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# BIDDER'S STATEMENT and TARGET'S STATEMENT



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This booklet contains a Bidder's Statement which has been prepared by Cephalon CXS Holdings Pty Ltd and a Target's Statement which has been prepared by ChemGenex Pharmaceuticals Ltd. These are important documents and require your immediate attention.

If you are in any doubt as to how to deal with this booklet, you should consult your financial or other professional adviser.

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**Recommended offers to acquire all of your ChemGenex Shares and ChemGenex Listed Options in ChemGenex Pharmaceuticals Ltd ACN 000 248 304 by Cephalon CXS Holdings Pty Ltd ACN 150 102 659 a wholly owned subsidiary of Cephalon, Inc.**

**Offer Prices of**

**\$0.70 per ChemGenex Share**

**and**

**\$0.02 per ChemGenex Listed Option**

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**THE CHEMGENEX DIRECTORS  
UNANIMOUSLY RECOMMEND  
THAT YOU ACCEPT THE  
OFFERS IN THE ABSENCE  
OF A SUPERIOR OFFER**

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Corporate Adviser  
to ChemGenex

**CANACCORD** Genuity

Legal Adviser  
to ChemGenex

**McCullough  
Robertson**

Financial Adviser  
to Cephalon

**Merrill Lynch**

Legal Adviser  
to Cephalon

**JOHNSON WINTER & SLATTERY  
LAWYERS**

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## IMPORTANT DATES

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Announcement Date	<b>29 March 2011</b>
Bidder's Statement and Target's Statement lodged with ASIC	<b>13 April 2011</b>
Date of Offers	<b>18 April 2011</b>
Offers scheduled to close (unless extended or withdrawn)	<b>23 May 2011<sup>#</sup></b>

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<sup>#</sup> The closing dates for the Offers may change as permitted by the Corporations Act.

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## IMPORTANT NOTICES

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This booklet contains the Bidder's Statement of Cephalon CXS Holdings Pty Ltd (ACN 150 102 659) (**Cephalon CXS**), a wholly owned subsidiary of Cephalon, Inc. (**Cephalon**), dated 13 April 2011 and the Target's Statement of ChemGenex Pharmaceuticals Ltd (ACN 000 248 304) (**ChemGenex**) dated 13 April 2011 relating to the offers by Cephalon CXS for your ordinary shares in ChemGenex and your ASX-listed options in ChemGenex (**Offers**).

You should read both the Bidder's Statement and the Target's Statement in their entirety before deciding whether to accept the Offers and if you are in any doubt as to how to deal with this booklet, you should consult your financial or other professional adviser.

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## RESPONSIBILITY STATEMENT

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Cephalon CXS assumes responsibility for the entirety of the Bidder's Statement contained in Part I of this booklet.

ChemGenex assumes responsibility for the entirety of the Target's Statement contained in Part II of this booklet.

Each of Cephalon CXS and ChemGenex assume joint responsibility for all information in this booklet other than the Bidder's Statement and the Target's Statement.

Cephalon and Cephalon CXS do not assume any responsibility for the accuracy or completeness of the Target's Statement, and ChemGenex does not assume any responsibility for the accuracy or completeness of the Bidder's Statement.

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# PART I BIDDER'S STATEMENT



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This Bidder's Statement has been prepared by Cephalon CXS Holdings Pty Ltd. It is an important document and requires your immediate attention.

If you are in any doubt as to how to deal with it, you should consult your financial or other professional adviser.

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**Recommended offers to acquire all of your ChemGenex Shares and ChemGenex Listed Options in ChemGenex Pharmaceuticals Ltd ACN 000 248 304 by Cephalon CXS Holdings Pty Ltd ACN 150 102 659 a wholly owned subsidiary of Cephalon, Inc.**

**Offer Prices of**

**\$0.70 Per ChemGenex Share**

**and**

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OFFERS IN THE ABSENCE  
OF A SUPERIOR OFFER**

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Financial Adviser  
to Cephalon

**Merrill Lynch** 

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Legal Adviser  
to Cephalon

**JOHNSON WINTER & SLATTERY**  
LAWYERS

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If you have any questions about the Offers or this document, or about how to accept the Offers, please call the Cephalon Offer Information Line during business hours on 1800 072 766 (from within Australia) or +61 2 8280 7152 (from outside Australia).

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## IMPORTANT INFORMATION

### **Bidder's Statement**

This Bidder's Statement is given by Cephalon CXS Holdings Pty Ltd (ACN 150 102 659) (**Cephalon CXS**), a wholly owned subsidiary of Cephalon, Inc. (**Cephalon**), to ChemGenex Pharmaceuticals Ltd (ACN 000 248 304) (**ChemGenex**), under Part 6.5 of the Corporations Act and relates to the Offers. You should read this Bidder's Statement in its entirety. This Bidder's Statement is dated 13 April 2011 and includes an Offer dated 18 April 2011 in Section 11 for your ChemGenex Shares and an Offer dated 18 April 2011 in Section 12 for your ChemGenex Listed Options.

### **Australian Securities and Investments Commission**

A copy of this Bidder's Statement was lodged with ASIC on 13 April 2011. Neither ASIC nor any of its officers takes any responsibility for the contents of this Bidder's Statement.

### **Disclaimer regarding forward looking statements**

This Bidder's Statement contains certain forward looking statements which are based wholly or partly on expectations, opinions or predictions as at the date of this Bidder's Statement about future events and results. These forward looking statements are subject to inherent risks and uncertainties. Such risks and uncertainties include factors and risks specific to the industries in which the ChemGenex

Group and the Cephalon Group operate as well as general economic conditions, prevailing exchange rates and interest rates, conditions in the financial markets, government policies and regulation, competitive pressures and changes in science or technology. Actual events or results may differ materially from the expectations, opinions or predictions expressed or implied in such forward looking statements. Neither Cephalon, Cephalon CXS nor any of their directors and officers, or any other person named in this Bidder's Statement or involved in the preparation of this Bidder's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement.

### **Disclaimer as to ChemGenex information**

The information on ChemGenex, ChemGenex's securities and the ChemGenex Group contained in this Bidder's Statement has been prepared by Cephalon CXS and Cephalon using information that was publicly available at the time of the preparation of this Bidder's Statement or which ChemGenex made available to Cephalon prior to this bid, none of which has been independently

verified by Cephalon CXS or Cephalon. Neither Cephalon, Cephalon CXS nor any of their directors and officers, or any other person named in this Bidder's Statement or involved in the preparation of this Bidder's Statement, makes any representation or warranty (express or implied) as to the accuracy or completeness of such information, except to the extent required by law.

Further information relating to ChemGenex is included in ChemGenex's Target's Statement which is contained in Part II of this booklet.

### **Foreign jurisdictions**

The distribution of this Bidder's Statement in jurisdictions outside Australia may be restricted by law, and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Bidder's Statement does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

### **Privacy collection statement**

Personal information relating to your holding of ChemGenex Shares or ChemGenex Listed Options will be collected by Cephalon CXS from ChemGenex in accordance with its rights under the Corporations Act. Cephalon CXS will share this information on a confidential basis with its advisers and service providers where

necessary for the purposes of the Offers. Cephalon CXS and its agents retained for the purposes of the Offers will use the information solely for purposes relating to the Offers. Generally, you have a right to access the personal information which Cephalon CXS and its agents may hold about you. You can contact the Offer Information Line if you have any queries about the privacy practices of Cephalon CXS.

### **Investment decisions**

This Bidder's Statement does not take into account your individual investment objectives, financial situation or particular needs. You may wish to seek independent financial and taxation advice before deciding whether or not to accept the Offers.

### **Defined terms and interpretation**

A number of defined terms are used in this Bidder's Statement. These terms are explained in Section 14 along with certain rules of interpretation which apply to this Bidder's Statement. Please note that separate defined terms are used in the Target's Statement contained in Part II of this booklet, which are defined in Section 7 of that document.

### **Cephalon Offer information line**

If you have any questions about the Offers or this document, or about how to accept the Offers, please call the Cephalon Offer Information Line during business hours on **1800 072 766** (from within Australia) or **+61 2 8280 7152** (from outside Australia).

13 April 2011

Dear ChemGenex Shareholders and ChemGenex Optionholders

I am pleased to introduce the Offers by Cephalon CXS Holdings Pty Ltd (**Cephalon CXS**), a wholly owned subsidiary of Cephalon, Inc. (**Cephalon**), to acquire:

- all of your shares (**ChemGenex Shares**) in ChemGenex Pharmaceuticals Ltd (**ChemGenex**) for cash consideration of \$0.70 per share; and
- all of your ASX-listed options in ChemGenex (**ChemGenex Listed Options**) for cash consideration of \$0.02 per option.

These Offers follow the cornerstone investment by Cephalon in ChemGenex in October last year, pursuant to which Cephalon, through its wholly owned subsidiary Cephalon International Holdings, Inc. (**Cephalon International**), agreed to subscribe for \$15 million of Convertible Notes issued by ChemGenex and entered into call option agreements with two of ChemGenex's major shareholders, Stragen International N.V. and Merck Santé S.A.S.

On 29 March 2011 Cephalon announced the Offers for the ChemGenex Shares and ChemGenex Listed Options. On the same date, Cephalon International served notice to convert its Convertible Notes and exercise its call options to acquire in aggregate 86,386,425 ChemGenex Shares. These acquisitions were completed on 1 April 2011 and Cephalon International is now ChemGenex's largest shareholder, holding 27.57% of the issued ChemGenex Shares.

#### Benefits of the Offers

The Share Offer is highly attractive to ChemGenex Shareholders. In particular:

- the share offer price of \$0.70 per ChemGenex Share represents:
  - a 59% premium to the closing price of ChemGenex Shares on 24 March 2011, the last day that ChemGenex Shares were traded before the Announcement Date;
  - a 58% premium to the one month volume weighted average price (**VWAP**) of ChemGenex Shares up to the Announcement Date;
  - a 31% premium to the mid point of the valuation range of each ChemGenex Share of \$0.463 to \$0.608 on a controlling interest basis assessed by BDO Corporate Finance (Qld) Ltd in its Independent Expert's Report of 15 November 2010, sent to ChemGenex Shareholders in connection with seeking their approval of the conversion of the Convertible Notes issued by ChemGenex to Cephalon International;<sup>1</sup> and
  - a 40% premium to the \$0.50 conversion price of the Convertible Notes issued to Cephalon International, the conversion of which was approved by ChemGenex Shareholders late last year; and
- Cephalon CXS is offering 100% cash for the ChemGenex Shares enabling ChemGenex Shareholders to realise a certain cash value for their shares (should the Share Offer become or be declared unconditional). In contrast, if the Share Offer does not proceed, the amount you will be able to realise for your ChemGenex Shares is uncertain and subject to a number of potential risks (both company-specific and market-based).

The Listed Option Offer provides holders of ChemGenex Listed Options with an opportunity to realise their investment in a low liquidity security for a certain cash value (should the Listed Option Offer become or be declared unconditional). The offer price of \$0.02 per ChemGenex Listed Option under the Listed Option Offer is equal to the difference between the offer price under the Share Offer (\$0.70) and the exercise price per ChemGenex Listed Option (\$0.68), enabling ChemGenex Listed Optionholders to realise an equivalent cash return without having to fund the exercise price of the ChemGenex Listed Options and accept the resulting ChemGenex Shares into the Share Offer.

#### ChemGenex Board support

ChemGenex's directors unanimously recommend that ChemGenex Shareholders and ChemGenex Listed Optionholders accept the Offers in the absence of a superior offer.

Further, each ChemGenex Director with personal holdings of ChemGenex Shares or ChemGenex Listed Options has stated that he intends to accept the Offers in respect of those ChemGenex Shares or ChemGenex Listed Options, in the absence of a superior offer.

#### Shareholder support

ChemGenex has disclosed in its Target's Statement that ChemGenex Shareholders holding in aggregate 22.38% of ChemGenex Shares and ChemGenex Listed Optionholders holding in aggregate 80.62% of ChemGenex Listed Options have confirmed to ChemGenex that they intend to accept the Offers, in the absence of a superior offer.

ChemGenex has also disclosed that significant ChemGenex Shareholder Orbis Investment Management (Australia) Pty Ltd which holds 12.65% of ChemGenex Shares has presently indicated to ChemGenex that in the absence of a superior or higher offer (on-market or otherwise) it intends to accept the Share Offer.

#### Conditions of the Offers

Each of the Offers is subject to conditions, including a 90% minimum acceptance condition, and are interconditional. The terms of the Offers, including the conditions, are set out in Sections 11 and 12 of this Bidder's Statement.

#### Conclusion

I encourage you to read this Bidder's Statement and the accompanying Target's Statement contained in Part II of this booklet for more details about the Offers, the Cephalon Group and ChemGenex. The Offers are open for your acceptance until 7.00pm (Sydney time) on Monday, 23 May 2011, unless extended. If you wish to accept the Offers, please complete and return the applicable Acceptance Form enclosed with this document in accordance with the instructions set out on that Acceptance form.

If you have any questions in relation to the Offers, please contact your financial or other professional adviser or call the Cephalon Offer Information Line on 1800 072 766 (from within Australia) or +61 2 8280 7152 (from outside Australia) between 9.00am and 5.00pm (Sydney time) Monday to Friday.

Thank you for your consideration of our Offers. We look forward to receiving your acceptances.

Yours sincerely



**J. Kevin Buchi**  
Chief Executive Officer



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## LETTER FROM THE CEO OF CEPHALON

<sup>1</sup> The report by BDO Corporate Finance (Qld) Ltd was prepared to assist ChemGenex Shareholders in considering how to vote at an Extraordinary General Meeting held on 21 December 2010 on a resolution to approve the conversion of the Convertible Notes issued to Cephalon International, in order to allow Cephalon International to acquire a relevant interest in excess of 20% of ChemGenex Shares in accordance with item 7 of section 611 of the Corporations Act. The report contained a valuation of ChemGenex Shares as at 15 November 2010. A copy of the report was attached to the notice of meeting for the Extraordinary General Meeting held on 21 December 2010 lodged by ChemGenex with the ASX on 16 November 2010. Please refer to Section 10.3 of the Bidder's Statement for details of how to obtain a copy of the notice of meeting which contains the report.

Please note that the report was not prepared in connection with Cephalon CXS's Offers and does not express any opinion regarding them and that BDO Corporate Finance has disclaimed reliance on the report for any purpose other than the purpose for which it was prepared.

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# KEY TERMS OF THE OFFERS AND WHAT YOU SHOULD DO NEXT

<b>Bidder:</b>	Cephalon CXS Holdings Pty Ltd, a wholly owned subsidiary of Cephalon, Inc.
<b>Share Offer Price:</b>	\$0.70 for each ChemGenex Share.
<b>Listed Option Offer Price</b>	\$0.02 per ChemGenex Listed Option. This amount is equivalent to the difference between the Share Offer consideration of \$0.70 and the exercise price for the ChemGenex Listed Options of \$0.68.
<b>Date of Offers</b>	18 April 2011.
<b>Scheduled Closing Date:</b>	Monday, 23 May 2011, unless extended.
<b>Payment:</b>	You will be sent payment within one month of accepting the Share Offer or Listed Option Offer (as applicable), unless the applicable Offer is still subject to conditions, in which case you will be sent payment within one month of the Offer becoming or being declared unconditional. In any event, provided the conditions of the applicable Offer are satisfied or waived, you will be sent payment within 21 days of the end of the applicable Offer Period.
<b>No Fees:</b>	No brokerage will be payable on acceptance of either Offer.
<b>Terms</b>	Each Offer is subject to certain conditions which are set out in Sections 11.7 and 12.7 of this Bidder's Statement.

This is only a brief overview of the terms and conditions of the Offers. The full terms and conditions of the Offers are set out in Sections 11 and 12 of this Bidder's Statement.

#### **What You Should Do Next**

You should read this Bidder's Statement as well as the Target's Statement contained in Part II of this booklet in their entirety before making a decision as to whether or not to accept the Offers for your ChemGenex Shares and ChemGenex Listed Options.

If you wish to accept the Share Offer, please see Sections 4.2(f) and 11.4 of this Bidder's Statement.

If you wish to accept the Listed Option Offer, please see Sections 4.3(f) and 12.4 of this Bidder's Statement.

#### **Cephalon Offer Information Line**

If you have any questions about the Offers or this document, or about how to accept the Offers, please call the Cephalon Offer Information Line during business hours on **1800 072 766** (from within Australia) or **+61 2 8280 7152** (from outside Australia).

# **3**

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# **WHY YOU SHOULD ACCEPT THE OFFERS**



## 1 SUBSTANTIAL PREMIUM OFFERED FOR CHEMGENEX SHARES

- **59% premium** to the closing price of ChemGenex Shares of \$0.440 on 24 March 2011, the last trading day before the Announcement Date, representing the most recent unaffected price of ChemGenex Shares on the ASX.
- **58% premium** to the \$0.444 one month VWAP of ChemGenex Shares prior to the Announcement Date.
- **31% premium** to the mid-point of the valuation range of \$0.463 to \$0.608 on a controlling interest basis for ChemGenex Shares, determined by BDO Corporate Finance (Qld) Ltd in its Independent Expert's Report prepared in connection with the Extraordinary General Meeting held in December 2010 to seek ChemGenex Shareholders' approval for the conversion of the Convertible Notes issued to Cephalon International.<sup>2</sup>

## 2 CASH OFFER PROVIDES CERTAINTY OF VALUE

- Accepting the Offers will enable you to realise a certain value for your ChemGenex Shares and ChemGenex Listed Options through **100% cash consideration** (subject to the applicable Offer becoming or being declared unconditional).

## 3 UNANIMOUS RECOMMENDATION OF THE CHEMGENEX BOARD OF DIRECTORS TO ACCEPT

- ChemGenex's Directors **unanimously recommend** that you accept the Offers, in the absence of a superior offer.
- In the absence of a superior offer, **each of the ChemGenex Directors with personal holdings of ChemGenex Shares or ChemGenex Listed Options intends to accept the Offer** in respect of those ChemGenex Shares and ChemGenex Listed Options.
- As at the date of this Bidder's Statement, no superior offer has emerged.

## 4 MAJOR SHAREHOLDER SUPPORT

- **In October 2010 Cephalon acquired (through its wholly owned subsidiary, Cephalon International) call options over shares held by two of ChemGenex's major shareholders, Merck Santé S.A.S. and Stragen International N.V., with an exercise price equal to the Share Offer price of \$0.70.**
- Cephalon International has exercised these options, which were over approximately 92% of each of Merck Santé S.A.S. and Stragen International N.V.'s holdings of ChemGenex Shares.
- Cephalon's Share Offer is at the same price as the exercise price agreed by these two shareholders.
- **ChemGenex has disclosed in its Target's Statement that ChemGenex Shareholders holding in aggregate 22.38% of ChemGenex Shares and ChemGenex Listed Optionholders holding in aggregate 80.62% of ChemGenex Listed Options have confirmed to ChemGenex that they intend to accept the Offers, in the absence of a superior offer.**
- ChemGenex has also disclosed that significant ChemGenex Shareholder Orbis Investment Management (Australia) Pty Ltd which holds 12.65% of ChemGenex Shares has presently indicated to ChemGenex that in the absence of a superior or higher offer (on-market or otherwise) it intends to accept the Share Offer.

## 5 RISKS OF NOT ACCEPTING

- ChemGenex is likely to require significant additional funding for it to complete development of OMAPRO and to fund its other research efforts. There is no certainty that ChemGenex will be able to raise the funds required or on what terms those funds would be available, and any future equity financing would dilute your holding of ChemGenex Shares if you do not participate or are unable to participate in such funding.
- The price of ChemGenex Shares listed on the ASX may fall to a level below the Share Offer price.
- ChemGenex has stated in Section 3.4(f) of its Target's Statement that:
  - it has had discussions with third parties but, as at the date the Target's Statement was printed, the Directors of ChemGenex are not aware of any superior proposals to Cephalon CXS's Offers; and
  - Cephalon International's existing 27.57% shareholding in ChemGenex may reduce the prospects of a third party making a superior offer in respect of ChemGenex.
- The price of your ChemGenex Shares and ChemGenex Listed Options will continue to be subject to market volatility.

