

INFINITY PHARMACEUTICALS, INC.
Form DEF 14A
April 26, 2013
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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:

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

(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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.. 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:

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

(3) Filing Party:

(4) Date Filed:

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April 26, 2013

Dear Stockholder:

You are cordially invited to attend our 2013 annual meeting of stockholders to be held at 8:00 a.m. local time on Tuesday, June 11, 2013, at the Courtyard by Marriott Boston Cambridge at 777 Memorial Drive, Cambridge, Massachusetts 02139.

The Notice of Annual Meeting and Proxy Statement that accompany this letter describe the items to be voted on at the annual meeting. We hope you will be able to attend and participate in the meeting. Whether or not you plan to attend, please review the accompanying materials carefully and take the time to cast your vote – it is important that your shares be represented and voted at the meeting.

On behalf of your Board of Directors and our community of Citizen-Owners, we would like to thank you for your continued support of, and interest in, Infinity.

Yours sincerely,

Adelene Q. Perkins

Chair of the Board, President and Chief Executive Officer

780 Memorial Drive ☎
Cambridge, MA 02139

TEL: 617.453.1000
FAX: 617.453.1001

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INFINITY PHARMACEUTICALS, INC.

780 Memorial Drive

Cambridge, Massachusetts 02139

NOTICE OF 2013 ANNUAL MEETING OF STOCKHOLDERS

To Be Held on June 11, 2013

To Our Stockholders:

We invite you to our 2013 annual meeting of stockholders, which will be held at the Courtyard by Marriott Boston Cambridge at 777 Memorial Drive, Cambridge, Massachusetts 02139, on Tuesday, June 11, 2013 at 8:00 a.m., local time. At the meeting, stockholders will consider and vote upon the following matters:

1. the election of nine directors to serve for a one-year term expiring at the 2014 annual meeting of stockholders;
2. the amendment of our 2010 Stock Incentive Plan to reserve an additional 1,485,000 shares for future issuance thereunder;
3. the approval of our 2013 Employee Stock Purchase Plan and the reservation of 250,000 shares for future issuance thereunder;
4. the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013; and
5. the transaction of such other business as may properly come before the meeting or any adjournment thereof.

Stockholders of record as of April 15, 2013 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.

If you are a stockholder of record, you may submit your proxy (1) over the Internet at www.proxyvote.com, (2) by telephone at 1-800-690-6903, or (3) by mail, or you may vote in person at the meeting. For specific instructions, please refer to the second page of the accompanying proxy statement and the instructions on the proxy card relating to the annual meeting. Proxies submitted over the Internet or by telephone must be received by 11:59 p.m. EDT on June 10, 2013.

If you are a stockholder whose shares are held in *street name* by a bank or brokerage firm, your bank or brokerage firm will provide you a vote instruction form with this proxy statement, which you may use to direct how your shares will be voted. **You must instruct your broker how to vote with respect to the election of directors (Proposal No. 1), the amendment to the 2010 Stock Incentive Plan (Proposal No. 2) and the approval of the 2013 Employee Stock Purchase Plan (Proposal No. 3); your broker cannot exercise its discretion to vote on these proposals on your behalf.** Many banks and brokerage firms also offer the option of voting over the Internet or by telephone, instructions for which would be provided by your bank or brokerage firm on your vote instruction form.

We hope that you will attend the annual meeting. Whether or not you plan to attend, we urge you to vote your shares over the Internet or by telephone, or to complete, date, sign and return the enclosed proxy card in the accompanying postage-prepaid envelope. A prompt response will greatly facilitate arrangements for the meeting, and your cooperation is appreciated. Stockholders who attend the meeting may vote their stock personally, even if they have previously submitted their proxies.

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By Order of the Board of Directors,
Lawrence E. Bloch
Executive Vice President, Chief Financial Officer and
Chief Business Officer, Secretary and Treasurer

Cambridge, Massachusetts

April 26, 2013

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INFINITY PHARMACEUTICALS, INC.

780 Memorial Drive

Cambridge, Massachusetts 02139

PROXY STATEMENT FOR 2013 ANNUAL MEETING OF STOCKHOLDERS

To Be Held on June 11, 2013

This proxy statement contains information about our 2013 annual meeting of stockholders. The meeting will be held on Tuesday, June 11, 2013, beginning at 8:00 a.m. local time, at the Courtyard by Marriott Boston Cambridge at 777 Memorial Drive, Cambridge, Massachusetts 02139. You may obtain directions to the location of the annual meeting by contacting Jaren Irene Madden in our investor relations department. She may be contacted at 780 Memorial Drive, Cambridge, Massachusetts 02139; telephone: 617-453-1336; e-mail: irpr_info@infi.com.

This proxy statement is furnished in connection with the solicitation of proxies by our board of directors for use at the annual meeting and at any adjournment of that meeting. All proxies will be voted in accordance with the instructions they contain. If you do not specify your voting instructions on your proxy, it will be voted in accordance with the recommendations of our board of directors. You may revoke your proxy at any time before it is exercised at the meeting by giving our corporate secretary, Lawrence E. Bloch, written notice to that effect. He may be contacted at 780 Memorial Drive, Cambridge, Massachusetts 02139; telephone: 617-453-1122; e-mail: Lawrence.Bloch@infi.com.

These proxy materials, together with our annual report to stockholders for our 2012 fiscal year, are first being mailed to stockholders on or about April 26, 2013.

**Important Notice Regarding the Availability of Proxy Materials for
the Annual Meeting of Stockholders to be Held on June 11, 2013:**

**This proxy statement and the 2012 annual report to stockholders are available for
viewing, printing and downloading at www.infi.com/proxy.**

INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

- Q. What is the purpose of the annual meeting?**
- A.** At the annual meeting, stockholders will consider and vote on the following matters:
1. the election of nine directors to serve for a one-year term expiring at the 2014 annual meeting of stockholders;
 2. the amendment of our 2010 Stock Incentive Plan to reserve an additional 1,485,000 shares for future issuance thereunder;
 3. the approval of our 2013 Employee Stock Purchase Plan and the reservation of 250,000 shares for future issuance thereunder;

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4. the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013; and

5. the transaction of such other business as may properly come before the meeting or any adjournment thereof.

Q. Who can vote?

A. To be able to vote, you must have been a stockholder of record at the close of business on April 15, 2013. This date is the record date for the annual meeting.

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Stockholders of record at the close of business on April 15, 2013 are entitled to vote on each proposal at the annual meeting. The number of outstanding shares entitled to vote on each proposal at the meeting is 47,876,691 shares of our common stock.

- Q. How many votes do I have?**
- A.** Each share of our common stock that you owned on the record date entitles you to one vote on each matter that is voted on.
- Q. Is my vote important?**
- A. Your vote is important no matter how many shares you own.** Please take the time to vote. Take a moment to read the instructions below. Choose the way to vote that is easiest and most convenient for you and cast your vote as soon as possible.
- Q. How do I vote?**
- A.** If you are the record holder of your shares, meaning that you own your shares in your own name and not through a bank or brokerage firm, you may vote in one of four ways:
- 1. You may vote over the Internet.** If you have Internet access, you may vote your shares from any location in the world at www.proxyvote.com, by following the instructions on that site or on the "Vote by Internet" instructions on the enclosed proxy card.
 - 2. You may vote by telephone.** You may vote your shares by calling 1-800-690-6903 and following the instructions provided, or following the "Vote by Phone" instructions on the enclosed proxy card.
 - 3. You may vote by mail.** You may vote by completing and signing the proxy card enclosed with this proxy statement and promptly mailing it in the enclosed postage-prepaid envelope. You do not need to put a stamp on the enclosed envelope if you mail it from the United States. The shares you own will be voted according to your instructions on the proxy card you mail. If you return the proxy card, but do not give any instructions on a particular matter described in this proxy statement, the shares you own will be voted in accordance with the recommendations of our board of directors.
 - 4. You may vote in person.** If you attend the meeting, you may vote by delivering your completed proxy card in person or by completing a ballot. Ballots will be available at the meeting.
- Our board of directors recommends that you vote **FOR** each of the nominees for director and **FOR** Proposals 2, 3 and 4.*
- Q. Can I change my vote after I have mailed my proxy card or after I have voted my shares over the Internet or by telephone?**
- A.** Yes. You can change your vote and revoke your proxy at any time before the polls close at the meeting. To do so you must do one of the following:
1. Sign another proxy card with a later date;
 2. Give our corporate secretary written notice before or at the meeting that you want to revoke your proxy; or

3. Vote in person at the meeting.

Your attendance at the meeting alone will not change your vote or revoke your proxy.

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Q. Can I vote if my shares are held by a bank or brokerage firm in street name ?

A. If the shares you own are held in the name of a bank or brokerage firm, also known as street name, that 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 held in street name, you will need to follow the directions your bank or brokerage firm provides you. Many brokers also offer the option of voting over the Internet or by telephone, instructions for which would be provided by your bank or brokerage firm on your vote instruction form.

If you do not give instructions to your bank or brokerage firm, it will still be able to vote your shares with respect to certain discretionary items. The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm (Proposal No. 4) is such a discretionary item. However, your bank or brokerage firm will not be allowed to vote your shares with respect to certain non-discretionary items. **The election of directors (Proposal No. 1), the amendment to our 2010 Stock Incentive Plan (Proposal No. 2) and the approval of our 2013 Employee Stock Purchase Plan (Proposal No. 3) are all non-discretionary items. If you do not instruct your bank or brokerage firm how to vote with respect to such non-discretionary items, your bank or brokerage firm will not vote with respect to those proposals and those votes will be counted as broker non-votes.** Broker non-votes are shares that are held in street name by a bank or brokerage firm that indicates on its proxy that it does not have or did not exercise discretionary authority to vote on a particular matter.

If your shares are held in street name, you must bring an account statement or letter from your bank or brokerage firm showing that you are the beneficial owner of the shares as of the record date (April 15, 2013) in order to vote those shares at the meeting. To be able to vote your shares held in street name at the meeting, you will need to obtain a proxy card from your bank or brokerage firm.

Q. How do I vote my 401(k) shares?

A. If you participate in the Infinity Pharmaceuticals Stock Fund through our company's 401(k) Plan and Trust, or 401(k) Plan, your proxy will also serve as a voting instruction for Fidelity Management Trust Company, or Fidelity, which serves as trustee of the 401(k) Plan, with respect to shares of our common stock held in your 401(k) Plan account, or 401(k) Plan shares, as of the record date. You should sign the proxy card and return it in the enclosed envelope to Broadridge Financial Solutions, Inc., or you may submit your proxy over the Internet or by telephone by following the instructions on the enclosed proxy card. Broadridge will notify Fidelity of the manner in which you have directed your 401(k) Plan shares to be voted. Fidelity will vote your 401(k) Plan shares as of the record date in the manner that you direct. If Broadridge does not receive your voting instructions from you by 11:59 p.m. eastern time on June 6, 2013, Fidelity will not vote your 401(k) Plan shares.

