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UNILEVER PLC
Form 6-K
June 13, 2006

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

REPORT OF FOREIGN ISSUER

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of June, 2006

UNILEVER PLC
(Translation of registrant's name into English)

UNILEVER HOUSE, BLACKFRIARS, LONDON, ENGLAND
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports
under cover Form 20-F or Form 40-F.

Form 20-F..X.. Form 40-F.....

Indicate by check mark if the registrant is submitting the Form 6-K in paper
as permitted by Regulation S-T Rule 101(b)(1):_____

Indicate by check mark if the registrant is submitting the Form 6-K in paper
as permitted by Regulation S-T Rule 101(b)(7):_____

Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No .X..

If "Yes" is marked, indicate below the file number assigned to the registrant
in connection with Rule 12g3-2(b): 82- _____

Exhibit 99 attached hereto is incorporated herein by reference.

Signatures

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, thereunto duly authorized.

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UNILEVER PLC

/S/ S G WILLIAMS
By S G WILLIAMS
SECRETARY

Date: June 12, 2006

EXHIBIT INDEX

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
99	Notice to London Stock Exchange dated 12 June 2006, Director/PDMR Shareholding

Exhibit 99

NOTIFICATION OF TRANSACTIONS OF DIRECTORS, PERSONS DISCHARGING MANAGERIAL
RESPONSIBILITY OR CONNECTED PERSONS

This form is intended for use by an issuer to make a RIS notification required
by DR 3.1.4R(1).

- (1) An issuer making a notification in respect of a transaction relating to the shares or debentures of the issuer should complete boxes 1 to 16, 23 and 24.
- (2) An issuer making a notification in respect of a derivative relating to the shares of the issuer should complete boxes 1 to 4, 6, 8, 13, 14, 16, 23 and 24.
- (3) An issuer making a notification in respect of options granted to a director/person discharging managerial responsibilities should complete boxes 1 to 3 and 17 to 24.
- (4) An issuer making a notification in respect of a financial instrument relating to the shares of the issuer (other than a debenture) should complete boxes 1 to 4, 6, 8, 9, 11, 13, 14, 16, 23 and 24.

Please complete all relevant boxes in block capital letters.

1. Name of the issuer

UNILEVER PLC

2. State whether the notification relates to (i) a transaction notified in
accordance with DR 3.1.4R(1)(a); or

(ii) DR 3.1.4(R)(1)(b) a disclosure made in accordance with section 324 (as
extended by section 328) of the Companies Act 1985; or

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(iii) both (i) and (ii)

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3. Name of person discharging managerial responsibilities/director

ALL DIRECTORS/PDMRs IN COMMON WITH ALL EMPLOYEES OF UNILEVER PLC

4. State whether notification relates to a person connected with a person discharging managerial responsibilities/director named in 3 and identify the connected person

SHARES HELD BY UNILEVER EMPLOYEE SHARE TRUST (JERSEY)

5. Indicate whether the notification is in respect of a holding of the person referred to in 3 or 4 above or in respect of a non-beneficial interest

NO

6. Description of shares (including class), debentures or derivatives or financial instruments relating to shares

ORDINARY 3 1/9P SHARES

7. Name of registered shareholders(s) and, if more than one, the number of shares held by each of them

GREENWOOD NOMINEES LIMITED ACCOUNT NO: 438308

8. State the nature of the transaction

EXERCISE OF EXECUTIVE OPTIONS BY SCHEME PARTICIPANTS

9. Number of shares, debentures or financial instruments relating to shares acquired

N/A

10. Percentage of issued class acquired (treasury shares of that class should not be taken into account when calculating percentage)

N/A

11. Number of shares, debentures or financial instruments relating to shares disposed

i. 27,404

ii. 2,475

iii. 3,713

Total 33,592

12. Percentage of issued class disposed (treasury shares of that class should not be taken into account when calculating percentage)

0.003%

13. Price per share or value of transaction

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i. 762.00p

ii. 953.00p

iii. 1062.00p

14. Date and place of transaction

2 - 5 JUNE 2006, UK

15. Total holding following notification and total percentage holding following notification (any treasury shares should not be taken into account when calculating percentage)

18,649,641

1.436%

16. Date issuer informed of transaction

9 JUNE 2006

If a person discharging managerial responsibilities has been granted options by the issuer complete the following boxes

17 Date of grant

N/A

18. Period during which or date on which it can be exercised

N/A

19. Total amount paid (if any) for grant of the option

N/A

20. Description of shares or debentures involved (class and number)

N/A

21. Exercise price (if fixed at time of grant) or indication that price is to be fixed at the time of exercise

N/A

22. Total number of shares or debentures over which options held following notification

N/A

23. Any additional information

N/A

24. Name of contact and telephone number for queries

JOANNE MCDONALD 020 7822 6805

Name and signature of duly authorised officer of issuer responsible for making

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notification

ALISON DILLON - DEPUTY SECRETARY

Date of notification

12 JUNE 2006

END

n and Genome Therapeutics for ramoplanin). The licensees are responsible for organizing the clinical development program, while Biosearch conducts analytical studies related to the quality of materials and the final product, and develops methods of analyzing the product candidate in biological fluids.

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On the basis of licensing agreements and collaboration agreements, Biosearch receives, in addition to up-front payments, milestone payments upon the achievement of agreed upon milestones. Biosearch also retains rights to use the results obtained by such companies during the experimentation phase, for purposes of future marketing of the products outside the United States and Canada.

Development of productive processes. As interest in a substance increases, it becomes necessary to increase the production process in order to produce, at first, the grams and, subsequently, the kilograms required for the pre-clinical and clinical development and marketing. Such increase in productivity must continue after the substance is launched on the market in order to optimize volume, time and production costs. Such process is carried out by way of three principal approaches:

modification of the productive microorganism for purposes of increasing its productive capabilities (strain improvement);

improvement in culture conditions such that they may reach their maximum productive potential (fermentation improvement); and

optimization of the extraction and purification processes to increase final production yields (recovery optimization).

Simultaneously with the performance of clinical tests, the micro-organisms which produce the leads must be manipulated for purposes of increasing their capability to produce the active molecule. At this stage it is necessary to genetically manipulate strains and to optimize the conditions in which they are cultivated.

Biosearch has developed proprietary processing specifically for the creation of mutant microbes having elevated production capabilities. Biosearch has also developed a patented technique used for the transfer of genes responsible for the production of an antibiotic from the original producer molecule to a different strain having a genetic and physiological make-up which is well known and therefore easily manipulated. This renders the production processes more efficient and capable of duplication since the same strain shall be used for the production of various leads. The genetic development of the strains, as well as the development of the fermentation, are necessary in order to make production on an industrial level possible.

Simultaneously, Biosearch optimizes the processes of extraction and purification of the active ingredient of the microbial cultures and, where necessary, the process of chemical transformation of the original molecules.

Principal Product Candidates

Biosearch is currently developing a pipeline of product candidates, including several in various phases of development. Outlined below are the product candidates which have entered the clinical development phase, followed by those in the optimization and pre-clinical phases.

Product candidates in clinical development

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Biosearch's product candidates currently in clinical development are dalbavancin, ramoplanin and BI-K-0376.

Dalbavancin

Dalbavancin is a chemical derivative of a naturally occurring glycopeptidic antibiotic. Both the glycopeptide and the semisynthetic derivative have been discovered and patented by Biosearch. Tests indicate that dalbavancin is effective against all *staphylococci* including those resistant to most current therapies. In collaboration with Versicor, its licensee for North America, Biosearch is developing dalbavancin for the treatment of infections caused by problematic gram-positive bacteria including

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multidrug resistant *staphylococci*, *enterococci*, and penicillin-resistant *streptococci*, in hospitalized patients. Versicor has completed Phase I trials, has completed Phase II clinical trials for skin and soft tissue infections, and is currently conducting Phase II clinical trials for bloodstream infections. Based on available data, Biosearch's management believes that dalbavancin has an excellent safety profile and promises to be effective in doses administered only once weekly.

Ramoplanin

Ramoplanin belongs to a chemical class of naturally occurring antibacterial product candidates discovered and patented by Biosearch. It has the following characteristics:

it selectively inhibits gram-positive bacteria including methicillin-resistant *Staphylococcus aureus* (MRSA) and all types of vancomycin-resistant *enterococci* (VRE) and Clostridia including *Clostridium difficile*;

it does not show propensity to select resistant mutants; and

it does not show cross-resistance with known antibiotics.

In collaboration with Genome Therapeutics, Biosearch's licensee of ramoplanin in North America, Biosearch is developing ramoplanin, in an oral form, for the prevention of infection in hospitalized patients displaying VRE in their gastrointestinal tract. This product has successfully completed Phase II clinical studies, establishing proof of concept in human patients, and in June 2000 entered Phase III, the final phase of clinical studies required before possible FDA approval. Biosearch is investigating the possibility of developing ramoplanin for additional indications and in different forms.

BI-K-0376

BI-K-0376 is a semisynthetic derivative of a novel class of antibiotics discovered and patented by Biosearch. It has a novel mechanism of action. It shows selective activity against the agent associated with acne, *Propionibacterium acnes*, including drug resistant strains, while it shows modest activity against normal skin flora and thus has a low probability of inducing superinfection. As a result, it could selectively eliminate the *Propionibacterium acnes* without affecting the natural bacterial flora of the skin. Phase I clinical studies are in progress.

Leads

Biosearch has discovered and developed a series of new molecules, having in management's opinion novel structures and mechanisms of action, which show potential for use in treatment against multidrug resistant bacterial and fungal infections. Several leads are still at the biological and chemical profiling stage and Biosearch believes constitute good candidates for lead optimization.

The following table describes Biosearch's principal leads and their respective status.

Chemical Class	Product	Disease Targets	Status
Lanthibiotic	Actagardin-derivative Cell wall inhibitor	Resistant Gram-positive Infections	Lead optimization

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Chemical Class	Product	Disease Targets	Status
Peptide	GE-81112 Novel protein synthesis inhibitor	Antibacterial	Lead

The most advanced pre-clinical leads are BI-K0603 and the Actagardine-derivative, which are described below.

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BI-K0603 is a semisynthetic derivative of ramoplanin that retains the high antimicrobial potency of the parent compound against multi-resistant Gram-positive pathogens and, unlike the parent compound, is well-tolerated when injected intravenously or subcutaneously. It effectively treats experimental septicemia in animals. Its toxicity profile in animals, upon systemic administration is being evaluated.

Actagardine-derivative is a semisynthetic derivative of what Biosearch's management believes to be a novel class of antibiotics discovered and patented by Biosearch (Actagardine). It is active against MRSA and VRE (i.e., multidrug resistant gram-positive micro-organisms), has a novel mechanism of action and does not show cross-resistance with known antibiotics. It effectively treats experimental septicemia in animals. Biosearch is currently studying the safety profile of the Actagardine-derivative.

Other Activities

VITACHEM Program

Biosearch's policy is to focus its discovery efforts on the field of anti-infective drugs. However, Biosearch's large collection of microbial chemicals is likely to also contain molecules which can be used in other fields and therefore may have pharmaceutical and non-pharmaceutical utility in many markets.

In an endeavor to better exploit its commercial potential in sectors other than that of its core business, Biosearch has developed a special program known as "VITACHEM", in the context of which self-contained but integrated research modules, which can be offered to collaborators, have been established including:

microbial chemical libraries;

high-throughput screening;

product fractioning; and

laboratory-scale fermentation.

Each collaborator can request from VITACHEM the combination of modules best suited to the specific collaboration. There are two types of collaborations:

fee-for-service collaborations, which provide Biosearch with short-term as well as medium/long-term revenues in the form of research fees plus milestone payments and royalties calculated as a percentage of net sales;

fifty-fifty collaborations, based on cost- and reward-sharing.

To date, Biosearch has entered three fee-for-service collaborations, with Schering-Plough, Bayer AG and Menarini, and two fifty-fifty collaborations with Myriad Genetics Inc. on oncology, cardiovascular and viral targets and Newron Pharmaceutical S.p.A. on central nervous system targets.

BIOCOR

Biosearch established a collaborative agreement with Versicor in 1998, amended by an addendum executed by both companies on January 2001 based on the lead optimization partnership called BIOCOR.

Supply of analytical services

Biosearch possesses highly advanced scientific equipment not available to small and medium sized companies. Such equipment simplifies analytical activities but requires highly specialized personnel available within Biosearch but not generally available in smaller companies in Italy. Biosearch has therefore organized a program whereby Biosearch provides a series of analytical services on an *ad hoc*

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basis to small- to medium-sized companies operating in Northern Italy, utilizing its own personnel and equipment. This program is organized in such a way as to avoid any interference with Biosearch's core business.

The Roberto Lepetit Consortium for Biotechnologies

In February 1998, Biosearch established in conjunction with the University of Bologna and the University of Palermo the "Roberto Lepetit Consortium for Biotechnologies," a non-profit organization aimed at the promotion of the development of biotechnologies through advanced research activities in collaboration with academic institutions with a view to utilizing new technologies and products for industrial purposes. The headquarters of the Consortium are located at Biosearch's facilities.

Relevant Market for Product Candidates

Potential market for Biosearch's product candidates

Biosearch's management believes that the principal characteristics of the relevant market for its product candidates may be summarized as follows:

- the existence of an unsatisfied medical need;
- a tolerance for higher prices for hospital-prescribed drugs;
- a low risk of insolvency of public hospitals;
- an increase in hospitalized patients; and
- an increase in the number of patients treated at home with hospital-prescribed drugs.

