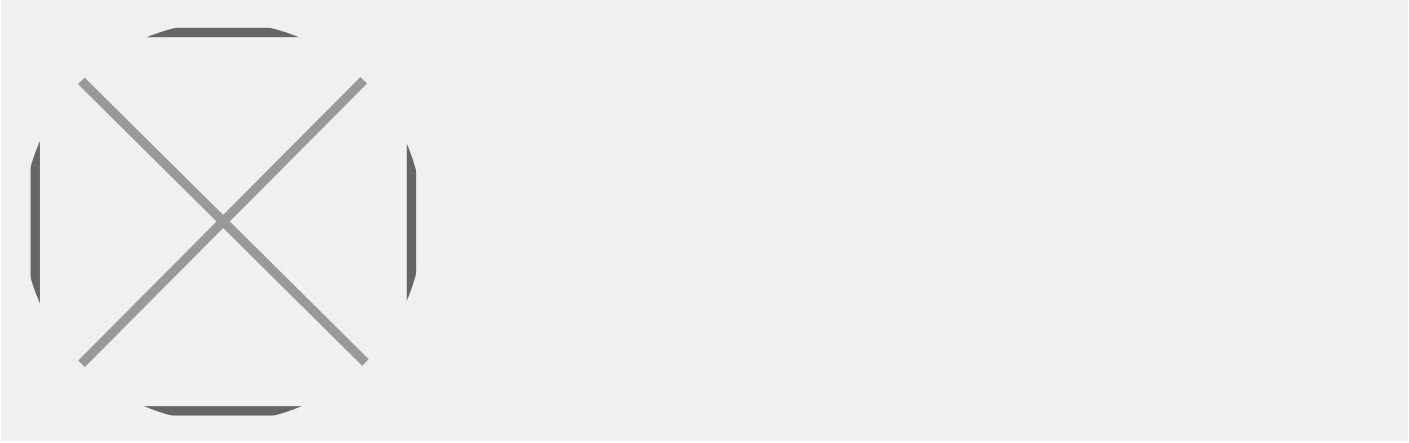
Interview with Albert Spanos, General Manager, Celgene Australia



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In our interviews we have been hearing two opinions on the success of PBS reforms: that it works as it should in providing space for innovative medicine listings, and that the number of listings has decreased to a point where Australia is in danger of losing its attractiveness as an investment destination. Of course it is often in the eye of the beholder, but overall do you feel that government is finding the right balance between serving patient interest & containing cost?

In theory the price PBS reforms should achieve two broad aims;

1. Efficient generic pricing and transparency to ensure taxpayers are receiving the most cost effective pricing when medicines lose patent exclusivity.
2. Allow sufficient headroom in PBS expenditure to facilitate the listing of new innovative and generally higher cost medicines.

Whilst the stated aims of PBS reforms related to point 1 are well on the way to being realised the structural reforms related to serving the future needs of patients with the introduction of new innovative medicines still has much room for improvement. Both from a pricing and timing perspective which is definitely having a material impact on Industry investment in Australia illustrated by the recent loss of 300 Industry jobs.

Globally the attention of big pharma is gravitating more & more towards emerging instead of mature markets with big pharma seemingly accepting that major growth is less likely to

come from mature markets. Should big pharma accept that major growth will no longer come from mature markets, or are there in your view other ways to generate significant growth in a market like Australia?

This question is largely dependent on the development pipelines of organizations and the innovativeness of medicines being developed. Provided a realistic reimbursement environment to adequately cater for return on investment there is no reason why major growth cannot be realised in mature markets. Celgene is a prime example if you look at our evolution since incorporation in 2006.

How successful has Celgene been in providing the PBAC the extra evidence it demands to show cost-effectiveness of its products?

Celgene has had mixed success with its cost effectiveness submissions. The extra evidence demanded by the PBAC on occasion has proved problematic and at times unrealistic in its academic orientation.

How has the role & importance of Australia evolved within Celgene's regional portfolio over the past years?

Initially Australia (along with Japan) were the only established affiliates for Celgene Corporation in the Asia Pacific region. As the company began to expand its Asia Pacific footprint in the region the importance of Australian operations and performance was instrumental in allowing the building of infrastructure for Asia Pacific affiliates (China, Taiwan, Korea , ASEAN) ahead of the establishment of their commercial operations. As these market begin to mature the reliance of Australia to generate operating revenue for the region will decrease over time. Australia will always remain pivotal in the clinical/research and academic expertise it provides for the region and for the organization.

Dr. Barker spoke to us about how the pharmaceutical industry should establish deeper cooperation with different stakeholders such as government institutions, academia, patient organizations, and GPs in a concerted effort to alleviate burden of disease. To which extent do you feel that Celgene can play a leading role in this regard in haematology and oncology? What activities is Celgene undertaking to set up such cooperation?

Celgene is instrumental in providing access to our development programs and development compounds to Government institutions (public hospitals) and academic institutions. Celgene runs a number of compassionate access schemes and works alongside patient organizations in a very concerted effort to alleviate the burden of disease. Celgene undertakes registration trial activity from first into man studies right through to large scale Phase III programs. Celgene commits significant funds to the running of Investigator Initiated Trial Programs both in Australia and the

broader Asia Pacific region. To date Celgene has provided compassionate access to its products to more than 2000 Australian patients completely free of charge.

What is your vision for the development of the Celgene operations in Australia over the coming three to five years?

Celgene has established itself as one of the top 5 Haematology/Oncology companies by revenue in Australia since its inception in 2006. Celgene is about to embark on another exciting phase of its development over the next 3-5 years as it seeks to commercialise its Inflammation research and development propriety franchise globally. With a supportive pharmaceutical environment from Government Celgene Australia can double the size of its operation in Australia in this time period.

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