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Q. What constitutes a quorum?

A. In order for business to be conducted at the meeting, a quorum must be present in person or represented by valid proxies. For each of the proposals to be presented at the meeting, a quorum consists of the holders of a majority of the shares of common stock issued and outstanding on April 15, 2013, the record date, or at least 23,938,346 shares.

Shares of common stock represented in person or by proxy (including broker non-votes and shares that abstain or do not vote with respect to a particular proposal to be voted upon) will be counted for the purpose of determining whether a quorum exists at the meeting for that proposal.

If a quorum is not present, the meeting will be adjourned until a quorum is obtained.

Q. What vote is required for each item, and how will votes be counted?

A. Each share of common stock will be counted as one vote according to the instructions contained on a proper proxy card, whether submitted in person, by mail, over the Internet or by telephone, or on a ballot voted in person at the meeting.

Election of directors. Under our bylaws, a nominee will be elected to our board of directors if the votes cast for the nominee's election exceed the votes cast against the nominee's election. Abstentions and broker non-votes do not count as votes for or against and therefore have no effect on the outcome of the voting. If the shares you own are held in street name by a bank or brokerage firm, that bank or brokerage firm, as the record holder of your shares, is required to vote your shares according to your instructions. **If you do not instruct your bank or brokerage firm how to vote with respect to this proposal, your bank or brokerage firm will not vote with respect to this proposal.** If an uncontested incumbent director nominee receives a majority of votes against his election, the director must tender a resignation from our board. Our board of directors, acting through the Nominating and Corporate Governance Committee, will then decide whether to accept the resignation or other action should be taken. We will publicly disclose our board's decision and its reasoning with regard to the offered resignation.

Approval of Amendment to our 2010 Stock Incentive Plan. Under our bylaws, the affirmative vote of a majority of the total voting power of shares of our common stock present in person at the annual meeting or by proxy and entitled to vote on the proposal is needed to approve the amendment to the 2010 Stock Incentive Plan and reserve 1,485,000 additional shares of our common stock for future issuance under the plan. If the shares you own are held in street name by a bank or brokerage firm, that bank or brokerage firm, as the record holder of your shares, is required to vote your shares according to your instructions. **If you do not instruct your bank or brokerage firm how to vote with respect to this proposal, your bank or brokerage firm will not vote with respect to this proposal.** These broker non-votes will have no effect on the outcome of the voting. If you vote to abstain on this item, your shares will not be voted for or against the proposal, which has the same effect as a vote against the proposal.

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Approval of our 2013 Employee Stock Purchase Plan. Under our bylaws, the affirmative vote of a majority of the total voting power of shares of our common stock present in person at the annual meeting or by proxy and entitled to vote on the proposal is needed to approve the 2013 Employee Stock Purchase Plan and reserve 250,000 shares of our common stock for future issuance under the plan. If the shares you own are held in street name by a bank or brokerage firm, that bank or brokerage firm, as the record holder of your shares, is required to vote your shares according to your instructions. **If you do not instruct your bank or brokerage firm how to vote with respect to this proposal, your bank or brokerage firm will not vote with respect to this proposal.** These broker non-votes will have no effect on the outcome of the voting. If you vote to abstain on this item, your shares will not be voted for or against the proposal, which has the same effect as a vote against the proposal.

Ratification of the appointment of independent registered public accounting firm. Under our bylaws, the affirmative vote of a majority in total voting power of shares of stock present in person at the annual meeting or by proxy and entitled to vote on the proposal is needed to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013. If the shares you own are held in street name by a bank or brokerage firm, that bank or brokerage firm, as the record holder of your shares, is required to vote your shares according to your instructions. If you do not provide instructions, the bank or brokerage firm may vote your shares or leave them unvoted resulting in a broker non-vote. These broker non-votes will have no effect on the outcome of the voting. If you vote to abstain from voting, your shares will not be voted for or against the proposal, which has the same effect as a vote against the proposal.

Q. Who will count the votes?

A. The votes will be counted, tabulated and certified by Broadridge Financial Solutions, Inc.

Q. Will my vote be kept confidential?

A. Yes, your vote will be kept confidential and we will not disclose your vote, unless (1) we are required to do so by law (including in connection with the pursuit or defense of a legal or administrative action or proceeding), or (2) there is a contested election for the board of directors. The inspector of election will forward any written comments that you make on the proxy card to management without providing your name, unless you expressly request disclosure on your proxy card.

Q. How does the board of directors recommend that I vote on the proposals?

A. Our board of directors recommends that you vote:

FOR the election of each of the nine nominees to serve on our board of directors, each for a one year term;

FOR the approval of the amendment to our 2010 Stock Incentive Plan and the reservation of an additional 1,485,000 shares of our common stock for future issuance under that plan;

FOR the approval of our 2013 Employee Stock Purchase Plan and the reservation of 250,000 shares of our common stock for future issuance under that plan; and

FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013.

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Q. Will any other matters be voted on at this meeting? A. We do not know of any other matters that may come before the meeting. If any other matters are properly presented at the meeting, the persons named on the accompanying proxy card intend to vote, or otherwise act, in accordance with their judgment on those matters. Our bylaws establish the process for a stockholder to bring a matter before a meeting. See the question *How and when may I submit a stockholder proposal, including a stockholder nomination for director, for the 2013 annual meeting?* below.

Q. Where can I find the voting results? A. We will report the voting results in a Form 8-K filed with the U.S. Securities and Exchange Commission, or SEC, within four business days after the end of our annual meeting.

Q. How and when may I submit a stockholder proposal, including a stockholder nomination for director, for the 2014 annual meeting? A. In accordance with the rules of the SEC, if you are interested in submitting a proposal to be included in the proxy statement for our 2014 annual meeting of stockholders, we must receive your proposal, addressed to Lawrence E. Bloch, M.D., J.D., Company Secretary, Infinity Pharmaceuticals, Inc., 780 Memorial Drive, Cambridge, Massachusetts 02139, no later than December 23, 2013.

In addition, our bylaws require that we be given advance written notice for nominations for election to our board of directors and other matters that stockholders wish to present for action at an annual meeting other than those to be included in our proxy statement. We must receive such proposals not later than the close of business on March 13, 2014, nor earlier than the close of business on February 11, 2014. If the date of our 2014 annual meeting of stockholders is before May 12, 2014 or after August 20, 2014, we must receive such proposals not earlier than the close of business on the 120th day prior to the 2014 annual meeting of stockholders nor later than the tenth day following the date of the first public announcement of such meeting. To submit a proposal, a stockholder must send a notice containing the supporting information set forth in our bylaws to Dr. Bloch at the address provided above.

Q. Who will bear the costs of soliciting these proxies? A. We will bear the costs of solicitation of proxies. We have engaged Alliance Advisors LLC to assist us with the solicitation of proxies and expect to pay Alliance Advisors approximately \$15,000 for their services. In addition to solicitations by mail, representatives of Alliance Advisors and our directors, officers and employees may solicit proxies by telephone, e-mail, facsimile and in person, without additional compensation. We will request brokers, custodians and fiduciaries to forward proxy soliciting material to the owners of shares of our common stock that they hold in their names. We will reimburse brokers, custodians and fiduciaries for their reasonable out-of-pocket expenses incurred in connection with the distribution of our proxy materials.

Q. How can I obtain an Annual Report on Form 10-K? A. Our annual report on Form 10-K for the fiscal year ended December 31, 2012 is available on our website at www.infi.com. If you would like a copy of our annual report on Form 10-K, including the financial statements, or any of its exhibits, we will send you one without charge. Please contact Jaren Irene Madden in our investor relations department. She may be contacted at 780 Memorial Drive, Cambridge, Massachusetts 02139; telephone: 617-453-1336; e-mail: irpr_info@infi.com.

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Q. Whom should I contact if I have any questions?

A. If you have any questions about the annual meeting or your ownership of our common stock, please contact Jaren Irene Madden in our investor relations department. She may be contacted at 780 Memorial Drive, Cambridge, Massachusetts 02139; telephone: 617-453-1336; e-mail: irpr_info@infi.com.

STOCKHOLDERS SHARING THE SAME ADDRESS

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 Jaren Irene Madden in our investor relations department. She may be contacted at 780 Memorial Drive, Cambridge, Massachusetts 02139; telephone: 617-453-1336; e-mail: irpr_info@infi.com. 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.

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The following table contains information regarding the beneficial ownership of our common stock as of April 17, 2013 by:

stockholders we know to beneficially own more than 5% of our outstanding common stock;

each of our current directors and nominees for director named in this proxy statement;

each of our executive officers named in the Summary Compensation Table included in this proxy statement; and

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

Name and Address of Beneficial Owner(1)	Number of Shares of Common Stock Owned	+	Common Stock Underlying Options and Other Rights Acquirable Within 60 Days (2)	=	Total Beneficial Ownership (#)	Percentage of Common Stock Beneficially Owned (%) (3)
5% Stockholders						
FMR LLC(4)	6,704,937				6,704,937	14.0%
Entities affiliated with Samuel D. Isaly (Orbimed Advisors LLC and Orbimed Capital LLC)(5)	3,378,600				3,378,600	7.1%
Blackrock, Inc.(6)	2,971,080				2,971,080	6.2%
Quogue Capital LLC(7)	2,905,214				2,905,214	6.1%
Perceptive Advisors LLC(8)	2,544,739				2,544,739	5.3%
Entities affiliated with Steven A. Cohen(9)	2,407,221				2,407,221	5.0%
Directors						
Adelene Q. Perkins(10)	498,230		956,289		1,454,519	3.0%
Martin Babler			40,375		40,375	*
Anthony B. Evnin, Ph.D.(11)	361,471		44,125		405,596	*
Gwen A. Fyfe, M.D.			16,000		16,000	*
Eric S. Lander, Ph.D.(12)	82,758		53,585		136,343	*
Patrick P. Lee			57,000		57,000	*
Thomas J. Lynch, M.D.			27,000		27,000	*
Norman C. Selby	7,500		8,500		16,000	*
Ian F. Smith			51,875		51,875	*
Michael C. Venuti, Ph.D.	56,250		73,125		129,375	*
Other Named Executive Officers						
Julian Adams, Ph.D.(13)	262,945		685,564		948,509	2.0%
Lawrence E. Bloch, M.D., J.D.(14)	225		3,417		3,642	*
Vito J. Palombella, Ph.D.(15)	6,689		333,998		340,687	*
Pedro Santabarbara, M.D., Ph.D.(16)	10,182		115,383		125,565	*
All current directors and executive officers as a group (16 persons)	1,289,071		2,569,568		3,858,639	7.6%

* Represents holdings of less than one percent.

(1)

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

- (2) 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 April 17, 2013 through the exercise of any stock option or other right.