Biosearch's research activities focus on the discovery and development of products capable of combating multidrug resistant pathogenic micro-organisms which, as such, are insensitive to treatment with traditional drugs. The resistance of pathogenic bacteria and fungi is widespread in the most industrialized countries, where the frequent use of antibiotics has led to the development of resistant strains. The principal pathogens of this type include: (i) among the gram-positive bacteria, *staphylococci* (*Staphylococcus aureus* and *Staphylococcus epidermidis*), *streptococci* (penicillin resistant streptococci) and, particularly in the United States, *enterococci* (*Enterococcus faecium* and *Enterococcus faecalis*). Gram-positive bacteria are responsible for over 60% of bacteremia (blood infection) contracted in hospitals in the United States (source: Clin. Inf. Dis. 1999 29:239-244) and their incidence has increased from 5.3% to 33.2% among patients in UK hospitals (source: J. Antim. Chem. 1992 29 (Supp. A) 19-24); (ii) among gram-negative bacteria, the pseudomonas and certain enterobacteria; and (iii) among fungi (yeasts and pathogenic molds), *Aspergilla* and *Candida*.

Furthermore, *Propionibacterium acnes*, a micro-organism associated with acne, has developed resistance to many of the antibiotics in current use. Biosearch is currently developing ramoplanin and dalbavancin for the prevention and cure of infections caused by Gram-positive

bacteria. Both product candidates are intended for the hospital market and are aimed at combating enterococci infections (ramoplanin) and staphylococci infections (dalbavancin). Biosearch is also developing a novel antibiotic, BI-K-0376, which is active on multidrug resistant *Propionibacterium acnes* for the topical treatment of acne. Biosearch also has discovery programs underway for the development of antifungal agents.

Competition

Similar biotechnology companies actively pursuing discovery and development of products in Biosearch's target markets include Cubist Pharmaceuticals Inc., Genome Therapeutics Corp., InterMune, Inc., IntraBiotics Pharmaceuticals Inc. and Versicor, each with headquarters in the United States. Some of these companies, such as Cubist, Genome Therapeutics, InterMune and Versicor, are

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active in both discovery and development, while the others are principally active in the development sector. Cubist has experience in the development of innovative testing for the discovery of new anti-infectives, and Versicor is specialized in combinatorial chemistry. None of the above companies operates in Biosearch's specific sector, namely in the generation of chemical diversity using cultures of micro-organisms. Biosearch has also established strategic alliances with Versicor and Genome Therapeutics in relation to the development of Biosearch's product candidates, dalbavancin and ramoplanin, respectively.

Biosearch expects continued and increased competition from current and future competitors, many of whom have significantly greater financial, technical, marketing and other resources than Biosearch does.

Intellectual Property

The commercial success of Biosearch also depends on its ability to obtain patent protection for its product candidates and its technology (including processes, products and use of products) in Europe, the United States and other countries, and to protect the confidentiality of the know-how of Biosearch and its collaborators. Biosearch holds 452 patents and 96 patent applications for industrial inventions regarding molecules and/or technologies related to products currently under development, or related to its new leads. Some of these inventions are protected by patents or patent applications submitted originally in most of the industrialized countries (including the European Union, the United States and Japan) by the Lepetit Group and subsequently transferred to Biosearch and by patents or patent applications submitted directly by Biosearch.

No assurance can be given that:

Biosearch will develop additional inventions which are patentable;

patent applications filed by Biosearch will result in the issue of patents; or

any patents issued or licensed to Biosearch will not be challenged and found invalid.

In general, patent applications are not published until 18 months after the date of filing. For this reason, there is no guarantee that the contents of a patent application filed by Biosearch has not been previously submitted by other parties who would thus enjoy priority rights with respect to such patent. Biosearch has, in the past, and may continue to receive office actions or other notices from U.S. or foreign patent authorities seeking to limit or otherwise qualify some of Biosearch's patent claims. Biosearch intends to defend such claims when the disputes relate to key proprietary rights that are important to Biosearch's current or future business. In addition, substantial costs could be incurred if Biosearch is required to defend its key proprietary rights against third parties.

Biosearch provides information, materials and substances to research collaborators in the context of both academic and commercial collaboration arrangements pursuant to which such collaborators are requested to conduct tests on the substances, pursuant to confidentiality agreements. Biosearch also relies upon unpatented proprietary technology, processes, know-how and data which it regards as trade secrets and which are protected in part by confidentiality agreements with its employees, one of its consultants and certain sub-contractors, including manufacturing sub-contractors. There can be no assurance that these agreements or other trade secret protection will provide meaningful protection or will not be breached, that Biosearch will have adequate remedies for any breach, or that its trade secrets will not otherwise become known or be independently developed by competitors.

Facilities

Biosearch owns offices and laboratory facilities consisting of approximately 150,000 square feet located in Gerenzano, Italy. Biosearch uses about 70% of the square footage of these buildings and has

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leased a number of the offices and laboratories it does not use to Areta International or Newron Pharmaceuticals S.p.A.

Employees

As of June 30, 2002, Biosearch has 101 employees, 80 of whom are dedicated to research and development programs.

Litigation

As of the date hereof, Biosearch is not party to any legal or arbitration proceedings which in Biosearch's management's view may have, or have recently had, a material effect on Biosearch's economic and financial position.

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**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS
AND MANAGEMENT OF BIOSEARCH**

The following table sets forth, as of August 5, 2002, the names and addresses for (i) each person who is known by Biosearch to own beneficially more than 5% of its outstanding ordinary shares, (ii) each director of Biosearch, (iii) each executive officer of Biosearch, and (iv) all directors and executive officers of Biosearch as a group.

Name and Address of Beneficial Owner(1)	Number of Shares Beneficially Owned and Nature of Beneficial Ownership(2)	Percent Beneficially Owned(3)
3i Group plc 91, Waterloo Road SE1 8XP London, UK	1,199,026	9.86%
Claudio Quarta	1,345,968	11.07%
Francesco Parenti	674,485	5.55%
Stefano Donadio	337,240	2.77%
Constantino Ambrosio	161,736	1.33%
Rino De Maria	63,467	*
Ubaldo Livolsi	1,270	*
Cassina De Pechhi (Milan) Via Antares 14 Italy		
Jean-Francois Labbe 27, allée des Bocage 78110 Le Vesinet France		

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Name and Address of Beneficial Owner(1)	Number of Shares Beneficially Owned and Nature of Beneficial Ownership(2)	Percent Beneficially Owned(3)
Carlo Musu		
Ermenegildo Beghé	170	*
Giorgio Mosconi	43,860	*
Romeo Ciabatti	337,240	2.77%
Enrico Selva	182,556	1.50%
Daniela Jabes	22,902	*
Luigi Colombo	304,376	2.50%
Directors and executive officers as a group	3,475,270	28.6%

*

Holdings represent less than 1% of all shares outstanding.

- (1) Except otherwise noted, the address of each person listed is c/o Biosearch Italia S.p.A., Via Abbondo Sangiorgio 18, Milano 20145, Italy.
- (2) Except as provided with respect to certain shares held in trust with the person's spouse and as otherwise provided under state community property laws, Biosearch believes that each of the shareholders named in this table has sole voting and investment power over the ordinary shares indicated.
- (3) Applicable percentages are based on 12,160,500 shares outstanding on June 30, 2002. All expressions of percentage assume that warrants and options exercisable within 60 days after June 30, 2002, if any, of the particular person or group in question, and no others, have been exercised.

CONDITIONS IN ITALY AND THE EUROPEAN UNION

Exchange Rates; European Economic and Monetary Union

Pursuant to the Treaty on European Union, signed at Maastricht on February 7, 1992, the third stage of European Economic and Monetary Union, or EMU, commenced on January 1, 1999. On that date, a single currency, the euro, was introduced and became legal tender in the participating member states of the EU (including Italy), and those participating member states transferred authority for conducting monetary policy to the European Central Bank. From the start of the third stage of EMU, the value of the euro as against the currencies of each of the participating member states was irrevocably fixed. The conversion rate between the euro and the lira was fixed at Lit. 1,936.27 per euro.

The following 12 member states are participating in the EMU: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. During the transition period from January 1, 1999, through December 31, 2001, the euro was available only in "paperless form," pending the production and release of euro banknotes and coins, while the participating members states' national currencies were maintained. During that transition period, the value of the national currency of a participating member state in the national currency of another country (whether a participating member state or not) was by law determinable only through the bilateral conversion method, i.e., by converting the first currency into euros and then converting this euro equivalent into the second currency. Euro banknotes and coins debuted on January 1, 2002 and, since then, the national currency of each member state, including the lira, has been withdrawn from circulation, and both financial and consumer transactions in participating member states of the EMU are denominated in euros.

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The majority of Biosearch's revenues and expenses have historically been denominated in lira. Starting from March 31, 2000, when its reporting currency switched to the euro, Biosearch has also prepared and published its financial statements in the euro.

The euro floats freely against the dollar. Accordingly, after the merger we will face exchange rate risk relating to the value of the euro relative to the dollar. Furthermore, a portion of Biosearch's revenues and expenses and some liabilities are denominated in foreign currencies outside the euro zone and, therefore, fluctuations in the exchange rates of such currencies in relation to the euro may affect our combined company's results of operations. See "Risk Factors Risks Related to International Expansion."

The table below sets forth, for the dates indicated, the average, high, low and period-end median 4 p.m. Greenwich Mean Time, or GMT, spot rate as per a number of snapshots taken from Reuters for the euro expressed in U.S. dollars per euro. The average rates set forth in the table below are the average of the median 4 p.m. GMT spot rates on the last business day of each month during the relevant period. For any time or period before January 1, 1999, the median 4 p.m. GMT spot rates have been derived from the median 4 p.m. GMT spot rates for the Italian lira converted into euros at the irrevocable conversion rate between the Italian lira and the euro. These rates are provided solely for the convenience of the reader and are not necessarily the rates we used in the preparation of our

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financial statements. We make no representation that Italian lire or euros could have been converted into U.S. dollars at the rates shown or at any other rate for such periods or at such dates.

The following table sets forth the median 4 p.m. GMT spot rate for the euro for each of the previous five years, the six months ended June 30, 2002 and for each of the last six months (expressed in U.S. dollars per one euro).

Calendar Year	U.S. dollars per Euro			Period End
	Average	High	Low	
1997	1.14	1.28	1.05	1.10
1998	1.12	1.22	1.06	1.17
1999	1.07	1.18	1.00	1.00
2000	0.92	1.03	0.83	0.94
2001	0.90	0.95	0.84	0.89

Six months ended

June 30, 2002	0.93	1.01	0.86	0.99
Calendar Period			High	Low

2002 Month ended

April			0.90	0.87
May			0.94	0.90
June			0.99	0.94
July			1.01	0.97
August			0.99	0.96
September			1.00	0.97

The median 4 p.m. GMT spot rate on September 30, 2002 was \$0.99 = €1.00.

Exchange Controls

Italy does not impose exchange controls on transfers of currency abroad. Residents and non-residents of Italy may invest in Italian securities without restriction and may transfer to and from Italy cash, instruments of credit and securities, in both foreign currency and the euro, representing interest, dividends, other asset distributions and the proceeds of dispositions.

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Certain reporting and record-keeping requirements, however, are imposed under Italian and EU laws regarding the free movement of capital. Such laws require transfers into or out of Italy of cash or securities in excess of 10,329 euros be reported in writing to the Italian Exchange Office by residents or non-residents who effect such transfers directly, or by credit institutions or other intermediaries that effect such transactions on their behalf. In addition, credit institutions and other intermediaries effecting such transactions on behalf of residents or non-residents of Italy are required to maintain records of such transactions for five years, which may be inspected at any time by Italian tax and judicial authorities. Non-compliance with these reporting and record-keeping requirements may result in administrative fines or, in the case of false reporting and in certain cases of incomplete reporting, criminal penalties. The Italian Exchange Office is required to maintain reports for a period of ten years and may use them, directly or through other government offices, to police money laundering, tax evasion and any other crime or violation.

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Regulatory Framework

Laws and regulations governing the research, experimentation, production and marketing of new pharmaceutical products

Biosearch and its subsidiary's research activities, facilities and equipment and the production and marketing of its products are subject to several laws and regulations issued by authorities in Italy, the EU, the United States and other foreign countries where such products are sold.

Italy and the EU have adopted high standards of review for new pharmaceutical products. Such products are typically reviewed at each of the following stages:

underlying research;

pre-clinical studies;

clinical trials

registration of the product;

production of the product; and

marketing of the product.

Consequently, the entire approval process for new pharmaceutical and/or medicinal products is typically lengthy. At the Italian level, the authorizations necessary for manufacturing and marketing medicinal products are granted by the Italian Ministry of Health and, upon certain circumstances, may be limited or revoked. At the EU level, the regulatory authority is the European Agency for the Evaluation of Medicinal Products, or EMEA. Based in London, EMEA is responsible for coordinating scientific resources in EU countries and evaluates and supervises the manufacturing and marketing of medicinal products for use across the EU. On the basis of EMEA's recommendation, the European Commission may authorize the marketing of new products.

Laws and regulations governing intellectual property rights

Italian laws enforce the agreements on "Trade Related Aspects of Intellectual Property Rights," reached in the context of the Uruguay Round negotiations of the General Agreement on Tariffs and Trade, known as GATT. Italian laws also address the protection of trademark use in Italy. As far as patents are concerned, at the EU level, the European Patent Convention of October 1973 applies and at the Italian level, Royal Decree no. 1127 of June 29, 1939 (as amended and integrated) applies. The EU laws are enforced by the Administrative Council of the European Patent Organization.

