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Jim Cramer Interviews Mark Alles and Dr. Giovanni Caforio

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Jim Cramer: Ok. Thank you much. Boy, I'm so excited about this. We have the big deal, we're going flush it out. Dr. Giovanni Caforio, who is the head of Bristol-Myers, Chairman and CEO, and Mark Alles, he's the Chairman and CEO of Celgene. This is a gigantic deal and I got to go right to you, Giovanni. What did you see in Celgene that the market didn't, given the fact that Celgene was only selling at six times earnings before you made the move?

Dr. Giovanni Caforio: Well Jim, good morning. This is a great deal and I'm excited. It is the right deal at the right time. We are creating an extraordinary company with a focus on science and innovation, three areas: oncology, auto-immune diseases, cardiovascular diseases. These are areas we know well. We diversify our pipeline. We can launch six medicines in the next 24 months, and we've got 50 more medicines that we can accelerate to patients. This is a deal that creates value for shareholders from day one.

Jim Cramer: I completely agree. I thought it was ridiculous that your stock was down—I know, because you know have the stock component. But, Mark, a lot of people feel all you have is Revlimid. Could there be anything more wrong about the description of your company?

Mark Alles: Probably not. As Giovanni talks about, there are six medicines set to launch, five of them come from Celgene's late stage pipeline. In fact, just before the end of the year, we submitted one of those five, Fedratinib for myelofibrosis. And at this conference just a year ago, we licensed it from Impact, and in one year we had submitted it to the FDA for approval in a very very rare but important blood cancer called myelofibrosis.

Jim Cramer: Now Giovanni a lot of people feel you did this, I'm gonna use the term, because I see it in the analyst reports, they're going to be wrong, that you did it out of desperation because Opdivo is not beating Merck. You needed to do something – this is something, but all you did was double down on oncology. To me, I think that you took advantage of the fact that the stock was at 90 and fell to 58 but tell me, why you had to do this given the fact that Opdivo has so many things in the pipeline, many, many tests, although people are starting to doubt it?

Dr. Giovanni Caforio: Well, I couldn't be more proud of what we're doing with Opdivo. In fact, we have 17 indications in the U.S. alone, we have transformed lung cancer, kidney cancer, melanoma. We had a great 2018. We have leading shares in all approved indications. Opdivo is going to grow this year. We have 20 trials coming. Actually it's the reason why we did the deal. Because we have two strong franchises with Eliquis and Opdivo. This was the right time for us to add more value drivers, diversify, and again, in areas we know well, where we can add value from day one.

Jim Cramer: Mark, FDA approval of three late stage drugs could help with the contingent value. Ozanimod, a lot of people feel your previous Bob Hugin maybe paid too much. LISO. Then you've got bb2121 with Bluebird. These all seem like long shots, but perhaps they could come in and get to nine bucks.

Mark Alles: I think the first thing, Jim, is they're de-risked assets. They're not long shots. In fact bb2121 is the most advanced drug in myeloma in the CAR-T space. With our partner Bluebird Bio, we've advanced it to first-in-class best-in-class. Liso-cel was our Juno acquisition, again last year, Liso-cel has its pivotal phase 2 data in lymphoma done and at ASH last year, just in December, we presented data in CLL, another indication for Liso-cel. So the pivotal trial is done, and we're working on the BLA as we speak. We expect to submit it in the first half of the year. Then we get to Ozanimod. Ozanimod, we did have a regulatory misstep at the start of last year. We fixed all of the application-related deficiencies, and we look forward to submitting it later this quarter.

Jim Cramer: Now I have to tell you because we have to go over this. I know that Nadim Ahmed, who's on your call all the time, President of Hematology & Oncology, he did say we learned a lesson of humility when you do an acquisition. He did say you wouldn't've submitted the application, it was done by the Receptos people. Has it hurt, has it hurt what Receptos brought to you because you did make that misstep?

Mark Alles: I think we need to step back from blame. I don't think that matters at all. I think what happens in regulatory dossiers often is we take a view that the clinical data and the data from Ozanimod are profoundly good in relapsing multiple sclerosis. And then the application had some missing pieces to it, but that's not a Receptos problem or a Celgene problem, it's a judgement question that we've corrected and we're going to submit in March.

Dr. Giovanni Caforio: And Jim, sorry, one of the things that we do really well at Bristol-Myers Squibb is launching new medicines. We've got six medicines potentially to launch. We can't wait to start working on this, we're going to do a really great job with those launches.

Jim Cramer: A lot of people tell me, Giovanni, that your science is fabulous. That you did a deep dive; you kicked the tires on all the drugs that are really are supposed to take the place if Revlimid goes off patent earlier. But one of

the things that Bob Hugin taught me was he put money in many different companies. Have you analyzed all the pharm team companies? Is there something there that we don't know about?