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- (3) Percentage of beneficial ownership is based on 47,877,642 shares of our common stock outstanding as of April 17, 2013. In addition, shares of common stock subject to options or other rights currently exercisable, or exercisable within 60 days of April 17, 2013, 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.
- (4) Fidelity Management & Research Company, or Fidelity, a wholly-owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 6,704,937 shares of common stock as a result of acting as investment adviser to various investment companies, or the Fidelity Funds, registered under Section 8 of the Investment Company Act of 1940. Each of Edward C. Johnson III and FMR LLC, through its control of Fidelity and the Fidelity Funds has power to dispose of the shares owned by the Fidelity Funds. Through their ownership of voting common shares and a shareholders' voting agreement, members of the Johnson family may be deemed to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Edward C. Johnson III, Chairman of FMR LLC, has the sole power to vote or direct the voting of the shares owned directly by the Fidelity Funds, which power resides with the Fidelity Funds' Boards of Trustees. Fidelity carries out the voting of the shares under written guidelines established by the Fidelity Funds' Boards of Trustees. The address of FMR LLC is 82 Devonshire Street, Boston, Massachusetts, 02109. Pyramis Global Advisors Trust Company, or PGATC, 900 Salem Street, Smithfield, Rhode Island, 02917, an indirect wholly-owned subsidiary of FMR LLC and a bank as defined in Section 3(a)(6) of the Securities Exchange Act of 1934, is the beneficial owner of 107 shares of common stock as a result of its serving as investment manager of institutional accounts owning such shares. Edward C. Johnson III and FMR LLC, through its control of PGATC, each has sole dispositive power over and sole power to vote or to direct the voting of 107 shares of common stock owned by the institutional accounts managed by PGATC as reported above. For information regarding FMR LLC we have relied on the Schedule 13G/A filed by FMR LLC with the SEC on February 14, 2013.
- (5) Samuel D. Isaly claims beneficial ownership, shared voting and shared dispositive power of 3,378,600 shares of which Orbimed Advisors LLC claims beneficial ownership, shared voting and shared dispositive power of 1,036,100 shares, and Orbimed Capital LLC claims beneficial ownership, shared voting and shared dispositive power of 2,342,500 shares. The address of the principal business offices of Samuel D. Isaly, Orbimed Advisors LLC and Orbimed Capital LLC is 601 Lexington Avenue, 54th Floor, New York, NY 10022. For information regarding Samuel D. Isaly, Orbimed Capital LLC and Orbimed Advisors LLC we have relied on the Schedule 13G filed jointly by Samuel D. Isaly, Orbimed Advisors LLC and Orbimed Capital LLC with the SEC on February 14, 2013.
- (6) Blackrock, Inc. claims sole voting power and sole power to dispose or direct the disposition of 2,971,080 shares. The address of Blackrock, Inc. is 40 East 52nd Street, New York, NY 10022. For information regarding Blackrock, Inc. we have relied on the Schedule 13G filed by Blackrock, Inc. with the SEC on January 30, 2013.
- (7) Quogue Capital LLC and Wayne P. Rothbaum claim shared voting power and shared dispositive power of 2,905,214 shares. Mr. Rothbaum is the managing member of Quogue Capital LLC and so may be deemed to beneficially own such shares of Common Stock. Mr. Rothbaum disclaims such beneficial ownership. The address of the principal business office of Quogue Capital LLC and Wayne P. Rothbaum is 50 West 57th Street 15th Floor, New York, NY 10019. For information regarding Quogue Capital LLC we have relied on the Schedule 13G/A filed by Quogue Capital LLC and Wayne P. Rothbaum with the SEC on February 14, 2013.
- (8) Perceptive Advisors LLC and Joseph Edelman claim shared voting power and shared dispositive power of 2,544,739 shares held by a private investment fund to which Perceptive Advisors LLC serves as the investment manager. Mr. Edelman is the managing member of Perceptive Advisors LLC. The address of the principal business offices of Perceptive Advisors LLC and Joseph Edelman is 499 Park Avenue, 25th Floor, New York, NY 10022. For information regarding Perceptive Advisors LLC we have relied on the Schedule 13G filed by Perceptive Advisors, LLC with the SEC on February 14, 2013.
- (9) Steven A. Cohen claims beneficial ownership of 2,407,221 shares of our common stock of which S.A.C. Capital Advisors, L.P. and S.A.C. Capital Advisors, Inc. each claim beneficial ownership of 1,984,400 shares, CR Intrinsic Investors, LLC claims beneficial ownership of 120,000 shares, and Sigma Capital Management, LLC claims beneficial ownership of 302,881 shares. The address of the principal business office of (i) S.A.C. Capital Advisors L.P., S.A.C. Capital Advisors, Inc., CR Intrinsic Investors, LLC and Mr. Cohen is 72 Cummings Point Road, Stamford, Connecticut 06902; and (ii) Sigma Capital Management, LLC is 510 Madison Avenue, New York, New York 10022. For information regarding Steven A. Cohen, S.A.C. Capital Advisors L.P., S.A.C. Capital Advisors, Inc., CR Intrinsic Investors, LLC and Sigma Capital Management, LLC we have relied on the Schedule 13G filed jointly by S.A.C. Capital Advisors, L.P., S.A.C. Capital Advisors, Inc. CR Intrinsic Investors, LLC, Sigma Capital Management, LLC and Steven A. Cohen with the SEC on April 16, 2013.
- (10) Includes 5,695 shares of common stock held in Ms. Perkin's 401(k) Plan account.
- (11) Includes 52,876 shares of common stock held by Venrock Associates, 235,312 shares of common stock held by Venrock Associates III, L.P. and 5,883 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. Dr. Evnin shares voting and investment power with respect to securities held of record by Venrock Associates with the General Partners of Venrock Associates. Venrock Associates III, L.P. is a limited partnership of which Venrock Management III, LLC is the General Partner. Dr. Evnin is a Member of Venrock Management III, LLC and shares voting and investment power with the Members of Venrock Management III, LLC 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. Dr. Evnin is a Member of VEF Management III, LLC and shares voting and investment power with the Members of VEF Management III, LLC 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, 22nd Floor, New York, New York 10036. For information regarding Venrock Associates, Venrock Associates III, L.P. and Venrock Entrepreneurs Fund III, L.P. we have relied on the Form 4 filed by Dr. Evnin with the SEC on November 29, 2012 and the Form 4/A filed by Dr. Evnin with the SEC on April 10, 2013.

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- (12) Consists of 71,707 shares of common stock held by Dr. Lander and 11,051 shares of common stock held by a trust for which Dr. Lander serves as a trustee. Dr. Lander shares voting and investment power with the other trustee over the shares held by this trust.
- (13) Consists of shares held by a trust for which Dr. Adams serves as trustee and has voting and investment power.
- (14) Includes 225 shares of common stock held in Dr. Bloch's 401(k) Plan account.
- (15) Includes 5,642 shares of common stock held in Dr. Palombella's 401(k) Plan account.
- (16) Includes 982 shares of common stock held in Dr. Santabarbara's 401(k) Plan account.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, or Exchange Act, requires our directors, officers and holders of more than 10% of our common stock to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other of our equity securities. On April 22, 2013, Dr. Vito Palombella, our Chief Scientific Officer, filed an amended Form 3 pursuant to Section 16(a) to correct the Form 3 originally filed on May 26, 2010 that inadvertently omitted 1,047 shares that were directly held by Dr. Palombella and reported 4,117 shares as being held directly by Dr. Palombella that were actually owned indirectly by him through our 401(k) plan. Except as described in the preceding sentence, based solely on our review of copies of Section 16(a) reports furnished to us and representations made to us, we believe that during the year ended December 31, 2012, our officers, directors and holders of more than 10% of our common stock complied with all Section 16(a) filing requirements.

PROPOSAL 1 ELECTION OF DIRECTORS

All of our directors stand for election annually. The board of directors has set the number of directors at 10. Mr. Lee who currently serves as a member of our board of directors, is retiring from the board effective June 10, 2013 and is not standing for re-election. Unless you indicate otherwise on your proxy, the persons named in the accompanying proxy will vote to elect Messrs. Babler, Selby and Smith; Drs. Evnin, Fyfe, Lander, Lynch and Venuti, and Ms. Perkins as directors to serve until our 2014 annual meeting of stockholders and until his or her successor is duly elected and qualified. Each of the nominees is currently a member of our board of directors, and each has indicated his or her willingness to serve if elected. If any nominee should be unable to serve, however, the shares of common stock represented by proxies may be voted for a substitute nominee designated by the board of directors. Assuming all nominees are elected, our board of directors will consist of nine members with one vacancy immediately following our 2013 annual meeting. In accordance with our bylaws, any vacancy on our board of directors can be filled by the majority vote of the members of our board of directors.

Director Qualifications

The following paragraphs provide information as of the date of this proxy statement about each nominee for director. The information presented includes information each nominee has given us about his or her age, all positions he or she holds, his or her principal occupation and business experience for the past five years, and the names of other publicly-held companies of which he or she currently serves as a director or has served as a director during the past five years. In addition to the information presented below regarding each nominee's specific experience, qualifications, attributes and skills that led our board to the conclusion that he or she should serve as a director, we also believe that each of our director nominees has a reputation for integrity, honesty and adherence to high ethical standards. Each has demonstrated business acumen and an ability to exercise sound judgment, as well as a commitment of service to our company and our board. Finally, we value their significant experience on other public company boards of directors and board committees.

Information about the number of shares of common stock beneficially owned by each of the nominees for director appears above under the heading *Stock Ownership of Certain Beneficial Owners and Management*. There are no family relationships between or among any of our officers, directors or nominees for director.

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All registered trademarks used in the biographical information below are the property of their respective owners.

Martin Babler, age 48, has served as a member of our board of directors since May 2008. Mr. Babler is Chief Executive Officer and a director of Principia BioPharma, Inc., a start-up company established to develop novel drugs for autoimmune diseases, a position he has held since April 2011. From February 2008 to April 2011, Mr. Babler served as Chief Executive Officer of Talima Therapeutics, Inc., a privately-held drug delivery company. 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, a publicly traded biopharmaceutical company. 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 Swiss Federal Institute of Technology in Zurich, Switzerland and attended the Executive Development Program at Kellogg Graduate School of Management. We believe Mr. Babler's qualifications to serve on our board of directors include his experience in the commercialization of biopharmaceutical products and the integration of scientific and commercial disciplines.