## **CEPHALON CXS'S OFFERS REPRESENT AN OUTSTANDING OPPORTUNITY TO REALISE THE VALUE OF YOUR CHEMGENEX SHARES AND CHEMGENEX LISTED OPTIONS**

The following pages expand on the reasons as to why you should accept the Offers.

<sup>2</sup> The report by BDO Corporate Finance (Qld) Ltd was prepared to assist ChemGenex Shareholders in considering how to vote at an Extraordinary General Meeting held on 21 December 2010 on a resolution to approve the conversion of the Convertible Notes issued to Cephalon International, in order to allow Cephalon International to acquire a relevant interest in excess of 20% of ChemGenex Shares in accordance with item 7 of section 611 of the Corporations Act. The report contained a valuation of ChemGenex Shares as at 15 November 2010. A copy of the report was attached to the notice of meeting for the Extraordinary General Meeting held on 21 December 2010 lodged by ChemGenex with the ASX on 16 November 2010. Please refer to Section 10.3 for details of how to obtain a copy of the notice of meeting which contains the report.

Please note that the report was not prepared in connection with Cephalon CXS's Offers and does not express any opinion regarding them and that BDO Corporate Finance has disclaimed reliance on the report for any purpose other than the purpose for which it was prepared.

**CHEMGENEX'S DIRECTORS UNANIMOUSLY RECOMMEND YOU ACCEPT CEPHALON CXS'S OFFERS, AND THOSE WITH PERSONAL HOLDINGS OF CHEMGENEX SHARES OR CHEMGENEX LISTED OPTIONS INTEND TO ACCEPT THEMSELVES, IN THE ABSENCE OF A SUPERIOR OFFER**

**3**

**WHY YOU SHOULD ACCEPT THE OFFERS**

3 The report by BDO Corporate Finance (Qld) Ltd was prepared to assist ChemGenex Shareholders in considering how to vote at an Extraordinary General Meeting held on 21 December 2010 on a resolution to approve the conversion of the Convertible Notes issued to Cephalon International, in order to allow Cephalon International to acquire a relevant interest in excess of 20% of ChemGenex Shares in accordance with item 7 of section 611 of the Corporations Act. The report contained a valuation of ChemGenex Shares as at 15 November 2010. A copy of the report was attached to the notice of meeting for the Extraordinary General Meeting held on 21 December 2010 lodged by ChemGenex with the ASX on 16 November 2010. Please refer to Section 10.3 for details of how to obtain a copy of the notice of meeting which contains the report.

Please note that the report was not prepared in connection with Cephalon CXS's Offers and does not express any opinion regarding them and that BDO Corporate Finance has disclaimed reliance on the report for any purpose other than the purpose for which it was prepared.

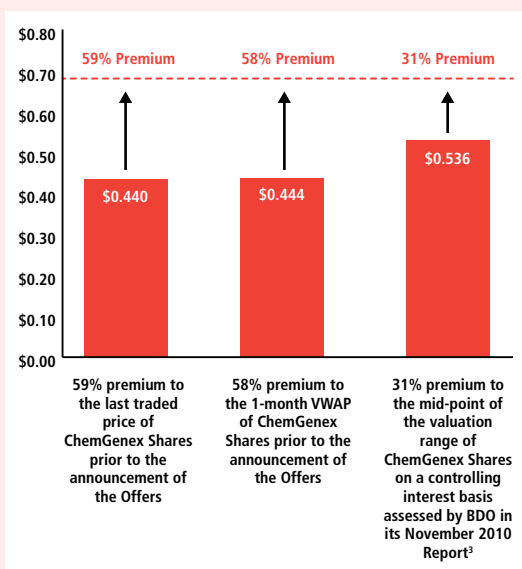
**1  
SUBSTANTIAL PREMIUM OFFERED FOR CHEMGENEX SHARES**

**By accepting the Share Offer, you will receive a substantial upfront premium for your ChemGenex Shares.**

Cephalon CXS's Share Offer Price of \$0.70 cash per ChemGenex Share represents a premium of:

- **59%** to the closing share price of ChemGenex Shares of \$0.440 on the last trading day before the Announcement Date;
- **58%** to the \$0.444 one month VWAP of ChemGenex Shares prior to the Announcement Date; and
- **31%** to the mid-point of the valuation range of \$0.463 to \$0.608 on a controlling interest basis for ChemGenex Shares, determined by BDO Corporate Finance (Qld) Ltd in its Independent Expert's Report prepared in connection with the Extraordinary General Meeting held in December 2010 to seek ChemGenex Shareholders' approval for the conversion of the Convertible Notes issued to Cephalon International.<sup>3</sup>

**Price per ChemGenex Share (A\$)**



**2  
CASH OFFER PROVIDES CERTAINTY OF VALUE**

**Cephalon CXS is offering to acquire your ChemGenex Shares and ChemGenex Listed Options for 100% cash consideration.**

**Cash provides certainty of value and de-risks your investment.**

By accepting the Offers, you will receive cash for each of your ChemGenex Shares and ChemGenex Listed Options.

When assessing the Offers, you should consider the certainty of value resulting from receiving a cash payment for your ChemGenex Shares and ChemGenex Listed Options versus the ongoing risks and uncertainties associated with remaining an investor in ChemGenex.

Cephalon recognises the achievements made by ChemGenex to date in relation to its product pipeline. As ChemGenex's main anti-cancer compound, OMAPRO, approaches regulatory submission in the United States and Europe, Cephalon believes that, as an independent entity, ChemGenex may not have:

- the necessary experience to take OMAPRO successfully through the regulatory approval process; and
- access to the financial resources to subsequently commercialise the product without having to raise further significant funding.

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### 3 UNANIMOUS RECOMMENDATION OF THE CHEMGENEX BOARD OF DIRECTORS TO ACCEPT

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**ChemGenex's Directors have unanimously recommended you accept the Offers, in the absence of a superior offer.**

ChemGenex's Directors unanimously recommend that ChemGenex Shareholders and ChemGenex Listed Optionholders accept the Offers, in the absence of a superior offer.

In addition, each of the ChemGenex Directors with personal holdings of ChemGenex Shares or ChemGenex Listed Options intends to accept the Offers in respect of those ChemGenex Shares and Options in the absence of a superior offer.

As at the date of this Bidder's Statement, no superior offer has emerged.

By accepting the Offers now, you will ensure faster cash payment for your ChemGenex Shares and ChemGenex Listed Options (subject to the applicable Offer becoming or being declared unconditional). If you do not accept the Offers and ChemGenex Shares and ChemGenex Listed Options are subject to compulsory acquisition by Cephalon CXS, you will face a delay in receiving consideration for your ChemGenex Shares and ChemGenex Listed Options compared to ChemGenex Shareholders and Optionholders who accept the Offers during the Offer Periods.

### 4 MAJOR SHAREHOLDER SUPPORT

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In October 2010 Cephalon International entered into call options over shares held by two of ChemGenex's major shareholders, Merck Santé S.A.S. and Stragen International N.V., with an exercise price per ChemGenex Share equal to the Share Offer price of \$0.70.

Cephalon International has exercised these options, which were over approximately 92% of each of Merck Santé S.A.S. and Stragen International N.V.'s holdings of ChemGenex Shares.

Cephalon CXS's Share Offer is at the same price as the exercise price agreed by these two shareholders.

ChemGenex has disclosed in its Target's Statement that ChemGenex Shareholders holding in aggregate 22.38% of ChemGenex Shares and ChemGenex Listed Optionholders holding in aggregate 80.62% of ChemGenex Listed Options have confirmed to ChemGenex that they intend to accept the Offers, in the absence of a superior offer.

ChemGenex has also disclosed that significant ChemGenex Shareholder Orbis Investment Management (Australia) Pty Ltd which holds 12.65% of ChemGenex Shares has presently indicated to ChemGenex that in the absence of a superior or higher offer (on-market or otherwise) it intends to accept the Share Offer.

**CHEMGENEX'S DIRECTORS UNANIMOUSLY RECOMMEND YOU ACCEPT CEPHALON CXS'S OFFERS, AND THOSE WITH PERSONAL HOLDINGS OF CHEMGENEX SHARES OR CHEMGENEX LISTED OPTIONS INTEND TO ACCEPT THEMSELVES, IN THE ABSENCE OF A SUPERIOR OFFER**

**3**

**WHY YOU  
SHOULD  
ACCEPT THE  
OFFERS**

**5  
RISKS OF NOT ACCEPTING**

**There are risks you should be aware of if you do not accept Cephalon CXS's Offers.**

**You may face dilution of your ChemGenex shareholding**

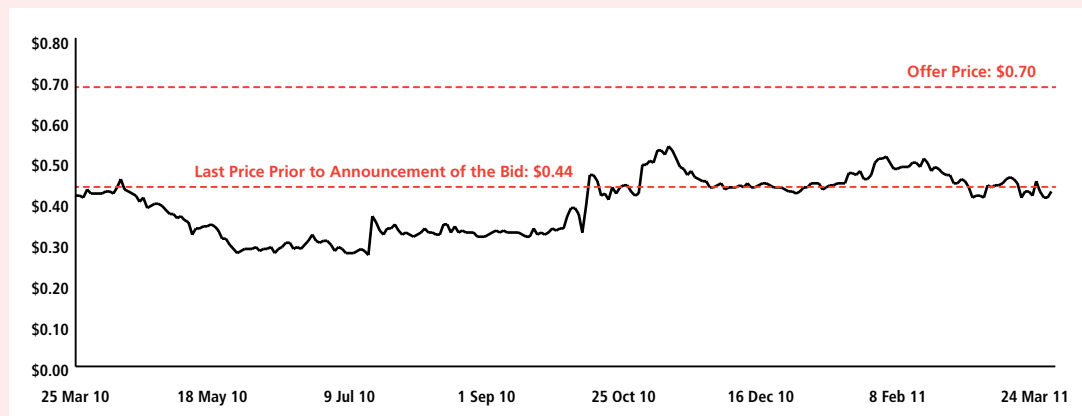
ChemGenex is likely to require significant additional funding in order for it to complete development of OMAPRO and to fund its other research efforts. There is no certainty that ChemGenex will be able to raise the funds required or on what terms those funds would be available, and any future equity raising would dilute your ChemGenex Shareholding if you do not participate or are unable to participate in such funding.

**The price of ChemGenex Shares listed on the ASX may fall**

If the Share Offer does not proceed, the ChemGenex Share price is likely to fall.

The closing price of ChemGenex Shares on 24 March 2011, the last trading day prior to the Announcement Date, representing the most recent unaffected price of ChemGenex Shares on the ASX, was \$0.440 and the one month VWAP was \$0.444. This compares with Cephalon CXS's Share Offer price of \$0.70 per ChemGenex Share.

**ChemGenex Share Price (A\$)**



**Low likelihood of a counter bidder emerging**

ChemGenex has stated in Section 3.4(f) of its Target's Statement that:

- it has had discussions with third parties but, as at the date the Target's Statement was printed, the Directors of ChemGenex are not aware of any superior proposals to Cephalon CXS's Offers; and
- Cephalon International's existing 27.57% shareholding in ChemGenex may reduce the prospects of a third party making a superior offer in respect of ChemGenex.

**The price of your ChemGenex Shares and ChemGenex Listed Options will continue to be subject to market volatility**

The Australian and international economic outlook and recent volatility in world markets may continue to impact:

- movements in general levels of prices on local stock markets, including the ASX;
- general economic conditions, which may impact ChemGenex; and
- the demand for listed securities, including ChemGenex Shares and ChemGenex Listed Options.

**CEPHALON CXS'S OFFERS REPRESENT AN OUTSTANDING OPPORTUNITY TO REALISE THE VALUE OF YOUR CHEMGENEX SHARES AND CHEMGENEX LISTED OPTIONS**

**SUMMARY  
OF THE OFFERS  
AND HOW  
TO ACCEPT  
THEM**

#### **4.1 Overview**

Cephalon CXS is making two separate offers; one for all of your ChemGenex Shares and one for all of your ChemGenex Listed Options. A summary of the terms of the Share Offer is set out in Section 4.2 below, and a summary of the terms of the Listed Option Offer is set out in Section 4.3 below.

#### **4.2 Summary of Share Offer**

Cephalon CXS is offering to buy all of your ChemGenex Shares for \$0.70 per share **in cash** on the terms and conditions set out in Section 11 (**Share Offer Conditions**). Please note that you can only accept the Share Offer in respect of **all** of your ChemGenex Shares.

The Share Offer relates to all ChemGenex Shares that exist or will exist as at the close of business on the Register Date or that are issued during the period from the Register Date to the end of the Offer Period on conversion or exercise of Options on issue as at the Register Date.

##### **(a) Offer Period**

The Share Offer is scheduled to close at 7.00pm (Sydney time) on Monday, 23 May 2011, unless extended as permitted by the Corporations Act.

##### **(b) Payment date**

If you accept the Share Offer, you will be sent payment within one month of the later of:

- (i) the date you accept; and
- (ii) the date the Share Offer becomes unconditional.

In any event, provided the conditions of the Share Offer are satisfied or waived by Cephalon CXS, you will be sent payment within 21 days after the end of the Offer Period.

##### **(c) Payment**

Cephalon CXS will arrange for a cheque to be drawn in Australian dollars in your favour for the amount of cash payable to you in accordance with the Share Offer and will send the cheque to you at your address as shown in the Share Offer Acceptance Form.

##### **(d) No brokerage costs**

You will not pay any brokerage costs if you accept the Share Offer.

##### **(e) Conditions**

The Share Offer is subject to the conditions set out in Section 11.7 being satisfied. In summary, the conditions relate to the following issues:

- (i) Cephalon CXS acquiring a relevant interest in at least 90% of ChemGenex Shares;
- (ii) there being no material adverse change in respect of the ChemGenex Group;
- (iii) the ChemGenex Group's business being conducted in the ordinary course, including there being no material acquisitions or disposals, no incurring of indebtedness (other than ordinary trade credit), no out-licensing or in-licensing of intellectual property, no entry into any agreement to undertake research and development for any person other than a member of the ChemGenex Group and no entry into any agreement involving a commitment greater than \$1.0 million;

- (iv) no contract, Approval or grant of or in favour of any member of the ChemGenex Group being materially affected as a result of Cephalon CXS acquiring ChemGenex Shares;
- (v) no objection being received and the period of 30 days expiring (or earlier terminated) from the date of the filing by Cephalon CXS of a merger/acquisition notification as required under the US Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended;
- (vi) there being no "prescribed occurrences" or like events;<sup>4</sup> and
- (vii) the Listed Option Offer having become or being declared free of all conditions.

If the conditions are not satisfied or waived, the Share Offer will not proceed.

The conditions are set out in full in Section 11.7.

Section 10.5 provides information relevant to the status of these conditions as at the date of this Bidder's Statement.

##### **(f) How to accept**

To accept the Share Offer:

- (i) if you hold your ChemGenex Shares in an Issuer Sponsored Holding, complete and sign the accompanying Share Offer Acceptance Form and return it to the registry address indicated on the form (together with any power of attorney or other instrument of authority under which it is signed) in sufficient time to be received before the end of the Offer Period; or
- (ii) if you hold your ChemGenex Shares in a CHESS Holding, either:
  - (A) instruct your Controlling Participant (usually, your Broker) to initiate acceptance of this Share Offer; or
  - (B) complete and sign the accompanying Share Offer Acceptance Form and return it to the Australian registry address indicated on the form in sufficient time to enable instructions to be given to your Controlling Participant to initiate acceptance of the Share Offer before the end of the Offer Period; or
- (iii) if you are a Broker or a Participant, initiate acceptance in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

The "Securityholder details" box in the accompanying Share Offer Acceptance Form will specify the type of subregister for your shareholding in ChemGenex as "Issuer" (for an Issuer Sponsored Holding) or "CHESS" (for a CHESS Holding).

Full details on how to accept the Share Offer are set out in Section 11.4.

##### **(g) Further information**

If you have any questions relating to the Share Offer or accepting it, please contact the Cephalon Offer Information Line established by Cephalon CXS. The phone number of the Cephalon Offer Information Line is 1800 072 766 (from within Australia) or +61 2 8280 7152 (from outside Australia).

<sup>4</sup> This refers to the matters set out in sections 652C(1) and 652C(2) of the Corporations Act, which include matters such as the issue of shares or options, reductions of share capital and share buy-backs, granting security over assets and the occurrence of various insolvency-related events. See Section 11.7(e) of this Bidder's Statement for a full listing in relation to the Share Offer.

### 4.3 Summary of Listed Option Offer

Cephalon CXS is offering to buy all of your ChemGenex Listed Options for \$0.02 per option on the terms and conditions set out in Section 12 (**Listed Option Offer Conditions**). Please note that you can only accept the Listed Option Offer in respect of **all** of your ChemGenex Listed Options.

The Listed Option Offer relates to all ChemGenex Listed Options that exist or will exist as at the close of business on the Register Date.

#### (a) Offer Period

The Listed Option Offer is scheduled to close at 7.00pm (Sydney time) on Monday, 23 May 2011 unless extended as permitted by the Corporations Act.

#### (b) Payment date

If you accept the Listed Option Offer, you will be sent payment within one month of the later of:

- (i) the date you accept; and
- (ii) the date the Listed Option Offer becomes unconditional.

In any event, provided the conditions of the Listed Option Offer are satisfied or waived by Cephalon CXS, you will be sent payment within 21 days after the end of the Offer Period.

#### (c) Payment

Cephalon CXS will arrange for a cheque to be drawn in Australian dollars in your favour for the amount of cash payable to you in accordance with the Listed Option Offer and will send the cheque to you at your address as shown in the Listed Option Offer Acceptance Form.

#### (d) No brokerage costs

You will not pay any brokerage costs if you accept the Listed Option Offer.

#### (e) Conditions

The Listed Option Offer is subject to the conditions set out in Section 12.7 being satisfied. In summary, the conditions relate to the following issues:

- (i) Cephalon CXS acquiring a relevant interest in at least 90% of ChemGenex Listed Options;
- (ii) there being no material adverse change in respect of the ChemGenex Group;
- (iii) the ChemGenex Group's business being conducted in the ordinary course, including there being no material acquisitions or disposals, no incurring of indebtedness (other than ordinary trade credit), no out-licensing or in-licensing of intellectual property, no entry into any agreement to undertake research and development for any person other than a member of the ChemGenex Group and no entry into any agreement involving a commitment greater than \$1.0 million;

- (iv) no contract, Approval or grant of or in favour of any member of the ChemGenex Group being materially affected as a result of Cephalon CXS acquiring ChemGenex Shares;
- (v) no objection being received and the period of 30 days expiring (or earlier terminated) from the date of the filing by Cephalon CXS of a merger/acquisition notification as required under the US Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended;
- (vi) there being no "prescribed occurrences" or like events;<sup>5</sup> and
- (vii) the Share Offer having become or being declared free of all conditions. This condition in respect of the Listed Option Offer is a non-waivable condition in order to comply with the requirements of the ASIC relief described in Section 10.4.

If the conditions are not satisfied or waived, the Listed Option Offer will not proceed.

The conditions are set out in full in Section 12.7. Section 10.5 provides information relevant to the status of these conditions as at the date of this Bidder's Statement.

#### (f) How to accept

To accept the Listed Option Offer:

- (i) if you hold your ChemGenex Listed Options in an Issuer Sponsored Holding, complete and sign the accompanying Listed Option Offer Acceptance Form and return it to the registry address indicated on the form (together with any power of attorney or other instrument of authority under which it is signed) in sufficient time to be received before the end of the Offer Period; or
- (ii) if you hold your ChemGenex Listed Options in a CHESS Holding, either:
  - (A) instruct your Controlling Participant (usually, your Broker) to initiate acceptance of this Listed Option Offer; or
  - (B) complete and sign the accompanying Listed Option Offer Acceptance Form and return it to the Australian registry address indicated on the form in sufficient time to enable instructions to be given to your Controlling Participant to initiate acceptance of the Listed Option Offer before the end of the Offer Period; or
- (iii) if you are a Broker or a Participant, initiate acceptance in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

The "Securityholder details" box in the accompanying Listed Option Offer Acceptance Form will specify the type of subregister for your shareholding in ChemGenex as "Issuer" (for an Issuer Sponsored Holding) or "CHESS" (for a CHESS Holding).