Laws and regulations governing reimbursement for the purchase of pharmaceutical products.

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Italian laws regulate the amount by which pharmaceutical companies are reimbursed for products covered by the public health system. If this reimbursement amount does not cover the entire cost of the product, then the difference must be paid by the consumer.

Italian laws and regulations governing safety and hygiene in the workplace and environmental protections.

Italian laws specifically address and regulate the following matters, among others:

safety and hygiene in the workplace;

the use of genetically modified micro-organisms;

the use of ionized radiation; and

waste management.

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Italian laws and regulations governing the granting of research incentives, the hiring of personnel and productive investments.

In addition to the laws and regulations encouraging medical investment, research and training discussed below, certain Italian laws and regulations relate to subsidies for investments made in southern Italy and tax benefits to support technological innovation.

Governmental Support of Medical Research and Training

In order to encourage scientific and medical research and training, both Italy and the EU have instituted targeted investment programs.

Italian Investment Programs

Italian law provides that companies carrying out certain research and/or training projects may qualify for receiving government grants and/or subsidized loans. Italian grants and subsidized loans are awarded by the *Ministero Istruzione Università Ricerca*, or MIUR, and disbursed by an authorized bank, as instructed by MIUR.

In order to be awarded grants or subsidies, eligible companies must submit a detailed request to MIUR describing their business and specifying the proposed project. MIUR will then evaluate the request and decide whether to make an award. Each awarded grant and subsidy will be paid, depending on the evidenced progress of the project (a portion of the grants may, however, be disbursed in advance by the authorized bank if instructed by MIUR). The companies receiving the grants must comply with certain conditions relating to, among other things, the geographical, technical and timeline development of the projects and the characteristics and location of the companies receiving the grants. MIUR is entitled to discontinue or revoke the grants and subsidies.

Due to the nature of its medical research activities, many of Biosearch's projects and programs have qualified for and received grants and subsidized loans from those sources. From the Italian authorities, Biosearch has received government grants and subsidized loans relating to Biosearch's:

oncology project (research activities);

genomics project (training and research activities); and

antibiotics project (training and research activities).

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In addition, in May 2002, Biosearch's antimicrobial drugs project was approved by MIUR, which might result in Biosearch's receipt of a related grant and a subsidized loan. Biosearch has also applied for a grant and subsidized loan for a project for identification and implementation of new research technology.

The grant and subsidy agreements entered into between Biosearch and the authorized bank, San Paolo IMI S.p.A., provide that:

notice of any structural and organizational changes affecting Biosearch (including the change of its directors) and/or its business (including the award of further grants or subsidies) must be provided in advance to the authorized bank;

consent to any merger, de-merger or transformation of Biosearch must be received in advance from the authorized bank; and

any default by Biosearch under any of the agreements can cause the termination of all the agreements concerning the payment of grants and subsidies with the additional consequence that Biosearch must repay the relevant sums with interest.

Based on the above, in order to seek to avoid the forfeiture of any sums already received by Biosearch, plus the payment of interest on those sums, Versicor and Biosearch informally contacted the

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authorized bank in order to start the procedure aimed at receiving its consent to the merger. Shortly after the merger occurs, we intend to contribute Biosearch's assets into an Italian subsidiary. Since this subsidiary will be an Italian company, we expect it will be eligible to receive new grants and subsidies as its programs qualify from time to time.

Regional Investment Programs

Biosearch Manufacturing, Biosearch's wholly-owned subsidiary, has been awarded a grant by Regione Basilicata, a local authority in southern Italy, for the construction of a new manufacturing plant. This grant will be paid in installments in accordance with the completion of various stages of the construction work, and can be revoked or reduced if Biosearch Manufacturing fails to comply with its obligations. In order to maintain eligibility for the whole grant awarded by Regione Basilicata, Biosearch Manufacturing must also comply with certain requirements relating to, among other things, number of its employees, its turnover levels and its independence of other companies. Following the merger, the parties anticipate that subject to compliance with the terms and conditions of the grant, a significant portion of the awarded grants will be available to Biosearch Manufacturing following completion of the merger.

European Union Investment Programs

Under EU law, Biosearch benefits from EU grant programs for its:

Eurocellwall project;

Megatop project; and

Actapharm project.

The agreements relevant to these grants, which are governed by Belgian law, provide that the grants may be awarded only to EU entities or entities of an "Associated State" that has entered into a convention with the EU. The United States has not entered into such a convention. As a result, the combined company will not be eligible for these grants after the merger and we expect that the EU Commission will require us to repay any subsidies already paid to Biosearch, totalling approximately €251,630.

Shortly after completing the merger, we intend to create an Italian subsidiary to hold the assets of Biosearch. In the name of the Italian subsidiary, we may, from time to time, apply to MIUR and the EU Commission for additional grants and subsidies. However, there can be no assurance that the Italian subsidiary will qualify or be approved for any grants or subsidies may be applicable to us.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following pro forma condensed consolidated financial information is based on the historical U.S. GAAP financial statements of Versicor and Biosearch and has been prepared to illustrate the effect of the merger of Versicor and Biosearch.

The unaudited pro forma condensed consolidated balance sheet is as of June 30, 2002 and is presented as if the merger occurred as of June 30, 2002. The unaudited pro forma condensed consolidated statements of operations for the year ended December 31, 2001 and for the six months ended June 30, 2002 assume that the merger occurred as of January 1, 2001.

The merger will be accounted for under the purchase method of accounting. Under the purchase method of accounting, assets acquired and liabilities assumed are recorded at their estimated fair values. Goodwill is recorded to the extent that the merger consideration, including certain acquisition and closing costs, exceeds the fair value of the net assets acquired. The goodwill arising from the merger will be recorded on Versicor's balance sheet and will not be amortized; however it will be subject to future impairment tests. The value assigned to identifiable intangible assets will be amortized over their estimated useful lives of between five and ten years. Amounts allocated to in-process research and development will be expensed immediately. The final determination of the purchase price allocation will be based on the fair values of the assets, including the fair value of in-process research and development and other intangibles, and the fair value of liabilities assumed at the date of the closing of the merger. The purchase price will remain preliminary until Versicor is able to complete a third party valuation of significant intangible assets acquired, including in-process research and development, and evaluate the fair value of other assets and liabilities acquired. The final determination of the purchase price allocation is expected to be completed as soon as practicable after the date of the closing of the merger. The final amounts allocated to assets and liabilities acquired could differ significantly from the amounts presented in the accompanying unaudited pro forma condensed consolidated financial information.

The pro forma adjustments are based upon available information and assumptions that our management believes are reasonable. The unaudited condensed consolidated statements of operations are not necessarily indicative of our future results of operations or the results of operations which might have occurred had the proposed merger occurred on January 1, 2001. The pro forma adjustments are described in the following footnotes.

The unaudited pro forma condensed consolidated financial information should be read in conjunction with our audited financial statements and related notes, and "Management's Discussion and Analysis of Financial Condition and Results of Operations of Versicor" and in conjunction with Biosearch's audited financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations of Biosearch," all of which are included elsewhere in this proxy statement/prospectus.

**Unaudited Pro Forma Condensed Consolidated
Statement of Operations
Year Ended December 31, 2001
(in thousands, except per share amounts)**

	Historical Versicor	Historical Biosearch	Pro Forma Adjustments	Pro Forma
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(Note 2)			
Revenues:				
Collaborative research and development and contract services	\$ 6,145	\$ 3,360	\$ (509) (a)	\$ 8,996
License fees and milestones	283	3,122	(1,649) (a)	1,756
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	6,428	6,482	(2,158)	10,752

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	Historical Versicor	Historical Biosearch	Pro Forma Adjustments	Pro Forma
Operating expenses:				
Research and development	32,612	15,017	(2,159) (a) 153 (c)	45,623
General and administrative	9,600	3,810		13,410
Gain on trading securities		(1,624)		(1,624)
Amortization of intangible assets			2,863 (b)	2,863
Amortization of negative goodwill		(1,136)		(1,136)
Total operating expenses	42,212	16,067	857	59,136
Loss from operations	(35,784)	(9,585)	(3,015)	(48,384)
Interest income (expense), net	2,997	(146)		2,851
Other	(60)			(60)
Net loss	\$ (32,847)	\$ (9,731)	\$ (3,015)	\$ (45,593)
Net loss per share, basic and diluted	\$ (1.42)	\$ (0.80)		\$ (1.02) (e)
Shares used in computing net loss per share, basic and diluted	23,090	12,154		44,614
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Unaudited Pro Forma Condensed Consolidated
Statement of Operations
Six Months Ended June 30, 2002
(in thousands, except per share amounts)

	Historical Versicor	Historical Biosearch	Pro Forma Adjustments	Pro Forma
Revenues:				
Collaborative research and development and contract services	\$ 3,044	\$ 1,510	\$ (994) (a)	\$ 3,560
License fees and milestones	258	185	(78) (a)	365
Total revenues	3,302	1,695	(1,072)	3,925
Operating expenses:				
Research and development	22,065	5,660	(1,072) (a) 76 (c)	26,729
General and administrative	4,537	1,911		6,448
Gain on trading securities		(703)		(703)
Amortization of intangible assets			1,431 (b)	1,431
Total operating expenses	26,602	6,868	435	33,905

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	Historical Versicor	Historical Biosearch	Pro Forma Adjustments	Pro Forma
Loss from operations	(23,300)	(5,173)	(1,507)	(29,980)
Interest income (expense), net	657	1,020	(861) (d)	816
Net loss	\$ (22,643)	\$ (4,153)	\$ (2,368)	\$ (29,164)
Net loss per share, basic and diluted	\$ (0.92)	\$ (0.34)		\$ (0.63) (e)
Shares used in computing net loss per share, basic and diluted	24,642	12,104		46,166
		157		

Unaudited Pro Forma Condensed Consolidated
Balance Sheet
June 30, 2002
(in thousands)

	Historical Versicor	Historical Biosearch	Pro Forma Adjustments	Pro Forma
(Note 2)				
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 61,873	\$ 21,306	\$	\$ 83,179
Marketable securities	23,277	83,594	(2,098) (i)	104,773
Accounts receivable, net		4,258	(308) (a)	3,950
Prepaid expenses and other current assets	764	2,795		3,559
Total current assets	85,914	111,953	(2,406)	195,461
Property, plant and equipment, net	5,085	8,955		14,040
Goodwill			14,731 (f)	14,731
Intangible assets			23,100 (f)	23,100
Restricted marketable securities		5,884		5,884
Other assets	103	4,991		5,094
Total assets	\$ 91,102	\$ 131,783	\$ 35,425	\$ 258,310

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:				
Accounts payable	\$ 4,162	\$ 5,066	\$ (308) (a)	\$ 8,920
Accrued liabilities	6,870	1,973	(1,004) (k)	17,839
			(g)	
			10,000	
Current portion of long-term loan	3,715	127		3,842
Deferred revenue	884	5,626	(785) (a)	5,725

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	Historical Versicor	Historical Biosearch	Pro Forma Adjustments	Pro Forma
Total current liabilities	15,631	12,792	7,903	36,326
Long-term loan	1,047	1,118		2,165
Deferred revenue	500			500
Other long-term liabilities	229	156		385
Total liabilities	17,407	14,066	7,903	39,376
Stockholders' equity:				
Common stock	26	12,011	(11,989) (h)	48
Additional paid-in capital	202,421	145,626	293 (c)	441,529
			93,189 (h)	
Treasury stock		(1,266)	1,266 (h)	(2,098)
			(2,098) (i)	
Deferred stock compensation	(2,328)		(293) (c)	(2,621)
Accumulated other comprehensive income	42	1,742	(1,742) (h)	42
Accumulated deficit	(126,466)	(40,396)	(91,500) (j)	(217,966)
			(h)	
			40,396	
Total stockholders' equity	73,695	117,717	27,522	218,934
Total liabilities and stockholders' equity	\$ 91,102	\$ 131,783	\$ 35,425	\$ 258,310

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**NOTES TO UNAUDITED PRO FORMA
CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

1. Basis of Presentation

On July 30, 2002, Versicor signed a definitive agreement to acquire Biosearch in a transaction to be accounted for as a purchase under accounting principles generally accepted in the United States of America. Under the terms of the merger agreement, each share of Biosearch ordinary shares outstanding at the closing of the merger will be converted into 1.77 shares of Versicor common stock. In addition, the merger agreement provides that each holder of a Biosearch stock option outstanding at the closing of the merger may either terminate his Biosearch option and receive a replacement Versicor option or keep his existing Biosearch option that will then be assumed by Versicor and become an option to acquire shares of Versicor common stock. In both cases, the option to acquire the number of shares of Versicor common stock will be determined by multiplying the number of shares of Biosearch common stock subject to the option by 1.77. For the purposes of the pro forma information presented, we have assumed that all Biosearch stock options outstanding at the closing of the merger will be terminated and replaced with Versicor options. If all Biosearch stock options outstanding are instead assumed by Versicor, the impact on this pro forma information would not be significant.

As of June 30, 2002, there were 12,160,500 shares of Biosearch ordinary shares outstanding and approximately 250,000 Biosearch shares issuable upon exercise of outstanding options. Based on these amounts, if the merger had taken place on June 30, 2002, Biosearch shareholders would have received approximately 21,524,000 shares of Versicor common stock, and holders of Biosearch options would have received options to purchase approximately 443,000 shares of Versicor common stock. The exact number of shares and options to be issued will depend on the number of Biosearch ordinary shares and options outstanding at the closing of the merger. In addition, we currently have contractual commitments in place to issue options covering an additional 2,845,000 shares upon completion of the merger to Biosearch key employees and one of its consultants.