Anthony B. Evnin, Ph.D., age 72, has served as a member of our board of directors since September 2006 and a member of the board of directors of Infinity Discovery, Inc. from June 2001 until the time of its merger with our predecessor company in September 2006. Since 1975, Dr. Evnin has served as a Partner of Venrock, a venture capital firm. Dr. Evnin serves as a director of AVEO Pharmaceuticals, Inc., a publicly traded biopharmaceutical company. Dr. Evnin also serves as a director of Acceleron Pharma, Inc., Constellation Pharmaceuticals, Inc., and Metabolex, Inc., all privately held biopharmaceutical companies. Dr. Evnin is also a Trustee of The Rockefeller University, a trustee of The Jackson Laboratory, a Trustee Emeritus of Princeton University, a member of the Board of Overseers and Managers of Memorial Sloan-Kettering Cancer Center and a director of the New York Genome Center. He previously served as a director of the following publicly traded biopharmaceuticals companies during the last five years: Memory Pharmaceuticals Corp., Sunesis, Inc., Renovis, Inc., Icagen, Inc., Coley Pharmaceuticals Group, Inc., and Pharms Corporation, and previously served as a director of the following privately held companies during the last five years: Altea Therapeutics Corporation and Celladon Corporation, both biopharmaceutical companies, Kenet, Inc. a fabless semiconductor company, and Boston-Power, Inc. a lithium-ion battery company. Dr. Evnin received an A.B. in Chemistry from Princeton University and a Ph.D. in Chemistry from the Massachusetts Institute of Technology. We believe Dr. Evnin's qualifications to serve on our board of directors include his substantial experience as an investor in, and director of, numerous biopharmaceutical companies as well as his expertise in corporate strategy.

Gwen A. Fyfe, M.D., age 61, has served as a member of our board of directors since March 2012. From 1997 to 2009, Dr. Fyfe held various positions with Genentech, Inc. (now a member of the Roche Group), including Vice President, Oncology Development; Vice President, Avastin® Franchise Team; as well as the honorary title of Senior Staff Scientist. Dr. Fyfe played an important role in the development of Genentech's approved oncology agents including Rituxan®, Herceptin®, Avastin® and Tarceva®. Dr. Fyfe sat on the development oversight committee for all of Genentech's products and participated in the Research Review Committee that moved products from research into clinical development. Since leaving Genentech in 2009, Dr. Fyfe has been a consultant for venture capital firms and for a variety of biotechnology companies. Dr. Fyfe has served on the board of directors of Array BioPharma, Inc., a publicly traded biopharmaceutical company, since January 2012 and previously served on the board of Pharmacyclics, Inc., a publicly traded biopharmaceutical company, during the last five years. Dr. Fyfe is a recognized oncology expert in the broader oncology community and has been an invited member of Institute of Medicine panels, National Cancer Institute working groups and grant committees and American Society of Clinical Oncologists oversight committees. She received her M.D. from Washington University School of Medicine and is a board certified pediatric oncologist. We believe Dr. Fyfe's qualifications to serve on our board of directors include her substantial industry experience in the late-stage development and regulatory approval processes for novel oncology therapeutics.

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Eric S. Lander, Ph.D., age 56, 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 Infinity Discovery, Inc. from 2001 until the time of its merger with our predecessor company in September 2006. 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. Dr. Lander currently serves as a director of Innocence Project, a not-for-profit legal clinic, and as co-chair of the United States President's Council of Advisers on Science and Technology. From 1993 to 2003, Dr. Lander was the Director of the Whitehead/MIT Center for Genome Research. He also served as a director of Millennium Pharmaceuticals, Inc., a publicly traded biopharmaceutical company, during the last five years. 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. We believe Dr. Lander's qualifications to serve on our board of directors include his scientific acumen and expertise in the fields of genomics and human genetic diseases.

Thomas J. Lynch, M.D., age 52, has served as a member of our board of directors since October 2009. Dr. Lynch is the Director of the Yale Cancer Center and the Physician-in-Chief at Smilow Cancer Hospital at Yale-New Haven, a position he has held since February 2009. Prior to 2009, Dr. Lynch was the Chief of Hematology-Oncology at Massachusetts General Hospital, or MGH, and a Professor of Medicine at Harvard Medical School. He received his M.D. from Yale University and completed his internship and residency at MGH. Before joining the staff at MGH, Dr. Lynch served as a fellow in medical oncology at the Dana-Farber Cancer Institute. Dr. Lynch is a founding board member and vice chair of the board of the Kenneth B. Schwartz Center for Compassionate Healthcare, a foundation devoted to promoting compassionate health care. We believe Dr. Lynch's qualifications to serve on our board of directors include his substantial experience in the field of clinical oncology.

Adelene Q. Perkins, age 53, has served as a member of our board of directors and our President and Chief Executive Officer since January 2010, including as chair of our board of directors since November 2012, as our President and Chief Business Officer from October 2008 through December 2009 and as our Executive Vice President and Chief Business Officer between September 2006 and October 2008. Ms. Perkins served as Executive Vice President of Infinity Discovery, Inc. from February 2006 until the merger with our predecessor company in September 2006 and Chief Business Officer of Infinity Discovery from June 2002 until September 2006. Ms. Perkins served as Vice President of Business and Corporate Development of TransForm Pharmaceuticals, Inc., a private pharmaceutical company, from 2000 to 2002. From 1992 to 1999, Ms. Perkins held various positions at Genetics Institute, most recently serving as Vice President of Emerging Business and General Manager of the DiscoverEase® business unit. From 1985 to 1992, Ms. Perkins held a variety of positions at Bain & Company, a strategy consulting firm. Ms. Perkins currently serves as a director of Project Hope, a not-for-profit social service company. Ms. Perkins received a B.S. in Chemical Engineering from Villanova University and an M.B.A. from Harvard Business School. We believe Ms. Perkins' qualifications to serve on our board of directors include her extensive experience as a senior business executive in the biopharmaceutical industry, including as our President and Chief Executive Officer, and her expertise in corporate strategy and business operations.

Norman C. Selby, age 61, has served as a member of our board of directors since March 2012. Mr. Selby has served as a Senior Advisor of Perseus, L.L.C., a merchant bank and private equity fund management company, since August 2005 and as executive chairman of Real Endpoints, LLC, a healthcare information company focused on the changing landscape of reimbursement, since October 2010. Previously, Mr. Selby was President and CEO of TransForm Pharmaceuticals, Inc., a privately held specialty pharmaceutical company that was acquired by Johnson & Johnson in April 2005. Prior to TransForm Pharmaceuticals, Mr. Selby was an Executive Vice President at Citigroup/Citicorp from 1997-2000. Mr. Selby spent the bulk of his career at McKinsey & Company where he was Director (Senior Partner) in the firm's New York office. He held several leadership roles at McKinsey, including head of the firm's Global Pharmaceuticals and Medical Products

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Practice. From 1987-1989, Mr. Selby took a leave of absence from McKinsey to serve as Chief Operating Officer of the New York Blood Center, the largest community blood organization in the country, where he led its financial and operational turnaround. Mr. Selby is currently a member of the board of directors of the following privately held companies: Ascenta Therapeutics, Inc., a biopharmaceutical company; Physicians Interactive Holdings, Inc., a provider of online and mobile clinical resources and solutions; Real Endpoints, LLC, a healthcare information company; Merz GmbH, a specialty pharmaceutical company; and Metamark Genetics, a life science diagnostics company. Mr. Selby served as a director of Nanobio, Inc., a privately held biopharmaceutical company, between August 2006 and October 2011, Millennium Pharmaceuticals, Inc., a publicly traded biopharmaceutical company from May 2000 until it was acquired by Takeda Pharmaceutical Company Limited in May 2008, and Windhover Information, a publishing and information company in the pharmaceutical, biotechnology, and medical device industries, from May 2004 until it was sold to Reed Elsevier in March 2008. Mr. Selby serves on the Board of Trustees of the Central Park Conservancy, the Memorial Sloan-Kettering Cancer Center, and the Ralph Lauren Center for Cancer Care and Prevention, all based in New York City. He is also a member of the advisory board of the Harvard Business School's Healthcare Initiative and a Board member of the National Parks Conservation Association in Washington D.C. Mr. Selby holds a B.A. in Architecture from Yale College and an M.B.A. with Distinction from the Harvard Graduate School of Business Administration. We believe Mr. Selby's qualifications to serve on our board of directors include his extensive experience as a senior business executive in the biopharmaceutical industry, and his expertise in corporate strategy, finance, and commercialization of biopharmaceutical products.

Ian F. Smith, age 47, 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., a publicly traded biopharmaceutical company. He also served as a director of Epix Pharmaceuticals, Inc., a publicly traded biopharmaceutical company, and Tolorex Inc., a privately held biopharmaceutical company, during the past five years. 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. We believe Mr. Smith's qualifications to serve on our board of directors include his experience as the chief financial officer of a publicly traded biopharmaceutical company as well as his expertise in accounting and corporate finance.

Michael C. Venuti, Ph.D., age 59, has served as a member of our board of directors and the board of directors of our predecessor company since May 2003. Dr. Venuti served as the Chief Scientific Officer of NeuroTherapeutics Pharma, Inc., a privately held biopharmaceutical company from July 2011 to March 2013. Prior to NeuroTherapeutics, Dr. Venuti served as President, Chief Executive Officer and a director of iPierian, Inc., a privately held biopharmaceutical company, between June 2010 and April 2011 after joining iPierian as President and Chief Scientific Officer in February 2010. Dr. Venuti was Chief Executive Officer and Director of BioSeek, Inc., a privately held drug discovery company, from November 2007 to February 2010. 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 our predecessor company prior to its merger with Infinity Discovery Inc. in September 2006, 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 Axy's Pharmaceuticals, Inc. in 2001. From 1994 through 2001, Dr. Venuti was Director of Medicinal Chemistry, and then Chief Technical Officer, for Axy's Pharmaceuticals and its predecessor company, Arris Pharmaceutical Corporation. Dr. Venuti served as a director of BioSeek, Inc. and iPierian, Inc., privately held biopharmaceutical companies, during the last five years. Dr. Venuti received an A.B. in Chemistry from Dartmouth College and a Ph.D. in Organic Chemistry from

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the Massachusetts Institute of Technology. We believe Dr. Venuti's qualifications to serve on our board of directors include his experience and scientific expertise in running research and development operations to drive strategic and business development goals at biotechnology and larger life sciences companies.

*Our board of directors recommends that you vote FOR the election of each of
the director nominees named above.*

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CORPORATE GOVERNANCE

General

We believe that good corporate governance is important to ensure that our company is managed for the long-term benefit of our stockholders. We periodically review our corporate governance policies and practices and compare them to those suggested by various authorities in corporate governance and the practices of other public companies. As a result, we have adopted policies and procedures that we believe are in the best interests of Infinity and our stockholders.

Corporate Governance Guidelines; Code of Conduct and Ethics

Our Corporate Governance Guidelines assist our board of directors 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 our 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 Nominating and Corporate Governance Committee oversees a self-evaluation by the board and its committees to assess the effectiveness of the board and its committees.

In addition, our corporate governance guidelines set forth our policy that directors should attend annual stockholder meetings. All of the directors attended our 2012 annual meeting of stockholders, except for Messrs. Lee and Smith and Drs. Fyfe and Lander.

We have also adopted a written Code of Conduct and Ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer, or persons performing similar functions. In addition to our having posted a copy of the code on our website, we intend to post on our website all disclosures that are required by law or the NASDAQ Stock Market listing standards concerning any amendments to, or waivers of, our code.