Full details on how to accept the Listed Option Offer are set out in Section 12.4.

<sup>5</sup> This refers to the matters set out in sections 652C(1) and 652C(2) of the Corporations Act, which include matters such as the issue of shares or options, reductions of share capital and share buy-backs, granting security over assets and the occurrence of various insolvency-related events. See Section 12.7(e) of this Bidder's Statement for a full listing in relation to the Listed Option Offer.



**(g) Further information**

If you have any questions relating to the Listed Option Offer or accepting it, please contact the Cephalon Offer Information Line established by Cephalon CXS. The Cephalon Offer Information Line number is 1800 072 766 (from within Australia) or +61 2 8280 7152 (from outside Australia).

**4.4 Interconditionality of Share Offer and Listed Option Offer**

The Share Offer and Listed Option Offer are interconditional. The effect of this interconditionality is that, subject to the next paragraph, the Share Offer will not proceed unless the Listed Option Offer becomes or is declared unconditional and the Listed Option Offer will not proceed unless the Share Offer becomes or is declared unconditional.

Although Cephalon CXS has no present intention to do so, Cephalon CXS is entitled to waive this interconditionality in accordance with the Corporations Act to enable the Share Offer to proceed even if the Listed Option Offer has not become or been declared unconditional. Cephalon CXS reserves the right to do so.

Cephalon CXS has obtained relief from ASIC under section 655A of the Corporations Act to enable it to exercise ChemGenex Listed Options acquired under the Listed Option Offer and thereby increase its relevant interest in ChemGenex Shares. It is a requirement of that relief that Cephalon CXS cannot waive the interconditionality described above to permit the Listed Option Offer to proceed even if the Share Offer has not become or been declared unconditional. As a consequence, the Listed Option Offer will only proceed if the Share Offer has become or been declared unconditional. Please refer to Section 10.4 for further information regarding ASIC relief.

**The information in this Section 4 is only a summary of the Offers. You should read this entire Bidder's Statement, and the separate Target's Statement contained in Part II of this booklet, before deciding whether to accept the Offers.**



# INFORMATION ON CEPHALON

**5.1 Cephalon CXS**

Cephalon CXS is a wholly owned subsidiary of Cephalon which has been formed for the purpose of making the Offers.

The funding for the acquisition of the ChemGenex Shares and ChemGenex Listed Options will be provided to Cephalon CXS from the Cephalon Group's cash reserves. Please refer to Section 9 of this Bidder's Statement for further details.

The directors of Cephalon CXS are:

**J. Kevin Buchi** – Mr. Buchi was named as Chief Executive Officer of Cephalon in 2010, after serving the company in other capacities for almost 20 years. Most recently, Mr. Buchi served as Chief Operating Officer and managed the company's global sales and marketing functions, as well as product manufacturing, business development and investor relations. From 1996 to 2009, he served as Chief Financial Officer and, from 2004, head of business development for the company. Mr. Buchi has played an instrumental role in the global growth of Cephalon through acquisitions and sound financial management. At various times in his career since joining Cephalon in 1991 as controller, Mr. Buchi has had oversight of corporate finance, accounting, information systems, facilities, human resources and administration.

**Wilco Groenhuysen** – Mr. Groenhuysen became Executive Vice President and CFO of Cephalon in 2010, with responsibility for Worldwide Finance, Commercial Operations and Risk Management. He joined Cephalon in 2007 as Senior Vice President, Worldwide Finance, with responsibility for accounting, financial planning and analysis, forecasting, taxes, procurement, treasury, and SEC and other external financial reporting. Prior to joining Cephalon, he spent 20 years with Philips Electronics

in various assignments in Europe, Asia and the United States, the latest of which started in 2002 when he was promoted to CFO and Senior Vice President of Philips Electronics North America Corporation.

**Ronald C. Kal** – Mr. Kal has served as Director Operations & Company Secretary for Cephalon Australia Pty Ltd (previously Arana Therapeutics Limited) since February 2010. Mr. Kal served Arana Therapeutics Limited in various capacities from August 2006, including as Group Finance Manager from February 2008 through February 2010. Mr. Kal served in a number of financial positions with transport companies TNT Limited and TNT Australia Pty Ltd from 1988 to 2006 and between 1975 and 1988 with the chartered accounting firm now known as Deloitte. Mr. Kal holds a Bachelor of Commerce degree from the University of NSW and is a chartered accountant. Mr. Kal also serves as company secretary of Cephalon CXS.

**5.2 Overview of Cephalon and the Cephalon Group**

Cephalon is a global biopharmaceutical company dedicated to discovering, developing and bringing to market medications to improve the quality of life of individuals around the world. Since its inception in 1987, Cephalon has brought first-in-class and best-in-class medicines to patients in several therapeutic areas. Cephalon has the distinction of being one of the world's fastest-growing biopharmaceutical companies, now among the Fortune 1000 and a member of the S&P 500 Index, employing approximately 4,000 people worldwide. The company sells numerous branded and generic products around the world. In total, Cephalon sells more than 150 products in nearly 100 countries.

The following table summarises (i) the seven proprietary products the Cephalon Group markets in the United States and (ii) the Cephalon Group's products that constitute a majority of its total net sales outside of the United States:

Country	Product	Indication
United States	NUVIGIL® (armodafinil)	Excessive daytime sleepiness associated with narcolepsy
	PROVIGIL® (modafinil)	Excessive daytime sleepiness associated with narcolepsy
	GABITRIL® (tiagabine hydrochloride)	Partial seizures associated with epilepsy
	AMRIX® (cyclobenzaprine hydrochloride extended-release capsules)	Management of acute muscle spasm
	FENTORA® (fentanyl buccal tablet)	Breakthrough cancer pain management
	TREANDA® (bendamustine hydrochloride)	Chronic lymphocytic leukemia
	TRISENOX® (arsenic trioxide)	Acute promyelocytic leukemia
Other countries	ABELCET® (amphotericin B lipid complex)	Anti-fungal
	ACTIQ (oral transmucosal fentanyl citrate)	Breakthrough cancer pain management
	APO-GO® (apomorphine)	Management of Parkinson's Disease
	DILZEM® (diltiazem)	Angina and mild to moderate hypertension
	EFFENTORA™ (fentanyl buccal tablet)	Breakthrough cancer pain management
	MYOCET® (liposomal doxorubicin)	Metastatic breast cancer
	NAXY® and MONO-NAXY® (clarithromycin)	Antibiotic
	PROVIGIL (modafinil) <sup>(1)</sup>	Excessive daytime sleepiness associated with narcolepsy
	SPASFON® (phloroglucinol)	Biliary/urinary tract spasm and irritable bowel syndrome
	TARGRETIN® (bexarotene)	Cutaneous T-cell lymphoma
	VOGALENE® (metopimazine)	Antiemetic/Antinausea

(1) Marketed under the name MODIODAL® (modafinil) in France and under the name VIGIL® (modafinil) in Germany.

Part of the Cephalon Group's business strategy is to consider and, as appropriate, make acquisitions of other businesses, products, product rights or technologies. Over the past few years, the Cephalon Group has consummated a number of transactions that have contributed to its growth. Significant transactions entered into during the last 12 months include:

- Signing a definitive merger agreement under which it will acquire Gemin X Pharmaceuticals, Inc., a privately-held biopharmaceutical company developing first-in-class cancer therapeutics. The acquisition process is ongoing and subject to customary closing conditions including the receipt of necessary regulatory approvals (March 2011).
- Signing an option agreement with Alba Therapeutics Corporation, a privately held biopharmaceutical company (**Alba**), under which it acquired the right to purchase all of Alba's assets relating to larazotide acetate, a tight junction modulator, progressing toward a Phase IIb clinical trial for the treatment of celiac disease (February 2011).
- Strategic alliance with Mesoblast Ltd to develop and commercialise novel adult Mesenchymal Precursor Stem Cell therapeutics for degenerative conditions of the cardiovascular and central nervous systems. The alliance included the acquisition of exclusive worldwide rights from Mesoblast Ltd to commercialise products based on its proprietary adult stem cell technology platform (December 2010). The alliance was associated with an equity investment giving Cephalon (through its wholly owned subsidiary Cephalon International) a 19.99% shareholding in Mesoblast Ltd.
- Acquisition of BioAssets Development Corporation, a company pioneering novel spine indications for emerging and marketed biologic drugs. The company's lead initiative focuses on the development of a TNF inhibitor therapy to treat the underlying cause of pain in sciatica (November 2010).
- Acquisition of Mepha GmbH, which markets branded and non-branded generics as well as specialty products in more than 50 countries (April 2010).
- Acquisition of Ception Therapeutics, Inc., a company focused on the discovery and development of novel products to address areas of unmet medical need. The company's pipeline includes CINQUIL in clinical development for certain eosinophil-mediated conditions and an established program to discover small molecule, orally-active, anti-TNF (tumor necrosis factor) receptor agents (April 2010).

The directors of Cephalon are:

**J. Kevin Buchi** – Please refer to Section 5.1 above for biographical details regarding Mr. Buchi.

**William P. Egan** – Mr. Egan, who serves as Chairman of the Board of Cephalon, is a founder and general partner of Alta Communications, a venture capital firm. He founded Alta's predecessor firm, Burr, Egan, Deleage & Co. in 1979 and has identified and backed several of America's leading growth companies in the communications and information industries. Mr. Egan currently serves as a director of CRH plc, a building materials supply company.

**Martyn D. Greenacre** – Since July 2004, Mr. Greenacre has served as Chairman of BMP Sunstone Corporation, a pharmaceutical company. Mr. Greenacre also has served since 2002 as Chairman of Life Mist Technologies, Inc., a fire suppression equipment company. From 1997 to 2001, Mr. Greenacre served as Chief Executive Officer and director of Delsys Pharmaceutical Corporation, a formulation and drug delivery system company. From 1993 to 1997, Mr. Greenacre served as President and Chief Executive Officer and as a director of Zynaxis Inc., a biopharmaceutical company. From 1989 to 1992, Mr. Greenacre was Chairman Europe, SmithKline Beecham Pharmaceutical company. He joined SmithKline & French in 1973, where he held positions of increasing responsibility in its European organisation. Mr. Greenacre currently serves as a director of Acusphere, Inc., a drug delivery company, and Curis, Inc., a biotechnology company.

**Vaughn M. Kailian** – Mr. Kailian is a Managing Director of MPM Capital LLC, a leading healthcare venture capital firm. He was Vice Chairperson of the Board of Directors of Millennium Pharmaceuticals, Inc. from February 2002 until December 2004. He served as CEO, President and Director of COR Therapeutics, Inc., a biotechnology company, from 1990 until its acquisition by Millennium in 2002. Prior to this, Mr. Kailian was employed by Marion Merrell Dow, Inc., a pharmaceutical company, and its predecessor companies, in various international and US management, marketing and sales positions from 1967 to 1990, including President and General Manager, Merrell Dow USA and Corporate Vice President of Global Commercial Development, Marion Merrell Dow, Inc. Mr. Kailian currently serves as the Chairman of the Board of Elixir Pharmaceuticals, Inc., Cerimon Pharmaceuticals, Inc and Valeritas, Inc. He is also a director of NicOx, S.A. and Xanodyne Pharmaceuticals, Inc. Mr. Kailian is currently a member of the board of BIO (the Biotechnology Industry Organisation), BIOVentures for Global Health and the New England Healthcare Institute.

**Kevin E. Moley** – Ambassador Moley currently serves as Chairman of the Board of Project Concern International, a not for profit organisation based in San Diego, CA that provides poverty and health care solutions in 11 countries serving over three million people. Ambassador Moley served as the US Permanent Representative to the United Nations and Other International Organisations in Geneva from September 2001 to April 2006. Ambassador Moley also served in the administration of George H.W. Bush as an Assistant Secretary of the US Department of Health and Human Services (HHS) from 1989 to 1992, and as the Deputy Secretary of HHS from 1992 to 1993. In addition to his government service, Ambassador Moley was President and Chief Executive Officer of Integrated Medical Systems Inc. from 1996 to 1998, and was a Senior Vice President of PCS Health Systems, Inc. from 1993 to 1996. Ambassador Moley previously served as a member of the Cephalon Board of Directors from 1994 to 2001.

**Gail R. Wilensky, Ph.D.** – Dr. Wilensky serves as a Senior Fellow at Project HOPE, an international health education foundation, which she joined in 1993. She is also President of the Defense Health Board (a federal advisory committee for the Department of Defense). From 1997 to 2001, Dr. Wilensky chaired the Medicare Payment Advisory Committee, which advises Congress on all issues relating to Medicare. In November 2004, Dr. Wilensky was appointed as the Vice Chair of the Maryland Health Care Commission. In December 2006, Dr. Wilensky was selected to co-chair a Congressionally-mandated task force on the future of military health care. Dr. Wilensky also is an elected member of the Institute of Medicine and its Governing Council, and serves as a trustee of the Combined Benefits Fund of the United Mineworkers of America and the National Opinion Research Center of the University of Chicago. Dr. Wilensky currently serves as a director of Gentiva Health Services, a specialty pharmaceutical and home health care company, Quest Diagnostics, Inc., a leading provider of diagnostic testing, information and services, SRA International, Inc., a provider of information technology services to the government, and UnitedHealth Group, a health care company.

**Dennis L. Winger** – Mr. Winger is designated as the Audit Committee Financial Expert. In 2008, Mr. Winger retired from Applera Corp., a life sciences company, where he was Senior Vice President and Chief Financial Officer responsible for developing financial and business strategies. He served as a member of Applera's Executive Committee. From 1989 to 1997, Mr. Winger served as Senior Vice President, Finance and Administration, and Chief Financial Officer of Chiron Corporation. From 1982 to 1989, Mr. Winger was with Cooper Companies, Inc., where he held positions of increasing responsibility, including that of Chief Financial Officer. Prior to this, Mr. Winger was with Continental Can Company holding a number of positions including Head of Finance for its international division and General Manager of its Latin American Operations. Mr. Winger currently serves on the Board of Directors of Nektar Therapeutics, Incorporated, Board of Directors of Accuray Incorporated, on the Board of Trustees of Siena College, as well as Vertex Pharmaceuticals.

**Charles J. Homcy, M.D.** – Dr. Homcy is currently a Venture Partner at Third Rock Ventures, LLC, a venture capital firm, and Co-Chairman of Portola Pharmaceuticals, Inc., a privately held biotechnology company that Dr. Homcy co-founded in 2003 and of which he served as President and Chief Executive Officer from 2003 to 2010. Since 2011, he also serves as Chairman of the Board of CytomX Therapeutics, a privately-funded biotechnology company. Dr. Homcy also served as a director of Millennium Pharmaceuticals, Inc., Kosan Biosciences, Inc., Cytokinetics, Inc. and COR Therapeutics, Inc. He has served in senior R&D roles at Millennium Pharmaceuticals and COR Therapeutics, Inc. Since 1997, Dr. Homcy has been Clinical Professor of Medicine, University of California at San Francisco Medical School, and an attending physician at the San Francisco VA Hospital. Dr. Homcy received his B.A. and M.D. degrees from The Johns Hopkins University.

**5.3 Organisational and Financial Information**

The Cephalon Group's corporate headquarters are in Frazer, Pennsylvania, and its research and development headquarters are in West Chester, Pennsylvania. The Cephalon Group also has offices in Wilmington, Delaware, Salt Lake City, Utah, suburban Minneapolis-St. Paul, Minnesota, France, the United Kingdom, Ireland, Denmark, Germany, Italy, the Netherlands, Poland, Spain, Switzerland, Australia, Hong Kong and certain other countries. The Cephalon Group operates manufacturing facilities in France, Switzerland, Utah and Minnesota.

Shares of Cephalon common stock have been listed on NASDAQ since 1991 and trade under the symbol "CEPH". As at the close of trading on 12 April 2011, Cephalon had a market capitalisation of approximately US\$5,781,250,000 (A\$5,538,656,831 based on an exchange rate as of 12 April 2011 of A\$1 = US\$1.0438).

Below is a summary of selected financial data for the Cephalon Group for the last three financial years:

	(US\$000's)		
	Year ended December 31		
	2010	2009	2008
<b>Statement of operations data:</b>			
Total revenues	2,811,057	2,192,308	1,974,554
Net income (loss)	425,745	342,627	192,962
	As at December 31		
	2010	2009	2008
<b>Balance sheet data:</b>			
Cash, cash equivalents and investments	1,160,239	1,647,635	524,459
Total assets	4,891,833	4,658,095	3,082,942
Total equity	2,667,592	2,478,073	1,416,680

As a publicly listed company, Cephalon is subject to various periodical disclosure obligations under US law. A substantial amount of information concerning the Cephalon Group is publicly available and may be accessed by referring to [www.cephalon.com](http://www.cephalon.com).

#### 5.4 Unsolicited and non-binding takeover proposal from Valeant Pharmaceuticals International, Inc.

On 29 March 2011, Valeant Pharmaceuticals International, Inc. (**Valeant**) publicly announced a non-binding proposal to acquire Cephalon for \$73.00 per share in cash, and that it intended to commence a consent solicitation to replace Cephalon's board of directors (the **Cephalon Board**).

On 5 April 2011, the Cephalon Board determined that the non-binding proposal was inadequate and not in the best interests of the Cephalon shareholders. On the same date, Cephalon sent a letter to Valeant and issued a press release setting out the Cephalon Board's conclusion.

On 5 April 2011, Valeant filed a preliminary consent statement with the U.S. Securities Exchange Commission (**SEC**) to seek written shareholder consents to replace the existing members of the Cephalon Board with seven individuals nominated by Valeant.

Under the General Corporation Law of the State of Delaware, shareholders of a Delaware corporation can make decisions by submitting written consents to a proposed action instead of voting on that action at a meeting of shareholders so long as the corporation's charter documents do not prohibit such action. Cephalon's charter documents do not prohibit written consent. Valeant is soliciting written consents from Cephalon shareholders to pass shareholder resolutions that would have the effect of removing the existing Cephalon Board and replacing the directors with nominees selected by Valeant.

The Cephalon Board is opposing Valeant's consent solicitation. On 7 April 2011, Cephalon filed a preliminary consent revocation statement with the SEC in connection with the Cephalon Board's opposition to the solicitation of written shareholder consents by Valeant.

Only Cephalon shareholders as of the record date of 8 April 2011 are eligible to participate in the consent solicitation process.

In order for Valeant's proposal to reconstitute the Cephalon Board to proceed, Valeant must deliver to Cephalon properly completed and unrevoked consents from Cephalon shareholders whose shareholdings in aggregate represent more than 50% of all outstanding Cephalon shares within 60 days from the date of the earliest dated written consent delivered to Cephalon. If the requisite approval is not obtained within that timeframe, the existing members of the Cephalon Board will continue in office. Valeant's proposal to reconstitute the Cephalon Board could become effective before the expiration of the 60 day period if Valeant receives properly completed and unrevoked consents from holders of more than 50% of Cephalon's outstanding shares prior to that time.

At this time, Valeant has set a shorter deadline of 12 May 2011 as the date by which it must receive the requisite number of consents in support of its proposal to reconstitute the Cephalon Board, although it has reserved the right to extend this deadline. Any such extension could not exceed the 60 day period noted above.

As at the date of this Bidder's Statement, Valeant has not yet commenced a tender offer to acquire Cephalon's outstanding common stock.

As at the date of this Bidder's Statement, Valeant has disclosed publicly that it may be deemed to be the beneficial owner of 1,034,908 shares of the common stock of Cephalon, representing 1.366% of the shares of common stock outstanding as of 14 March 2011 and the beneficial owner of 203 unexpired option contracts each representing 100 shares of common stock.