Dr. Giovanni Caforio: Well, you know, we've done a lot of due diligence of course. The companies have been talking for a long time. In the last few months we've been deep at work together. There are a lot of exciting science platforms. We've done business development at Bristol-Myers Squibb all our life, as part of our strategy. So we know how to work with biotech companies. We are just going to have many more opportunities to bring forward really exciting science.

Jim Cramer: Mark – why doesn't Otezla come up enough? I mean honestly, this thing is growing at 40%. There's incredible demand, and yet, people just say well look, forget that, it's all about Revlimid.

Mark Alles: I think Jim it is mostly about Revlimid in that it is our biggest selling product. Of course the street has looked at the IP situation on Revlimid, looked out and said "can we continue this run?" 2018 was a record year for the company. The fourth quarter will be a record year for the company and the quarter. But, it's a Revlimid story until we diversify away from it. Otezla is part of that story, but by itself it's less than \$2 billion a year, where Revlimid this year will be above 10 billion. So on a relative basis I understand why the focus has been on Revlimid.

Jim Cramer: Ok Bob Hugin. Play open hand, he is a friend from Summit. You guys are in Summit. Summit, New Jersey. Menendez in the campaign, against Bob Hugin, kept saying that the reason why you should not vote for Bob Hugin is endless price increases for Revlimid. What do you say about that?

Mark Alles: What I would say about price increases across the board is that different companies have their strategies. I think Bristol-Myers Squibb has been very responsible to price to value. The other thing I would say is that in the last two years, if you look at the industry across the board, we're talking about inflation-adjusted pricing that's less than 1% for the entire industry. So it gets a lot of headline, and a lot of headline risk, but the reality is drug pricing is attenuating and is coming down year on year on a net basis.

Jim Cramer: Ok. I want to talk about some of the things Opdivo are doing. Because, I got to tell you, Giovanni, I'm hearing kidney cancer, I'm hearing indications that we shouldn't just say, oh, Keytruda is going to beat them. I'm hearing over and over again, that it's going to be a huge year for that drug, 2019.

Dr. Giovanni Caforio: It's going to be a great year, 2019, for Opdivo, as I said. The product is going to grow, the medicine is going to grow. We've already issued guidance for '19. We've got over 20 clinical trials, registration studies ongoing. There are studies in lung cancer. What's really exciting also, we have a very large program, what is called Agilent disease. So we're going to bring immune oncology to earlier stages when we can actually have an impact that is very significant on patients. So this is a journey in immuno-oncology and we're just in the beginning and we're doing really well.

Jim Cramer: One last question, because I know politics do play a role these days. Are you able to raise price with immunity? In other words, a lot of companies, drug companies put prices through in 2019 but a lot of drug companies, they fail. They fail at some drugs. Someone has to pay for that. Are you comfortable with the price increases or do you think that this political environment is going to be too tough?

Dr. Giovanni Caforio: We are going to continue to be, as we've always been, very responsible with drug pricing. We are delivering really innovative medicines that make a really big difference for patients—that's what we do. And what is important is that patients have access to medicines. That's our focus and so it needs to be affordable. We need to align the incentives in the market. But I am confident that innovation will continue to be rewarded. Remember we are creating a science leader here, it's really important and that's going to be our focus.

Jim Cramer: I'm confident that you took advantage of an unbelievably good price and the combination is going to be sensational. I love this deal. Dr. Giovanni Caforio, thank you so much, Chairman and CEO of Bristol Myers and Mark Alles, he is the chairman and CEO of Celgene. Congratulations, gentlemen, to both of you for a fantastic deal.

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In connection with the proposed transaction between Bristol-Myers Squibb Company (“**Bristol-Myers Squibb**”) and Celgene Corporation (“**Celgene**”), Bristol-Myers Squibb and Celgene will file relevant materials with the Securities and Exchange Commission (the “**SEC**”), including a Bristol-Myers Squibb registration statement on Form S-4 that will include a joint proxy statement of Bristol-Myers Squibb and Celgene that also constitutes a prospectus of Bristol-Myers Squibb, and a definitive joint proxy statement/prospectus will be mailed to stockholders of Bristol-Myers Squibb and Celgene. **INVESTORS AND SECURITY HOLDERS OF Bristol-Myers Squibb AND Celgene ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER DOCUMENTS THAT WILL BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.** Investors and security holders will be able to obtain free copies of the registration statement and the joint proxy statement/prospectus (when available) and other documents filed with the SEC by Bristol-Myers Squibb or Celgene through the website maintained by the SEC at <http://www.sec.gov>. Copies of the documents filed with the SEC by Bristol-Myers Squibb will be available free of charge on Bristol-Myers Squibb's internet website at <http://www.bms.com> under the tab, “Investors” and under the heading “Financial Reporting” and subheading “SEC Filings” or by contacting Bristol-Myers Squibb's Investor Relations Department through <https://www.bms.com/investors/investor-contacts.html>. Copies of the documents filed with the SEC by Celgene will be available free of charge on Celgene's internet website at <http://www.celgene.com> under the tab “Investors” and under the heading “Financial Information” and subheading “SEC Filings” or by contacting Celgene's Investor Relations Department at ir@celgene.com.