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The estimated purchase price of the acquisition is \$248.8 million as follows (in thousands):

Issuance of Versicor shares	\$ 236,115
Issuance of options to acquire Versicor shares	2,722
Transaction costs	10,000
Total	\$ 248,837

The fair value of the Versicor shares used in determining the purchase price was \$10.97 per share based on the average closing price of Versicor's stock from the two days before through two days after July 31, 2002, the date of the public announcement of the merger. The fair value of the options to acquire Versicor shares was determined using the Black-Scholes option pricing model assuming a market price of \$10.99, the closing market price of Versicor stock on July 31, 2002; an exercise price of \$11.03; an expected average life of 4 years; a weighted average interest rate of 4.65%; volatility of 70%; and no expected dividends.

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The preliminary allocation of the purchase price is as follows (in thousands):

Current assets	\$ 111,953
Property, plant and equipment	8,955
In-process research and development	91,500
Intangible assets	23,100
Goodwill	14,731
Other assets	10,875
Current liabilities	(11,003)
Long-term liabilities	(1,274)
Net assets	\$ 248,837

The final determination of the purchase price allocation will be based on the fair values of the assets, including the fair value of in-process research and development and other intangibles, and the fair value of liabilities assumed at the date of the closing of the merger. The purchase price will remain preliminary until Versicor is able to complete a third party valuation of significant intangible assets acquired, including in-process research and development, and evaluate the fair value of other assets and liabilities acquired. The final determination of the purchase price allocation is expected to be completed as soon as practicable after the date of the closing of the merger. The final amounts allocated to assets and liabilities acquired could differ significantly from the amounts presented in the unaudited pro forma condensed consolidated financial information above.

The valuation of the purchased in-process research and development of \$91.5 million was based on the result of a valuation using the income approach and applying the percentage completion to risk-adjust the discount rates associated with each of the two significant in-process projects and one minor project. The two significant in-process projects relate primarily to the development of a novel antibiotic to treat Gram-positive bacteria fair valued at \$24.5 million and a novel second-generation glycopeptide agent fair valued at \$61.2 million. These in-process projects require additional significant rigorous scientific and clinical testing expected to be completed in the second half of 2004 with cash inflows from product sales forecasted to begin in 2005. One project is estimated to be approximately 80% complete (based on cost) and the other project is approximately 30% complete (based on cost), an additional \$15.7 million for additional scientific research and chemical development, expenses associated with conducting clinical trials for various stages, and legal and regulatory expenses in connection with the drug approval process is projected to be required to complete the in-process projects. Both significant in-process projects are still undergoing clinical trials and have not received regulatory approval. The primary risk in completing the projects is the successful completion of the clinical testing and regulatory approval process. This process is time and research intensive and new drugs face significant challenges before they can be brought to the market. Any delay in the approval process could have significant consequences including increased costs thus jeopardizing the economic returns expected to be realized, delay in the rollout of the product with potential lower revenues due to competing products reaching the market and potential loss of credibility to the company's scientific team.

Under the income approach, value is dependent on the present value of future economic benefits to be derived from the ownership of an asset. Central to this method is an analysis of the earnings potential represented by the appraised asset and of the underlying risk associated with obtaining those earnings. Value indications are developed by discounting future net cash flows available for distribution to their present value at market-based rates of return. Discount rates of 45%-50% were used, which are commensurate with the overall risk and percent complete of the

in-process projects. Management concluded that technological feasibility of the purchased in-process research and development had not been reached, and the technology had no alternative future uses. Accordingly, the amount allocated to in-process research and development will be charged to the statement of operations in the period in

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which the acquisition is consummated. The results of the income approach do not necessarily indicate the price that a third party would be willing to pay to acquire the in-process project.

The estimated goodwill arising from the merger is \$14.7 million. In accordance with Statements of Financial Accounting Standards No. 141, "Business Combinations" and No. 142, "Goodwill and Other Intangible Assets", the goodwill will be recorded as an asset on the balance sheet and will be reviewed for impairment on at least an annual basis.

The estimated identifiable intangible assets arising from the merger total \$23.1 million and represent \$16.1 million for Biosearch's patents and core technology, \$1.5 million for bioinformatics software platform and \$5.5 million for library of microbial extracts. These intangible assets have estimated useful lives of between five and ten years.

2. Exchange Rates

The historic Biosearch statements of operations have been translated into U.S. dollars using the average Euro/U.S. dollar exchange rates for the periods presented. The average Euro/U.S. dollar exchange rate is 0.896 and 0.898 for the year ended December 31, 2001 and the six months ended June 30, 2002, respectively. The historic Biosearch balance sheet as of June 30, 2002 has been translated into U.S. dollars using the closing Euro/U.S. dollar exchange rate at June 30, 2002 of 0.988.

3. Pro Forma Adjustments

- a) Represents the elimination of intercompany balances/transactions.
- b) Represents amortization of identifiable intangible assets based on estimated fair values and useful lives assigned to these assets at the date of acquisition.
- c) Represents deferred stock compensation and amortization over the four year vesting period arising from the assumed termination of Biosearch options and the issuance of new Versicor options.
- d) Represents the elimination of the gain recognized by Biosearch on the sale of Versicor common stock.
- e) Pro forma basic and diluted earnings per share is calculated by dividing the pro forma net loss by the pro forma weighted average shares outstanding as follows (in thousands):

	Year ended December 31, 2001	Six months ended June 30, 2002
Vericor historical weighted average shares	23,090	24,642
Shares issued to acquire Biosearch	21,524	21,524
Pro forma weighted average shares	44,614	46,166

- f) Represents the estimated fair values of identifiable intangible assets and goodwill arising from the merger.

- g) Represents the estimated transaction costs.
- h) Represents the elimination of historical stockholders' equity accounts for Biosearch and the issuance of Versicor common stock and options as part of the purchase price.
- i) Represents the reclassification of Versicor stock held by Biosearch.
- j) Represents the estimated fair value of in-process research and development. This amount will be recorded as an expense in the period in which the merger is completed.
- k) Represents Versicor's obligation under a collaboration agreement that will be eliminated upon completion of the merger.

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MANAGEMENT OF THE COMBINED COMPANY AFTER THE MERGER

Set forth below is the name, age, prior association and position on the board of directors of the persons who will serve as our directors upon completion of the merger:

Name	Age	Prior Association	Position on the Board following the Merger
James H. Cavanaugh, Ph.D.	65	Vericor	Chairman of the Board; Director(1)(2)(3)
George F. Horner III	58	Vericor	Director(3)
Claudio Quarta, Ph.D.	47	Biosearch	Director(2)(3)
Ubaldo Livolsi, Ph.D.	57	Biosearch	Director(1)(2)
Francesco Parenti, Ph.D.	62	Biosearch	Director(3)
Constantino Ambrosio	59	Biosearch	Director
Christopher T. Walsh, Ph.D.	58	Vericor	Director(1)
David V. Milligan, Ph.D.	61	Vericor	Director(2)

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Nominating Committee.

Set forth below is the name, age, prior association and position of the persons who will serve as our executive officers upon completion of the merger:

Name	Age	Prior Association	Title following the Merger
George F. Horner III	58	Vericor	Chief Executive Officer
Claudio Quarta, Ph.D.	47	Biosearch	Chief Operating Officer
Francesco Parenti, Ph.D.	62	Biosearch	Chief Scientific Officer, Worldwide
Timothy J. Henkel, M.D., Ph.D.	43	Vericor	Chief Medical Officer
Constantino Ambrosio	59	Biosearch	Chief Manufacturing Officer
Richard J. White, Ph.D.	60	Vericor	Chief Scientific Officer, North America
Dov A. Goldstein, M.D.	34	Vericor	Chief Financial Officer

Business Experience

Set forth below is a brief account of the business experience and education of the persons named above who will serve as our directors and officers following the merger:

James H. Cavanaugh, Ph.D. Dr. Cavanaugh has served as a member of Versicor's Board of Directors since 1999 and currently serves on Versicor's Audit Committee. Since 1989, he has served as President and General Partner of HealthCare Ventures based in Princeton, New Jersey. Prior to joining HealthCare Ventures, Dr. Cavanaugh was President of SmithKline and French Laboratories-U.S., the domestic pharmaceutical division of SmithKline Beecham Corporation, as well as President of Allergan International. Dr. Cavanaugh served as Staff Assistant to President Nixon for Health Affairs and then as Deputy Director, Domestic Council. Under President Ford, he was Deputy Assistant to the President for Domestic Affairs and then Deputy Chief of the White House Staff. Dr. Cavanaugh is Trustee Emeritus of the California College of Medicine. He is a member of the board of directors of Diversa Corporation, MedImmune, Inc. and 3-Dimensional Pharmaceuticals, Inc., and is non-executive Chairman of Shire Pharmaceuticals Group PLC. He is a past Director of the Pharmaceutical Research and Manufacturers Association.

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George F. Horner III. Mr. Horner has served as Versicor's President and Chief Executive Officer and a member of Versicor's Board of Directors since 1996. Prior to joining us, Mr. Horner was Corporate Vice President of Ligand Pharmaceuticals from 1993 to 1995. He also served in a number of executive positions during his 17 years at Abbott Laboratories from 1976 to 1993, including President, Canada; Regional Director, Latin America; General Manager, Mexico; General Manager, Southern Africa Region; and Regional Manager, Southeast Asia. From 1967 to 1976, Mr. Horner served in a number of sales and product management positions at E.R. Squibb, Inc.

Claudio Quarta, Ph.D. Dr. Quarta has served as Chief Executive Officer of Biosearch since its formation in 1996. Prior to forming Biosearch as part of a management buyout of the Lepetit Research Center, Dr. Quarta held a number of positions during his 25 years with the Lepetit Group and its affiliates, including Managing Director and Director of Biological Sciences of the Lepetit Research Center. In 1998, Dr. Quarta served as president of the Consorzio per le Biotecnologie Roberto Lepetit, which promotes biotechnology links between academia and industry. In 1997, Dr. Quarta was appointed Contract Professor in Biotechnology at the Milan University in 1997.

Ubaldo Livolsi, Ph.D. Dr. Livolsi is a director of Biosearch. He is the main partner of the merchant bank "Livolsi & Partners." Previously he was Chief Executive Officer for Fininvest S.p.A., Treasurer of Dow Chemical Company and Treasurer of Lepetit Group. He holds a degree in Economics from the Catholic University of Milan.

Francesco Parenti, Ph.D. Dr. Parenti has served in several executive positions at Biosearch since 1997, most recently as President and Chief Scientific Officer and Chairman of Biosearch's board of directors. Prior to forming Biosearch as part of a management buyout of the Lepetit Research Center, Mr. Parenti held a number of positions during his 25 years with the Lepetit Group and its affiliates, including Vice President of Business for Europe, Middle East and Africa at Hoechst-Marion-Roussel; President of Marion Merrell Dow, which was later purchased by Hoechst-Marion-Roussel; Managing Director and Director-General, Italy for the Lepetit Research Center; and director of pre-clinical research at Dow-Lepetit, where he was responsible for patenting teicoplanin.

Constantino Ambrosio. Mr. Ambrosio is Biosearch's Executive Vice President of Manufacturing. He has extensive manufacturing experience with Marion Merrell Dow where he was responsible for bulk pharmaceutical manufacturing and with Dow where he was responsible for chemical manufacturing for Southern Europe.

Christopher T. Walsh, Ph.D. Dr. Walsh has served as a member of Versicor's Board of Directors since 1998 and currently serves on Versicor's Audit Committee. Since 1991, he has served as the Hamilton Kuhn Professor of Biological Chemistry and Molecular Pharmacology at the Harvard Medical School. He was the President of the Dana-Farber Cancer Institute from 1992 to 1995. From 1987 to 1995, he served as the Chairman of the Department of Biological Chemistry and Molecular Pharmacology at the Harvard Medical School. Dr. Walsh is a member of the scientific advisory boards for KOSAN Biosciences and Millennium Pharmaceuticals. He is a member of the board of directors of Transform Pharmaceuticals, KOSAN Biosciences and Critical Therapeutics. He has also held various positions at Massachusetts Institute of Technology, including the Chairman, Chemistry Department and has served on the editorial boards of various scientific publications.

David V. Milligan, Ph.D. Dr. Milligan has served as Versicor's Chairman of the Board of Directors and has been a member of Versicor's scientific advisory board since 1997. From 1979 to 1996, he served in several executive positions at Abbott Laboratories, most recently as Senior Vice President and Chief Scientific Officer from 1994 to 1996. Dr. Milligan is chairman of the board of directors of Caliper Technologies Inc. and serves as a member of the board of directors of ICOS Corporation, Galileo Laboratories, Maxia Pharmaceuticals and Reliant Pharmaceuticals. He also serves on the Princeton

University Chemistry Department Advisory Board. In addition, Dr. Milligan is a Vice President with Bay City Capital, a San Francisco-based merchant bank.

Timothy J. Henkel, M.D., Ph.D. Dr. Henkel has served as Versicor's Executive Vice President and Chief Medical Officer since February 2001. Prior to joining Versicor, Dr. Henkel was Vice President of Worldwide Anti-Infective Clinical Development at SmithKline Beecham from 1996 to 2001. Dr. Henkel was Assistant Professor of Internal Medicine and Infectious Diseases at Barnes Hospital and Washington University Medical Center in St. Louis. He received his M.D. and Ph.D. in 1998 from Washington University School of Medicine.