Three class actions have been filed in the Delaware Court of Chancery against the Cephalon Board and/or Cephalon, alleging breach of duties arising from Cephalon's rejection of Valeant's non-binding acquisition proposal. These actions seek injunctions requiring the Cephalon Board to fulfill their fiduciary duties by properly considering Valeant's proposal and by acting in ways that will maximise shareholder value for Cephalon shareholders. One of the actions additionally asks the court to injunct the Cephalon Board from taking any further action designed to frustrate any potential transaction that would maximise shareholder value for Cephalon shareholders. Cephalon and the Cephalon Board intend to vigorously defend these actions.

If further information arises which is relevant to the matters described above and is material from the perspective of ChemGenex Shareholders or ChemGenex Listed Optionholders, it will be disclosed by way of a supplementary bidder's statement in accordance with section 643 of the Corporations Act.

**6**

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**INFORMATION  
ON  
CHEMIGENEX**

### **6.1 Disclaimer**

The following information on ChemGenex has been prepared by Cephalon CXS using information that was publicly available at the time of the preparation of this Bidder's Statement or which ChemGenex made available to Cephalon prior to this bid, none of which has been independently verified. Accordingly, to the maximum extent permitted by law, Cephalon CXS does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

The information on ChemGenex in this Bidder's Statement is not comprehensive.

The Corporations Act requires the directors of ChemGenex to provide a Target's Statement to holders of ChemGenex Shares and ChemGenex Listed Options in response to this Bidder's Statement, setting out certain material information concerning ChemGenex. The Target's Statement is contained in Part II of this booklet. You should read the Target's Statement before deciding whether to accept the Offers.

### **6.2 Cornerstone investment by Cephalon**

In October last year, Cephalon made a cornerstone investment in ChemGenex through its wholly owned subsidiary, Cephalon International. Under that transaction, Cephalon International agreed to subscribe for \$15 million of Convertible Notes issued by ChemGenex and entered into call option agreements with two of ChemGenex's major shareholders, Stragen International N.V. and Merck Santé S.A.S. ChemGenex shareholders gave advance approval for the conversion of the Convertible Notes (in accordance with item 7 of section 611 of the Corporations Act) at a general meeting of ChemGenex Shareholders held in December 2010.

On the date that the Offers were announced, Cephalon International served notice to convert its Convertible Notes and exercise its call options to acquire in aggregate 86,386,425 ChemGenex Shares. These acquisitions were completed on 1 April 2011 and Cephalon International is now ChemGenex's largest shareholder, holding 27.57% of the issued ChemGenex Shares.

### **6.3 Information on ChemGenex securities**

#### **(a) Ordinary shares on issue**

Based on the latest Appendix 3B lodged by ChemGenex with the ASX prior to the date of this Bidder's Statement, there are 313,348,870 ChemGenex Shares on issue.

#### **(b) Listed options on issue**

Based on the latest Appendix 3B lodged by ChemGenex with the ASX prior to the date of this Bidder's Statement, there are 10,949,328 ChemGenex Listed Options on issue, expiring 8 February 2012 and exercisable at \$0.68 per ChemGenex Listed Option.

#### **(c) Disclosed Employee Options on issue**

Based on a copy of the ChemGenex option register provided to Cephalon CXS prior to the Announcement Date, there are 30,273,698 unlisted options over unissued ChemGenex Shares on issue, expiring at various dates and exercisable at various exercise prices, held by certain ChemGenex employees and directors or their related entities (**Disclosed Employee Options**).

On or about the Announcement Date, Employee Option Cancellation Letters were entered into between ChemGenex and the holders of 29,603,698 Disclosed Employee Options relating to the cancellation of the Disclosed Employee Options. Cephalon CXS understands from ChemGenex that the balance of 670,000 Disclosed Employee Options will lapse or be exercised during the course of the Offer Periods.

Under the Employee Option Cancellation Letters, the cancellation of the Disclosed Employee Options is conditional on:

- (i) receipt of an ASX waiver of Listing Rule 6.23.2;
- (ii) the Share Offer becoming or being declared unconditional; and
- (iii) Cephalon CXS acquiring voting power in ChemGenex of at least 50.1%.

If the above conditions are satisfied, the Disclosed Employee Options to which the Employee Option Cancellation Letters apply will be cancelled with immediate effect and ChemGenex will pay each holder of the Disclosed Employee Options an amount per Disclosed Employee Option equal to the difference between the exercise price of that option and the offer price under the Share Offer. Based on an offer price under the Share Offer of \$0.70 per ChemGenex Share, the total amount payable under the Option Cancellation Letters in respect of Disclosed Employee Options will be \$4,977,163.30.

#### **(d) Securities to which the Share Offer extends**

The Share Offer extends to all ChemGenex Shares that exist or will exist at the close of business on the Register Date, and all ChemGenex Shares that are issued during the period from the Register Date to the end of the Offer Period on conversion or exercise of Options on issue as at the Register Date.

#### **(e) Securities to which the Listed Option Offer extends**

The Listed Option Offer extends to all ChemGenex Listed Options that exist or will exist as at close of business on the Register Date.

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**INTENTIONS OF  
CEPHALON CXS  
REGARDING  
CHEMGENEX**



## 7.1 Introduction

This Section 7 contains statements of intention that are based on information about ChemGenex and the business environment in which it operates that was publicly available at the time of the preparation of this Bidder's Statement or which ChemGenex made available to Cephalon prior to this bid.

The information referred to in the previous paragraph is insufficient to enable Cephalon CXS to form a concluded view regarding its intentions set out in this Section.

Accordingly, following the close of the Offers, Cephalon CXS intends to conduct a detailed review of ChemGenex's business, assets and operations. This review will enable Cephalon CXS to verify (or confirm any deviation from) its current understanding of ChemGenex's business, assets and operations and to determine how best to develop and use ChemGenex's assets and research as part of the Cephalon Group.

Cephalon CXS's final decisions on the matters contained in this Section will therefore only be reached upon completion of the takeover and Cephalon CXS's subsequent review of ChemGenex's business, assets and operations. Accordingly, the statements set out in this Section are statements of current intention only and may be subject to change.

## 7.2 Different possible scenarios

As a result of Cephalon CXS's parallel offers for ChemGenex Shares and ChemGenex Listed Options, there are four possible scenarios in which this transaction may proceed:

- (a) acquisition by Cephalon CXS of 90% or more of ChemGenex Shares and 90% or more of ChemGenex Listed Options;
- (b) acquisition by Cephalon CXS of 90% or more of ChemGenex Shares but less than 90% of ChemGenex Listed Options;
- (c) acquisition by Cephalon CXS of less than 90% of ChemGenex Shares and less than 90% of ChemGenex Listed Options; and
- (d) acquisition by Cephalon CXS of less than 90% of ChemGenex Shares but 90% or more of ChemGenex Listed Options.

The intentions of Cephalon CXS in each of these scenarios are described below.

The intentions of Cephalon CXS set out in this Section 7 are also the intentions of Cephalon.

## 7.3 Intentions upon acquisition of 90% or more of ChemGenex Shares and 90% or more of ChemGenex Listed Options

This Section 7.3 sets out Cephalon CXS's intentions if it acquires 90% or more of ChemGenex Shares and 90% or more of ChemGenex Listed Options and is entitled to proceed to compulsory acquisition of any outstanding ChemGenex Shares and ChemGenex Listed Options.

### (a) Corporate matters

- (i) **ASX listing** – Cephalon CXS intends to arrange for ChemGenex to be removed from the official list of the ASX.
- (ii) **Compulsory acquisition** – Cephalon CXS intends to proceed with compulsory acquisition of any outstanding ChemGenex Shares and ChemGenex Listed Options in accordance with Part 6A.1 of the Corporations Act.

- (iii) **Directors** – Cephalon CXS will seek the resignation of each member of the ChemGenex Board and appoint nominees in their place. Cephalon CXS's present intention is to appoint Cephalon CXS's current directors J. Kevin Buchi, Wilco Groenhuysen and Ronald C. Kal as directors of ChemGenex. Biographical details for those directors are contained in Section 5.1 of this Bidder's Statement. For so long as ChemGenex remains a public company, Cephalon CXS would need to appoint an additional director who ordinarily resides in Australia. The identity of this additional director has not yet been determined.

### (b) Integration of operations

Subject to the outcome of the detailed review referred to in Section 7.1 and the specific intentions described below, it is Cephalon CXS's intention to integrate ChemGenex's operations, to the extent practicable, into those of the Cephalon Group, to continue ChemGenex's operations in their current state and to seek to identify ways in which the Cephalon Group can use its extensive resources and expertise to further develop ChemGenex's intellectual property.

In doing so, Cephalon CXS intends to pursue efficiencies which may be available in respect of ChemGenex's operations as part of the Cephalon Group. This may result in a rationalisation or restructuring of ChemGenex's operations.

If, as a result of the review of ChemGenex's operations, or at any time in the future, any of ChemGenex's operations or assets do not perform to a level which is acceptable to Cephalon, then Cephalon CXS (as a wholly owned subsidiary of Cephalon) will take such action as it considers desirable to achieve acceptable returns.

### (c) ChemGenex's employees

One objective of the detailed review referred to in Section 7.1 will be to consider the combined staff resources and requirements of the Cephalon Group and ChemGenex in order to identify the most efficient way to utilise ChemGenex's staff resources for the benefit of the enlarged business.

Without having conducted that review, Cephalon CXS cannot formulate an intention in relation to employee numbers. Cephalon CXS expects that the integration of the ChemGenex and Cephalon Group support, administrative and managerial functions may result in a rationalisation of ChemGenex's corporate head office and administrative functions. If that expectation proves correct, then Cephalon CXS considers that it would require a fewer number of ChemGenex's head office and administrative employees. Any reduction in employee levels would be achieved through employees being made redundant in compliance with all applicable regulatory requirements and their contractual rights. In cases of redundancy, career transition support would be provided to affected employees.

At this stage, Cephalon CXS does not expect that the integration will result in redundancies at ChemGenex's research locations and Cephalon CXS anticipates that it will wish to maintain the employment of ChemGenex's research staff subject to undertaking a review of their skills and experience.

**(d) ChemGenex's fixed assets**

It is Cephalon CXS's current intention not to redeploy or dispose of any of ChemGenex's fixed assets.

**(e) ChemGenex's product development and research pipeline**

ChemGenex is currently developing its lead product candidate, OMAPRO™, for the treatment of chronic myeloid leukaemia patients who are resistant to, or have failed two or more currently approved tyrosine kinase inhibitors. OMAPRO recently completed Phase III clinical trials and ChemGenex plans to file a New Drug Application with the US Food and Drug Administration (FDA) in the second half of 2011. A parallel Marketing Authorisation Application is in preparation for submission to the European Medicines Agency (EMA).

Cephalon CXS intends to continue the development of OMAPRO, including by progressing the FDA and EMA applications, as the continued development of OMAPRO will form part of Cephalon's strategy to establish a pipeline of oncology-focused products.

Cephalon CXS's intentions regarding OMAPRO are subject to the approval of the FDA and EMA in respect of the applications that ChemGenex intends to submit to those bodies in the second half of 2011.

As part of the detailed review referred to in Section 7.1, Cephalon CXS will consider the prospects and strategic relevance of ChemGenex's other potential product candidates and intellectual property with a view to determining the extent to which they may be developed and utilised by the Cephalon Group.

**7.4 Intentions upon acquisition of 90% or more of ChemGenex Shares but less than 90% of ChemGenex Listed Options**

This Section sets out Cephalon CXS's intentions if it acquires 90% or more of ChemGenex Shares but less than 90% of ChemGenex Listed Options. Cephalon CXS has no present intention of waiving the 90% minimum acceptance condition in relation to the Listed Option Offer but reserves its right to do so. In such a case, Cephalon CXS would seek to compulsorily acquire any outstanding ChemGenex Shares under Part 6A.1 of the Corporations Act and presently anticipates that it would be entitled to compulsorily acquire any outstanding ChemGenex Listed Options under the general compulsory acquisition power in Part 6A.2 of the Corporations Act. In those circumstances, Cephalon CXS would proceed to implement the intentions identified in Section 7.3.

Cephalon CXS's ability to compulsorily acquire any outstanding ChemGenex Listed Options in these circumstances will be dependent on, amongst other things, it demonstrating that it holds, either alone or with a related body corporate, full beneficial interests in at least 90% *by value* of all securities of ChemGenex that are either ChemGenex Shares or convertible into ChemGenex Shares. An independent expert nominated by ASIC must opine on whether the terms proposed for the compulsory acquisition of the outstanding ChemGenex Listed Options give a fair value for those options.

In addition, if ChemGenex Listed Optionholders who hold at least 10% of the ChemGenex Listed Options sought to be compulsorily acquired object to the compulsory acquisition within the timeframe specified by the Corporations Act, the compulsory acquisition will only proceed if Cephalon CXS applies to the court and satisfies the court that it is offering fair value for the outstanding ChemGenex Listed Options.

If Cephalon CXS is unable to satisfy any of these requirements, Cephalon CXS would not be entitled to compulsorily acquire any outstanding ChemGenex Listed Options and, if any of those options were exercised subsequently, Cephalon would hold less than 100% of ChemGenex Shares. In those circumstances, Cephalon's intentions would be the same as set out in Section 7.5 below.

**7.5 Intentions upon acquisition of less than 90% of ChemGenex Shares and less than 90% of ChemGenex Listed Options**

Cephalon CXS has no present intention of waiving the 90% minimum acceptance conditions in relation to the Share Offer and the Listed Option Offer but reserves its right to do so. This Section sets out Cephalon CXS's intentions if it waives those conditions and acquires less than 90% of the ChemGenex Shares and ChemGenex Listed Options. In that case, Cephalon CXS would be unable to compulsorily acquire outstanding ChemGenex Shares and ChemGenex Listed Options at that time. In those circumstances, Cephalon CXS's intentions would be as described below.

**(a) Corporate matters**

- (i) **ASX listing** – Cephalon CXS would maintain ChemGenex as a company with official quotation on the ASX for as long as ChemGenex meets the requirements of the Listing Rules for maintaining a listing.
- (ii) **Compulsory acquisition** – If Cephalon CXS became entitled at some later time to proceed with compulsory acquisition of any outstanding ChemGenex Shares and ChemGenex Listed Options in accordance with the general compulsory acquisition power under Part 6A.2 of the Corporations Act, it would exercise those rights.
- (iii) **Directors** – Subject to the Corporations Act and the constitution of ChemGenex, the ChemGenex Board will be reconstituted such that directors or executives appointed by Cephalon CXS will form at least a majority of the Board. The new Board members who are expected to be nominated would include Cephalon CXS's current directors J. Kevin Buchi, Wilco Groenhuysen and Ronald C. Kal. Biographical details for those directors are contained in Section 5.1 of this Bidder's Statement.

**(b) Funding the development of ChemGenex's product pipeline**

Further significant investment will be required to bring OMAPRO to market and continue the development of ChemGenex's other potential product candidates and research.

Subject to Cephalon CXS being satisfied as to the performance and prospects of the development projects sought to be funded by ChemGenex, Cephalon CXS may play a role in providing any required additional funding, for example, by making equity investments in ChemGenex. The provision of any such funding by Cephalon CXS would be subject to all applicable laws, regulations and listing rules. The form, timing, magnitude and precise consequences of any such additional funding are not known at this time. However, the scope of ChemGenex's likely future capital requirements is such that, if ChemGenex seeks to meet its funding needs by raising equity capital, any shareholders in ChemGenex at the time who do not participate or are unable to participate in providing such funding would likely face significant dilution of their shareholdings in ChemGenex.

**(c) Other intentions**

Cephalon CXS intends to implement the intentions identified in Sections 7.3(b) to 7.3(e) to the extent possible and appropriate having regard to the size of its shareholding in ChemGenex at the time and limitations imposed by applicable law and regulations.

**7.6 Intentions upon acquisition of less than 90% of ChemGenex Shares but 90% or more of ChemGenex Listed Options**

This Section sets out Cephalon CXS's intentions should it acquire less than 90% of ChemGenex Shares but 90% or more of ChemGenex Listed Options. Cephalon CXS has no present intention of waiving the 90% minimum acceptance condition in relation to the Share Offer but reserves its right to do so.

In that case, Cephalon CXS would not be entitled to compulsorily acquire any outstanding ChemGenex Shares. Although it would be entitled to compulsorily acquire any outstanding ChemGenex Listed Options, it would only make a decision at the time having regard to the size of its then shareholding in ChemGenex and other relevant considerations.

In these circumstances, it is Cephalon CXS's present intention that it would seek to implement the intentions set out in Section 7.5 to the extent possible and appropriate having regard to the size of its shareholding in ChemGenex and limitations imposed by applicable law and regulations.

**7.7 Exercise of ChemGenex Listed Options by Cephalon CXS**

As set out in Section 10.4, Cephalon CXS has obtained relief from ASIC to enable it to exercise ChemGenex Listed Options acquired under the Listed Option Offer and thereby increase its relevant interest in ChemGenex Shares. If Cephalon CXS were to exercise ChemGenex Listed Options, the consequent increase in its holding of ChemGenex Shares may enable Cephalon CXS to increase its voting power in ChemGenex so as to achieve or consolidate control of ChemGenex or to reach the thresholds required in order to compulsorily acquire outstanding ChemGenex Shares or ChemGenex Listed Options.

Cephalon CXS has no present intention to exercise ChemGenex Listed Options acquired under the Listed Option Offer. Any decision to do so would be dependent on considerations including:

- the voting power in ChemGenex which Cephalon had acquired at the relevant time and whether increasing its relevant interest in ChemGenex Shares by exercising ChemGenex Listed Options would materially affect or have the potential to materially affect its ownership or control of ChemGenex; and
- the circumstances of ChemGenex and the Cephalon Group at the relevant time.

**7.8 Unsolicited and non-binding takeover proposal from Valeant Pharmaceuticals International, Inc.**

Your attention is drawn to the information set out in Section 5.4 regarding the unsolicited and non-binding takeover proposal made by Valeant in respect of Cephalon.

As at the date of this Bidder's Statement, neither Valeant nor the persons it has nominated to replace the existing members of the Cephalon Board have publicly disclosed their specific intentions regarding the Offers or ChemGenex. It is therefore not possible to disclose the extent to which the intentions of Valeant or those nominees may differ from those of Cephalon and Cephalon CXS as described above.

If further information arises which is relevant to the matters described above and is material from the perspective of ChemGenex Shareholders or ChemGenex Listed Optionholders, it will be disclosed by way of a supplementary bidder's statement in accordance with section 643 of the Corporations Act.

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# CEPHALON CXS'S INTERESTS IN CHEMGENEX SECURITIES

### **8.1 Cephalon CXS's relevant interests in ChemGenex securities**

As at the date of this Bidder's Statement and as at the date of the Offers, Cephalon CXS has a relevant interest in 27.57% of ChemGenex Shares. Cephalon CXS does not have a relevant interest in any ChemGenex Listed Options.

### **8.2 Cephalon CXS's voting power in ChemGenex**

As at the date of this Bidder's Statement and as at the date of the Offers, Cephalon CXS's voting power in ChemGenex is 27.57%.

### **8.3 Acquisitions of ChemGenex Shares or ChemGenex Listed Options by Cephalon CXS or its associates during previous four months**

In the four months before the date of the Offers, neither Cephalon CXS nor any associate has provided (or agreed to provide) or received (or agreed to receive) consideration for ChemGenex Shares or ChemGenex Listed Options under a purchase (or agreement to purchase) or a sale (or agreement to sell), other than as set out below:

- The acquisition by Cephalon International of 34,254,463 ChemGenex Shares at \$0.70 per ChemGenex Share from Stragen International N.V. pursuant to an option agreement between Cephalon International and Stragen International N.V. dated 22 October 2010 and described in the ChemGenex company announcement issued to the ASX on the same date. Cephalon International exercised the option to acquire the ChemGenex Shares from Stragen International N.V. on 29 March 2011, and became the registered holder of the ChemGenex Shares on 1 April 2011.
- The acquisition by Cephalon International of 22,131,962 ChemGenex Shares at \$0.70 per ChemGenex Share from Merck Santé S.A.S. pursuant to an option agreement between Cephalon International and Merck Santé S.A.S. dated 22 October 2010 and described in the ChemGenex company announcement issued to the ASX on the same date. Cephalon International exercised the option to acquire the ChemGenex Shares from Merck Santé S.A.S. on 29 March 2011, and became the registered holder of the ChemGenex Shares on 1 April 2011.
- The conversion of 15,000,000 Convertible Notes in ChemGenex at a conversion price of \$0.50 per ChemGenex Share issued pursuant to a convertible note subscription agreement between Cephalon International and ChemGenex dated 22 October 2010 and described in the ChemGenex company announcement issued to the ASX on the same date. ChemGenex Shareholders voted to approve the conversion of the Convertible Notes (and the consequential increase in Cephalon International's voting power in ChemGenex above 20%) at a general meeting of ChemGenex Shareholders held on 21 December 2010. Cephalon International elected to convert the Convertible Notes into 30,000,000 ChemGenex Shares on 29 March 2011, and became the registered holder of the ChemGenex Shares on 1 April 2011.

