

DISCOVERY PARTNERS INTERNATIONAL INC
Form 425
June 14, 2006

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

Form 8-K

**Current Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): June 9, 2006

DISCOVERY PARTNERS INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

000-31141
(Commission File Number)

33-0655706
(I.R.S. Employer
Identification No.)

9640 Towne Centre Drive

San Diego, California
(Address of principal executive offices)

92121
(Zip Code)

Registrant's telephone number, including area code: (858) 455-8600

Not Applicable.

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

 - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On June 9, 2006, the Board of Directors (the *Board*) of Discovery Partners International, Inc. (the *Company* or *DPI*) approved an amendment to the automatic non-employee director option grants under the Company's 2000 Stock Incentive Plan (the *Plan*), subject to the closing of the merger described in that certain Agreement and Plan of Merger and Reorganization (the *Merger Agreement*), by and among DPI, Infinity Pharmaceuticals, Inc. (*Infinity*) and Darwin Corp., a wholly-owned subsidiary of DPI, pursuant to which Infinity will become a wholly-owned subsidiary of the Company (the *Merger*). The full text of this amendment is set forth in Amendment No. 1 to the Plan (*Amendment No. 1*) in Annex H to DPI's Registration Statement on Form S-4 (the *Form S-4*) filed with the Securities and Exchange Commission (the *SEC*) on May 24, 2006. The Merger Agreement is incorporated herein by reference to Annex A to the Form S-4.

Under Amendment No. 1 to the Plan, the following non-statutory stock option grants were approved:

Each non-employee director who serves on the Board immediately after the closing of the Merger shall receive a stock option to purchase 75,000 shares of the combined company's common stock, 25,000 shares of which will vest one year after the date of grant, with the remainder vesting in quarterly installments of 6,250 shares beginning at the end of the first quarter thereafter.

Each non-employee director serving as a director on the third anniversary of (i) the closing of the Merger, in case of directors serving on the Board immediately after the closing of the Merger, or (ii) his or her election to the Board, in the case of directors elected after the closing of the Merger, shall, at the date of the first annual stockholders meeting following such third anniversary and annually thereafter, receive a stock option to purchase 15,000 shares of the combined company's common stock which will vest in equal quarterly installments of 3,750 shares beginning at the end of the first quarter after the date of grant.

Each non-employee director serving in the following Board and Board committee positions will receive additional stock options to purchase shares of the combined company's common stock in the following indicated amounts upon commencement of service in such position and on each anniversary thereafter for which the director continues to serve in such position. Each of these grants will be exercisable in equal quarterly installments beginning at the end of the first quarter after the date of the grant, provided the holder continues to serve in the applicable position:

Position:	Stock Option Grant:
Lead Outside Director	25,000 shares
Lead Research and Development Director	10,000 shares
Chairman of the Audit Committee of the Board	10,000 shares
Chairman of the Compensation Committee of the Board	5,000 shares
Chairman of the Nominating and Corporate Governance Committee of the Board	5,000 shares

Separately, the Board, other than Colin Dollery and Alan Lewis, approved an amendment to the Plan and certain stock option awards for Messrs. Dollery and Lewis to provide that, subject to the closing of the Merger and their resignation from the Board, all outstanding stock options held by Messrs. Dollery and Lewis will become exercisable for three (3) years from the date of their resignations. In addition, the Company will reimburse up to \$10,000 each for any liability Messrs. Dollery and Lewis may incur as a result of the extension of the exercise period for their options under Section 409A of the Internal Revenue Code of 1986, as amended. These reimbursement amounts will be reduced to the extent they reduce DPI's net cash at closing, as described in the Merger Agreement, below \$70 million.

Forward-looking Statements

Statements in this filing that are not strictly historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and involve a high degree of risk and uncertainty. Such forward-looking statements include statements regarding the proposed transaction described in the Merger

Agreement. Factors that may cause actual results to differ materially include the risk that DPI and Infinity may not be able to complete the proposed transaction described in the Merger Agreement and the risks and uncertainties that are more fully described in DPI's Registration Statement on Form S-4 related to the Merger filed with the Securities and Exchange Commission on May 24, 2006.

Any forward-looking statements are made pursuant to Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and, as such, speak only as of the date made. DPI undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Additional Information about the Merger and Where to Find It

In connection with the proposed Merger between DPI and Infinity described herein, DPI filed a registration statement on Form S-4 on May 24, 2006 with the SEC, that contains a proxy statement/prospectus. **Investors and security holders of DPI and Infinity are urged to read the proxy statement/prospectus (including any amendments or supplements to the proxy statement/prospectus) regarding the proposed Merger because it contains important information about DPI, Infinity and the proposed Merger.** Securityholders will be able to obtain a copy of the proxy statement/prospectus, as well as other filings containing information about DPI and Infinity, without charge, at the SEC's Internet site (<http://www.sec.gov>). Copies of the proxy statement/prospectus can also be obtained, without charge, by directing a request to Discovery Partners International, Inc., 9640 Towne Centre Drive, San Diego, CA 92121, Attention: Investor Relations, Telephone: (858) 455-8600.

Participants in the Solicitation

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

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DISCOVERY PARTNERS INTERNATIONAL, INC.

Dated: June 13, 2006

By: /s/ Craig Kussman
Name: Craig Kussman
Title: Chief Financial Officer, Senior Vice President,

Finance and Administration, Secretary