Richard J. White, Ph.D. Dr. White has served as Versicor's Executive Vice President and Chief Scientific Officer since 1998. Dr. White joined Versicor in 1997 as Senior Vice President of Biology. Prior to joining Versicor, Dr. White was Vice President for Infectious Diseases at Bristol Myers Squibb from 1985 to 1997. Dr. White has also held research management positions at Lederle Laboratories, Glaxo Group Research in the United Kingdom, and Lepetit Research in Italy.

Dov A. Goldstein, M.D. Dr. Goldstein has served as Versicor's Vice President, Finance and Chief Financial Officer since July 2000. Prior to joining Versicor, Dr. Goldstein was Director of Venture Analysis at HealthCare Ventures from 1998 to 2000. Dr. Goldstein served as Vice President, Biotechnology Research Analysis at Brean Murray & Co. from 1997 to 1998. He completed his internship in the Department of Medicine of Columbia-Presbyterian Hospital and received his Master of Business Administration from Columbia Business School in 1998 and his M.D from Yale University in 1995.

Bylaw Amendments Affecting Board Composition

As a result of the board appointments listed above and the amendments to our bylaws described below, we expect that for at least three years following the merger, our board will remain evenly composed of persons previously associated with Versicor and persons previously associated with Biosearch.

Upon completion of the merger we will have an eight member board of directors composed of four persons previously associated with Versicor and four persons previously associated with Biosearch, as listed above. The board will remain classified in three classes with staggered terms. Upon completion of the merger, our bylaws will provide that, subject in all cases to the directors' fiduciary duties, during a transition period extending until the third anniversary of the merger:

the four Versicor directors will have the right to nominate their replacements and the four Biosearch directors will have the right to nominate their replacements;

each person nominated by the Versicor directors or the Biosearch directors must be confirmed by the whole board (or the applicable class of the board, as applicable) and, if he or she is not confirmed, then the Versicor directors or Biosearch directors, as applicable, will select a new nominee and the process will repeat itself until the full board ultimately approves the nominee. Once a nominee is approved by the board, he or she will stand for election (or re-election, as the case may be) by the stockholders at the annual meeting. However, if the nominee is being selected to fill a board vacancy (rather than an expiring board term) the board has the power to appoint him or her directly to the board without a stockholder vote;

if changes in Nasdaq rules or other applicable laws require us to have a greater number of independent directors, then we will have to comply with the new rules while maintaining an even balance of Versicor directors and Biosearch directors;

each committee of the board shall be composed of equal numbers of Versicor and Biosearch directors, except as may otherwise be required to comply with Nasdaq rules or applicable law;

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a quorum of the board requires at least one Versicor director and one Biosearch director;

any action of the board requires the affirmative vote of at least one Versicor director and one Biosearch director; and

the board of our Italian manufacturing subsidiary shall be composed of two directors, one of whom shall be a Versicor director and the other of whom shall be a Biosearch director.

The form of our amended bylaws appears as an exhibit to the merger agreement, which is attached to this proxy statement/prospectus as *Appendix A*.

Stockholders Agreement

In connection with the execution and delivery of the merger agreement, two current and two prospective stockholders of Versicor entered into a stockholders agreement dated as of July 30, 2002, the date of the merger agreement. These stockholders are Mr. Horner and Drs. Cavanaugh, Quarta and Parenti. The following summary describes material provisions of the stockholders agreement. A copy of the stockholders agreement is attached to the merger agreement, which is attached to this proxy statement/prospectus as *Appendix A*.

Voting of Versicor Common Stock. As listed in Schedule I to the stockholders agreement, the current stockholders held 27,679 shares of Versicor common stock on the date of that agreement and the prospective stockholders will likely own 3,348,713 shares upon the completion of the merger. Under the stockholders agreement, the stockholders agreed that they will cause all shares of Versicor common stock owned by them to be voted:

with respect to the election of directors, in favor of those individuals recommended by the Versicor board of directors; and

in accordance with the recommendation of the Versicor board of directors with respect to proposals relating to the following matters:

any charter or bylaw amendment;

the acquisition or disposition of assets (by way of merger, consolidation or otherwise); and

any change in capitalization, liquidation or other action out of the ordinary course of business of Versicor.

In addition, under the stockholders agreement, the stockholders agreed that they should be present in person or by proxy at all meetings in order that all shares of Versicor common stock owned by them and subject to the stockholders agreement may be counted for the purpose of determining a quorum.

Standstill Provisions. Under the stockholders agreement, the stockholders agreed that they will not:

participate in any way in any solicitation of proxies to vote, or seek to advise or influence any person with respect to the voting of, any securities of Versicor in opposition of the recommendation of Versicor's board of directors with respect to any matter, including the election of directors; or

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except for the stockholders agreement, deposit any of the stockholders' shares of Versicor common stock subject to the stockholders agreement in a voting trust or any similar arrangement.

Termination. The stockholders agreement will terminate upon the earlier of:

the date of termination of the merger agreement; or

three years from the effective date of the merger agreement.

Compensation of Directors

We plan to continue our current director compensation practices following the merger.

Currently directors who are also our employees or officers do not receive any additional compensation for their service on the board. We reimburse our non-employee directors for expenses incurred in connection with attending board and committee meetings, but we do not compensate them for their services as board or committee members.

In the past, non-employee directors have been granted non-employee director options to purchase our common stock pursuant to the terms of our 1997 Equity Incentive Plan, and the Board continues to have discretion to grant options to new non-employee directors under either the 1997 Equity Incentive Plan or, following its adoption by our stockholders in September 2001, our 2001 Stock Option Plan. We anticipate that we will grant options from time to time under the 1997 Equity Incentive Plan and the 2001 Stock Option Plan to non-employee directors. For a list of our currently planned option grants to executives of the combined company, see "Proposal to Amend Versicor's 2001 Stock Option Plan Compensation of Versicor's Officers and Directors; Specific Benefits under the 2001 Stock Option Plan Amendments."

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Compensation of Executives

The following table summarizes the compensation awarded or paid by either Versicor or Biosearch for the past three full fiscal years to each person who will serve as an executive officer of the combined company following the merger (the "named executive officers").

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation Securities Underlying Options (#)(2)	All Other Compensation
		Salary or Fee	Bonus	Other Annual Compensation(1)		
George F. Horner III Chief Executive Officer	2001	\$ 271,249	\$ 52,000			
	2000	\$ 271,300	\$ 75,000			
	1999	\$ 249,615	\$ 71,625		457,956	
Claudio Quarta Chief Operating Officer	2001	€ 145,000	€ 21,000(3)			
	2000	€ 103,300				
	1999	€ 88,893				
Francesco Parenti Chief Scientific Officer, Worldwide	2001	€ 147,000	€ 21,000(3)			
	2000	€ 120,334				
	1999	€ 99,289				
Timothy J. Henkel, M.D., Ph.D. Chief Medical Officer	2001	\$ 263,230(4)			\$	154,597(5)
	2000				400,000	
	1999					
Constantino Ambrosio Chief Manufacturing Officer	2001	€ 152,000	€ 103,000(3)			
	2000					
	1999					
Richard J. White, Ph.D. Chief Scientific Officer, North	2001	\$ 255,754	\$ 36,445		\$	40,000(6)
	2000	\$ 250,866	\$ 40,000		\$	146,667(6)

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		Annual Compensation			Long-Term Compensation			
					Securities Underlying Options (#)(2)			
America	1999	\$	231,935	\$	38,200	125,000	\$	2,355
Dov A. Goldstein, M.D.	2001	\$	208,039	\$	11,130			
Chief Financial Officer	2000	\$	96,323(7)	\$	15,000			
	1999					212,500		

- (1) The other annual compensation reported in this column excludes the value of perquisites which, in the aggregate, did not exceed the lower of \$50,000 or 10% of each named executive officer's aggregate fiscal 1999, 2000 or 2001 salary and bonus compensation.
- (2) Unless otherwise noted, numbers in this column refer to shares of Versicor common stock underlying options granted under (i) the Versicor Inc. 1997 Equity Incentive Plan Stock (the "1997 Plan"), as amended, or (ii) the Versicor Inc. 1995 Stock Option Plan (the "1995 Plan"). There were no individual grants of stock options in tandem with stock appreciation rights ("SAR's") or freestanding SAR's made during the years ended December 31, 1999, 2000 or 2001 to the named executive officers.
- (3) Amounts accrued as of December 31, 2001.
- (4) Based on annual salary of \$295,000. Dr. Henkel was hired on February 1, 2001.
- (5) Dr. Henkel received a signing bonus of \$154,959 on February 1, 2001.
- (6) Dr. White issued to us a non-interest bearing promissory note dated May 15, 1997. The promissory note was in the original principal amount of \$200,000 and was due on May 15, 2002. We forgave the unpaid principal balance of the promissory note of \$146,667 in 2000 and \$40,000 in 2001.
- (7) Based on annual salary of \$205,000. Dr. Goldstein was hired on July 6, 2000.

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Employment Arrangements with our Executives Located in Italy

Upon completion of the merger, Dr. Quarta, Dr. Parenti and Mr. Ambrosio will become executive officers of Versicor. Currently, Drs. Parenti and Quarta are employed by Biosearch and Mr. Ambrosio is the managing director of Biosearch's manufacturing subsidiary. Under Italian law, all employees of Biosearch immediately before the merger will continue as employees of the combined company immediately after the merger, entitled to essentially unchanged employment terms and conditions. In Italy, employment terms and conditions are governed:

by individual employment agreements;

by law; and

by collective bargaining agreements.

The general manner in which each of these three authorities will affect our employment relationship with our Italian executives following the merger is described below.

Employment and Non-Competition Agreements

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Biosearch has not entered into employment agreements with any of its officers. On July 30, 2002, concurrently with our entry into the merger agreement, we entered into employment agreements with Drs. Quarta and Parenti, each of whom will be a director and an executive officer of our combined company. We also entered into a consulting agreement with the head of Biosearch's manufacturing subsidiary, Constantino Ambrosio, who will be a director and an executive officer of our combined company, and issued offer letters to key employees of Biosearch.

Our agreements with Drs. Quarta and Parenti and Mr. Ambrosio will be effective upon the closing of the merger. These agreements are filed as exhibits to the registration statement of which this proxy statement/prospectus forms a part. Under the agreements, we will pay base salaries to Mr. Quarta of €160,000 per year and to Mr. Parenti of €160,000 per year and we will make consulting payments to Mr. Ambrosio of €154,000 per year. In addition, each executive will be eligible for the fringe benefits package offered to our executive officers generally and for an annual bonus based on his performance under standards established in advance by the compensation committee. Each executive will also be awarded a specified number of stock options under our 2001 Stock Option Plan, as discussed under "Proposal to Amend Versicor's 2001 Stock Option Plan." In their agreements, each Italian executive agrees that for one year following any termination of services to us he will not engage in any business activity in Italy that competes against us. In exchange, in accordance with the custom in Italy, we agree to pay each executive a portion of his base compensation in a lump sum, one year following the termination of his employment. Although our Italian counsel has advised us that these non-compete agreements, comply with Italian law, the courts of many jurisdictions are hesitant to enforce non-competition agreements and we face the risk that these agreements might provide incomplete or no protection to us.

Italian Law and National Collective Bargaining Agreements

Many material terms of our Italian executives' employment are supplied by Italian law and national collective bargaining agreements. In Italy, collective bargaining agreements are much more prevalent than in the United States and are negotiated at a national level beyond the control of any particular employer between the unions of a particular business sector (mechanical, commerce, banks, chemical, etc.) and the employers' association of the same sector.

In principle, the Italian national collective agreements will be legally binding on our employment relationships after the merger only if we, and the employees in question, have actually joined the relevant national associations or if our individual employment agreements expressly or implicitly accept

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that the employment relationship is to be regulated by a specified national collective agreement (which our executive employment agreements do not expressly provide). In practice, however, the treatment provided in the national collective agreements is generally considered to be the minimum acceptable and Italian courts apply the national collective agreements in every case.

In particular, our employment relationships with our Italian executives will be regulated by Italy's National Collective Agreement for the Executives in the Industrial Sector of April 27th, 1995, as amended, which provides, among other things:

executives are entitled to minimum gross monthly salary and salary increases connected to length of service;

executives' yearly salaries are paid in 13 installments, two of which are paid in December;

executives are not subject to working time schedules or overtime rules;

executives are entitled to 35 days of holiday per year;

for justified reasons, executives are entitled to an unpaid leave period;

in case of illness the executives are entitled to maintain their job position for a period up to 12 months during which they will receive their full salary (with the cost of this illness indemnity being fully borne by the employer);

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executives are entitled to mandatory paid maternity leave;

executives are entitled to insurance coverage for on- and off-duty accidents; and

executives are entitled to indemnification for any civil and criminal liabilities incurred by the executives in the performance of their employment activities.

In addition, the National Collective Agreement provides that following a merger (including the proposed merger between Versicor and Biosearch), executives are entitled to resign without notice for three months from the date of a merger, regardless of any detriment in their working conditions. If one of our executives asserts this right, we will be required to pay the executive an indemnity equal to one-third of the indemnity in lieu of the notice period that we would have been required to pay if we had terminated his employment without notice (as described in the next paragraph). This right to resign cannot be waived by contract. Accordingly, even though we have entered into signed employment agreements with Drs. Quarta and Parenti as described above, we face the risk that they might resign following the merger. The preceding does not apply to Mr. Ambrosio in light of the fact that he is not an employee of Biosearch but of Biosearch Manufacturing (Biosearch's wholly-owned subsidiary, which is not a party to the merger).