Neither Cephalon CXS nor any of its associates has, during the period of four months before the date of the Offers, given, offered, or agreed to give, a benefit to another person where the benefit was likely to induce the other person, or an associate, to accept an Offer or dispose of ChemGenex Shares or ChemGenex Listed Options, which benefit is not offered respectively to all ChemGenex Shareholders or ChemGenex Listed Optionholders under the Offers.

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# FUNDING

### 9.1 Maximum Amount required

The total maximum cash consideration that Cephalon CXS will be required to pay under the Offers to ChemGenex Shareholders (other than Cephalon International) and ChemGenex Listed Optionholders is \$167,007,241.10, calculated as set out below (**Maximum Aggregate Amount**).

### 9.2 Cephalon CXS's understanding of securities on issue

As at the Register Date, Cephalon CXS understands that the following securities are on issue:

- (a) 313,348,870 ChemGenex Shares (with 86,386,425 of those ChemGenex Shares being owned by Cephalon International);
- (b) 10,949,328 ChemGenex Listed Options; and
- (c) 30,273,698 Disclosed Employee Options (with 29,603,698<sup>6</sup> of those Disclosed Employee Options being the subject of Employee Option Cancellation Letters).<sup>7</sup>

### 9.3 Maximum Amount

#### (a) Maximum Amount under Listed Option Offer

The maximum aggregate sum payable under the Listed Option Offer will be \$218,986.56, being \$0.02 per ChemGenex Listed Option in respect of 10,949,328 ChemGenex Listed Options. This assumes that no ChemGenex Listed Options are exercised.

#### (b) Maximum Amount under Share Offer

The maximum aggregate sum payable under the Share Offer to ChemGenex Shareholders (other than Cephalon International) will arise if all of the ChemGenex Listed Options, and the 670,000 Disclosed Employee Options that are not subject to Employee Option Cancellation Letters, are exercised during the Offer Period and are accepted as part of the Share Offer. In these circumstances, Cephalon will be required to pay an amount of \$167,007,241.10, being \$0.70 per ChemGenex Share in respect of 238,581,773 ChemGenex Shares.

#### (c) Maximum Aggregate Amount

The maximum aggregate sum payable to ChemGenex Shareholders (other than Cephalon International) under the Share Offer and to ChemGenex Listed Optionholders under the Listed Option Offer will arise in the circumstances described in paragraph (b).

In those circumstances, Cephalon will be required to pay an amount of \$167,007,241.10, being \$0.70 per ChemGenex Share in respect of 238,581,773 ChemGenex Shares. In those circumstances, there will be no ChemGenex Listed Options remaining on issue, so there will be no acceptances under the Listed Option Offer and no consideration paid under the Listed Option Offer.

If any ChemGenex Listed Options are not exercised by their holders, but are accepted into the Listed Option Offer and acquired for \$0.02 per ChemGenex Listed Option, the maximum aggregate sum payable under the Share Offer and Listed Option Offer will be less than \$167,007,241.10.

### 9.4 Intra-Group funding to pay the consideration

Cephalon CXS will fund the cash consideration payable under the Offers using cash provided to it by other members of the Cephalon Group. Cephalon has irrevocably and unconditionally undertaken to advance to Cephalon CXS, and to procure to the extent required that other members of the Cephalon Group advance to Cephalon CXS, in the form of either a loan, equity contribution or a combination of both, the total cash consideration required to satisfy Cephalon CXS's obligations under the Offers together with amounts required to cover all transaction costs associated with the Offers.

The right of Cephalon CXS to require an equity contribution or to draw down a loan is not able to be revoked by Cephalon or other members of the Cephalon Group and is not subject to any conditions precedent. Cephalon has irrevocably and unconditionally undertaken that, until such time as the Offers lapse or are withdrawn or Cephalon CXS has no outstanding obligations to make any payment under the Offers or pay transaction costs associated with the Offers, neither Cephalon nor any other member of the Cephalon Group will require the repayment of any funding advanced to Cephalon CXS in connection with the Offers.

### 9.5 Source of funds

The funds to be advanced to Cephalon CXS under the terms described in Section 9.4 will be sourced from the Cephalon Group's own funds. Whilst the Cephalon Group has not specifically set aside any cash amounts in its own funds to satisfy the consideration under the Offers, it has ample uncommitted funds available for that purpose.

The Offers are not subject to any financing condition.

As at 31 March 2011, the Cephalon Group held cash and cash equivalents of approximately US\$1,161,000,000 (equivalent to \$1,112,282,046 in Australian dollars, based on an exchange rate as of 12 April 2011 of A\$1 = US\$1.0438). An amount of these funds which is at least equal to the Maximum Aggregate Amount is available for withdrawal, either at call or on terms that will not affect Cephalon CXS's ability to satisfy Cephalon CXS's payment obligations under the Offers as and when they fall due, and is not subject to security interests, rights of set off or required for other arrangements of the Cephalon Group.

The Cephalon Group therefore has access to sufficient cash reserves to provide Cephalon CXS with the Australian dollars needed to fund the Maximum Aggregate Amount and to cover all transaction costs associated with the Offers.

Having regard to the matters set out in this Section 9, Cephalon CXS is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will be able to satisfy its payment obligations under the Offers.

<sup>6</sup> As described in Section 6.3(c) of this Bidder's Statement, on or about the Announcement Date, a number of Employee Option Cancellation Letters were entered into between ChemGenex and the holders of 29,603,698 Disclosed Employee Options relating to the cancellation of the Disclosed Employee Options. Subject to (i) receipt of an ASX waiver of Listing Rule 6.23.2, (ii) the Share Offer becoming or being declared unconditional and (iii) Cephalon CXS acquiring voting power in ChemGenex of at least 50.1%, ChemGenex will be required to pay the holders of these options a total amount of \$4,977,163.30 in consideration for their cancellation. As this amount is payable by ChemGenex, not Cephalon CXS, it has not been taken into account in determining the Maximum Aggregate Amount for the purpose of this Section 9.

<sup>7</sup> Cephalon CXS understands from ChemGenex that the 670,000 Disclosed Employee Options not subject to Employee Option Cancellation Letters will lapse or be exercised during the Offer Period.



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# **ADDITIONAL INFORMATION**



### **10.1 Date for determining holders of ChemGenex Shares and ChemGenex Listed Options**

For the purposes of section 633(2) of the Corporations Act, the date in respect of each Offer for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) of the Corporations Act is the Register Date.

### **10.2 Consents to be named**

The following persons have consented to being named in this Bidder's Statement in the form and context in which their names appear and have not withdrawn their consent prior to the lodgement of this Bidder's Statement with ASIC:

- (a) Link Market Services Limited, to be named as the offer registrar;
- (b) Johnson Winter & Slattery, to be named as the legal adviser to Cephalon and CXS Holdings; and
- (c) Merrill Lynch, Pierce, Fenner & Smith Inc, to be named as the financial adviser to Cephalon.

None of the abovementioned persons has made any statement in this Bidder's Statement, or on which a statement in this Bidder's Statement is based, and (to the maximum extent permitted by law) expressly disclaims any liability and takes no responsibility for any part of this Bidder's Statement. None of those persons should be taken to have endorsed the Offers by being named, or consenting to be named, in this Bidder's Statement.

This Bidder's Statement also contains statements made by, or statements based on statements made by, Cephalon.

Cephalon has consented to the inclusion of each statement it has made and each statement which is based on a statement it has made in this Bidder's Statement in the form and context in which those statements appear, and has not withdrawn that consent before lodgement of this Bidder's Statement with ASIC. To the maximum extent permitted by law, Cephalon expressly disclaims and takes no responsibility for any other part of this Bidder's Statement.

### **10.3 Statements taken from documents lodged with the ASX or ASIC**

This Bidder's Statement also includes or is accompanied by statements which are made in or based on statements made in documents lodged with ASIC or on the company announcement platform of the ASX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in this Bidder's Statement.

As required by Class Order 01/1543, Cephalon CXS will make available a copy of these documents free of charge to ChemGenex Shareholders or ChemGenex Listed Optionholders who request them. To obtain a copy of these documents (or the relevant extracts), ChemGenex Shareholders or ChemGenex Listed Optionholders may telephone the Cephalon Offer Information Line. This includes a copy of ChemGenex's Notice of Meeting for the Extraordinary General Meeting held on 21 December 2010 which included the report by BDO Corporate Finance (Qld) Ltd referred to in Sections 1 and 3 of this Bidder's Statement which was prepared to assist ChemGenex Shareholders in considering how to vote at the Extraordinary General Meeting on a resolution to approve the conversion of the Convertible Notes issued to Cephalon International.

### **10.4 ASIC relief**

#### **(a) Relief to facilitate exercise of ChemGenex Listed Options**

Cephalon CXS has obtained relief from ASIC under section 655A of the Corporations Act to enable it to exercise ChemGenex Listed Options acquired under the Listed Option Offer and thereby increase its relevant interest in ChemGenex Shares. It is a requirement of that relief that:

- (i) Cephalon CXS makes the Share Offer;
- (ii) Cephalon CXS cannot waive the interconditionality of the Share Offer and Listed Option Offer in order to permit the Listed Option Offer to proceed even if the Share Offer has not become or been declared unconditional. As a consequence, the Listed Option Offer will only proceed if the Share Offer has become or been declared unconditional;
- (iii) the Offers under the Share Offer and Listed Option Offer are first sent on the same day;
- (iv) the relief and Cephalon CXS's intention in relation to the exercise of the ChemGenex Listed Options acquired under the Listed Option Offer are disclosed in the Bidder's Statement; and
- (v) the offer price under the Listed Option Offer is \$0.02 per ChemGenex Listed Option.

Please refer to the disclosure in Section 7.7 in relation to Cephalon CXS's intentions regarding the exercise of ChemGenex Listed Options acquired under the Listed Option Offer.

#### **(b) Other relief**

Cephalon CXS has not obtained from ASIC any other modifications to, or exemptions from, the Corporations Act in relation to the Offers. However, ASIC has published various instruments providing for modifications and exemptions that apply generally to all persons including Cephalon CXS (including that referred to in Section 10.3).

### **10.5 Information concerning conditions**

#### **(a) HSR filing – Condition in Section 11.7(d) of the Share Offer Conditions and Section 12.7(d) of the Listed Option Offer Conditions**

Cephalon CXS filed a merger/acquisition notification with the US Department of Justice and US Federal Trade Commission on 8 April 2010. Cephalon CXS's expectation is that the requisite waiting period will expire within 15 days rather than the 30 days referred to in the condition in Section 11.7(d) of the Share Offer Conditions and Section 12.7(d) of the Listed Option Offer Conditions.

#### **(b) Waiver of Listing Rule 6.23.2 – Condition in Section 11.7(e)(ii)(H)(aa) of the Share Offer Conditions and Section 12.7(e)(ii)(H)(aa) of the Listed Option Offer Conditions**

Cephalon CXS understands that ChemGenex made an application to the ASX in respect of the waiver of Listing Rule 6.23.2 on 5 April 2011. As at the date of this Bidder's Statement, ChemGenex was awaiting a response from the ASX.

**10.6 Co-operation Letter Agreement between Cephalon and ChemGenex**

On 28 March 2011, Cephalon CXS and ChemGenex entered into a letter of agreement under which Cephalon CXS and ChemGenex agreed that:

- (a) each of Cephalon CXS and ChemGenex would co-operate in respect of the preparation of the Bidder's Statement and the Target's Statement;
- (b) each of Cephalon CXS and ChemGenex would use all reasonable endeavours to send the Bidder's Statement and Target's Statement to ChemGenex Shareholders and ChemGenex Listed Optionholders as soon as practicable and for the Bidder's Statement and Target's Statement to be mailed together;
- (c) in the absence of a superior offer, ChemGenex would participate in efforts reasonably requested by Cephalon CXS to promote the merits of the takeover, including meeting with key ChemGenex Shareholders or other stakeholders, analysts and journalist; and
- (d) ChemGenex would promptly apply to the ASX for a waiver of Listing Rule 6.23.2 to enable Disclosed Employee Options to be cancelled on the terms of the Employee Option Cancellation Letters.

**10.7 Other material information**

Except as set out elsewhere in this Bidder's Statement, there is no other information that is:

- (a) material to the making of a decision by a ChemGenex Shareholder or ChemGenex Listed Optionholder whether or not to accept the Offers; and
- (b) known to Cephalon CXS,

that has not previously been disclosed to ChemGenex Shareholders and ChemGenex Listed Optionholders.

# FORMAL TERMS AND CONDITIONS OF THE SHARE OFFER

**11.1 Share Offer**

- (a) Cephalon CXS offers to acquire all of your ChemGenex Shares on the terms and subject to the conditions set out in this Share Offer.
- (b) This Share Offer extends to any person who is able during the Offer Period to give good title to a parcel of ChemGenex Shares and has not already accepted a Share Offer for those ChemGenex Shares (see Section 11.6(b)).
- (c) This Share Offer extends to all ChemGenex Shares that exist or will exist as at close of business on the Register Date or that are issued during the period from the Register Date to the end of the Offer Period on conversion or exercise of Options on issue as at the Register Date.
- (d) If you accept this Share Offer, Cephalon CXS will be entitled to all Rights in respect of your ChemGenex Shares, as well as the ChemGenex Shares themselves. Cephalon CXS may require you to provide all documents necessary to vest title to those Rights in Cephalon CXS, or otherwise to give Cephalon CXS the benefit of those Rights. If you do not do so, or if you have received the benefit of those Rights (whether before or after your acceptance of this Share Offer), Cephalon CXS will deduct from the consideration payable to you under this Share Offer the amount (or the value, as reasonably assessed by Cephalon CXS) of those Rights (see Sections 11.11(e) and 11.11(f)).
- (e) This Share Offer is dated 18 April 2011.

**11.2 Consideration**

The consideration offered for each of your ChemGenex Shares is \$0.70.

**11.3 Offer Period**

This Share Offer commences on the date the first of the Share Offers is made, which is 18 April 2011, and remains open for acceptance until 7.00pm (Sydney time) on Monday, 23 May 2011, unless it is withdrawn or extended.

Cephalon CXS may, in accordance with the Corporations Act, extend the period during which this Share Offer remains open for acceptance.

**11.4 How to accept this Offer**

**(a) General**

You may only accept this Share Offer for all of your ChemGenex Shares. You may accept the Share Offer at any time during the Offer Period.

**(b) What type of holding do you have?**

The method by which you can accept the Share Offer depends on whether your ChemGenex Shares are in an Issuer Sponsored Holding or a CHESS Holding.

The "Securityholder details" box in the accompanying Share Offer Acceptance Form will specify the type of subregister for your ChemGenex shareholding as "Issuer" (for an Issuer Sponsored Holding) or "CHESS" (for a CHESS Holding).

**(c) Acceptance procedure – Issuer Sponsored Holding**

If you hold your ChemGenex Shares in an Issuer Sponsored Holding, then to accept this Share Offer you must complete, sign and return the accompanying Share Offer Acceptance Form in accordance with the instructions on it and deliver it or send it by post together with all other documents required by those instructions to the registry address appearing on the form, so that they are received before the end of the Offer Period.

**(d) Acceptance procedure – CHESS Holding**

If you hold your ChemGenex Shares in a CHESS Holding, then to accept this Share Offer you must:

- (i) instruct your Controlling Participant (usually, your Broker) to initiate acceptance of the Share Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules, so as to be effective before the end of the Offer Period; or
- (ii) complete the Share Offer Acceptance Form and mail or deliver it to the registry address appearing on the form. That will authorise Cephalon CXS to instruct your Controlling Participant to initiate acceptance of the Share Offer on your behalf. For return of the Share Offer Acceptance Form to be an effective acceptance of the Share Offer, you must ensure that it is received in time for instructions to be given to your Controlling Participant, and for your Controlling Participant to carry out those instructions, before the end of the Offer Period.

You will be taken to have completed acceptance of this Share Offer when your Controlling Participant initiates acceptance of this Share Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules.

If you are a Broker or a Participant, you must yourself initiate acceptance under Rule 14.14 of the ASX Settlement Operating Rules, so as to be effective before the end of the Offer Period.

**(e) Address for Share Offer Acceptance Forms**

The relevant mailing address for completed Share Offer Acceptance Forms is set out in the Share Offer Acceptance Form. A reply paid envelope accompanies this Bidder's Statement for use by ChemGenex Shareholders in Australia.

**(f) Share Offer Acceptance Form**

The Share Offer Acceptance Form which accompanies this Share Offer forms part of this Share Offer. The requirements on the Share Offer Acceptance Form must be observed in accepting this Share Offer in respect of your ChemGenex Shares.

**(g) Cephalon CXS's discretion**

- (i) Except in relation to ChemGenex Shares held in a CHESS Holding, despite Sections 11.4(c) and 11.4(d) above, Cephalon CXS may at its discretion treat any Share Offer Acceptance Form received before the end of the Offer Period (at the address specified in the Share Offer Acceptance Form or such other address as may be acceptable to Cephalon CXS) as valid or waive any requirement of Sections 11.4(c) and 11.4(d) in any case, but the payment of the consideration in accordance with this Share Offer will not be made until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Cephalon CXS (see Section 11.5(b)).
- (ii) By returning the Share Offer Acceptance Form to the registry address appearing on the form, you will have authorised Cephalon CXS (by its directors, officers or agents) to complete the Share Offer Acceptance Form by inserting such details as are omitted in respect of the Accepted Shares and to rectify any errors in or omissions from the relevant form (including altering the number of ChemGenex Shares stated to be held by you if it is otherwise than as set out in the relevant form and making any consequential changes to the number of Accepted Shares) as may be necessary to make the Share Offer Acceptance Form an effective acceptance of this Share Offer or to enable registration of the transfer of your Accepted Shares to Cephalon CXS.

### 11.5 Payment of consideration

- (a) If you accept this Share Offer and the conditions of the Share Offer and of the contract resulting from the acceptance of the Share Offer are satisfied or the Share Offer is declared free of those conditions, then Cephalon CXS will arrange for a cheque to be drawn in Australian dollars in your favour for the amount of cash payable to you in accordance with this Share Offer and will send the cheque to you at your address as shown in the Share Offer Acceptance Form by, subject to paragraph (b), the end of whichever of the following periods ends earlier:
- (i) one month after the date this Share Offer is validly accepted by you under Section 11.4 or, if at the time of your acceptance this Share Offer is subject to a condition in Section 11.7, within one month after the contract formed by your acceptance of this Share Offer becomes unconditional; or
  - (ii) 21 days after the end of the Offer Period.
- (b) Where the Share Offer Acceptance Form requires additional documents to be given with your acceptance (such as a power of attorney):
- (i) if the documents are given with your acceptance, Cephalon CXS will provide the consideration in accordance with paragraph (a);
  - (ii) if the documents are given after acceptance and before the end of the Offer Period and the Share Offer is subject to a defeating condition (see Section 11.7) at the time that Cephalon CXS is given the documents, Cephalon CXS will provide the consideration by the end of whichever period ends earlier:
    - (A) one month after the contract resulting from your acceptance of the Share Offer becomes unconditional; or
    - (B) 21 days after the end of the Offer Period;
  - (iii) if the documents are given after acceptance and before the end of the Offer Period and the Share Offer is unconditional, Cephalon CXS will provide the consideration by the end of whichever period ends earlier:
    - (A) one month after Cephalon CXS is given the documents; or
    - (B) 21 days after the end of the Offer Period;
  - (iv) if the documents are given after the end of the Offer Period and, at the time Cephalon CXS is given the documents, the contract resulting from your acceptance of this Share Offer is:
    - (A) unconditional, Cephalon CXS will provide the consideration within 21 days after the documents are given; or
    - (B) still subject to a defeating condition that relates to a circumstance or event referred to in Section 11.7(e)(i) Cephalon CXS will provide the consideration within 21 days after that contract becomes unconditional.

