

In connection with the proposed merger transaction between Infinity Pharmaceuticals, Inc. ( Infinity ) and Discovery Partners International, Inc. ( Discovery Partners ), on July 11, 2006, Discovery Partners filed with the Securities and Exchange Commission (the SEC) an amended registration statement that contains a proxy statement/prospectus. Investors and securityholders of Discovery Partners and Infinity are urged to read the proxy statement/prospectus (including any amendments or supplements to the proxy statement/prospectus) regarding the proposed transaction because it contains important information about Discovery Partners, Infinity and the proposed transaction. Discovery Partners stockholders can obtain a free copy of the proxy statement/prospectus, as well as other filings containing information about Discovery Partners and Infinity, without charge, at the SEC s Internet site (http://www.sec.gov). Copies of the proxy statement/prospectus can also be obtained, without charge, by directing a request to Discovery Partners International, Inc., 9640 Towne Centre Drive, San Diego, CA 92121, Attention: Investor Relations, Telephone: (858) 455-8600.

## Participants in the Solicitation

Discovery Partners and its directors and executive officers and Infinity and its directors and executive officers may be deemed to be participants in the solicitation of proxies from the stockholders of Discovery Partners in connection with the proposed transaction. Information regarding the special interests of these directors and executive officers in the merger transaction is included in the proxy statement/prospectus referred to above. Additional information regarding the directors and executive officers of Discovery Partners is also included in Discovery Partners proxy statement for its 2006 Annual Meeting of Stockholders, which was filed with the SEC on April 6, 2006. This document is available free of charge at the SEC s web site (http://www.sec.gov) and from Discovery Partners Investor Relations at the address listed above.

On August 2, 2006, Infinity made the presentation set forth below at the Robert W. Baird Focus on Oncology Conference.

RW Baird Focus on Oncology Conference August 2, 2006

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3 Forward-Looking Statements

Various statements in this presentation concerning our future expectations, plans and prospects constitute forward-looking statements for the purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Such forward-looking statements include statements regarding the proposed transaction

with Discovery Partner International (DPI), DPI and the combined company's net cash at closing, the trading ofthe combined company's shares on the NASDAQ National Market, the potential value created by the proposed merger for DPI's and Infinity's stockholders, the efficacy, safety, and intended utilization of Infinity's product candidates, the

results of discovery efforts and clinical trials, and plans regarding regulatory filings, future research and clinical trials and current and future collaborative activities. Actual results may differ materially from those indicated by such forward-looking statement as а result of various important factors, including risks related to: the ability of DPI

and Infinity to complete the proposed transaction; the amount of DPI's net cash at closing; the availability of funds to continue research and development activities; the results of future clinical trials with respect to Infinity's product candidates and compounds and Infinity's ability to successfully develop and commercialize product candidates; the

success of Infinity's collaborations and its ability to enter into additional collaborations;; the timing and success of regulatory filings;; the scope ofInfinity's patents and the patents of others; competitive factors and other risks and uncertainties more fully described in DPI's filings with the Securities and Exchange Commission, including its

Registration Statement on Form S-4, as filed on May 24, 2006 and subsequently amended. The proposed transaction is subject to customary closing conditions, including approval of DPI's and Infinity's stockholders. Any forward-looking statements speak only as of the date made. Infinity undertakes no obligation to publicly update any forward-looking

statements,
whether
as
a
result
of
new
information,
future
events
or
otherwise.