Finally, the National Collective Agreement regulates the severance benefits we would be required to pay upon any termination by us of our executives' employment. The severance amount varies based upon whether the termination is for cause, for justified reasons or for no justified reason:

Terminations for Cause. If we were to dismiss an executive for cause, he would not be entitled to any notice period or indemnity in lieu of the notice period, but he would be entitled to receive the severance compensation (so-called TFR). We would have "cause" to terminate an executive's employment, under Article 2119 of the Italian civil code, following any serious event that makes the continuation of the employment relationship impossible, even on a temporary basis. Events such as theft, riots and serious insubordination are generally considered to be "cause" for termination in Italy.

Terminations for Justified Reasons. If we were to terminate any executive's employment, other than for "cause," the executive would be entitled to a notice period. The notice period is equal to eight months for executives having a seniority of up to two years, and it is increased in

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proportion to seniority up to a maximum of 12 months for executives having more than 10 years of seniority. If we were to terminate an executive's employment for justified reasons without providing the required notice, he would be entitled to the indemnity in lieu of the notice period equal to the salary he would have received during the notice period, in addition to the severance compensation. The average amount of the bonuses paid to him during the prior three years and the value of his fringe benefits would be taken into account when calculating this indemnity. Under Article 2118 of the Italian civil code, the following events are generally considered to provide a "justified reason" for terminating an executive's employment: failure the executive to comply with material management directions; a restructuring or reorganization of the company; a complete closing of the company, or the closing of the office to which the executive is assigned.

Unlawful Terminations. If we were to terminate an executive's employment without cause or justified reasons, the executive might challenge the dismissal in court. If the termination of the employment relationship is deemed unlawful by the court, the executive may be awarded damages in the form of an indemnity (to be paid in addition to the indemnity in lieu of the notice period and the severance compensation) ranging from a minimum amount equal to the Notice Indemnity due to the executive plus two months' salary up to a maximum equal to 22 months' salary. An executive is never entitled to reinstatement in his/her employment position, regardless of the cause of termination.

Certain Relationships and Related Party Transactions

Vericor Relationships

Please refer to our proxy statement dated April 26, 2002 for a description of our business relationships and transactions with Drs. Walsh, Milligan and White and for a description of our employment and non-competition arrangements with our executives located in the United States.

Biosearch Relationships

ADM S.r.l., which was controlled by Constantino Ambrosio, one of Biosearch's directors and executive vice-president for manufacturing, was party to a consulting agreement with Biosearch whereby ADM S.r.l. provided services related to the production of active ingredients. Under that agreement, ADM S.r.l. received fees amounting to an aggregate of Lit. 288 million for the period 1997-1999.

In February 2000, Biosearch acquired a 37.4% quota in Areta International S.r.l., a service provider active in the field of cellular biology established on September 21, 1999, with registered offices at Viale Regina Giovanna 17, Milan, Italy and a share capital of Lit. 200 million (or approximately €103,291). Although there are no binding agreements between Biosearch and Areta as of this date, Biosearch's management believes that the holding of the above interest will give Biosearch access to biotechnologies useful to some of its discovery and profiling programs. The purchase was carried out by way of a capital increase for a nominal amount of Lit. 74.7 million (or approximately €38,579) plus a share premium of Lit. 225.2 million (or approximately €116,306). Constantino Ambrosio, member of Biosearch's board of directors, holds a quota of 4.7% of the registered capital of Areta. On June 26, 2002, Mr. Ambrosio informed the board of Areta, pursuant to the pre-emption right procedure provided by Areta's bylaws, that Mr. Ambrosio intends to sell his shareholdings of Areta. Another interest equal to 24.1% of Areta's share capital is held by Ubaldo Livolsi, also a member of Biosearch's board of directors. In January, 2000, Biosearch entered into a services supply agreement with Areta providing for the supply by Biosearch to Areta of administrative and general services, including security, warehouse space, maintenance and cafeteria. Biosearch and Areta entered into a lease agreement providing for the lease by Biosearch to Areta of recently renovated laboratory and office space for a term of nine years, in exchange for rent in the amount of approximately Lit. 90 million (or

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approximately €46,481) per year. As of the date hereof, no other agreements are in effect between Biosearch and Areta.

In July 2001, Biosearch entered into an agreement with Livolsi & Partners S.p.A., an advisory and consulting company controlled by Dr. Livolsi, a member of Biosearch's board of directors. Under this agreement, Livolsi & Partners agreed to provide various advisory services to Biosearch, including management and financial consulting and investor relations support. Biosearch agreed to pay Livolsi & Partners a monthly fee of €25,000. This agreement expired by its terms in July 2002, but has been extended through December 2002, on the same terms and conditions, through the mutual consent of Biosearch and Livolsi & Partners.

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COMPARISON OF RIGHTS OF VERSICOR STOCKHOLDERS AND BIOSEARCH SHAREHOLDERS

Versicor is a Delaware corporation subject to the provisions of the Delaware General Corporation Law, which we refer to as Delaware law. Biosearch is an Italian joint stock company subject to the provisions of the Italian civil code, the Italian special laws and legislative decree number 58, dated February 24, 1998, all of which we refer to as Italian law. Biosearch's shareholders, whose rights are currently governed by the Biosearch bylaws, as amended and Italian law, will, upon completion of the merger, become stockholders of Versicor and their rights will be governed by the Versicor certificate of incorporation, as amended, the Versicor bylaws, as amended, and Delaware law.

The following description summarizes the material differences that may affect the rights of Versicor stockholders and Biosearch shareholders but does not purport to be a complete statement of all those differences or a complete description of the specific provisions referred to in this summary. The identification of specific differences is not intended to indicate that other equally or more significant differences do not exist. Stockholders should read carefully the relevant provisions of Italian law, Delaware law, the Versicor certificate of incorporation, as amended, the Versicor bylaws, as amended, and the Biosearch bylaws, as amended. Additionally, stockholders should read carefully the sections in this proxy statement/prospectus entitled "Management of the Combined Company After the Merger Bylaw Amendments Affecting Board Composition," and " Stockholders Agreement," together with the form of amended bylaws that appears as an exhibit to the merger agreement (which is attached to this proxy statement/prospectus as *Appendix A*), for a more complete understanding of the bylaw provisions that will govern Versicor upon completion of the merger.

Capitalization

Versicor

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The total authorized shares of capital stock of Versicor consist of 100,000,000 shares of common stock, par value \$0.001 per share, and 5,000,000 shares of preferred stock, par value \$0.001 per share. On the close of business on October 1, 2002, there were 26,376,287 shares of Versicor common stock issued and outstanding, and there were no shares of Versicor preferred stock issued and outstanding.

The Versicor certificate of incorporation, as amended, authorizes the Versicor board of directors to issue shares of preferred stock in one or more series, and to fix for each series voting rights, if any, designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions as provided in a resolution or resolutions adopted by the board. The Versicor board of directors may by resolution or resolutions increase or decrease the number of shares of any series subsequent to the issuance of shares of that series, provided that the number of shares may not be decreased below the number of shares then outstanding.

Biosearch

The total authorized shares of capital stock of Biosearch consist of 12,410,500 ordinary shares, par value one euro per share. On the close of business on June 30, 2002, 12,160,500 Biosearch ordinary shares were issued and outstanding.

The Biosearch bylaws, as amended, authorize the Biosearch board of directors to issue 170,000 ordinary shares in one or more series, par value one euro per share, to be reserved to the employees of Biosearch and its subsidiaries. The Biosearch bylaws, as amended, also authorize the Biosearch board of directors to issue 80,000 ordinary shares in one or more series, par value one euro per share, to be reserved to the directors and collaborators of Biosearch and its subsidiaries.

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Number, Election, Vacancy and Removal of Directors

Versicor

Under Delaware law, a corporation must have at least one director. The Versicor bylaws provide that the total number of directors shall be as determined from time to time by resolution of a majority of the members then constituting the board of directors, and in the absence of such determination, the total number of directors shall be nine. The Versicor certificate of incorporation provides that the directors shall be divided into three approximately equal classes with staggered terms of three years for each class. Vacancies on the board of directors shall be filled by a majority vote of the remaining directors of the class in which the vacancy occurs or by the sole remaining director of that class if only one such director remains, or by the majority vote of the members of the remaining classes if no such director remains. The Versicor certificate of incorporation also provides that directors may be removed, with cause, by the affirmative vote of at least 75% of the votes entitled to be cast in the election of directors.

Upon completion of the merger we will have an eight member board of directors composed of four persons previously associated with Versicor and four persons previously associated with Biosearch. The board will remain classified in three classes with staggered terms. Our bylaws will provide that, subject in all cases to the directors' fiduciary duties, *during a transition period extending until the third anniversary of the merger:*

the four Versicor directors will have the right to nominate their replacements and the four Biosearch directors will have the right to nominate their replacements;

each person nominated by the Versicor directors or the Biosearch directors must be confirmed by the whole board (or the applicable class of the board, as applicable) and, if he or she is not confirmed, then the Versicor directors or Biosearch directors, as applicable, will select a new nominee and the process will repeat itself until the full board ultimately approves the nominee. Once a nominee is approved by the board, he or she will stand for election (or re-election, as the case may be) by the stockholders at the annual meeting. However, if the nominee is being selected to fill a current board vacancy (rather than an expiring board term) the board has the power to appoint him or her directly to the board without a stockholder vote;

if and when Nasdaq rules or other applicable law requires us to have a greater number of independent directors, then we will need to comply with the new rules while maintaining an even balance of independent Versicor directors and independent Biosearch directors;

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each committee of the board shall be composed of equal numbers of Versicor and Biosearch directors, except as may otherwise be required to comply with Nasdaq rules or applicable law;

a quorum of the board requires at least one Versicor director and one Biosearch director; and

any action of the board requires the affirmative vote of at least one Versicor director and one Biosearch director.

Biosearch

Under Italian law, a joint stock company must have at least one director. The Biosearch bylaws, as amended, provide that the total number of directors shall be between five and nine as determined by a resolution adopted by the shareholders at a shareholders meeting. Biosearch currently has eight directors. Vacancies on the board of directors shall be filled by a majority vote of the remaining directors and confirmed by a resolution adopted by the shareholders at a shareholders meeting. The Biosearch bylaws also provide that directors are elected by the shareholders at a shareholders meeting from a list of candidates put forth by individual shareholders or groups of shareholders. Italian law and the Biosearch bylaws also provide that directors may be removed at any time by the affirmative vote of

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a majority of the votes entitled to be cast at a duly held shareholders meeting provided that the required quorum is satisfied.

Amendments to Charter Documents

Versicor

Under Delaware law, an amendment to the certificate of incorporation of a corporation requires the approval of the board of directors and the approval of the holders of a majority of the outstanding stock entitled to vote upon the proposed amendment. The holders of the outstanding shares of a class are entitled to vote as a separate class on a proposed amendment that would:

increase or decrease the aggregate number of authorized shares of the class;

increase or decrease the par value of the shares of the class; or

alter or change the powers, preferences or special rights of the shares of the class, so as to affect them adversely.

If any proposed amendment would alter or change the powers, preferences or special rights of one or more series of any class so as to affect them adversely, but would not affect the entire class, then only the shares of the series so affected by the amendment will be considered a separate class.

The Versicor certificate of incorporation provides that the affirmative vote of at least 75% of the shares then entitled to vote thereon is required to amend:

Article IX, relating to the number, election, vacancy, removal and powers of the board of directors;

Article XI, requiring the affirmative vote of the holders of not less than a majority of the outstanding voting shares in order for the corporation to consummate a merger or dispose of all or substantially all of its assets;

Article XII, relating to director liability; and

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Article XIII, relating to stockholder actions.

Biosearch

Under Italian law, the articles of association of a joint stock company, such as Biosearch, may be amended at any time by the shareholders at a special shareholders meeting at which the required quorum has been achieved. The quorum required decreases with each successive attempt to call the meeting. At the first call, the attendance of at least a majority of the shares then outstanding is required; at the second call, the attendance of at least one-third of the shares then outstanding is required; and at the third call, the attendance of at least one-fifth of the shares then outstanding is required. According to the Biosearch bylaws, approval of a resolution to amend the certificate of incorporation requires the vote of at least two-thirds of the shares represented at the special shareholders meeting.

Amendments to Bylaws

Versicor

Under Delaware law, unless a corporation's certificate of incorporation provides otherwise, the stockholders entitled to vote have the power to adopt, amend or repeal the corporation's bylaws. The Versicor bylaws provide that either the board of directors or the stockholders may alter or amend the bylaws at any meeting, duly held, the notice of which includes notice of the proposed alteration or

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amendment. Any amendment of the bylaws by the stockholders shall require the approval of at least 75% of the shares then entitled to vote thereon.

Biosearch

Under Italian law, an amendment to Biosearch's bylaws requires shareholder approval at a special shareholders meeting at which the required quorum has been achieved (as described above). Approval of any amendment to the bylaws requires the vote of at least two-thirds of the shares represented at the special shareholders meeting.

Action by Written Consent

Versicor

As permitted under Delaware law, the Versicor certificate of incorporation provides that the stockholders of the corporation do not have the ability to take action by written consent; any action by Versicor stockholders must be taken at an annual meeting or special meeting.

Biosearch

Under Italian law, the shareholders of a joint stock company, such as Biosearch, do not have the ability to take action by written consent; any action by Biosearch shareholders must be taken at a shareholders meeting.