If you do not provide Cephalon CXS with the required additional documents within one month after the end of the Offer Period, Cephalon CXS may, in its sole discretion, rescind the contract resulting from your acceptance of the Share Offer.

- (c) If, at the time of acceptance of this Share Offer:
- (i) any authority, clearance or approval of the Reserve Bank of Australia or of the Australian Taxation Office is required for you to receive any consideration under this Share Offer; or
  - (ii) you are resident of a place to which, or you are a person to whom, any law of Australia or elsewhere would make it unlawful for Cephalon CXS to provide consideration for your ChemGenex Shares,

then your acceptance of this Share Offer will not create or transfer to you any right (contractual or contingent) to receive the consideration specified in this Share Offer unless and until all requisite authorities, clearances or approvals have been received by Cephalon CXS.

### 11.6 Persons to whom the Share Offer is made

- (a) A Share Offer in this form and bearing the same date is being made to, and will be sent to, each holder of ChemGenex Shares registered as at close of business (Sydney time) on the Register Date.
- (b) A person who:
- (i) is able during the Offer Period to give good title to a parcel of ChemGenex Shares; and
  - (ii) has not already accepted a Share Offer for those ChemGenex Shares,

may, in accordance with section 653B(1) of the Corporations Act, accept this Share Offer as if an offer on terms identical with the Share Offer had been made to that person in relation to those ChemGenex Shares.

- (c) If at any time during the Offer Period your ChemGenex Shares consist of two or more distinct portions (for example, where you hold ChemGenex Shares as nominee for separate beneficial owners), this Share Offer is deemed to consist of separate corresponding Share Offers made to you for the respective distinct portions of your ChemGenex Shares. You may accept two or more such deemed separate corresponding Share Offers at the same time as if they were a single Share Offer for each distinct portion of ChemGenex Shares. An acceptance by you of one of the Offers which is deemed to exist in respect of a distinct portion of ChemGenex Shares is ineffective unless you have given to Cephalon CXS a notice which, if it relates to ChemGenex Shares:
- (i) in a CHESS Holding, must be in an electronic form approved by the ASX Settlement Operating Rules; or
  - (ii) in an Issuer Sponsored Holding, must be in writing,

stating that the relevant ChemGenex Shares consist of a distinct portion and your acceptance specifies the number of ChemGenex Shares in the distinct portion to which the acceptance relates. If this applies to you, please call the Cephalon Offer Information Line for such additional copies of this Bidder's Statement and Share Offer Acceptance Form as are necessary.

### 11.7 Conditions

This Share Offer and any contract which results from your acceptance of the Share Offer is subject to the fulfilment of the following conditions:

#### (a) Minimum acceptance

Before and at the end of the Offer Period, Cephalon CXS has a relevant interest in at least 90% of ChemGenex Shares.

**(b) Adverse change conditions**

**(i) Material adverse change in respect of the ChemGenex Group**

During the Condition Period, no event, change or circumstance occurs, is announced or becomes known to Cephalon CXS (whether or not it becomes public) which (individually or with others) has or could reasonably be expected to have a material adverse effect on the business, assets, liabilities, financial position, performance, profitability or prospects of the ChemGenex Group taken as a whole.

**(ii) Instances of material adverse change in respect of the ChemGenex Group**

Without limiting paragraph (i), during the Condition Period:

(A) no event, change or circumstance occurs, is announced or becomes known to Cephalon CXS (whether or not it becomes public) which (individually or with others) has or could reasonably be expected to have the effect of a diminution of 10% or more in the consolidated net assets of the ChemGenex Group relative to the consolidated net assets of the ChemGenex Group as at 31 December 2010; and

(B) no member of the ChemGenex Group discontinues, suspends or materially alters the basis of, or announces any intention or proposal to discontinue, suspend or materially alter the basis of, the preparation of the New Drug Application for submission to the United States Food and Drug Administration or the Marketing Authorisation Application for submission to the European Medicines Agency for omacetaxine in CML patients who are resistant to, or have failed, two or more currently approved tyrosine kinase inhibitors.

**(iii) Conduct of the ChemGenex Group's business in the ordinary course**

During the Condition Period, no member of the ChemGenex Group conducts its business otherwise than in the ordinary course.

**(iv) Instances of conduct not in the ordinary course**  
Without limiting paragraph (iii), during the Condition Period, no member of the ChemGenex Group:

(A) acquires any one or more entities, businesses or assets (or any interest in any one or more entities, businesses or assets) the price, or aggregate price, of which exceeds \$1.0 million;

(B) disposes of any one or more entities, businesses or assets (or any interest in any one or more entities, businesses or assets) the price, or aggregate price, of which exceeds \$1.0 million;

(C) enters into any agreement involving a commitment greater than \$1.0 million or the term of which cannot be terminated within six months;

(D) incurs or commits to, or grants to another person a right the exercise of which would involve incurring or committing to, any capital expenditure in respect of any one or more items which, or the aggregate amount of which, exceeds \$1.0 million;

(E) incurs any indebtedness or issues any debt securities other than:

(aa) to another member of the ChemGenex Group; or

(bb) trade credit in the ordinary course of business;

(F) releases or materially varies any obligation owing to it by any person which by reason of its quantum or its nature is material to the ChemGenex Group taken as a whole;

(G) enters into any joint venture, shareholders, partnership or strategic alliance agreement;

(H) gives a financial benefit to any related party of ChemGenex within the meaning of Chapter 2E of the Corporations Act;

(I) employs or appoints any director or employee in respect of which the total annual employment or appointment costs of that person would exceed \$150,000 (other than to replace on substantially similar terms, including as to remuneration and benefits, a person who has ceased to be an employee of any member of the ChemGenex Group);

(J) does any of the following:

(aa) makes any change in the basis or amount of the remuneration of, or otherwise varies in any material respect the employment or appointment arrangements of, any employee or director, other than in the ordinary course of business and consistent with past practice;

(bb) accelerates the rights of any director or employee to compensation or benefits of any kind;

(cc) pays any bonus or pays or provides any termination, retention or retirement payment or other benefit to any director or employee, except as required by law, in accordance with the terms of an agreement disclosed to Cephalon CXS prior to the Announcement Date or in accordance with any entitlement under the terms of any superannuation, provident or retirement scheme in effect as at the Announcement Date; or

(dd) enters into, or makes any amendment to, any deed of indemnity, access and insurance (or similar arrangement) in favour of any director or employee;

(K) does any of the following:

(aa) licenses any of its intellectual property to any person other than a member of the ChemGenex Group;

(bb) enters into any agreement pursuant to which it agrees to undertake any research and development for any person other than a member of the ChemGenex Group; or

(cc) takes a licence of intellectual property of any person other than a member of the ChemGenex Group; or

(L) discloses the existence of any matter described in sub-paragraphs (A) to (K) above, or agrees, offers or authorises, or announces any intention or proposal, to do anything described in sub-paragraphs (A) to (K) above,

except to the extent fully and accurately announced by ChemGenex to the ASX prior to the Announcement Date.



- (v) **Exclusions**  
None of paragraphs (i) to (iv) shall apply to any action which is taken by ChemGenex in accordance with the terms of any Employee Option Cancellation Letter or is otherwise taken with the prior written consent of Cephalon CXS.

**(c) Change of control conditions**

**(i) No change of control event triggered**

- During the Condition Period, as a result (directly or indirectly) of the acquisition or proposed acquisition of ChemGenex Shares by Cephalon CXS:
- (A) no person becomes entitled to exercise, exercises or purports to exercise, or states any intention to exercise, any right under any provision of any agreement or other instrument to which any member of the ChemGenex Group is a party, or by or to which any member of the ChemGenex Group or any of its assets may be bound or be subject, which right, upon its exercise, results or would result, or could reasonably be expected to result, to an extent which is material to the ChemGenex Group taken as a whole, in:
- (aa) any such agreement or other instrument being terminated or varied or any action being taken or arising under it;
- (bb) the interest of any member of the ChemGenex Group in any partnership, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated, varied or required to be transferred or redeemed; or
- (cc) the business of any member of the ChemGenex Group being materially adversely affected;
- (B) no Approval issued by a Regulatory Authority to or otherwise held by any member of the ChemGenex Group is or is able to be revoked, withdrawn, terminated or varied such that it:
- (aa) results, or could reasonably be expected to result, in a material adverse effect on the business, assets, liabilities, financial position, performance, profitability or prospects of the ChemGenex Group taken as a whole; or
- (bb) prevents or materially adversely affects or could reasonably be expected to prevent or materially adversely affect the implementation or completion of the Offer; and
- (C) without limiting any of the foregoing, no Regulatory Authority becomes entitled to suspend, terminate or withhold any grant, development assistance or other financial assistance to which any member of the ChemGenex Group is or may be otherwise entitled or to require or accelerate repayment of any grant, development assistance or other financial assistance previously provided to any member of the ChemGenex Group.

**(d) HSR**

No objection being received and the period of 30 days expiring (or earlier terminated) from the date of the filing by Cephalon CXS of a merger/acquisition notification as required under the US Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

**(e) No prescribed occurrences**

- (i) Between the time beginning when the Bidder's Statement is given to ChemGenex and ending at

the end of the Offer Period, none of the following occurrences happens:

- (A) ChemGenex converts all or any of the ChemGenex Shares into a larger or smaller number of ChemGenex Shares;
- (B) any member of the ChemGenex Group resolves to reduce its share capital in any way;
- (C) any member of the ChemGenex Group enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (D) any member of the ChemGenex Group issues shares (other than pursuant to ChemGenex Listed Options, Disclosed Employee Options or Convertible Notes) or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (E) any member of the ChemGenex Group issues, or agrees to issue, convertible notes;
- (F) any member of the ChemGenex Group disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (G) any member of the ChemGenex Group charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (H) any member of the ChemGenex Group resolves to be wound up;
- (I) a liquidator or provisional liquidator is appointed to any member of the ChemGenex Group;
- (J) a court makes an order for the winding up of any member of the ChemGenex Group;
- (K) an administrator is appointed to any member of the ChemGenex Group under section 436A, 436B or 436C of the Corporations Act;
- (L) any member of the ChemGenex Group executes a deed of company arrangement; or
- (M) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of any member of the ChemGenex Group.
- (ii) During the Condition Period:
- (A) none of the events listed in paragraph (e)(i) happens;
- (B) no member of the ChemGenex Group undertakes a transaction similar to any of those referred to in paragraph (e)(i) under the law of its place of incorporation;
- (C) no administrator, or person performing a function similar to an administrator appointed under section 436A, 436B or 436C of the Corporations Act, is appointed in respect of a member of the ChemGenex Group under a provision equivalent to any of those sections of the Corporations Act under the law of the place of incorporation of the subsidiary;
- (D) no member of the ChemGenex Group enters into an arrangement similar to that referred to in paragraph (e)(i)(L), or any other composition with creditors, under the law of the place of incorporation of the subsidiary;
- (E) no member of the ChemGenex Group issues or grants:
- (aa) any performance rights or other equity-based incentive; or

- (bb) any security which is convertible into ChemGenex shares and which is not referenced in any of the preceding paragraphs or sub-paragraphs of this Section 11.7(e);
  - (F) ChemGenex does not declare or pay any dividend or other distribution;
  - (G) no amendment is made to the constitution of ChemGenex;
  - (H) in relation to Employee Option Cancellation Letters:
    - (aa) the ASX grants a waiver in respect of Listing Rule 6.23.2 to permit the cancellation of options pursuant to the Employee Option Cancellation Letters; and
    - (bb) no Employee Option Cancellation Letter is terminated or amended and no rights of ChemGenex under any Employee Option Cancellation Letter are waived or released by ChemGenex;
  - (I) no member of the ChemGenex Group discloses the existence of any matter described in paragraph (e)(i) or sub-paragraphs (A) to (H) of this paragraph (e)(ii), or agrees, offers or authorises, or announces any intention or proposal, to do anything described in paragraph (e)(i) or sub-paragraphs (A) to (H) of this paragraph (e)(ii); and
  - (J) there is no announcement or other disclosure, and it does not otherwise become known to Cephalon CXS, that any options or other convertible securities or performance rights were in existence as at the Announcement Date other than ChemGenex Listed Options or Disclosed Employee Options.
- (i) in the case of any of the conditions in Section 11.7(e)(i), not less than three business days after the end of the Offer Period; and
  - (ii) in the case of all other conditions in Section 11.7, not less than seven days before the end of the Offer Period.
- (b) If, at the end of the Offer Period, the conditions in Section 11.7 have not been fulfilled and Cephalon CXS has not declared the Share Offer (or the Share Offer has not become) free from those conditions, all contracts resulting from the acceptance of the Share Offer and all acceptances that have not resulted in binding contracts will be automatically void.
  - (c) If any condition in Section 11.7 would not be fulfilled, Cephalon CXS reserves the right to rely on it as a defeating condition or to waive it either immediately or at any later time Cephalon CXS is lawfully able to do so.

**11.10 Notice of status of conditions**

The date for giving the notice as to the status of the conditions in Section 11.7 required by section 630(1) of the Corporations Act is 13 May 2011 (subject to variation in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

**11.11 Effect of acceptance**

By accepting this Share Offer in accordance with Section 11.4, you will have:

**(f) Inter-conditional**

The Listed Option Offer having become or having been declared free of all Listed Option Offer Conditions (other than the condition in Section 12.7(f) of the Listed Option Offer Conditions).

**11.8 Nature of conditions**

- (a) Each of the conditions in each paragraph and each sub-paragraph of Section 11.7 is a condition subsequent and will not prevent a contract to sell your ChemGenex Shares resulting from acceptance of this Share Offer, but any breach or non-fulfilment of any condition will entitle Cephalon CXS to rescind a contract that results from your acceptance of this Share Offer as if that contract had not been formed.
- (b) Each of the conditions in each paragraph and each sub-paragraph of Section 11.7 constitutes and is to be construed as a separate, several and distinct condition. No condition which applies to this Share Offer will be taken to limit the meaning or effect of any other condition.
- (c) Cephalon CXS alone will be entitled to the benefit of the conditions which apply to this Share Offer and any breach or non-fulfilment of such condition may be relied on only by Cephalon CXS.

**11.9 Waiver of conditions**

- (a) Subject to the Corporations Act, Cephalon CXS may free the Share Offer and any contract resulting from acceptance of the Share Offer from any condition in Section 11.7 generally or in relation to a specific occurrence by giving notice in writing to ChemGenex and to the ASX in accordance with section 650F of the Corporations Act. Any such notice may be given:

- (a) accepted this Share Offer for your ChemGenex Shares to which this Share Offer relates (**Accepted Shares**) and agreed to sell those Accepted Shares to Cephalon CXS;
- (b) subject to the Share Offer being declared free from the conditions set out in Section 11.7 or those conditions being fulfilled, assigned all of the beneficial interest in the Accepted Shares to Cephalon CXS, conveyed beneficial title to the Accepted Shares to Cephalon CXS and agreed to transfer legal title to the Accepted Shares to Cephalon CXS, and agreed that Cephalon CXS will be immediately entitled to cause the transfer of the Accepted Shares to be registered;
- (c) represented and warranted to Cephalon CXS that the Accepted Shares will, at the date of the transfer of them to Cephalon CXS, be fully paid and free from all encumbrances of any kind, whether legal or otherwise, and that you have full power and capacity to accept this Share Offer and to sell and transfer the legal and beneficial ownership of the Accepted Shares to Cephalon CXS;
- (d) represented and warranted to Cephalon CXS that, if you are the legal owner but not the beneficial owner of the Accepted Shares:
  - (i) the beneficial holder has not sent a separate acceptance of the Share Offer in respect of the Accepted Shares;
  - (ii) the number of ChemGenex Shares you have specified as being the entire holding of ChemGenex Shares you hold on behalf of the particular beneficial holder is in fact such entire holding; and
  - (iii) you are irrevocably and unconditionally entitled to transfer the Accepted Shares, and to assign all of the beneficial interest in those ChemGenex Shares, to Cephalon CXS;



- (e) irrevocably authorised and directed ChemGenex to pay to Cephalon CXS or to account to ChemGenex for all Rights in respect of the Accepted Shares subject, however, to any such Rights received by Cephalon CXS being accounted for by Cephalon CXS to you if this Share Offer is withdrawn or the contract formed by your acceptance of this Share Offer is rescinded or rendered void;
- (f) except where Rights have been paid or accounted for under paragraph (e), irrevocably authorised Cephalon CXS to deduct from the consideration payable to you under this Share Offer by way of set off the amount of all Rights referred to in paragraph (e) or an amount equal to the value of those Rights as reasonably assessed by Cephalon CXS (or, if there is a dispute, the Chairman of the ASX or his nominee);
- (g) if you signed and returned the Share Offer Acceptance Form in respect of any of your ChemGenex Shares in a CHESS Holding, irrevocably authorised Cephalon CXS to:
- (i) instruct your Controlling Participant to initiate acceptance of the Share Offer in respect of all such ChemGenex Shares in accordance with the ASX Settlement Operating Rules; and
- (ii) give any other instructions concerning those ChemGenex Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant;
- (h) authorised ChemGenex, before registration of the transfer of your Accepted Shares, to transmit your Accepted Shares to any register maintained by ChemGenex which Cephalon CXS, in its absolute discretion, considers desirable;
- (i) authorised ChemGenex to place your entire holding of ChemGenex Shares, including your Accepted Shares, in a reserved subposition in ChemGenex's share register;
- (j) appointed Cephalon CXS and each of its directors, secretaries and officers severally as your true and lawful attorney, with effect from the date that this Share Offer, or any contract resulting from acceptance of this Share Offer, becomes free from its conditions or such conditions are satisfied, with power to do all things which you could lawfully do concerning the Accepted Shares or in exercise of any right derived from the holding of the Accepted Shares, including:
- (i) attending and voting at any meeting of ChemGenex;
- (ii) demanding a poll for any vote to be taken at any meeting of ChemGenex;
- (iii) proposing or seconding any resolution to be considered at any meeting of ChemGenex;
- (iv) requisitioning the convening of any meeting of ChemGenex and convening a meeting pursuant to any such requisition;
- (v) notifying ChemGenex that your address in the records of ChemGenex for all purposes, including the despatch of notices of meeting, annual reports and dividends, should be altered to an address nominated by Cephalon CXS; and
- (vi) doing all things incidental or ancillary to any of the above,
- and agreed that in exercising the powers conferred by that power of attorney, the attorney may act in the interests of Cephalon CXS as the intended owner of the Accepted Shares. This appointment, being given for valuable consideration to secure the interest acquired in your ChemGenex Shares to which this Share Offer relates, is irrevocable, and terminates upon registration of a transfer to Cephalon CXS of your ChemGenex Shares to which this Share Offer relates. Cephalon CXS will indemnify you and keep you indemnified in respect of all costs, expenses and obligations which might otherwise be incurred or undertaken as a result of the exercise by an attorney of any powers under this paragraph (j); and
- (k) subject to the Share Offer being declared free from the conditions set out in Section 11.7 or those conditions being fulfilled, agreed to execute all such documents and do all such things that Cephalon CXS may consider necessary or desirable to convey your ChemGenex Shares and your rights to Cephalon CXS in accordance with the Share Offer Conditions.

### 11.12 Variation

Cephalon CXS may vary this Share Offer as permitted by Part 6.6 Division 2 of the Corporations Act.