Statements in this communication regarding Bristol-Myers Squibb, Celgene and the combined company that are forward-looking, including projections as to the anticipated benefits of the proposed transaction, the impact of the proposed transaction on Bristol-Myers Squibb's and Celgene's business and future financial and operating results, the amount and timing of synergies from the proposed transaction, the terms and scope of the expected financing for the proposed transaction, the aggregate amount of indebtedness of the combined company following the closing of the proposed transaction, expectations regarding cash flow generation, accretion to non-GAAP earnings per share, capital structure, debt repayment, adjusted leverage ratio and credit ratings following the closing of the proposed transaction, Bristol-Myers Squibb's ability and intent to conduct a share repurchase program and declare future dividend payments, the combined company's pipeline, intellectual property protection and R&D spend, the timing and probability of a payment pursuant to the contingent value right consideration, and the closing date for the proposed transaction, are based on management's estimates, assumptions and projections, and are subject to significant uncertainties and other factors, many of which are beyond Bristol-Myers Squibb's and Celgene's control. These factors include, among other things, effects of the continuing implementation of governmental laws and regulations related to Medicare, Medicaid, Medicaid managed care organizations and entities under the Public Health Service 340B program, pharmaceutical rebates and reimbursement, market factors, competitive product development and approvals, pricing controls and pressures (including changes in rules and practices of managed care groups and institutional and governmental purchasers), economic conditions such as interest rate and currency exchange rate fluctuations, judicial decisions, claims and concerns that may arise regarding the safety and efficacy of in-line products and product candidates, changes to wholesaler inventory levels, variability in data provided by third parties, changes in, and interpretation of, governmental regulations and legislation affecting domestic or foreign operations, including tax obligations, changes to business or tax planning strategies, difficulties and delays in product development, manufacturing or sales including any potential future recalls, patent positions and the ultimate outcome of any litigation matter. These factors also include the combined company's ability to execute successfully its strategic plans, including its business development strategy, the expiration of patents or data protection on certain products, including assumptions about the combined company's ability to retain patent exclusivity of certain products, the impact and result of governmental investigations, the combined company's ability to obtain necessary regulatory approvals or obtaining these without delay, the risk that the combined company's products prove to be commercially successful or that contractual milestones will be achieved. Similarly, there are uncertainties relating to a number of other important factors, including: results of clinical trials and preclinical studies, including subsequent analysis of existing data and new data received from ongoing and future studies; the content and timing of decisions made by the U.S. FDA and other regulatory authorities, investigational review boards at clinical trial sites and publication review bodies; the ability to enroll patients in planned clinical trials; unplanned cash requirements and expenditures; competitive factors; the ability to obtain, maintain and enforce patent and other intellectual property protection for any product candidates; the ability to maintain key collaborations; and general economic and market conditions. Additional information concerning these risks, uncertainties and assumptions can be found in Bristol-Myers Squibb's and Celgene's respective filings with the SEC, including the risk factors discussed in Bristol-Myers Squibb's and Celgene's most recent Annual Reports on Form 10-K, as updated by their Quarterly Reports on Form 10-Q and future filings with the SEC.

It should also be noted that projected financial information for the combined businesses of Bristol-Myers Squibb and Celgene is based on management's estimates, assumptions and projections and has not been prepared in conformance with the applicable accounting requirements of Regulation S-X relating to pro forma financial information, and the required pro forma adjustments have not been applied and are not reflected therein. None of this information should be considered in isolation from, or as a substitute for, the historical financial statements of Bristol-Myers Squibb or Celgene. Important risk factors could cause actual future results and other future events to differ materially from those currently estimated by management, including, but not limited to, the risks that: a condition to the closing of the

proposed acquisition may not be satisfied; a regulatory approval that may be required for the proposed acquisition is delayed, is not obtained or is obtained subject to conditions that are not anticipated; Bristol-Myers Squibb is unable to achieve the synergies and value creation contemplated by the proposed acquisition; Bristol-Myers Squibb is unable to promptly and effectively integrate Celgene's businesses; management's time and attention is diverted on transaction related issues; disruption from the transaction makes it more difficult to maintain business, contractual and operational relationships; the credit ratings of the combined company declines following the proposed acquisition; legal proceedings are instituted against Bristol-Myers Squibb, Celgene or the combined company; Bristol-Myers Squibb, Celgene or the combined company is unable to retain key personnel; and the announcement or the consummation of the proposed acquisition has a negative effect on the market price of the capital stock of Bristol-Myers Squibb and Celgene or on Bristol-Myers Squibb's and Celgene's operating results.

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