4 Mission To develop targeted therapies for the treatment of cancer and related conditions discovered through the use of our innovative small molecule drug technologies 5 Strategy Drugs Internally discovered novel small molecules Targets Well-credentialed, but not well-trodden Products Opportunity for first-in class or fast follower best-in-class

Leadership team Mr. Steven Holtzman, CEO Millennium, DNX Dr. Julian Adams, President & CSO Millennium, ProScript Boehringer Ingelheim, Merck Ms. Adelene Perkins, CBO Transform, Genetics Institute, Bain, GE Dr. Christine Bellon, Sr Patent Counsel Wyeth, Fish & Richardson Dr. Michael Foley, VP Chemistry Harvard ICCB, Glaxo, BMS Dr. Christian Fritz, Sr **Dir Cancer Biology** Millennium, Chemgenix Dr. David Grayzel, VP Clinical Development & Medical Affairs Dyax, Mass General Hospital Dr. Vito Palombella, VP Biology Syntonix, Millennium, ProScript Dr. Margaret Read, Sr Dir Cancer Biology Millennium, ProScript Dr. Jeffrey Tong, VP Corp Prod Dev McKinsey & Co, Harvard Center for **Genomics Research** Dr. Jim Wright, VP Pharm Dev Millennium, Alkermes, Boehringer Ingelheim, Syntex, U. of Wisconsin

Product Pipeline: IPI-504 (Hsp90) Discovery Preclinical IND Filing Hsp90 (IPI-504) **Clinical Trials** Bcl-2/Bcl-xL & Additional Targets 2005 2007/2008 forward Phase I ongoing Phase II expected by early 2007 Hedgehog Pathway Phase I expected by

early 2007 On-going studies TBD based on data/results

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Broad activity, multiple cancers

Single agent activity

Synergy in combination

Activity in resistant settings

Large therapeutic window

2 nd generation oral formulation under development Lead Clinical Product: IPI-504 IPI-504 OH N

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10 IPI-504: Broad Market Potential Indications Multiple Myeloma (MM) Chronic Myelogenous Leukemia (CML) Acute Myelogenous Leukemia (AML) Non-Hodgkin s Lymphoma (NHL) Gastrointestinal Stromal Tumors (GIST) Breast cancer (HER2+) Non-small cell lung cancer (NSCLC) Renal cell carcinoma Malignant Melanoma Hormone Refractory Prostate cancer (HRPC) Hematologic malignancies Solid

tumors

Stabilizes proteins in functional conformations

Two roles in cancer

Generally: Maintaining protein homeostasis in cancer cells

Specifically: Stabilization of key oncoproteins, including drug-resistant ones Heat Shock Protein 90 (Hsp90)

12 Velcade Gleevec / AMN107 Investigational Gleevec / Sutent Herceptin Tarceva / Erbitux Sorafenib / Sutent Sorafenib Investigational Targeted therapy The emerging world of targeted cancer therapies Indication Myeloma ĊML AML

GIST Breast (HER2+) NSCLC Renal cell Melanoma Prostate (PTEN -/-) NF-В Bcr-Abl Flt3 c-Kit HER2 EGFR VEGFR / HIF-1a b-Raf p-Akt Molecular Target

13 The emerging world of targeted cancer therapies NF-В Bcr-Abl Flt3 c-Kit HER2 EGFR VEGFR / HIF-1a b-Raf p-Akt Molecular Target All are clients of Hsp90 Inhibiting Hsp90 affects the stability of these targets

14 Highly responsive to Hsp90 inhibition Alternative to chasing mutations T315I T790M T670I Hsp90: Potential Universal Salvage Therapy BCR-ABL EGFR KIT Hsp90 Client Disease Drug CML NSCLC GIST

Gleevec, Dasatinib Tarceva, Iressa Gleevec, Sutent Kinase Inhibitor Resistance Mutation

Placebo Gleevec IPI-504 Collaboration: Shauguang Li, Jackson Labs 0.0% 20.0% 40.0% 60.0% 80.0% 100.0% 15 17 19 21

23 25 27 29 31 33 Days Oral IPI-504: survival benefit in Gleevec-resistant T315I CML transplantation model Gleevec: 100 mpk / b.i.d. IPI-504: 50 mpk / q.o.d.

Placebo Gleevec IPI-504 Collaboration: Shauguang Li, Jackson Labs 0.0% 20.0% 40.0% 60.0% 80.0% 100.0% 15 17 19 21

23 25 27 29 31 33 Days Oral IPI-504: survival benefit in Gleevec-resistant T315I CML transplantation model Gleevec: 100 mpk / b.i.d. IPI-504: 50 mpk / q.o.d.