### 11.13 Withdrawal

This Share Offer may be withdrawn with the consent in writing of ASIC, which consent may be given subject to such conditions (if any) as are specified in the consent. If so, Cephalon CXS will give notice of the withdrawal to the ASX and to ChemGenex and will comply with any other conditions imposed by ASIC. If Cephalon CXS withdraws this Share Offer, all contracts arising from its acceptance will automatically be void.

### 11.14 Other matters

#### (a) Notices and other communications

Subject to the Corporations Act, a notice or other communication given by Cephalon CXS to you in connection with this Share Offer shall be deemed to be duly given if it is in writing and is:

- (i) delivered to your address as recorded on the register of members of ChemGenex or the address shown in the Share Offer Acceptance Form; or
- (ii) sent by pre-paid ordinary mail, or in the case of an address outside Australia by pre-paid airmail, to you at either of those addresses.

#### (b) Return of documents

If:

- (i) this Share Offer is withdrawn after your Share Offer Acceptance Form has been sent to Cephalon CXS, but before it has been received; or
- (ii) for any other reason Cephalon CXS does not acquire the ChemGenex Shares to which your Share Offer Acceptance Form relates,

Cephalon CXS will despatch at your risk your Share Offer Acceptance Form together with all other documents forwarded by you, to your address as shown on the Share Offer Acceptance Form or such other address as you may notify in writing to Cephalon CXS by, where such address is inside Australia, pre-paid ordinary post, or, where such address is outside Australia, pre-paid airmail.

### 11.15 Governing law

This Share Offer and any contract resulting from your acceptance of it are governed by the law of New South Wales.

# 12

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# FORMAL TERMS AND CONDITIONS OF THE LISTED OPTION OFFER

### 12.1 Listed Options Offer

- (a) Cephalon CXS offers to acquire all of your ChemGenex Listed Options on the terms and subject to the conditions set out in this Listed Option Offer.
- (b) This Listed Option Offer extends to any person who is able during the Offer Period to give good title to a parcel of ChemGenex Listed Options and has not already accepted a Listed Option Offer for those ChemGenex Listed Options (see Section 12.6(b)).
- (c) This Listed Option Offer extends to all ChemGenex Listed Options that exist or will exist as at close of business on the Register Date.
- (d) If you accept this Listed Option Offer, Cephalon CXS will be entitled to all Rights in respect of your ChemGenex Listed Options, as well as the ChemGenex Listed Options themselves. Cephalon CXS may require you to provide all documents necessary to vest title to those Rights in Cephalon CXS, or otherwise to give Cephalon CXS the benefit of those Rights. If you do not do so, or if you have received the benefit of those Rights (whether before or after your acceptance of this Listed Option Offer), Cephalon CXS will deduct from the consideration payable to you under this Listed Option Offer the amount (or the value, as reasonably assessed by Cephalon CXS) of those Rights (see Sections 12.11(e) and 12.11(f)).
- (e) This Listed Option Offer is dated 18 April 2011.

### 12.2 Consideration

The consideration offered for each of your ChemGenex Listed Options is \$0.02.

### 12.3 Offer Period

This Listed Option Offer commences on the date the first of the Listed Option Offers is made, which is 18 April 2011, and remains open for acceptance until 7.00pm (Sydney time) on Monday, 23 May 2011, unless it is withdrawn or extended.

Cephalon CXS may, in accordance with the Corporations Act, extend the period during which this Listed Option Offer remains open for acceptance.

### 12.4 How to accept this Offer

#### (a) General

You may only accept this Listed Option Offer for all of your ChemGenex Listed Options. You may accept the Listed Option Offer at any time during the Offer Period.

#### (b) What type of holding do you have?

The method by which you can accept the Listed Option Offer depends on whether your ChemGenex Listed Options are in an Issuer Sponsored Holding or a CHESS Holding.

The "Securityholder details" box in the accompanying Listed Option Offer Acceptance Form will specify the type of subregister for your ChemGenex shareholding as "Issuer" (for an Issuer Sponsored Holding) or "CHESS" (for a CHESS Holding).

#### (c) Acceptance procedure – Issuer Sponsored Holding

If you hold your ChemGenex Listed Options in an Issuer Sponsored Holding, then to accept this Listed Option Offer you must complete, sign and return the accompanying Listed Option Offer Acceptance Form in accordance with the instructions on it and deliver it or send it by post together with all other documents required by those instructions to the registry address appearing on the form, so that they are received before the end of the Offer Period.

#### (d) Acceptance procedure – CHESS Holding

If you hold your ChemGenex Listed Options in a CHESS Holding, then to accept this Listed Option Offer you must:

- (i) instruct your Controlling Participant (usually, your Broker) to initiate acceptance of the Listed Option Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules, so as to be effective before the end of the Offer Period; or
- (ii) complete the Listed Option Offer Acceptance Form and mail or deliver it to the registry address appearing on the form. That will authorise Cephalon CXS to instruct your Controlling Participant to initiate acceptance of the Listed Option Offer on your behalf. For return of the Listed Option Offer Acceptance Form to be an effective acceptance of the Listed Option Offer, you must ensure that it is received in time for instructions to be given to your Controlling Participant, and for your Controlling Participant to carry out those instructions, before the end of the Offer Period.

You will be taken to have completed acceptance of this Listed Option Offer when your Controlling Participant initiates acceptance of this Listed Option Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules.

If you are a Broker or a Participant, you must yourself initiate acceptance under Rule 14.14 of the ASX Settlement Operating Rules, so as to be effective before the end of the Offer Period.

#### (e) Address for Listed Option Offer Acceptance Forms

The relevant mailing address for completed Listed Option Offer Acceptance Forms is set out in the Listed Option Offer Acceptance Form. A reply paid envelope accompanies this Bidder's Statement for use by ChemGenex Listed Optionholders.

#### (f) Listed Option Offer Acceptance Form

The Listed Option Offer Acceptance Form which accompanies this Listed Option Offer forms part of this Listed Option Offer. The requirements on the Listed Option Offer Acceptance Form must be observed in accepting this Listed Option Offer in respect of your ChemGenex Listed Options.

#### (g) Cephalon CXS's discretion

Despite Sections 12.4(c) and 12.4(d) above, Cephalon CXS may at its discretion treat any Listed Option Offer Acceptance Form received before the end of the Offer Period (at the address specified in the Listed Option Offer Acceptance Form or such other address as may be acceptable to Cephalon CXS) as valid or waive any requirement of Sections 12.4(c) and 12.4(d) in any case, but the payment of the consideration in accordance with this Listed Option Offer will not be made until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Cephalon CXS (see Section 12.5(b)).

By returning the Listed Option Offer Acceptance Form to the registry address appearing on the form, you will have authorised Cephalon CXS (by its directors, officers or agents) to complete the Listed Option Offer Acceptance Form by inserting such details as are omitted in respect of the Accepted Listed Options and to rectify any errors in or omissions from the relevant form (including altering the number of ChemGenex Listed Options stated to be held by you if it is otherwise than as set out in the relevant form and making any consequential changes to the number of Accepted Listed Options) as may be necessary to make the Listed Option Offer Acceptance Form an effective acceptance of this Listed Option Offer or to enable registration of the transfer of your Accepted Listed Options to Cephalon CXS.

**12.5 Payment of consideration**

- (a) If you accept this Listed Option Offer and the conditions of the Listed Option Offer and of the contract resulting from the acceptance of the Listed Option Offer are satisfied or the Listed Option Offer is declared free of those conditions, then Cephalon CXS will arrange for a cheque to be drawn in Australian dollars in your favour for the amount of cash payable to you in accordance with this Listed Option Offer and will send the cheque to you at your address as shown in the Listed Option Offer Acceptance Form by, subject to paragraph (b), the end of whichever of the following periods ends earlier:
- (i) one month after the date this Listed Option Offer is validly accepted by you under Section 12.4 or, if at the time of your acceptance this Listed Option Offer is subject to a condition in Section 12.7, within one month after the contract formed by your acceptance of this Listed Option Offer becomes unconditional; or
  - (ii) 21 days after the end of the Offer Period.
- (b) Where the Listed Option Offer Acceptance Form requires additional documents to be given with your acceptance (such as a power of attorney):
- (i) if the documents are given with your acceptance, Cephalon CXS will provide the consideration in accordance with paragraph (a);
  - (ii) if the documents are given after acceptance and before the end of the Offer Period and the Listed Option Offer is subject to a defeating condition (see Section 12.7) at the time that Cephalon CXS is given the documents, Cephalon CXS will provide the consideration by the end of whichever period ends earlier:
    - (A) one month after the contract resulting from your acceptance of the Listed Option Offer becomes unconditional; or
    - (B) 21 days after the end of the Offer Period;
  - (iii) if the documents are given after acceptance and before the end of the Offer Period and the Listed Option Offer is unconditional, Cephalon CXS will provide the consideration by the end of whichever period ends earlier:
    - (A) one month after Cephalon CXS is given the documents; or
    - (B) 21 days after the end of the Offer Period;
  - (iv) if the documents are given after the end of the Offer Period and, at the time Cephalon CXS is given the documents, the contract resulting from your acceptance of this Listed Option Offer is:
    - (A) unconditional, Cephalon CXS will provide the consideration within 21 days after the documents are given; or
    - (B) still subject to a defeating condition that relates to a circumstance or event referred to in Section 12.7(e)(i) Cephalon CXS will provide the consideration within 21 days after that contract becomes unconditional.

If you do not provide Cephalon CXS with the required additional documents within one month after the end of the Offer Period, Cephalon CXS may, in its sole discretion, rescind the contract resulting from your acceptance of the Listed Option Offer.

- (c) If, at the time of acceptance of this Listed Option Offer:
- (i) any authority, clearance or approval of the Reserve Bank of Australia or of the Australian Taxation Office is required for you to receive any consideration under this Listed Option Offer; or
  - (ii) you are resident of a place to which, or you are a person to whom, any law of Australia or elsewhere would make it unlawful for Cephalon CXS to provide consideration for your ChemGenex Listed Options,

then your acceptance of this Listed Option Offer will not create or transfer to you any right (contractual or contingent) to receive the consideration specified in this Listed Option Offer unless and until all requisite authorities, clearances or approvals have been received by Cephalon CXS.

**12.6 Persons to whom the Listed Option Offer is made**

- (a) A Listed Option Offer in this form and bearing the same date is being made to, and will be sent to, each holder of ChemGenex Listed Options registered as at close of business (Sydney time) on the Register Date.
- (b) A person who:
- (i) is able during the Offer Period to give good title to a parcel of ChemGenex Listed Options; and
  - (ii) has not already accepted a Listed Option Offer for those ChemGenex Listed Options,
- may, in accordance with section 653B(1) of the Corporations Act, accept this Listed Option Offer as if an offer on terms identical with the Listed Option Offer had been made to that person in relation to those ChemGenex Listed Options.
- (c) If at any time during the Offer Period your ChemGenex Listed Options consist of two or more distinct portions (for example, where you hold ChemGenex Listed Options as nominee for separate beneficial owners), this Listed Option Offer is deemed to consist of separate corresponding Listed Option Offers made to you for the respective distinct portions of your ChemGenex Listed Options. You may accept two or more such deemed separate corresponding Listed Option Offers at the same time as if they were a single Listed Option Offer for each distinct portion of ChemGenex Listed Options. An acceptance by you of one of the Offers which is deemed to exist in respect of a distinct portion of ChemGenex Listed Options is ineffective unless you have given to Cephalon CXS a notice which must be in writing stating that the relevant ChemGenex Listed Options consist of a distinct portion and your acceptance specifies the number of ChemGenex Listed Options in the distinct portion to which the acceptance relates. If this applies to you, please call the Cephalon Offer Information Line for such additional copies of this Bidder's Statement and Listed Option Offer Acceptance Form as are necessary.

## 12.7 Conditions

This Listed Option Offer and any contract which results from your acceptance of the Listed Option Offer is subject to the fulfilment of the following conditions:

### (a) Minimum acceptance

Before and at the end of the Offer Period, Cephalon CXS has a relevant interest in at least 90% of ChemGenex Listed Options.

### (b) Adverse change conditions

#### (i) Material adverse change in respect of the ChemGenex Group

During the Condition Period, no event, change or circumstance occurs, is announced or becomes known to Cephalon CXS (whether or not it becomes public) which (individually or with others) has or could reasonably be expected to have a material adverse effect on the business, assets, liabilities, financial position, performance, profitability or prospects of the ChemGenex Group taken as a whole.

#### (ii) Instances of material adverse change in respect of the ChemGenex Group

Without limiting paragraph (i), during the Condition Period:

- (A) no event, change or circumstance occurs, is announced or becomes known to Cephalon CXS (whether or not it becomes public) which (individually or with others) has or could reasonably be expected to have the effect of a diminution of 10% or more in the consolidated net assets of the ChemGenex Group relative to the consolidated net assets of the ChemGenex Group as at 31 December 2010; and
- (B) no member of the ChemGenex Group discontinues, suspends or materially alters the basis of, or announces any intention or proposal to discontinue, suspend or materially alter the basis of, the preparation of the New Drug Application for submission to the United States Food and Drug Administration or the Marketing Authorisation Application for submission to the European Medicines Agency for omacetaxine in CML patients who are resistant to, or have failed, two or more currently approved tyrosine kinase inhibitors.

#### (iii) Conduct of the ChemGenex Group's business in the ordinary course

During the Condition Period, no member of the ChemGenex Group conducts its business otherwise than in the ordinary course.

#### (iv) Instances of conduct not in the ordinary course

Without limiting paragraph (iii), during the Condition Period, no member of the ChemGenex Group:

- (A) acquires any one or more entities, businesses or assets (or any interest in any one or more entities, businesses or assets) the price, or aggregate price, of which exceeds \$1.0 million;
- (B) disposes of any one or more entities, businesses or assets (or any interest in any one or more entities, businesses or assets) the price, or aggregate price, of which exceeds \$1.0 million;

- (C) enters into any agreement involving a commitment greater than \$1.0 million or the term of which cannot be terminated within six months;
- (D) incurs or commits to, or grants to another person a right the exercise of which would involve incurring or committing to, any capital expenditure in respect of any one or more items which, or the aggregate amount of which, exceeds \$1.0 million;
- (E) incurs any indebtedness or issues any debt securities other than:
  - (aa) to another member of the ChemGenex Group; or
  - (bb) trade credit in the ordinary course of business;
- (F) releases or materially varies any obligation owing to it by any person which by reason of its quantum or its nature is material to the ChemGenex Group taken as a whole;
- (G) enters into any joint venture, shareholders, partnership or strategic alliance agreement;
- (H) gives a financial benefit to any related party of ChemGenex within the meaning of Chapter 2E of the Corporations Act;
- (I) employs or appoints any director or employee in respect of which the total annual employment or appointment costs of that person would exceed \$150,000 (other than to replace on substantially similar terms, including as to remuneration and benefits, a person who has ceased to be an employee of any member of the ChemGenex Group);
- (J) does any of the following:
  - (aa) makes any change in the basis or amount of the remuneration of, or otherwise varies in any material respect the employment or appointment arrangements of, any employee or director, other than in the ordinary course of business and consistent with past practice;
  - (bb) accelerates the rights of any director or employee to compensation or benefits of any kind;
  - (cc) pays any bonus or pays or provides any termination, retention or retirement payment or other benefit to any director or employee, except as required by law, in accordance with the terms of an agreement disclosed to Cephalon CXS prior to the Announcement Date or in accordance with any entitlement under the terms of any superannuation, provident or retirement scheme in effect as at the Announcement Date; or
  - (dd) enters into, or makes any amendment to, any deed of indemnity, access and insurance (or similar arrangement) in favour of any director or employee;



- (K) does any of the following:
  - (aa) licenses any of its intellectual property to any person other than a member of the ChemGenex Group;
  - (bb) enters into any agreement pursuant to which it agrees to undertake any research and development for any person other than a member of the ChemGenex Group; or
  - (cc) takes a licence of intellectual property of any person other than a member of the ChemGenex Group; or
- (L) discloses the existence of any matter described in sub-paragraphs (A) to (K) above, or agrees, offers or authorises, or announces any intention or proposal, to do anything described in sub-paragraphs (A) to (K) above,

except to the extent fully and accurately announced by ChemGenex to the ASX prior to the Announcement Date.

- (v) **Exclusions**  
None of paragraphs (i) to (iv) shall apply to any action which is taken by ChemGenex in accordance with the terms of any Employee Option Cancellation Letter or is otherwise taken with the prior written consent of Cephalon CXS.

**(c) Change of control conditions**

- (i) **No change of control event triggered**  
During the Condition Period, as a result (directly or indirectly) of the acquisition or proposed acquisition of ChemGenex Listed Options by Cephalon CXS:
  - (A) no person becomes entitled to exercise, exercises or purports to exercise, or states any intention to exercise, any right under any provision of any agreement or other instrument to which any member of the ChemGenex Group is a party, or by or to which any member of the ChemGenex Group or any of its assets may be bound or be subject, which right, upon its exercise, results or would result, or could reasonably be expected to result, to an extent which is material to the ChemGenex Group taken as a whole, in:
    - (aa) any such agreement or other instrument being terminated or varied or any action being taken or arising under it;
    - (bb) the interest of any member of the ChemGenex Group in any partnership, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated, varied or required to be transferred or redeemed; or
    - (cc) the business of any member of the ChemGenex Group being materially adversely affected;
  - (B) no Approval issued by a Regulatory Authority to or otherwise held by any member of the ChemGenex Group is or is able to be revoked, withdrawn, terminated or varied such that it:

- (aa) results, or could reasonably be expected to result, in a material adverse effect on the business, assets, liabilities, financial position, performance, profitability or prospects of the ChemGenex Group taken as a whole; or
  - (bb) prevents or materially adversely affects or could reasonably be expected to prevent or materially adversely affect the implementation or completion of the Offer; and
- (C) without limiting any of the foregoing, no Regulatory Authority becomes entitled to suspend, terminate or withhold any grant, development assistance or other financial assistance to which any member of the ChemGenex Group is or may be otherwise entitled or to require or accelerate repayment of any grant, development assistance or other financial assistance previously provided to any member of the ChemGenex Group.