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, Selby or Smith, or Drs. Evnin, Fyfe, Lander, or Lynch, or Venuti has a relationship that 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 5605(a)(2) of the NASDAQ Marketplace Rules.

Director Candidates: Criteria and Diversity

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 of our board applies the criteria set forth in our Corporate Governance 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

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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. While we do not have a formal policy with respect to diversity, the value of diversity on the board of directors is considered by the Nominating and Corporate Governance Committee, and director nominees are not discriminated against on the basis of race, gender, religion, national origin, sexual orientation, disability or any other basis proscribed by law.

The process followed by the Nominating and Corporate Governance Committee 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.

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 Lawrence E. Bloch, M.D., J.D., Company Secretary, 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 in response to the question *How and when may I submit a stockholder proposal, including a stockholder nomination for director, for the 2014 annual meeting?* above.

Communications from Stockholders

Our board of directors will give appropriate attention to written communications that are submitted by stockholders and other interested parties, and will respond if and as appropriate. Dr. Evnin, as our current Lead Outside Director, is primarily responsible for monitoring communications from stockholders and for providing copies or summaries to the other directors as he considers appropriate.

Communications are forwarded to all directors if they relate to important substantive matters and include suggestions or comments that the Lead Outside Director considers to be important for the directors to know. In general, communications relating to corporate governance and corporate strategy are more likely to be forwarded than communications relating to ordinary business affairs, personal grievances, and matters as to which we tend to receive repetitive or duplicative communications.

Stockholders who wish to send communications on any topic to the board of directors should address such communications to Board of Directors, c/o Lawrence E. Bloch, M.D., J.D., Company Secretary, Infinity Pharmaceuticals, Inc., 780 Memorial Drive, Cambridge, MA 02139, or by email to contactboard@infi.com.

Board and Committee Meetings

Our board of directors has responsibility for reviewing our overall performance rather than for overseeing day-to-day operations. The board's primary responsibility is to oversee the management of our company and, in so doing, serve the best interests of our company and its stockholders. The board selects, evaluates and provides for the succession of executive officers and, subject to oversight by the Nominating and Corporate Governance Committee, the board nominates for election at annual stockholder meetings individuals to serve on our board of

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directors and elects individuals to fill any vacancies on the board. The board reviews corporate objectives and strategies, and evaluates and approves significant policies and proposed major commitments of corporate resources and material proposed transactions. It participates in decisions that have a potential major economic impact on our company. Management keeps the directors informed of our activities through regular written reports and presentations at board and committee meetings.

Our board of directors met 16 times during our 2012 fiscal year, including by telephone conference. During that year, each of our directors attended 75% or more of the total number of meetings of the board of directors and the committees on which he or she served, except for Drs. Fyfe, Lander, Lynch and Tananbaum.

Our board has standing Audit, Compensation, Nominating and Corporate Governance, and Research and Development Committees. Each committee has a charter that has been approved by the board. Each committee must review the appropriateness of its charter and perform a self-evaluation at least annually. All members of the Audit, Compensation and Nominating and Corporate Governance Committees are independent, non-employee directors. Current committee memberships are shown in the table below:

	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee	Research and Development Committee
Martin Babler				
Anthony B. Evnin, Ph.D.				
Gwen A. Fyfe, M.D.				
Eric S. Lander, Ph.D.				
Patrick P. Lee				
Thomas J. Lynch, M.D.				
Adelene Q. Perkins				
Norman C. Selby				
Ian F. Smith				
Michael C. Venuti, Ph.D.				

Lead Outside Director

Chair of the Board

Committee Chair

Committee Member

Board Leadership Structure

Our Corporate Governance Guidelines provide the Board with flexibility to determine the appropriate leadership structure for the Board and the Company, including but not limited to whether it is appropriate to separate the roles of Chair of the Board and Chief Executive Officer. In making these determinations, the Board considers numerous factors, including the specific needs and strategic direction of the Company and the size and membership of the Board at the time. The Board believes that combining the roles of Chief Executive Officer and Chair of our board of directors is in the best interests of the Company and stockholders. As our Chief Executive Officer and Chair of the Board, Ms. Perkins is responsible for setting the strategic direction for our company and for day-to-day leadership and performance of our company, as well as setting the agenda for board meetings, and presiding over meetings of the full board. Because Ms. Perkins is an employee and is therefore not independent, our board of directors has appointed Dr. Evnin as Lead Outside Director to preside at all executive sessions of the board. The Nominating and Corporate Governance Committee evaluates our board leadership structure from time to time and may recommend alterations of this structure in the future.

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Audit Committee

The Audit Committee provides the opportunity for direct contact between our independent registered public accounting firm and the board, and has the following principal duties:

appointing, approving the services provided by and the compensation of, and assessing the independence of our independent registered public accounting firm;

overseeing the work of our independent registered public accounting firm, including through the receipt and consideration of certain reports from the firm;

reviewing and discussing with management and the independent registered public accounting firm our annual and quarterly financial statements and related disclosures;

monitoring our internal control over financial reporting, disclosure controls and procedures and code of business conduct and ethics;

overseeing our internal control function;

discussing our risk management policies;

establishing policies regarding hiring employees from the independent registered public accounting firm and procedures for the receipt and retention of accounting related complaints and concerns;

meeting independently with our internal control staff, independent registered public accounting firm and management; and

preparing the Audit Committee report required by SEC rules (which is included beginning on page 20 of this proxy statement).

The Audit Committee is authorized to retain advisors and consultants and to compensate them for their services. The Audit Committee charter is available on our website, www.infi.com.

The current members of the Audit Committee are Messrs. Smith (Chair), Lee and Selby. Our board of directors has determined that Mr. Smith is an Audit Committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K, and that each of these members is independent as such term is defined under the applicable rules of the NASDAQ Stock Market and as is contemplated by Rule 10A-3 under the Exchange Act. The Audit Committee held five meetings during our 2012 fiscal year. See Report of the Audit Committee below. We intend to appoint another independent director to serve on the Audit Committee immediately upon Mr. Lee's retirement from the board.

Compensation Committee

Our Compensation Committee, among other things, provides recommendations to the board regarding our compensation programs, and has the following principal duties:

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reviewing and approving, or making recommendations to the board with respect to, the compensation of our Chief Executive Officer and our other executive officers;

overseeing an evaluation of our executive officers;

overseeing and administering our incentive compensation and equity-based plans that are subject to approval by the board;

reviewing and making recommendations to the board with respect to director compensation;

reviewing, discussing with management and recommending to the board the Compensation Discussion and Analysis required by SEC rules (which is included beginning on page 28 of this proxy statement); and

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preparing the Compensation Committee report required by SEC rules (which is included on page 45 of this proxy statement). The Compensation Committee is authorized to retain advisors and consultants, including advisors and consultants to assist in the evaluation of executive compensation, and to compensate them for their services. The Compensation Committee has not directly engaged a compensation consultant, however, our management team uses an outside compensation consultant, Towers Watson, to provide the Compensation Committee with peer group and market information to enable the Compensation Committee to confirm that our executive compensation is competitive and commensurate with the executive officers' responsibilities and to provide advice on market trends in executive compensation practices. Towers Watson also provides other services to us, which raises a potential conflict of interest with respect to both the Compensation Committee's and our use of Towers Watson. In addressing the potential conflict, management considered all of the independence factors listed Rule 10c-1(b)(4) of the Exchange Act of 1934 and determined that Towers Watson does not have a conflict of interest that will influence the advice provided by Towers Watson to the company regarding executive compensation. These factors include the following: the fact that the fees paid by the Company to Towers Watson in the most recent year reviewed totaled less than 0.01% of Towers Watson's global revenues; the existence and effectiveness of Towers Watson's consulting protocols and procedures; the lack of business or personal relationships between Towers Watson and the Compensation Committee members and our executive officers; and the fact that Towers Watson does not own any of our stock.

The Compensation Committee charter is available on our website, www.infi.com. See Compensation of Executive Officers Compensation Discussion and Analysis below for additional information concerning the Compensation Committee's role, processes and procedures in overseeing executive compensation.

The current members of the Compensation Committee are Messrs. Babler (Chair) and Selby and Dr. Evnin. Our board has determined that each of these members is independent as defined under the applicable NASDAQ rules. The Compensation Committee held 11 meetings during our 2012 fiscal year. See Compensation of Executive Officers Compensation Committee Report below.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee, among other things, provides recommendations to the board regarding the nomination of directors, and has the following principal duties:

recommending to the board the persons to be nominated for election as directors at any meeting of stockholders and the persons, if any, to be elected by the board to fill any vacancies on the board;

developing and recommending corporate governance principles to the board; and

overseeing the annual evaluation of the board and its committees.

The Nominating and Corporate Governance Committee is authorized to retain advisors and consultants and to compensate them for their services. The Nominating and Corporate Governance Committee has a charter, which is available on our website, www.infi.com.

The current members of the Nominating and Corporate Governance Committee are Drs. Evnin (Chair), Lander and Fyfe. Our board of directors has determined that each of these members is independent as defined under the applicable NASDAQ rules. The Nominating and Corporate Governance Committee held 5 meetings during our 2012 fiscal year.

Board's Role in Risk Oversight

Our board of directors' role in our risk oversight process includes receiving regular reports from members of management on areas of material risk, including operational, financial, legal and regulatory, and strategic and

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reputational risks. The full board (or the appropriate committee in the case of risks that are under the purview of a particular committee) receives these reports from the appropriate risk owner within our company to enable it to understand our risk identification, management and mitigation strategies. When a committee receives such a report, the chair of the relevant committee summarizes such report for the full board during the next board meeting. This process enables to the board and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships. As part of its charter, the Audit Committee is responsible for discussing our policies with respect to risk assessment and risk management.

Risk Considerations in our Compensation Program

We and our Compensation Committee of our board of directors have reviewed the compensation policies and practices for all of our employees (whom we call citizen-owners) and have concluded that any risks arising from our compensation policies and programs are not reasonably likely to have a material adverse effect on our company or business. In reaching this conclusion, we and the Compensation Committee considered various factors, including the following:

the establishment of base salaries consistent with our executive officers' responsibilities and market comparables to ensure that our executive officers would not be motivated to take excessive risks to achieve a reasonable level of financial security;

the mix between fixed and variable, annual and long-term, and cash and equity compensation, which is intended to encourage strategies and actions that are in our company's long-term best interests;

vesting periods for equity compensation awards that reward sustained stock price appreciation;

the evaluation of company performance (which drives the amount of cash and number of shares available for grant under our contingent cash compensation and annual merit stock option programs, respectively) based on a variety of long- and short-term objectives in which no single objective is given substantial weight, thus diversifying the risk associated with any single indicator of performance; and

the discretion available to our Compensation Committee not to apply fixed formulae in assessing our company performance, thus enabling the Compensation Committee to, among other things, (a) eliminate the potential incentive for management to conduct activities that are in the company's annual goals, but which may not, due to new data or other inputs, ultimately prove to be in the best interest of stockholders, and (b) reward management for making decisions that are in the long-term best interest of our product development programs, even when those decisions result in the failure to meet short-term objectives.