Notice of Stockholder Actions

Versicor

The Versicor bylaws provide that, for every meeting of Versicor stockholders, a written notice of the time, place and business to be acted upon must be mailed to each stockholder entitled to vote at the meeting not less than 10 days before the meeting, unless such notice is waived by the stockholder in writing or by the stockholder's presence at the meeting. In addition, Delaware law requires notice to be provided to each stockholder not more than 60 days before any meeting and not less than 20 days before a meeting at which the stockholders are to consider a merger.

The Versicor bylaws provide that the only matters that may be considered and acted upon at an annual meeting of stockholders are those matters brought before the meeting:

through the notice of meeting;

by the Versicor board of directors; or

by a Versicor stockholder upon proper written notice.

In order to be timely, a stockholder's notice must be delivered to the principal executive officers of Versicor not less than 60 days nor more than 90 days prior to the anniversary date of the immediately preceding annual meeting of stockholders, unless the annual meeting has been scheduled for a date that is not within 30 days before or after such anniversary date, in which case the notice must be delivered no later than 15 days following the day on which notice of the date of the annual meeting was provided to the stockholder or disclosed publicly, whichever occurs first. A stockholder's notice must set forth as to each matter the stockholder proposes to bring before the meeting:

a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the meeting;

the name and record address of the stockholder proposing such business;

the class and number of Versicor shares that are beneficially owned by the stockholder; and

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any material interest of the stockholder in such business.

Biosearch

Under Italian law, for each meeting of Biosearch shareholders, a written notice of the time, place and business to be acted upon must be published in the Official Gazette of the Italian Republic not less than thirty days before the first date scheduled for the meeting. The notice may indicate different dates on which the meeting may be validly held (i.e., the first and second calls; and for a special shareholders meeting, a third call may also be provided). In the event that the meeting cannot be validly held at the first call (because, for example, an insufficient number of shares are represented at the meeting), the meeting may be held at the second call, at the relevant date and time indicated in the notice. In the event that the meeting cannot be validly held at the second call, the meeting may be held at the third call at the relevant date and time indicated in the notice.

Special Stockholder Meetings

Versicor

As permitted under Delaware law, the Versicor bylaws provide that special meetings of stockholders may be held only upon notice given by or at the direction of the Versicor board of directors.

Biosearch

As permitted under Italian law, the Biosearch bylaws provide that special shareholders meetings may be held upon the provision of notice by or at the direction of the Biosearch board of directors and the timely publication of the notice in the Official Gazette of the Italian Republic.

Stockholder Inspection Rights; Stockholder Lists

Versicor

Under Delaware law, any stockholder, in person or by attorney or other agent, may, upon written demand given under oath and stating the purpose thereof, inspect for any proper purpose Versicor's stock ledger, a list of its stockholders and its other books and records. A proper purpose is a purpose reasonably related to such person's interest as a stockholder. A complete list of stockholders entitled to vote at any meeting of stockholders must be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least 10 days prior to the meeting. The list must also be kept at the place of the meeting during the whole time thereof and may be inspected by any

stockholder who is present. Pursuant to the Versicor bylaws, the list shall be arranged in alphabetical order and show the address and the number of shares registered in the name of each stockholder.

Biosearch

Under Italian law, any shareholder, in person or by attorney or other agent, may inspect at any time Biosearch's stock ledger and the shareholder meetings book and may request a copy of the same to be provided at the shareholder's expense.

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Limitation of Personal Liability and Indemnification of Directors and Officers

Versicor

The Versicor certificate of incorporation provides that no director will be held personally liable to Versicor or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability:

for any breach of a director's duty of loyalty to the corporation or its stockholders;

for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;

statutory liability for unlawful payment of dividends or unlawful stock purchase or redemption; or

for any transaction from which the director derived any improper personal benefit. The Versicor certificate of incorporation also provides that if Delaware law is amended to authorize further limitations of the liability of a director of a corporation, then the Versicor directors will be held free from liability to the fullest extent permitted by Delaware law as so amended.

The Versicor bylaws provide that any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he is or was or has agreed to become a director, officer, employee or agent of Versicor, or by reason of any action alleged to have been taken or omitted in such capacity, will be indemnified by Versicor against costs, charges, expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding and any appeal therefrom, if the person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of Versicor, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful. If the action, suit or proceeding, however, was made by or in the right of the corporation, then no indemnification will be made in respect of any claim, issue or matter as to which such person will be adjudged to be liable for negligence or misconduct in the performance of the person's duty to the corporation unless and only to the extent that the Court of Chancery of Delaware or the court in which such action or suit was brought shall determine that the person is fairly and reasonably entitled to indemnity.

The right to indemnification conferred by the Versicor certificate of incorporation will be deemed a contract right between Versicor and each director, officer, employee or agent of Versicor who serves or served in such capacity at any time while the indemnification provisions of the Versicor bylaws are in effect. The Versicor bylaws also provide that these indemnification provisions will not be deemed exclusive of any other rights to which a person seeking indemnification may be entitled under any law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in the person's official capacity and as to action in another capacity while holding office or while employed by or acting as agent for the corporation, it being the policy of Versicor that indemnification of the persons specified above be made to the fullest extent permitted by applicable law.

Biosearch

Under Italian law, Biosearch is liable for damages to third parties caused by an employee of Biosearch during the performance of his duties in the course of such employment. Italian law and national collective bargaining agreements further provide that Biosearch will reimburse its executives for legal expenses incurred in the defense of such executive in any criminal legal proceeding, provided that such proceeding is related to actions taken by such executive in the performance of his duties to Biosearch, excluding cases of intentional misconduct or gross negligence.

Dividends*Versicor*

Delaware law provides that Versicor may pay dividends out of its surplus or, if there is no surplus, out of its net profits for the fiscal year in which the dividend is declared and for the preceding fiscal year. The Versicor bylaws provide that dividends may be paid on Versicor's common stock as and when declared by the Versicor board of directors out of funds legally available therefor. Delaware law also provides that dividends may not be paid out of the net profits if, after the payment of the dividend, the corporation's capital would be less than the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets.

Biosearch

Italian law provides that Biosearch may pay dividends out of its net profits or, if there are no net profits, out of its net profits accrued in preceding fiscal years, if any. The Biosearch bylaws provide that dividends may be paid on Biosearch's ordinary shares, out of funds legally available, as and when the distribution is approved in accordance with the applicable Italian law by the Biosearch shareholders at a shareholders' meeting duly held and properly convened. Furthermore, Italian law requires five percent of the net profits of each fiscal year be allocated as legal reserve until such reserve is equal to one-fifth the value of Biosearch's corporate capital.

Conversion*Versicor*

Holders of Versicor ordinary shares have no rights to convert their shares into any other securities.

Biosearch

Holders of Biosearch ordinary shares have no right to convert their shares into any other securities.

Rights Plan*Versicor*

In June 2001, the Versicor board of directors adopted the Versicor shareholder rights agreement and issued, as a dividend, one preferred stock purchase right for each outstanding share of Versicor common stock. One Versicor purchase right has also been issued with respect to each share of Versicor common stock issued since the date of that dividend. On July 30, 2002 Versicor amended the plan.

Each Versicor purchase right entitles the holder to purchase from Versicor one one-hundredth of a share of Versicor's Series A Junior Participating Preferred Stock, par value \$0.01, at a price of \$98.00, subject to adjustment, or, under the circumstances described below, shares of Versicor common stock or common stock of a third party. The Versicor purchase rights will be exercisable after the earlier of:

ten business days following public announcement that a person or group of affiliated or associated persons has acquired, or obtained the right to acquire, beneficial ownership of 15% or more of the outstanding shares of Versicor common stock, other than as a result of repurchases by Versicor or certain inadvertent actions; or

ten business days following the commencement of a tender offer or exchange offer that would result in a person or group of affiliated or associated persons beneficially owning 15% or more of the outstanding shares of Versicor common stock.

If a person or group beneficially owns 15% or more of the outstanding shares of Versicor common stock (unless such group has been approved by our board), each holder of a Versicor purchase right may receive, in lieu of shares of Series A Junior Participating Preferred Stock, upon exercise of each purchase right then held, shares of Versicor common stock with a market value equal to two times the exercise price of a

Versicor purchase right, except that purchase rights owned by such acquiring person or group will be void. If, following the date that a person or group becomes the beneficial owner of 15% or more of the outstanding shares of Versicor common stock, Versicor is acquired in a merger or other business combination, each Versicor purchase right will be exercisable, in lieu of shares of Series A Participating Preferred Stock, for the number of the acquiring company's shares of common stock having a market value equal to two times the exercise price of the Versicor purchase right.

At any time prior to such time as any person or group becomes a beneficial owner of 15% or more of the outstanding shares of Versicor common stock, Versicor may (1) redeem all but not less than all of the then outstanding purchase rights at a price of \$0.01 per right or (2) amend or supplement any provision of the rights agreement without the approval of any holders of purchase rights. Unless earlier redeemed or exchanged by Versicor, the purchase rights will expire on July 9, 2011.

On July 30, 2002, our board resolved that the shareholder rights agreement would be inapplicable to the execution and delivery of the merger agreement or the completion of the transactions contemplated thereby.

Biosearch

Biosearch does not have a shareholders rights plan.

Voting Rights; Required Vote for Authorization of Certain Actions

Versicor

Each holder of Versicor common stock is entitled to one vote for each share held of record.

Merger or Consolidation. Under Delaware law, mergers or consolidations or sales or exchanges of all or substantially all of a corporation's assets or a dissolution of the corporation require the affirmative vote of the board of directors (except in certain limited circumstances). In addition, the affirmative vote of a majority of the outstanding stock of the corporation entitled to vote on the matter is required, except in certain cases, where stockholder approval is not required under Delaware law but may still be required by a corporation's certificate of incorporation.

Under Delaware law, stockholder consent is not required under the following circumstances:

the merger agreement does not amend in any respect the surviving corporation's certificate of incorporation;

each share of the surviving corporation outstanding immediately prior to the merger remains an identical outstanding share of the surviving corporation after the merger; and

the surviving corporation does not issue in the merger more than 20% of its outstanding shares immediately prior to the merger.

In addition to the requirements under Delaware law regarding mergers and consolidation, the Versicor certificate of incorporation provides that the affirmative vote of holders of not less than a majority of the outstanding voting stock of Versicor shall be required for the approval or authorization of any (1) merger or consolidation of the corporation with or into any other corporation or (2) sale, lease, exchange or other disposition of all or substantially all of the assets of the corporation to or with any other corporation, person or other entity.

Business Combinations. Versicor is subject to the anti-takeover provisions in Delaware law. The anti-takeover provisions prohibit business combinations between a Delaware corporation and an interested stockholder, as described below, within three years of the time the interested stockholder became an interested stockholder unless:

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before that time, the board of directors approved either the business combination or the transaction in which the interested stockholder became an interested stockholder;

upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the stockholder owned at least 85% of the voting stock of the corporation, excluding shares held by directors who are also officers of the corporation and by employee stock ownership plans that do not permit employees to determine confidentially whether shares held by the plan will be tendered in a tender or exchange offer; or

on or following that time, the business combination is approved by the board of directors and the business combination transaction is approved by the holders of at least two-thirds of the outstanding voting stock of the corporation not owned by the interested stockholder.

The business combination restrictions described above do not apply if:

the corporation's original certificate of incorporation contains a provision expressly electing not to be governed by the anti-takeover provisions in Delaware law;

the holders of a majority of the voting stock of the corporation approve an amendment to its certificate of incorporation or bylaws expressly electing not to be governed by the anti-takeover provisions, which election will be effective 12 months after the amendment's adoption and would not apply to any business combination with a person who was an interested stockholder at or prior to the time the amendment was approved; or

the corporation does not have a class of voting stock that is (1) listed on a national securities exchange, (2) authorized for quotation on the Nasdaq Stock Market or (3) owned by more than 2,000 stockholders of record.

Biosearch

Each holder of Biosearch ordinary shares is entitled to one vote for each share held of record.

Merger or Consolidation. Under Italian law, mergers require the prior affirmative vote of the board of directors. In addition, an affirmative resolution adopted by shareholders at a special shareholders meeting is also required.

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PROPOSAL TO AMEND VERSICOR'S 2001 STOCK OPTION PLAN

We maintain the Versicor Inc. 2001 Stock Option Plan, which we refer to as the 2001 Stock Option Plan. Our board of directors has approved, subject to stockholder approval, amendments to the 2001 Stock Option Plan that increase the number of shares for award of grants by 5,400,737 shares and increase the number of shares that may be granted under the 2001 Stock Option Plan to one person during any calendar year by 650,000 shares. These amendments, which we call the 2001 Plan Amendments," are described in more detail below. Stockholders are being asked to approve the 2001 Plan Amendments.

Versicor's Stock Option Plans

As described under "Versicor's Equity Compensation Plans" below, we currently maintain the 2001 Stock Option Plan, as well as the 1995 Stock Option Plan, 1997 Equity Incentive Plan and the Employee Stock Purchase Plan. A new plan, the 2002 Stock Option Plan, will be effective only if the proposed merger with Biosearch is completed and may be used to grant replacement options in connection with that merger.

Biosearch's Stock Option Plan

Biosearch currently maintains, and is authorized to grant stock options and other awards under, the Biosearch Stock Option Plan, which we refer to as the "Biosearch Plan." The Biosearch Plan provides that up to 250,000 ordinary shares in Biosearch may be issued or delivered pursuant to awards granted under that plan. As of August 19, 2002, all of the ordinary shares authorized under the Biosearch Plan were subject to awards then outstanding under that plan.