Collaboration: Shauguang Li, Jackson Labs Placebo Gleevec IPI-504 0.0% 20.0% 40.0% 60.0% 80.0% 100.0% 15 17 19 21

23 25 27 29 31 33 Days Oral IPI-504: survival benefit in Gleevec-resistant T315I CML transplantation model Gleevec: 100 mpk / b.i.d. IPI-504: 50 mpk / q.o.d.

Phase I MM trial: complete

Phase I GIST trial: complete

Phase II MM and/or GIST trial: initiate Additional potential indications and milestone events

Phase Ι combination studies (e.g. Taxotere, Velcade, Gleevec) Additional Phase Π studies (e.g. NSCLC, CML, CLL) IPI-504: Clinical Goals for Remainder 2006 / Early 2007

On-going trial Phase II additional indication or combination 2005 2006 2007 2008 Multiple myeloma Phase I

Multiple myeloma

GIST

Combinations GIST Phase II GIST / MM

Other indications Phase II MM or GIST TBD based on data/results IPI-504: Clinical Plan Phase Ib

combinations

20 Product Pipeline: IPI-504 (Hsp90) Discovery Preclinical IND Filing Hsp90 (IPI-504) **Clinical Trials** Bcl-2/Bcl-xL & Additional Targets 2005 2007/2008 forward Phase I ongoing Phase II expected by early 2007 Hedgehog Pathway Phase I expected by

early 2007 On-going studies TBD based on data/results 21 Hedgehog program summary

Potential for first-in-class systemic hedgehog inhibitor

Proprietary NCE s

Systemic (sub-cu and oral) products

Lead molecule in advanced preclinical development

First in man by 2007

Broad anti-cancer potential

Strong data supporting pancreatic, metastatic prostate, SCLC, others

Single agent activity

Potential for synergy with standards of care

22 1 Hahn et al., 1996, Cell 85: 841 2 Bale & Yu, 2001, Human Molec.

Genetic.			
10:			
757			
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2004 Endocrinology 145: 3961 9 Watkins et al., 2003, Nature 422: 313 10 Sicklick 2005 ASCO; Mohini, 2005 AACR 11 Kubo et al., 2004 Cancer Res. 64 :6071 State Normal Basal cell carcinoma 1,2 Medulloblastoma<sup>3</sup> Pancreatic cancer 4,5,6 Prostate cancer 7,8 Small cell lung cancer 9 Hepatocellular cancer 10 Breast Cancer 11 Pathway activation OFF ON ON ON ON

ON ON ON Hedgehog Pathway: Broad Rationale in Solid Tumors

 $\begin{array}{c} 23 \\ 0 \\ 200 \\ 400 \\ 600 \\ 800 \\ 1000 \\ 1200 \\ 1400 \\ 1600 \\ 31 \\ 36 \\ 41 \\ 46 \end{array}$ 

61 Days Vehicle IPI-609 10 mpk/day IPI-609 efficacious in PC-3 prostate xenograft

24 F Ι L Е I Ν D 2005 2006 2007 2008 IND-enabling studies Clinical development Pharmacology GLP toxicology Manufacturing Phase I

Pancreatic

SCLC

Met Prostate, etc.

Heme malignancies Phase II

Single or combo Phase II or III

Registration trial IPI-609 clinical plan On-going studies TBD based on data

Product Pipeline: IPI-504 (Hsp90) Discovery Preclinical IND Filing Hsp90 (IPI-504) **Clinical Trials** Bcl-2/Bcl-xL & Additional Targets 2005 2007/2008 forward Phase I ongoing Phase II expected by early 2007 Hedgehog Pathway Phase I expected by

early 2007 On-going studies TBD based on data/results

Bcl family of proteins: key anti-apoptotic factors

Up-regulated in many cancers

Up-regulated in response to chemotherapy in many cancers

Highly attractive but historically intractable

Protein-protein interaction targets

Prospective products

Combination with chemotherapy: general chemo-sensitizing agent

Single agent: in cancers dependent on Bcl family members for survival

Types of products:

Bcl-2 selective

Bcl-2 and Bcl-xL dual selective Bcl-2 / Bcl-xL Antagonists: Opportunities

Total payments>\$400MBcl-2 alliance with Novartis

Joint discovery of novel Bcl-2 targeted cancer drugs

Infinity participation in clinical development (at NVS expense) COLLABORATION

Infinity participation in US sales effort (at NVS expense) \$30M Upfront & committed funds FINANCIALS

Royalties on WW sales

Diversity Oriented Synthesis (DOS)

2004

2006: > \$60 million upfront/committed cash

Additional milestone and royalty potential

No license of proprietary Infinity product rights Small Molecule Drug Technologies & Technology Access Alliances Ν

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Η R<sup>2</sup>

53

- R³ N 0 R³ H H Η 0 0 N R 4 0 R **R**2 **R**1 N O NR 4 0 **R**1 0 SR2
- R3

Discovery Preclinical Start Clinical Trials IPI-504 (Hsp90) Bcl2/Bcl-xL 2005 2007/2008 100% owned 100% owned Novartis Non-exclusive

Amgen

Novartis

J&J

Small molecule drug technologies Alliance and financing strategy: value retention Hedgehog Pathway (e.g., IPI-609) By early 2007 30 Reverse Merger with Discovery Partners International, Inc. (Nasdaq: DPII) \*

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31 Discovery Partners International (DPII) rationale

Response to dramatic changes in discovery business

Outsourcing to India, China

Price pressures

Better upside for investors in near-term product opportunities with significant potential

Therefore: divest and invest

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Why DPI chose Infinity
Top-tier private company
Multiple near-term value driving events
Ongoing clinical trials
Pipeline
Partnerships
Management that has discovered drugs and built companies
Invest in/create a security with market-recognized value

33
Infinity s rationale for merger
Efficient, timely access to capital
Clinical trial / preclinical pipeline funding
Generate efficacy data on lead product candidate, IPI-504
Accelerate and expand Infinity pipeline

A financing event

DPI invests cash and divests operating units

7/7/06: Sale of all DPI operating assets to Galapagos

If DPI cash between \$70M and \$75M, ownership:

DPII shareholders = 31%

Infinity shareholders = 69%

If cash above \$75M or below \$70M, adjustment applied The reverse merger: a creative financing and access to public markets

Lead clinical product in two ongoing Phase I cancer studies Phase II expected by early 2007 Pipeline of preclinical cancer drug candidates Internally discovered and developed, chemistry platform 4 Pharma/Biotech corporate alliances Amgen, J & J and Novartis (2) Proven biotech leadership team Estimated approximately \$ 90 million cash Projected cash runway into 2008 through key value driving events before any additional alliances or financing

Snapshot of Post-Merger Infinity (NASDAQ: INFI)

36 Status of Reverse Merger File Initial S4 Respond to 1 st Round of SEC Comments Respond to 2 nd Round of SEC Comments S-4 is Declared Effective Mail S-4 to DPI and IPI Shareholders Hold Shareholder Meeting / vote Following Successful Vote, Deal Closes, INFI publicly traded May 24, 2006 July 11, 2006 Early August Early August September 12, 2006 September 13, 2006 \* Projected: requires SEC approval

**Product Pipeline** 

IPI-504: Complete Phase I trials

IPI-504: Expect to initiate Phase II by early 2007

Hedgehog Pathway: Expect to initiate Phase I by early 2007

Pipeline: New INDs / programs for 2007+

Successful alliance execution (Novartis, J&J, Amgen)

At least one new corporate alliance

Financing event

Year-end cash runway: = 12-24 months NVS -Bcl 2006 Goals, Achievements and Anticipated News Flow Pending DPII merger AMGN extension