Availability of Corporate Governance Materials

You can access the current charters for the Audit, Compensation, Nominating and Corporate Governance and Research and Development Committees of our board of directors, our Corporate Governance Guidelines, and our Code of Conduct and Ethics at www.infi.com or by contacting Jaren Irene Madden in our investor relations department. She may be reached at 780 Memorial Drive, Cambridge, Massachusetts 02139; telephone: 617-453-1336; e-mail: irpr_info@infi.com.

Audit Committee Report

The Audit Committee has reviewed our audited financial statements for the fiscal year ended December 31, 2012 and has discussed these financial statements with our management and Ernst & Young LLP, our independent registered public accounting firm.

The Audit Committee has also received from, and discussed with, Ernst & Young LLP various communications that our independent registered public accounting firm is required to provide to the Audit Committee, including the matters required to be discussed by U.S. Auditing Standards Section 380.

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The Audit Committee has received the written disclosures and the letter from Ernst & Young LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding an independent accountant's communications with the audit committee concerning independence, and has discussed with Ernst & Young LLP its independence from Infinity.

Based on its discussions with management and the independent registered public accounting firm, and its review of the representations and information provided by management and the independent registered public accounting firm, the Audit Committee recommended to our board of directors that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2012.

By the Audit Committee of the Board of Directors,

Ian F. Smith (Chair)

Patrick P. Lee

Norman C. Selby

Audit Fees

The following table summarizes the fees of Ernst & Young LLP billed to us for each of the last two fiscal years:

Fee Category	Fiscal Year ended December 31,	
	2012	2011
Audit Fees(1)	\$ 679,500	\$ 415,038
Audit-Related Fees(2)	1,995	1,995
Tax Fees(3)	57,434	50,992
Total Fees	\$ 738,929	\$ 468,025

- (1) Audit fees consist of fees for the audit of our financial statements, the review of the interim financial statements included in our quarterly reports on Form 10-Q, preparation of comfort letters and registration statements, accounting and consultation on matters addressed during the audit or interim reviews, including consultation regarding licensing activities, and other professional services provided.
- (2) Audit-related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit and the review of our financial statements and which are not reported under Audit Fees. These services primarily relate to a subscription to an online database managed by Ernst & Young LLP.
- (3) Tax fees consist of fees for tax compliance, tax advice and tax planning services. These services primarily relate to preparation of state and federal tax returns. For our 2011 fiscal year, tax fees include analysis by Ernst & Young LLP related to state and federal tax incentive awards and section 382 of the Internal Revenue Code of 1986.

Pre-Approval Policies and Procedures

The Audit Committee has adopted policies and procedures relating to the approval of all audit and non-audit services that are to be performed by our independent registered public accounting firm. This policy generally provides that we will not engage our independent registered public accounting firm to render audit or non-audit services unless the service is specifically approved in advance by the Audit Committee or the engagement is entered into pursuant to the pre-approval procedures described below.

From time to time, the Audit Committee may pre-approve specified types of services that are expected to be provided to us by our independent registered public accounting firm during the next 12 months. Any such pre-approval is detailed as to the particular service or type of services to be provided and is also generally subject to a maximum dollar amount.

The Audit Committee has delegated authority to the Chair of the Audit Committee to pre-approve any audit or non-audit service to be provided to us by our independent registered public accounting firm. Any approval of services by the Chair of the Audit Committee pursuant to this delegated authority must be reported on at the next meeting of the Audit Committee.

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During our 2012 fiscal year, no services were provided to us by Ernst & Young LLP or any other accounting firm other than in accordance with the pre-approval policies and procedures described above.

Director Compensation

The following table details the total compensation earned by our non-employee directors during our 2012 fiscal year:

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)(1)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Martin Babler	\$ 38,500		\$ 58,880(2)				\$ 97,380
Steven H. Holtzman	\$ 72,500		\$ 132,480(3)				\$ 204,980
Anthony B. Evnin, Ph.D.	\$ 60,500		\$ 117,760(4)				\$ 178,260
Gwen A. Fyfe, M.D.	\$ 26,500		\$ 94,860(5)				\$ 121,360
Eric S. Lander, Ph.D.	\$ 25,500		\$ 44,160(6)				\$ 69,660
Patrick P. Lee	\$ 32,000		\$ 44,160(7)				\$ 76,160
Arnold J. Levine, Ph.D.(8)	\$ 4,500						\$ 4,500
Thomas J. Lynch, M.D.	\$ 27,500		\$ 44,160(9)				\$ 71,660
Norman C. Selby	\$ 31,000		\$ 94,860(10)				\$ 125,860
Ian F. Smith	\$ 36,000		\$ 73,600(11)				\$ 109,600
James B. Tananbaum, M.D.(12)	\$ 4,500						\$ 4,500
Michael C. Venuti, Ph.D.	\$ 39,500		\$ 73,600(13)				\$ 113,100

- (1) The amounts in this column reflect the aggregate grant date fair value of awards made to such individual.
- (2) Mr. Babler was granted two option awards on May 16, 2012 that had grant date fair values of \$44,160 and \$14,720. As of December 31, 2012, Mr. Babler did not hold any stock awards, but held options to purchase 40,375 shares of our common stock.
- (3) Mr. Holtzman was granted two option awards on May 16, 2012 that had grant date fair values of \$44,160 and \$88,320. Mr. Holtzman retired from the board effective November 2, 2012. As of December 31, 2012, Mr. Holtzman did not hold any stock awards but held options to purchase an aggregate of 240,265 shares of our common stock.
- (4) Dr. Evnin was granted two option awards on May 16, 2012 that had grant date fair values of \$44,160 and \$73,600. As of December 31, 2012, Dr. Evnin did not hold any stock awards, but held options to purchase an aggregate of 44,125 shares of our common stock. For purposes of this footnote, 294,071 shares of our common stock held by entities affiliated with Venrock, which are identified as being beneficially owned by Dr. Evnin in the table entitled "Stock Ownership of Certain Beneficial Owners and Management" above, have not been treated as stock awards.
- (5) Dr. Fyfe was granted an option award on March 8, 2012 that had a grant date fair value of \$50,700 and an option award on May 16, 2012 that had a grant date fair value of \$44,160. As of December 31, 2012, Dr. Fyfe did not hold any stock awards, but held options to purchase an aggregate of 16,000 shares of our common stock.
- (6) Dr. Lander was granted an option award on May 16, 2012 that had a grant date fair value of \$44,160. As of December 31, 2012, Dr. Lander held stock awards representing an aggregate of 72,939 shares of our common stock (including 11,051 shares of our common stock held by a trust for which Dr. Lander serves as trustee) and options to purchase an aggregate of 53,585 shares of our common stock. For purposes of this footnote, 9,819 shares of common stock held by Dr. Lander that were obtained upon the conversion of shares of preferred stock of our predecessor company in the reverse merger with such predecessor company have not been treated as stock awards.
- (7) Mr. Lee was granted an option award on May 16, 2012 that had a grant date fair value of \$44,160. As of December 31, 2012, Mr. Lee did not hold any stock awards, but held options to purchase 57,000 shares of our common stock.
- (8) Dr. Levine retired from our board effective May 15, 2012 and did not receive any option awards during the fiscal year ended December 31, 2012. As of December 31, 2012, Dr. Levine did not hold any stock awards, but held options to purchase an aggregate of 31,875 shares of our common stock.
- (9) Dr. Lynch was granted an option award on May 16, 2012 that had a grant date fair value of \$44,160. As of December 31, 2012, Dr. Lynch did not hold any stock awards, but held options to purchase 27,000 shares of our common stock.
- (10) Mr. Selby was granted two option awards on May 16, 2012 that had grant date fair values of \$44,160 and \$50,700. As of December 31, 2012, Mr. Selby did not hold any stock awards, but held options to purchase 8,500 shares of our common stock.
- (11) Mr. Smith was granted two option awards on May 16, 2012 that had grant date fair values of \$44,160 and \$29,440. As of December 31, 2012, Mr. Smith did not hold any stock awards, but held options to purchase 51,875 shares of our common stock.
- (12) Dr. Tananbaum retired from our board effective May 15, 2012 and did not receive any option awards during the fiscal year ended December 31, 2012. As of December 31, 2012, Dr. Tananbaum held stock awards representing an aggregate of 134,690 shares of our common stock (which stock awards were held entirely through a trust for which he serves as trustee and has voting and investment power) and did not hold any option awards.

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- (13) Dr. Venuti was granted two option awards on May 16, 2012 that had grant date fair values of \$44,160 and \$29,440. As of December 31, 2012, Dr. Venuti held stock awards representing an aggregate of 50,000 shares of our common stock and options to purchase an aggregate of 79,375 shares of our common stock.

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No changes in director compensation were made during our 2012 fiscal year. No director who is an employee receives compensation for his or her service as a director. The following is a summary of the standard compensation of our non-employee directors as of December 31, 2012:

a \$60,000 annual retainer for service as a non-executive chair of our board of directors;

a \$15,000 annual retainer for service as a director;

a \$25,000 annual retainer for service as lead outside director;

a \$10,000 annual retainer for service as chair of the Audit Committee;

a \$10,000 annual retainer for service as chair of the Research and Development Committee;

a \$5,000 annual retainer for service as chair of the Compensation Committee;

a \$5,000 annual retainer for service as chair of the Nominating and Corporate Governance Committee;

\$1,500 for each board meeting attended in person;

\$500 for each board meeting attended by telephone; and

\$500 for each meeting of the Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee or Research and Development Committee attended in person or by telephone, except that members of our Research and Development Committee who attend our annual program review meetings in his or her capacity as a director are compensated at a rate of \$1,500 per day.

In March 2013, our board of directors approved the following director cash compensation program, effective as of immediately following our 2013 annual meeting:

a \$40,000 annual retainer for service as a non-executive chair of our board of directors;

a \$35,000 annual retainer for service as a director;

a \$30,000 annual retainer for service as lead outside director;

a \$15,000 annual retainer for service as chair of the Audit Committee;

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a \$10,000 annual retainer for service as chair of the Research and Development Committee;

a \$10,000 annual retainer for service as chair of the Compensation Committee;

a \$10,000 annual retainer for service as chair of the Nominating and Corporate Governance Committee;

a \$10,000 annual retainer for service as a non-chairing member of the Audit Committee;

a \$7,500 annual retainer for service as a non-chairing member of a committee of the board other than the Audit Committee.

Each non-employee director is also reimbursed for reasonable out-of-pocket expenses incurred in attending meetings of the board of directors or any committee of the board of directors.