Effect of the Merger

The merger agreement provides that all of the options outstanding under the Biosearch Plan immediately prior to the merger will either be cancelled and replacement options will be granted under the 2002 Stock Option Plan or the 2001 Stock Option Plan, or will be assumed by us and converted into options to acquire shares of Versicor common stock. For more information on the treatment of Biosearch options in the merger, refer to the material under the heading "The Agreement and Plan of Merger Conversion of Biosearch Shares in the Merger."

Proposed Amendments to the 2001 Stock Option Plan

As of August 19, 2002, 258,791 shares were available for award-grant purposes under our 1995 Stock Option Plan, 50,686 shares were available for award-grant purposes under our 1997 Equity Incentive Plan, and 978,500 shares were available for award grant purposes under our 2001 Stock Option Plan. If stockholders approve the 2001 Stock Option Plan amendments and the proposed merger with Biosearch is completed (1) the number of shares of our common stock authorized for award purposes under the 2001 Stock Option Plan will increase from 1,200,000 shares to 6,600,737 shares (an increase of 5,400,737 shares), (2) the number of shares of our common stock that may be granted under the 2001 Stock Option Plan to one person during any calendar year will increase from 300,000 shares to 950,000 (an increase of 650,000 shares), and (3) no new awards will be granted under the 1995 Stock Option Plan. The board believes that the additional shares requested under the 2001 Stock Option Plan will enable us to make the option grants contemplated in connection with the proposed merger and provide some flexibility for us to structure future incentives to better attract, retain and motivate employees, officers and directors.

Summary Description of the 2001 Stock Option Plan

The principal terms of the 2001 Stock Option Plan are summarized below. The following summary is qualified in its entirety by the full text of the 2001 Stock Option Plan, which appears as *Appendix B* to this proxy statement/prospectus.

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Purpose

The purpose of the 2001 Stock Option Plan is to provide a means by which selected eligible persons may be given an opportunity to benefit from increases in the market value of our common stock, thereby helping to align the interests of plan participants with those of stockholders.

Awards

The 2001 Stock Option Plan authorizes stock options, restricted stock, stock bonuses, and stock appreciation rights, which are called SARs. The 2001 Stock Option Plan retains the flexibility to offer competitive incentives and to tailor benefits to specific needs and circumstances. Generally, an option or SAR will expire, or other award will vest, not more than 10 years after the date of grant.

Administration

The 2001 Stock Option Plan will be administered by the board or by one or more committees appointed by the board. The appropriate acting body is referred to as the Administrator. The Administrator is currently the compensation committee of our board of directors.

The Administrator determines the number of shares that are to be subject to awards and the terms and conditions of such awards, including the price, if any, to be paid for the shares or the award and the vesting and exercisability provisions. Subject to the other provisions of the 2001 Stock Option Plan, the Administrator has the authority:

to permit the recipient of any award to pay the purchase price of shares of common stock or the award in cash, the delivery of previously owned shares of common stock, a note satisfying the requirements of the 2001 Stock Option Plan to the extent permitted by applicable law, or such other legal consideration that may be acceptable to the Administrator;

to accelerate the receipt or vesting of benefits pursuant to an award; and

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to make certain adjustments to an outstanding award and authorize the conversion, succession or substitution of an award.

No Repricing

Once granted, the Administrator may not "reprice" any award granted under the 2001 Stock Option Plan either by an amendment to the award or by the cancellation of the award and a re-grant of a new award, except to take account of stock splits, stock dividends, and certain other reorganizations affecting the common stock. For example, once granted, the Administrator may not subsequently reduce the exercise price of an option or the base price of an SAR, except, as noted above, to take account of stock splits, stock dividends, and certain other reorganizations affecting the common stock.

Eligibility

Persons eligible to receive awards under the 2001 Stock Option Plan include our officers and employees, our directors, and certain consultants and advisors to us. As of June 30, 2002, approximately 75 of our officers and employees (including all of our named executive officers), each of our five non-employee directors and six members of our scientific advisory board are considered eligible under the 2001 Stock Option Plan, subject to the power of the Administrator to determine eligible persons to whom awards will be granted. The number of eligible officers and employees is expected to increase to approximately 180, and the number of eligible non-employee directors is expected to remain at approximately five, upon completion of the merger with Biosearch.

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Transfer Restrictions

Awards under the 2001 Stock Option Plan are generally not transferable by the recipient other than by will or the laws of descent and distribution and are generally exercisable, during the recipient's lifetime, only by him or her. The Administrator may permit certain award transfers, such as transfers for estate or tax planning purposes.

Limits on Awards; Authorized Shares

The maximum number of shares of Versicor common stock that may be issued or delivered pursuant to awards granted under the 2001 Stock Option Plan is 1,200,000 shares; however, this maximum would be increased to 6,600,737 shares by the 2001 Stock Option Plan Amendments. The maximum number of shares subject to options and SARs, or all awards, that may be granted under the 2001 Stock Option Plan during any calendar year to any one individual is 300,000 shares; however, this maximum would be increased to 950,000 by the 2001 Stock Option Plan Amendments.

As is customary in incentive plans of this nature, the number and kind of shares available under the 2001 Stock Option Plan and the then outstanding awards, as well as exercise or purchase prices and share limits, are subject to adjustment in the event of certain reorganizations, mergers, combinations, consolidations, recapitalizations, reclassifications, stock splits, stock dividends, asset sales or other similar events, or extraordinary dividends or distributions of property to our stockholders.

The 2001 Stock Option Plan will not limit the authority of the board or the Administrator to grant awards or authorize any other compensation, with or without reference to the common stock, under any other plan or authority.

Stock Options

An option is the right to purchase shares of common stock at a future date at a specified price, which is referred to as the exercise price of the option. An option may either be an incentive stock option or a nonqualified stock option. Incentive stock option benefits are taxed differently from nonqualified stock options, as described under "Proposal to Amend Versicor's 2001 Stock Option Plan U.S. Federal Income Tax Treatment of Awards under the 2001 Stock Option Plan" below. Incentive stock options are also subject to more restrictive terms and are limited in amount by the U.S. Internal Revenue Code and the 2001 Stock Option Plan.

Exercise Price

The per share exercise price of each option will be determined by the Administrator at the time of grant. Except for options granted pursuant to an assumption or substitution for other options (such as in the context of a merger or acquisition) and in limited circumstances to preserve favorable foreign tax treatment, in no case will the exercise price per share of an option be less than the fair market value of a share of common stock on the date of grant. Full payment for shares purchased on the exercise of any option must be made at the time of such exercise in a manner approved by the Administrator.

Stock Appreciation Rights

A stock appreciation right, or SAR, is the right to receive payment of an amount equal to the excess of the fair market value of a common share on the date of exercise of the SAR over the base price of the SAR. The base price will be established by the Administrator at the time of grant of the SAR, but will not be less than the fair market value of a share on the date of grant. SARs may be granted in connection with other awards or independently.

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Restricted Stock Awards

A restricted stock award is an award typically for a fixed number of shares of common stock subject to restrictions. The Administrator specifies the price, if any, the participant must pay for such shares and the restrictions (which may include, for example, continued service only and/or performance standards) imposed on such shares.

Stock Bonuses

The Administrator may grant a stock bonus to any eligible person to reward exceptional or special services, contributions or achievements in the manner and on such terms and conditions (including any restrictions on such shares) as determined from time to time by the Administrator. The number of shares so awarded shall be determined by the Administrator and may be granted independently or in lieu of a cash bonus.

Acceleration of Awards; Possible Early Termination of Awards

In the event of a dissolution, liquidation or sale of all or substantially all of our assets, a merger or consolidation in which we are not the surviving entity, or a reverse merger in which we survive but our shares of stock outstanding immediately before the merger are converted into other property in connection with the merger, then:

any surviving or acquiring corporation will assume the awards then outstanding under the 2001 Stock Option Plan or substitute similar awards, or

if there is no surviving or acquiring corporation (or if the surviving or acquiring corporation does not assume the awards or substitute similar awards), the awards then outstanding under the 2001 Stock Option Plan generally will become fully vested and exercisable prior to the event and will terminate (to the extent not previously exercised) at the time of the event.

In addition, if an award recipient's employment is terminated by us for any reason other than cause (as defined in the 2001 Stock Option Plan, and other than due to the recipient's death or disability), and within one year after a "Change in Control," then the awards held by the recipient immediately before the termination of his or her employment will become fully vested. A "Change in Control" under the 2001 plan generally includes (subject to certain exceptions) certain changes in a majority of the board, stockholder approval of certain mergers or consolidations, an acquisition by one person of 40% or more of the voting power in us, or stockholder approval of a liquidation of us or sale of all or substantially all of our business and/or assets. The proposed merger with Biosearch will not constitute a Change of Control.

Termination of or Changes to the 2001 Stock Option Plan

Our board may amend or terminate the 2001 Stock Option Plan at any time and in any manner. Stockholder approval for any amendment will generally not be required unless stockholder approval for the amendment is required by law. Unless previously terminated by the board, the 2001 Stock Option Plan will terminate on August 2, 2011. Outstanding awards may be amended, subject, however, to the consent of the holder if the amendment impairs the rights of the holder.

U.S. Federal Income Tax Treatment of Awards under the 2001 Stock Option Plan

The U.S. federal income tax consequences of the 2001 Stock Option Plan under current federal law, which is subject to change, are summarized in the following discussion of the general tax principles applicable to the 2001 Stock Option Plan. This summary is not intended to be exhaustive and, among other considerations, does not describe state, local, or international tax consequences.

With respect to a nonqualified stock option, we are generally entitled to deduct and the optionee recognizes taxable income in an amount equal to the difference between the exercise price of the option and the fair market value of the underlying shares at the time of exercise. With respect to an incentive stock option under Section 422 of the U.S. Internal Revenue Code, we are generally not entitled to a deduction nor does the optionee recognize income at the time of exercise, although the optionee may be subject to the U.S. federal alternative minimum tax.

The current U.S. federal income tax consequences of other awards authorized under the 2001 Stock Option Plan generally follow certain basic patterns: SARs are taxed and deductible in substantially the same manner as nonqualified stock options; nontransferable restricted stock subject to a substantial risk of forfeiture results in income recognition equal to the excess of the fair market value over the price paid (if any) only at the time the restrictions lapse (unless the recipient elects to accelerate recognition as of the date of grant); bonuses and performance share awards are generally subject to tax at the time of payment. In each of the foregoing cases, the company will generally have a corresponding deduction at the time the award recipient recognizes income.

If an award is accelerated under the 2001 Stock Option Plan in connection with a change in control (as this term is used under the U.S. Internal Revenue Code), the company may not be permitted to deduct the portion of the compensation attributable to the acceleration ("parachute payments") if it exceeds certain threshold limits under the U.S. Internal Revenue Code (and certain related excise taxes may be triggered). Furthermore, if the compensation attributable to awards is not "performance-based" within the meaning of Section 162(m) of the U.S. Internal Revenue Code, the company may not be permitted to deduct the compensation that is not performance-based in excess of \$1 million in certain circumstances.

Compensation of Versicor's Officers and Directors; Specific Benefits under the 2001 Stock Option Plan Amendments

As of August 19, 2002, options covering 221,500 shares of our common stock had been granted under the 2001 Stock Option Plan. All of these options had been granted to employees who were not executive officers or directors of us or associates of any of our executive officers or directors. The compensation paid by us to our directors and executive officers, including detailed information on the options granted to executive officers in 2001, and information regarding our other equity compensation plans is set forth in our proxy statement dated April 26, 2002, and under "Proposal to Amend Versicor's 2001 Stock Option Plan Versicor's Equity Compensation Plans," below.

Our compensation committee has approved, subject to stockholder approval of the 2001 Stock Option Plan Amendments and the completion of the proposed merger with Biosearch, and in addition to any assumption of options and replacement option grants under the 2002 Stock Option Plan contemplated by the material under the heading "Summary Treatment of Biosearch Options" above, the following stock option grants under the 2001 Stock Option Plan. Except as described in the preceding sentence and reflected in the following table, the number, the amount and type of awards to be received by or allocated to eligible persons in the future under the 2001 Stock Option Plan cannot be determined at this time.

Contemplated Stock Option Awards under the 2001 Stock Option Plan Amendments

Name	Position following the Merger	Number of Option Shares
Approved Grants to Executive Officers		
George F. Horner III	Chief Executive Officer	
Claudio Quarta, Ph.D.	Chief Operating Officer	700,000
Francesco Parenti, Ph.D.	Chief Scientific Officer, Worldwide	600,000

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Name	Position following the Merger	Number of Option Shares
Timothy J. Henkel, M.D., Ph.D.	Chief Medical Officer	
Constantino Ambrosio	Chief Manufacturing Officer	400,000
Richard J. White, Ph.D.	Chief Scientific Officer, North America	
Dov A. Goldstein, M.D.	Chief Financial Officer	
Total for all Executive Officers as a group		1,700,000
Approved Grants to Non-Executive Directors		
James H. Cavanaugh, Ph.D.	Chairman of the Board of Directors	
Ubaldo Livolsi, Ph.D.	Director	
Christopher T. Walsh, Ph.D.	Director	
David V. Milligan, Ph.D.	Director	
Total for all Non-Executive Directors as a group		
Approved Grants to all other Employees		
Other Employees (including officers who are not executive officers) as a group		1,145,000
Total Approved Grants for all Directors, Executives, and Employees		2,845,000