In addition to the cash compensation discussed above, non-employee directors automatically receive nonstatutory stock options under our 2010 Stock Incentive Plan. The amounts of such nonstatutory stock option grants, which were increased in March 2013, are as follows:

each non-employee director receives, upon commencement of service on the board, a nonstatutory option to purchase 30,000 shares of our common stock and, on the date of each annual meeting of stockholders thereafter, a nonstatutory option to purchase 15,000 shares of our common stock; and

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each non-employee director who serves in the following positions receives additional nonstatutory options to purchase shares of our common stock in the amounts indicated below upon the date of commencement of service in such position and upon the date of each annual stockholder meeting thereafter:

Position	Stock Option Grant
Non-Executive Chair of the Board of Directors	12,000 shares
Lead Outside Director	10,000 shares
Chair of Research and Development Committee	4,000 shares
Chair of Audit Committee	4,000 shares
Chair of Compensation Committee	2,000 shares
Chair of Nominating and Corporate Governance Committee, if not Lead Outside Director	2,000 shares

Each of these options has an exercise price per share equal to the fair market value per share of our common stock on the grant date and has a ten year term, subject to earlier termination following cessation of board service by the holder of the option unless otherwise modified by our board of directors. In addition, each grant vests over a period of one or two years in equal quarterly installments (with respect to one-eighth (1/8th) of the shares subject to the option grant made in connection with commencement of service as a member of the board and with respect to one-fourth (1/4th) of the shares subject to the option grant made at each annual meeting of stockholders) beginning at the end of the first calendar quarter after the date of grant, provided that the option holder continues to serve as a director or in the position for which the grant was made. These options immediately vest in full upon certain changes in control or ownership or upon death or disability of the option holder while serving as a director.

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TRANSACTIONS WITH RELATED PERSONS

In November 2008, we entered into strategic alliance agreements with each of Mundipharma International Corporation Limited, or Mundipharma, and Purdue Pharmaceutical Products L.P., or Purdue, independent associated companies of Beacon Company, or Beacon, and Rosebay Medical Company L.P., or Rosebay. In connection with the entry into the strategic alliance agreements, we also entered into a securities purchase agreement and line of credit agreement with Purdue and its independent associated company, Purdue Pharma L.P., or PPLP. The line of credit agreement was subsequently assigned exclusively to PPLP.

Under the terms of the securities purchase agreement we issued and sold an aggregate of 6,000,000 shares of our common stock and warrants to purchase up to an aggregate of 6,000,000 additional shares of our common stock to Purdue and PPLP for an aggregate purchase price of \$75 million. An equal number of shares of common stock and warrants were issued to Purdue and PPLP. Immediately after such issuance, these securities represented approximately 37.3% of our then outstanding common stock, assuming exercise of such warrants. All of the securities initially issued to Purdue and PPLP were subsequently transferred through their respective associated entities Beacon and Rosebay. All warrants held by Beacon and Rosebay to purchase shares of our common stock have expired without having been exercised.

On July 17, 2012, we terminated our strategic alliance with Mundipharma and Purdue and entered into termination and revised relationship agreements with each of those entities, which we refer to as the 2012 termination agreements.

Under the terms of the 2012 termination agreements:

All intellectual property rights that we had previously licensed to Mundipharma and Purdue to develop and commercialize products under the previous strategic alliance agreements terminated, with the result that we have worldwide rights to all product candidates that had previously been covered by the strategic alliance.

We have no further obligation to provide research and development services to Mundipharma and Purdue as of July 17, 2012.

Mundipharma and Purdue have no further obligation to provide research and development funding to us. Under the alliance, Mundipharma was obligated to reimburse us for research and development expenses we incurred, up to an annual aggregate cap for each alliance program other than products targeting fatty acid amide hydrolase, or FAAH.

We are obligated to pay Mundipharma and Purdue a four percent royalty in the aggregate (subject to reduction as described below), on worldwide net sales of products that were covered by the alliance until such time as they have recovered approximately \$260 million, representing the research and development funding paid to us for research and development services performed by us through the termination of the strategic alliance. After this cost recovery, our royalty obligations to Mundipharma and Purdue will be reduced to a one percent royalty on net sales in the United States of products that were previously subject to the strategic alliance. All payments are contingent upon the successful commercialization of products subject to the alliance that are subject to significant further development.

Royalties are payable under these agreements until the later to occur of the last-to-expire of specified patent rights and the expiration of non-patent regulatory exclusivities in a country, provided that if royalties are payable solely on the basis of non-patent regulatory exclusivity, each of the royalty rates is reduced by 50%. In addition, royalties payable under these agreements after Mundipharma and Purdue have recovered all research and development expenses paid to us are subject to reduction on account of third party royalty payments or patent litigation damages or settlements which might be required to be paid by us if litigation were to arise, with any such reductions capped at 50% of the amounts otherwise payable during the applicable royalty payment period.

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Line of Credit Agreement

The line of credit agreement with PPLP provided for the borrowing by us of one or more unsecured loans up to an aggregate maximum principal amount of \$50 million. In November 2011, we borrowed \$50 million under this line of credit. On September 7, 2012, upon completion of the sale and issuance of common stock to PPLP under the 2012 securities purchase agreement described below, the line of credit agreement with PPLP terminated in its entirety, and approximately \$51.0 million in principal and interest owed to PPLP under the line of credit agreement was extinguished.

2012 Securities Purchase Agreement

On July 17, 2012, in connection with the termination of the strategic alliance with Mundipharma and Purdue, we executed a securities purchase agreement with PPLP, which we refer to as the 2012 securities purchase agreement, under which we agreed to sell and issue 5,416,565 shares of our common stock to PPLP and two entities associated with PPLP, which we collectively refer to as the BRP entities, at a price of \$14.50 per share for an aggregate consideration of approximately \$78.5 million. The consideration was composed of the extinguishment of approximately \$51.0 million in principal and interest owed to PPLP under the line of credit agreement and \$27.5 million in cash. We completed the sale and issuance on September 7, 2012 at which time the line of credit agreement with PPLP terminated in its entirety. As described below, on April 11, 2013, we entered into a letter agreement with the BRP entities, pursuant to which the 2012 securities purchase agreement terminated effective as of April 16, 2013.

The 2012 securities purchase agreement provided that, at any time during the period beginning January 1, 2013 and ending December 31, 2018, in the event we proposed to make an underwritten offering of our common stock, subject to certain limitations, the BRP entities would have piggyback registration rights, which required us, at the election of the BRP entities, to use our reasonable best efforts to cause to be included in such underwritten offering, common stock then held by the BRP entities representing up to 20% of the total estimated maximum dollar amount of our common stock proposed to be sold in such underwritten offering.

In addition, the BRP entities had agreed that during the period between July 17, 2012 and December 31, 2013, if requested by us and/or the managing underwriters, placement agents or initial purchasers for any offering of our stock proposed by us during such period, not to, among other things, offer, sell or otherwise transfer or dispose of, directly or indirectly, any common stock held by the BRP entities or to enter into any agreement that transfers, in whole or in part, any of the economic consequences of ownership of any common stock held by the BRP entities, during such period as may have been requested by such managing underwriters, the placement agents or the initial purchasers, and to execute a lock-up agreement reflecting such restrictions, provided that all of our officers, directors and affiliates enter into similar agreements with equivalent terms.

The 2012 securities purchase agreement also terminated, as of July 17, 2012, all attendance rights to meetings of our board of directors held by the BRP entities.

Pursuant to the 2012 securities purchase agreement, the BRP entities and each associated company holding shares of our common stock also agreed to be present at each regular or special meeting of our stockholders held through September 6, 2017, and to vote all of their shares as recommended by our board of directors in the proxy materials mailed to our stockholders in connection with such meeting, subject to limitations specified in the 2012 securities purchase agreement with respect to certain specified actions.

April 2013 Offering and 2013 Termination Agreement

On April 9, 2013, we entered into a letter agreement with the BRP Entities, referred to herein as the April 9 letter agreement, pursuant to which the parties agreed that effective upon the public announcement of the public offering and contingent upon the sale of shares by the selling stockholders in the offering: (i) we waived the existing lock-up restrictions set forth in the 2012 securities purchase agreement, but only with respect to the shares of our common stock sold by the selling stockholders in the public offering; (ii) with respect to any shares

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that were held by the selling stockholders and PPLP after the public offering, which we refer to as the remaining shares, the selling stockholders and PPLP agreed that with respect to such remaining shares they would not exercise, in connection with our next offering of capital stock, the piggyback registration rights described above; and (iii) any such remaining shares will be subject to a lock-up between us and the selling stockholders and PPLP through the six-month anniversary of the execution of the underwriting agreement in connection with the public offering and the selling stockholders and PPLP agreed, if so requested, pursuant to the 2012 securities purchase agreement to execute a lock-up agreement with the underwriters, placement agents or other initial purchasers in any offering of our capital stock that commences on or before December 31, 2013.

On April 10, 2013, we executed an underwriting agreement with Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC as underwriters, Beacon and Rosebay as selling stockholders, and PPLP, relating to an underwritten public offering of up to 11,416,565 shares of our common stock held by the BRP entities, referred to herein as the public offering. The public offering closed on April 16, 2013, and, as a result, the BRP entities no longer own any shares of our common stock.

On April 11, 2013, we entered into a letter agreement with the BRP entities, pursuant to which the 2012 securities purchase agreement, including the April 9 letter agreement, terminated upon the sale of all of the shares of our common stock held by the BRP entities in the public offering on April 16, 2013. The termination of the 2012 securities purchase agreement resulted in, among other things, the elimination of the piggyback registration rights of the BRP entities, the lock-up arrangements in effect with respect to the shares of our common stock held by the BRP entities, and, except with respect to our 2013 annual meeting of stockholders and to the extent the shares of our common stock sold in the public offering were held by the BRP entities on or before the record date set for the our 2013 annual meeting of stockholders, the BRP entities agreement to vote their respective shares as provided in the 2012 securities purchase agreement.

POLICIES AND PROCEDURES FOR RELATED PERSON TRANSACTIONS

Our board has adopted written policies and procedures for the review of any transaction, arrangement or relationship in which we are a participant, the amount involved exceeds \$120,000, and one of our executive officers, directors, director nominees or 5% stockholders (or their immediate family members), each of whom we refer to as a related person, has a direct or indirect material interest.

If a related person proposes to enter into such a transaction, arrangement or relationship, which we refer to as a related person transaction, the related person must report the proposed related person transaction to our Executive Vice President, Chief Financial Officer and Chief Business Officer. The policy calls for the proposed related person transaction to be reviewed and, if deemed appropriate, approved by the Audit Committee. Whenever practicable, the reporting, review and approval will occur prior to entry into the transaction. If advance review and approval is not practicable, the committee will review, and, in its discretion, may ratify the related person transaction. The policy also permits the chair of the committee to review and, if deemed appropriate, approve proposed related person transactions that arise between committee meetings, subject to ratification by the committee at its next meeting. Any related person transactions that are ongoing in nature will be reviewed annually.

A related person transaction reviewed under the policy will be considered approved or ratified if it is authorized by the committee after full disclosure of the related person's interest in the transaction. As appropriate for the circumstances, the committee will review and consider:

the related person's interest in the related person transaction;

the approximate dollar value of the amount involved in the related person transaction;

the approximate dollar value of the amount of the related person's interest in the transaction without regard to the amount of profit or loss;

whether the transaction was undertaken in the ordinary course of our business;

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whether the terms of the transaction are no less favorable to us than terms that could have been reached with an unrelated party;

the purpose of, and the potential benefits to us of, the transaction; and

any other information regarding the related person transaction or the related person in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

The committee may approve or ratify the transaction only if the committee determines that, under all of the circumstances, the transaction is not inconsistent with our best interests. The committee may impose any conditions on the related person transaction that it deems appropriate.

In addition to the transactions that are excluded by the instructions to the SEC's related person transaction disclosure rule, our board of directors has determined that the following transactions do not create a material direct or indirect interest on behalf of related persons and, therefore, are not related person transactions for purposes of this policy:

interests arising solely from the related person's position as an executive officer of another entity (whether or not the person is also a director of such entity), that is a participant in the transaction, where (a) the related person and all other related persons own in the aggregate less than a 10% equity interest in such entity, (b) the related person and his or her immediate family members are not involved in the negotiation of the terms of the transaction and do not receive any special benefits as a result of the transaction, and (c) the amount involved in the transaction equals less than the greater of \$200,000 dollars or 5% of the annual consolidated gross revenues of the other entity that is a party to the transaction; and

a transaction that is specifically contemplated by provisions of our charter or bylaws.

The policy provides that transactions involving compensation of executive officers shall be reviewed and approved by the Compensation Committee in the manner specified in its charter.

COMPENSATION OF EXECUTIVE OFFICERS

Compensation Discussion and Analysis

This section discusses the principles underlying our policies and decisions with respect to the compensation of our executive officers who are named in the Summary Compensation Table below, or our named executive officers, and the material factors relevant to an analysis of these policies and decisions.

Executive Summary

Our compensation program is designed to reward strong performance and align incentive awards with stockholder value creation. Awards under our contingent cash compensation and merit stock option programs are formulaically tied to the achievement of corporate goals, and we use stock options as a compensation vehicle in order to preserve our cash resources and link compensation with stockholder return. In addition, consistent with our culture of citizen-ownership, other than pursuant to our Executive Severance Benefits Plan described below under the heading *Components of Our Compensation Program and Relationship to Performance-Severance Benefits*, all employees are eligible for each element of our compensation program, and our executive officers do not receive any material perquisites or other personal benefits above those offered to all employees.

As described more fully below, our company performed in a manner that was generally in line with our performance goals set for 2012, as evidenced by:

advancement of our PI3K program, including progression of two Phase 1 studies of IPI-145 in hematologic malignancies, initiation of a Phase 2a study of IPI-145 in mild asthma, and selection of IPI-443 as our next PI3K development candidate;

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regaining worldwide development and commercialization rights to our PI3K, FAAH and early discovery programs through effective restructuring of our strategic relationship with Mundipharma and Purdue;

strong financial management, including completion of a successful public offering in which we raised over \$88 million in gross proceeds;

timely completion of enrollment in our Phase 2 study of IPI-504 in combination with docetaxel in patients with non-small cell lung cancer; and

expansion of our internal operational capabilities through strategic hires within our senior leadership team.

As our performance evaluation cycle with respect to the determination of executive compensation ended on November 30, our company performance for 2012 did not include the completion of a successful public offering in which we raised over \$172 million in gross proceeds in December 2012 and the optimization of our relationship with Millennium: The Takeda Oncology Company and Takeda Pharmaceutical Company Limited (collectively, Millennium) through the amendment and restatement of our development and license agreement with Millennium in December 2012.

Our contingent cash compensation and merit stock option programs were funded in a manner consistent with our operating performance during 2012. Our equity compensation program has also been funded within the equity burn rate commitment made to our stockholders in 2010. No material modifications to our compensation programs were introduced in 2012, nor do we anticipate such changes in 2013, as we believe our executive compensation program continues to support our compensation philosophy. We also note that our compensation program received the support of approximately 96% of the votes cast at our 2011 annual stockholders meeting, which was the last time our compensation program was subject to a stockholder vote.

Our Named Executive Officers

Our named executive officers for 2012 were:

Adelene Q. Perkins, President and Chief Executive Officer; Chair of the Board;

Julian Adams, Ph.D., President of Research and Development;

Lawrence E. Bloch, M.D., J.D., Executive Vice President, Chief Financial Officer and Chief Business Officer;

Vito J. Palombella, Ph.D., Chief Scientific Officer; and

Pedro Santabarbara, M.D., Ph.D., Chief Medical Officer.

Dr. Bloch became a named executive officer in July 2012 following the commencement of his service as Chief Financial Officer and Chief Business Officer of Infinity.

Our Compensation Objectives and Philosophy

Our mission is to sustainably discover, develop and deliver to patients important new medicines that make a material difference in patients health, well-being and lives. The objectives of our compensation program are to:

attract, retain and motivate the highest caliber scientists and business people to develop and execute our business plan and achieve our mission;

ensure that compensation aligns our citizen-owners with our corporate strategy and business objectives;

promote the achievement of important and measurable scientific, business, organizational and operational goals by linking contingent cash compensation and long-term equity incentives to the achievement of these goals; and

align incentives with the creation of stockholder value.

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The Compensation Committee of our board of directors is responsible for reviewing and approving, or recommending for approval to the full board, the compensation of our executive officers. This committee is also responsible for evaluating our company's performance against its goals, assessing the performance of our executive officers, and ensuring that our compensation program is both aligned with the objectives described above and competitive with those of other companies in our industry that compete with us for talent.

Our compensation program ties a substantial portion of our named executive officers' overall compensation to the achievement of scientific, business, organizational and operational goals such as:

progress in our clinical trials and research programs;

implementation of appropriate financing strategies;

addition and development of internal competencies and retention of high-performing citizen-owners; and

achievement of desired financial performance.

Components of Our Compensation Program and Relationship to Performance

The primary elements of our compensation program are:

cash compensation, which includes base salary and performance-based annual cash incentives, which we refer to as contingent cash compensation;

annual performance-based stock option awards, which we refer to as merit stock option awards;

stock option awards granted to citizen-owners upon hire and upon promotion; and

employee benefits, such as insurance, a 401(k) savings plan and severance benefits.

Each of these elements is available to all of our citizen-owners generally, although the amounts of contingent cash compensation and the size of stock option awards differ from person to person based on such citizen-owner's role, market-competitive compensation, and his or her individual performance.

We do not have any formal or informal policy or target for allocating compensation between long-term and short-term compensation, between cash and non-cash compensation, or among the different forms of non-cash compensation. Instead, the Compensation Committee, after reviewing relevant information for our compensation peer group and other relevant survey data, determines what it believes to be the appropriate level and mix of the various compensation components.

Cash Compensation

Our cash compensation program has two elements: base salary and contingent cash compensation. Base salary is used to recognize the experience, skills, knowledge and responsibilities required of each of our citizen-owners, including each of our executive officers. Contingent cash compensation is used to reward the achievement of company and individual goals. The Compensation Committee adheres to the general principle that base salary levels should be targeted between the 50th and 75th percentiles of the market, using peer group market compensation data. This peer group is described under the heading *Defining and Comparing Compensation to Market Benchmarks* below.

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Under our contingent cash compensation program, the Compensation Committee establishes pools of cash available for potential award, as a percentage of aggregate payroll for all citizen-owners at specified levels of seniority, based on the committee's assessment of overall company performance. Once the aggregate amount of cash available for potential award under each such pool is established per level of seniority, such pool is allocated among all citizen-owners at that level of seniority based upon relative individual performance of each

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citizen-owner compared to the performance of his or her peers. We believe our contingent cash compensation program provides the following advantages:

it is consistent with the growing practice in the biopharmaceutical industry to provide competitive, but not excessive, base salary levels together with performance-based cash incentives;

it enables us to achieve our goal of ensuring that total cash compensation is market competitive, thus enhancing our ability to attract and retain the best possible people without increasing fixed salary expense;

it rewards both the achievement of company goals and strong individual performance in support of those goals, thus maintaining our culture of combining individual excellence and achievement with community collaboration;

it is consistent with our company's values, as all citizen-owners are eligible to participate in the program; and

it further aligns citizen-owner and stockholder interests, as a substantial percentage of our named executive officers' total compensation is dependent on the achievement of company goals.

The sum of base salary and contingent cash compensation constitutes total cash compensation. The Compensation Committee believes that the total cash compensation for our executive officers should be targeted:

below the 50th percentile of actual total cash compensation for individuals in similar positions at comparable companies for a year in which company performance is *below threshold*, or performance that neither resulted in the achievement of the stated goals for our company, nor was consistent with performance that should reasonably be expected of a biopharmaceutical company of comparable size, resources or stage of development;

near the 50th percentile of actual total cash compensation for individuals in similar positions at comparable companies for a year in which company performance *meets threshold standards*, or performance that resulted in the stated goals for our company substantially being met and which was consistent with performance that should reasonably be expected of a biopharmaceutical company of comparable size, resources and stage of development;

near the 75th percentile of actual total cash compensation for individuals in similar positions at comparable companies for a year in which company performance *meets Infinity expectations*, or performance that exceeded industry standards and met essentially all of our goals (including some stretch goals, or goals that we believe could prove difficult to achieve) and exceeded some of our goals, with any failure to achieve a major goal being the result of factors outside of our reasonable control; and

above the 75th percentile of actual total cash compensation for individuals in similar positions at comparable companies for a year in which company performance *exceeds Infinity expectations*, or performance that far exceeded industry standards and resulted in our goals largely being exceeded.

Consistent with this philosophy, the Compensation Committee established 2012 contingent cash compensation targets for our executive officers at the following percentages of aggregate payroll of citizen-owners at the specified level of seniority:

2012 Contingent Cash Compensation Targets

	Below Threshold	Threshold	Meets Infinity Expectations	Exceeds Infinity Expectations (Maximum)
Chief Executive Officer	0%	40%	60%	80%
President of Research and Development	0%	35%	45%	75%
Executive Vice President/ C Level Officer	0%	30%	40%	60%
Vice President/Senior Vice President	0%	20%	32.5%	50%

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Stock Options

Our equity award program is the primary vehicle for offering long-term incentives to all of our citizen-owners, including our named executive officers. We believe that equity grants are fundamental in creating a culture of citizen-ownership, providing our citizen-owners with a strong link to our long-term performance and aligning the interests of our citizen-owners and our non-employee stockholders by allowing citizen-owners to participate in the longer term success of our company as reflected in stock price appreciation. In addition, the vesting feature of our equity grants is intended to further our goal of retention because it provides an incentive for our citizen-owners, including our named executive officers, to remain in our employ during the vesting period.