**(d) HSR**

No objection being received and the period of 30 days expiring (or earlier terminated) from the date of the filing by Cephalon CXS of a merger/acquisition notification as required under the US Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

**(e) No prescribed occurrences**

- (i) Between the time beginning when the Bidder's Statement is given to ChemGenex and ending at the end of the Offer Period, none of the following occurrences happens:
  - (A) ChemGenex converts all or any of the ChemGenex Listed Options into a larger or smaller number of ChemGenex Listed Options;
  - (B) any member of the ChemGenex Group resolves to reduce its share capital in any way;
  - (C) any member of the ChemGenex Group enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
  - (D) any member of the ChemGenex Group issues shares (other than pursuant to ChemGenex Listed Options, Disclosed Employee Options or Convertible Notes) or grants an option over its shares, or agrees to make such an issue or grant such an option;
  - (E) any member of the ChemGenex Group issues, or agrees to issue, convertible notes;
  - (F) any member of the ChemGenex Group disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
  - (G) any member of the ChemGenex Group charges, or agrees to charge, the whole, or a substantial part, of its business or property;
  - (H) any member of the ChemGenex Group resolves to be wound up;
  - (I) a liquidator or provisional liquidator is appointed to any member of the ChemGenex Group;

- (J) a court makes an order for the winding up of any member of the ChemGenex Group;
  - (K) an administrator is appointed to any member of the ChemGenex Group under section 436A, 436B or 436C of the Corporations Act;
  - (L) any member of the ChemGenex Group executes a deed of company arrangement; or
  - (M) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of any member of the ChemGenex Group.
- (ii) During the Condition Period:
- (A) none of the events listed in paragraph (e)(i) happens;
  - (B) no member of the ChemGenex Group undertakes a transaction similar to any of those referred to in paragraph (e)(i) under the law of its place of incorporation;
  - (C) no administrator, or person performing a function similar to an administrator appointed under section 436A, 436B or 436C of the Corporations Act, is appointed in respect of a member of the ChemGenex Group under a provision equivalent to any of those sections of the Corporations Act under the law of the place of incorporation of the subsidiary;
  - (D) no member of the ChemGenex Group enters into an arrangement similar to that referred to in paragraph (e)(i)(L), or any other composition with creditors, under the law of the place of incorporation of the subsidiary;
  - (E) no member of the ChemGenex Group issues or grants:
    - (aa) any performance rights or other equity-based incentive; or
    - (bb) any security which is convertible into ChemGenex shares and which is not referenced in any of the preceding paragraphs or sub-paragraphs of this Section 12.7(e);
  - (F) ChemGenex does not declare or pay any dividend or other distribution;
  - (G) no amendment is made to the constitution of ChemGenex;
  - (H) in relation to Employee Option Cancellation Letters:
    - (aa) the ASX grants a waiver in respect of Listing Rule 6.23.2 to permit the cancellation of options pursuant to the Employee Option Cancellation Letters; and
    - (bb) no Employee Option Cancellation Letter is terminated or amended and no rights of ChemGenex under any Employee Option Cancellation Letter are waived or released by ChemGenex;
  - (I) no member of the ChemGenex Group discloses the existence of any matter described in paragraph (e) (i) or sub-paragraphs (A) to (H) of this paragraph (e)(ii), or agrees, offers or authorises, or announces any intention or proposal, to do anything described in paragraph (e)(i) or sub-paragraphs (A) to (H) of this paragraph (e)(ii); and
- (J) there is no announcement or other disclosure, and it does not otherwise become known to Cephalon CXS, that any options or other convertible securities or performance rights were in existence as at the Announcement Date other than ChemGenex Listed Options or Disclosed Employee Options.
- (f) Inter-conditionality**  
The Share Offer having become or having been declared free of all Share Offer Conditions (other than the condition in Section 11.7(f) of the Share Offer Conditions). The condition in this Section 12.7(f) is a non-waivable condition.
- 12.8 Nature of conditions**
- (a) Each of the conditions in each paragraph and each sub-paragraph of Section 12.7 is a condition subsequent and will not prevent a contract to sell your ChemGenex Listed Options resulting from acceptance of this Listed Option Offer, but any breach or non-fulfilment of any condition will entitle Cephalon CXS to rescind a contract that results from your acceptance of this Listed Option Offer as if that contract had not been formed.
  - (b) Each of the conditions in each paragraph and each sub-paragraph of Section 12.7 constitutes and is to be construed as a separate, several and distinct condition. No condition which applies to this Listed Option Offer will be taken to limit the meaning or effect of any other condition.
  - (c) Cephalon CXS alone will be entitled to the benefit of the conditions which apply to this Listed Option Offer and any breach or non-fulfilment of such condition may be relied on only by Cephalon CXS.
- 12.9 Waiver of conditions**
- (a) Subject to the Corporations Act, Cephalon CXS may free the Listed Option Offer and any contract resulting from acceptance of the Listed Option Offer from any condition in Section 12.7 (other than the condition in Section 12.7(f) which is non-waivable) generally or in relation to a specific occurrence by giving notice in writing to ChemGenex and to the ASX in accordance with section 650F of the Corporations Act. Any such notice may be given:
    - (i) in the case of any of the conditions in Section 12.7(e)(i), not less than three business days after the end of the Offer Period; and
    - (ii) in the case of all other conditions in Section 12.7, not less than seven days before the end of the Offer Period.
  - (b) If, at the end of the Offer Period, the conditions in Section 12.7 have not been fulfilled and Cephalon CXS has not declared the Listed Option Offer (or the Listed Option Offer has not become) free from those conditions, all contracts resulting from the acceptance of the Listed Option Offer and all acceptances that have not resulted in binding contracts will be automatically void.
  - (c) If any condition in Section 12.7 would not be fulfilled, Cephalon CXS reserves the right to rely on it as a defeating condition or to waive it either immediately or at any later time Cephalon CXS is lawfully able to do so.

**12.10 Notice of status of conditions**

The date for giving the notice as to the status of the conditions in Section 12.7 required by section 630(1) of the Corporations Act is 13 May 2011 (subject to variation in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

**12.11 Effect of acceptance**

By accepting this Listed Option Offer in accordance with Section 12.4, you will have:

- (a) accepted this Listed Option Offer for your ChemGenex Listed Options to which this Listed Option Offer relates (**Accepted Listed Options**) and agreed to sell those Accepted Listed Options to Cephalon CXS;
- (b) subject to the Listed Option Offer being declared free from the conditions set out in Section 12.7 or those conditions being fulfilled, assigned all of the beneficial interest in the Accepted Listed Options to Cephalon CXS, conveyed beneficial title to the Accepted Listed Options to Cephalon CXS and agreed to transfer legal title to the Accepted Listed Options to Cephalon CXS, and agreed that Cephalon CXS will be immediately entitled to cause the transfer of the Accepted Listed Options to be registered;
- (c) represented and warranted to Cephalon CXS that the Accepted Listed Options will, at the date of the transfer of them to Cephalon CXS, be fully paid and free from all encumbrances of any kind, whether legal or otherwise, and that you have full power and capacity to accept this Listed Option Offer and to sell and transfer the legal and beneficial ownership of the Accepted Listed Options to Cephalon CXS;
- (d) represented and warranted to Cephalon CXS that, if you are the legal owner but not the beneficial owner of the Accepted Listed Options:
  - (i) the beneficial holder has not sent a separate acceptance of the Listed Option Offer in respect of the Accepted Listed Options;
  - (ii) the number of ChemGenex Listed Options you have specified as being the entire holding of ChemGenex Listed Options you hold on behalf of the particular beneficial holder is in fact such entire holding; and
  - (iii) you are irrevocably and unconditionally entitled to transfer the Accepted Listed Options, and to assign all of the beneficial interest in those ChemGenex Listed Options, to Cephalon CXS;
- (e) irrevocably authorised and directed ChemGenex to pay to Cephalon CXS or to account to ChemGenex for all Rights in respect of the Accepted Listed Options subject, however, to any such Rights received by Cephalon CXS being accounted for by Cephalon CXS to you if this Listed Option Offer is withdrawn or the contract formed by your acceptance of this Listed Option Offer is rescinded or rendered void;
- (f) except where Rights have been paid or accounted for under paragraph (e), irrevocably authorised Cephalon CXS to deduct from the consideration payable to you under this Listed Option Offer by way of set off the amount of all Rights referred to in paragraph (e) or an amount equal to the value of those Rights as reasonably assessed by Cephalon CXS (or, if there is a dispute, the Chairman of the ASX or his nominee);
- (g) if you signed and returned the Listed Option Offer Acceptance Form in respect of any of your ChemGenex Listed Options in a CHESS Holding, irrevocably authorised Cephalon CXS to:
  - (i) instruct your Controlling Participant to initiate acceptance of the Listed Option Offer in respect of all such ChemGenex Listed Options in accordance with the ASX Settlement Operating Rules; and
  - (i) give any other instructions concerning those ChemGenex Listed Options to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant;
- (h) authorised ChemGenex, before registration of the transfer of your Accepted Listed Options, to transmit your Accepted Listed Options to any register maintained by ChemGenex which Cephalon CXS, in its absolute discretion, considers desirable;
- (i) authorised ChemGenex to place your entire holding of ChemGenex Listed Options, including your Accepted Listed Options, in a reserved subposition in ChemGenex's share register;
- (j) appointed Cephalon CXS and each of its directors, secretaries and officers severally as your true and lawful attorney, with effect from the date that this Listed Option Offer, or any contract resulting from acceptance of this Listed Option Offer, becomes free from its conditions or such conditions are satisfied, with power to do all things which you could lawfully do concerning the Accepted Listed Options or in exercise of any right derived from the holding of the Accepted Listed Options, and agreed that in exercising the powers conferred by that power of attorney, the attorney may act in the interests of Cephalon CXS as the intended owner of the Accepted Listed Options. This appointment, being given for valuable consideration to secure the interest acquired in your ChemGenex Listed Options to which this Listed Option Offer relates, is irrevocable, and terminates upon registration of a transfer to Cephalon CXS of your ChemGenex Listed Options to which this Listed Option Offer relates. Cephalon CXS will indemnify you and keep you indemnified in respect of all costs, expenses and obligations which might otherwise be incurred or undertaken as a result of the exercise by an attorney of any powers under this paragraph (j); and
- (k) subject to the Listed Option Offer being declared free from the conditions set out in Section 12.7 or those conditions being fulfilled, agreed to execute all such documents and do all such things that Cephalon CXS may consider necessary or desirable to convey your ChemGenex Listed Options and your rights to Cephalon CXS in accordance with the Listed Option Offer Conditions.



### **12.12 Variation**

Cephalon CXS may vary this Listed Option Offer as permitted by Part 6.6 Division 2 of the Corporations Act.

### **12.13 Withdrawal**

This Listed Option Offer may be withdrawn with the consent in writing of ASIC, which consent may be given subject to such conditions (if any) as are specified in the consent. If so, Cephalon CXS will give notice of the withdrawal to the ASX and to ChemGenex and will comply with any other conditions imposed by ASIC. If Cephalon CXS withdraws this Listed Option Offer, all contracts arising from its acceptance will automatically be void.

### **12.14 Other matters**

#### **(a) Notices and other communications**

Subject to the Corporations Act, a notice or other communication given by Cephalon CXS to you in connection with this Listed Option Offer shall be deemed to be duly given if it is in writing and is:

- (i) delivered to your address as recorded on the register of members of ChemGenex or the address shown in the Listed Option Offer Acceptance Form; or
- (ii) sent by pre-paid ordinary mail, or in the case of an address outside Australia by pre-paid airmail, to you at either of those addresses.

#### **(b) Return of documents**

If:

- (i) this Listed Option Offer is withdrawn after your Listed Option Offer Acceptance Form has been sent to Cephalon CXS, but before it has been received; or
- (ii) for any other reason Cephalon CXS does not acquire the ChemGenex Listed Options to which your Listed Option Offer Acceptance Form relates,

Cephalon CXS will despatch at your risk your Listed Option Offer Acceptance Form together with all other documents forwarded by you, to your address as shown on the Listed Option Offer Acceptance Form or such other address as you may notify in writing to Cephalon CXS by, where such address is inside Australia, pre-paid ordinary post, or, where such address is outside Australia, pre-paid airmail.

### **12.15 Governing law**

This Listed Option Offer and any contract resulting from your acceptance of it are governed by the law of New South Wales.

# 13

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# APPROVAL OF BIDDER'S STATEMENT

A copy of this Bidder's Statement that is to be lodged with ASIC has been approved by a resolution passed by the directors of Cephalon CXS on 13 April 2011.

Signed on behalf of Cephalon CXS in accordance with sections 52A and 351 of the Corporations Act.

A handwritten signature in black ink that reads "Timothy Bowley". The signature is written in a cursive style with a large, looped 'T' and 'B'.

**J. Kevin Buchi**

Director, by his attorney, Timothy Bowley

Dated: 13 April 2011

**14**

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**GLOSSARY**

## 14.1 Definitions

In this Bidder's Statement, unless the context requires otherwise:

<b>Listed Option Offer Acceptance Form</b>	means the acceptance form for ChemGenex Listed Options accompanying this Bidder's Statement.
<b>Accepted Listed Options</b>	has the meaning given in Section 12.11(a).
<b>Accepted Shares</b>	has the meaning given in Section 11.11(a).
<b>Announcement</b>	means the announcement of the Offers which was jointly released by Cephalon and ChemGenex on the Announcement Date.
<b>Announcement Date</b>	means 29 March 2011, being the date of the Announcement.
<b>Approval</b>	means a licence, authority, authorisation, consent, permission, approval, clearance, grant, confirmation, order, exemption, waiver or ruling.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX Settlement</b>	means ASX Settlement Pty Limited ACN 008 504 532, the body which administers CHES.
<b>ASX Settlement Operating Rules</b>	means the settlement operating rules of ASX Settlement.
<b>ASX</b>	means ASX Limited ACN 008 624 691 or the market operated by it, as the context requires.
<b>Bidder's Statement</b>	means this document, being the statement of Cephalon CXS under Part 6.5 Division 2 of the Corporations Act relating to the Offers.
<b>Broker</b>	means a person who is a share broker and a Participant.
<b>business day</b>	means a day on which banks are open for general banking business in Sydney (not being a Saturday, Sunday or public holiday).
<b>Cephalon</b>	means Cephalon, Inc.
<b>Cephalon CXS</b>	means Cephalon CXS Holdings Pty Ltd (ACN 150 102 659).
<b>Cephalon Group</b>	means Cephalon and its subsidiaries from time to time.
<b>Cephalon International</b>	means Cephalon International Holdings, Inc.
<b>Cephalon Offer Information Line</b>	means the Offer information telephone assistance line which can be contacted during normal business hours on 1800 072 766 (from within Australia) or +61 2 8280 7152 (from outside Australia), operated on behalf of Cephalon CXS.
<b>ChemGenex</b>	means ChemGenex Pharmaceuticals Ltd (ACN 000 248 304).
<b>ChemGenex Group</b>	means ChemGenex and its subsidiaries from time to time.
<b>ChemGenex Listed Option</b>	means an ASX-listed option of ChemGenex.
<b>ChemGenex Listed Optionholder</b>	means the holder of one or more ChemGenex Listed Options.
<b>ChemGenex Share</b>	means an ordinary share in ChemGenex (whether fully paid or partly paid).
<b>ChemGenex Shareholder</b>	means the holder of one or more ChemGenex Shares.
<b>CHES</b>	means the Clearing House Electronic Subregister System, which provides for electronic share transfers in Australia.
<b>CHES Holding</b>	means a holding of ChemGenex Shares on the CHES subregister of ChemGenex.
<b>CML</b>	means chronic myeloid leukaemia.
<b>Condition Period</b>	means the Listed Option Offer Condition Period or Share Offer Condition Period, as the context requires.
<b>Controlling Participant</b>	has the meaning given in the ASX Settlement Operating Rules.
<b>Convertible Note</b>	means a convertible note with a conversion price of \$0.50 per ChemGenex Share issued to Cephalon International by ChemGenex pursuant to the convertible note subscription agreement between ChemGenex and Cephalon International dated 22 October 2010 and described in the ChemGenex company announcement issued to the ASX on the same date.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Disclosed Employee Options</b>	means unlisted options over unissued ChemGenex Shares held by certain employees and directors of ChemGenex or their related entities, expiring at various dates and exercisable at various prices, as disclosed in ChemGenex's register of options provided to Cephalon prior to the Announcement Date.
<b>Employee Option Cancellation Letter</b>	means the letter agreements entered into on or about the Announcement Date between ChemGenex and certain holders of Disclosed Employee Options conditional on receipt of an ASX waiver of Listing Rule 6.23.2, the Share Offer becoming or being declared unconditional and Cephalon CXS acquiring voting power in ChemGenex of at least 50.1%.
<b>Issuer Sponsored Holding</b>	means a holding of ChemGenex Shares on ChemGenex's issuer sponsored subregister.

<b>Link</b>	means Link Market Services Limited ACN 083 214 537.
<b>Listing Rules</b>	means the listing rules of the ASX.
<b>Listed Option Offer</b>	means the offer by Cephalon CXS to acquire ChemGenex Listed Options on the Listed Option Offer Conditions.
<b>Listed Option Offer Conditions</b>	means the terms and conditions of the Listed Option Offer set out in Section 12.
<b>Listed Option Offer Condition Period</b>	means the period beginning on the Announcement Date and ending at the end of the Listed Option Offer Period.
<b>Listed Option Offer Period</b>	means the period during which the Listed Option Offer remains open.
<b>Maximum Aggregate Amount</b>	has the meaning given at Section 9.1.
<b>Offer</b>	means the Listed Option Offer or Share Offer, as the context requires.
<b>Offer Period</b>	means the Listed Option Offer Period or the Share Offer Period, as the context requires.
<b>Option</b>	means any security which will convert, or may be converted, to ChemGenex Shares or confers rights to be issued ChemGenex Shares, and includes ChemGenex Listed Options.
<b>Participant</b>	means an entity admitted to participate in CHESS under Rule 4.3.1 and Rule 4.4.1 of the ASX Settlement Operating Rules.
<b>Register Date</b>	means 13 April 2011, being the date set by Cephalon CXS under section 633(2) of the Corporations Act.
<b>Regulatory Authority</b>	means any governmental, semi-governmental, administrative, statutory or judicial entity, authority or agency, whether in Australia or elsewhere, including any self-regulatory organisation established under statute or any stock exchange but excluding the Takeovers Panel, ASIC and any court that hears or determines proceedings under section 657G of the Corporations Act or proceedings commenced under the Corporations Act by a person specified in section 659B(1) in relation to the Share Offer or Listed Option Offer
<b>Rights</b>	means all accretions, rights or benefits of whatever kind attaching to or arising from ChemGenex Shares or ChemGenex Listed Options (as the context requires) directly or indirectly after the Announcement Date, including, without limitation, all dividends, returns of capital or other distributions (whether in cash or in specie) and all rights to receive any dividends, returns of capital or other distributions (whether in cash or in specie), or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared, paid, issued or made by ChemGenex or any of its subsidiaries.
<b>Share Offer</b>	means the offer by Cephalon CXS to acquire ChemGenex Shares on the Share Offer Conditions.
<b>Share Offer Conditions</b>	means the terms and conditions of the Share Offer set out in Section 11.
<b>Share Offer Condition Period</b>	means the period beginning on the Announcement Date and ending at the end of the Share Offer Period.
<b>Share Offer Period</b>	means the period during which the Share Offer remains open.
<b>subsidiary</b>	has the meaning given to it in the Corporations Act.
<b>Target's Statement</b>	means the target's statement to be issued by ChemGenex in response to this Bidder's Statement, as required by the Corporations Act, and which is contained in Part II of this booklet.
<b>Valeant</b>	means Valeant Pharmaceuticals International, Inc.
<b>VWAP</b>	means volume-weighted average price, calculated by dividing the value of trades by the volume over a given period.
<b>your ChemGenex Shares</b>	means, subject to Section 11.6: <ul style="list-style-type: none"> <li>(a) the ChemGenex Shares of which you are registered or entitled to be registered as the holder in the register of members of ChemGenex at the Register Date; and</li> <li>(b) any other ChemGenex Shares to which you are able to give good title at the time you accept the Share Offer.</li> </ul>
<b>your ChemGenex Listed Options</b>	means, subject to Section 12.6: <ul style="list-style-type: none"> <li>(a) the ChemGenex Listed Options of which you are registered or entitled to be registered as the holder in the register of members of ChemGenex at the Register Date; and</li> <li>(b) any other ChemGenex Listed Options to which you are able to give good title at the time you accept the Listed Option Offer.</li> </ul>

## 14.2 General interpretation

The following rules of interpretation apply unless the contrary intention appears or the context requires otherwise:

- (a) A reference to time is a reference to standard Sydney time as defined in the *Standard Time Act 1987* (NSW).
- (b) Headings are for convenience only and do not affect interpretation.
- (c) The singular includes the plural and conversely.
- (d) A reference to a Section is to a Section of this Bidder's Statement.
- (e) A gender includes all genders.
- (f) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (g) \$, A\$ or cents is a reference to the lawful currency in Australia, unless otherwise stated.
- (h) A reference to a person includes a body corporate, an unincorporated body or other entity and conversely.
- (i) A reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns.
- (j) A reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it.
- (k) A reference to any instrument or document includes any variation or replacement of it.
- (l) A term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act or the ASX Settlement Operating Rules, as the case may be.
- (m) A reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually.
- (n) A reference to "you" is to a person to whom a Share Offer is made under Section 11 or a Listed Option Offer is made under Section 12 (as the context requires).



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**PART I  
BIDDER'S  
STATEMENT**

**Cephalon, Inc.**

41 Moores Road  
Frazer Pennsylvania 19355  
United States of America

**Cephalon CXS Holdings Pty Ltd**

Level 2  
37-39 Epping Road  
Macquarie Park NSW 2113

**Financial adviser to Cephalon**

Merrill Lynch

**Australia:**

Level 19  
120 Collins Street  
Melbourne VIC 3000

**United States:**

One Bryant Park  
New York NY 10036  
United States of America

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**CORPORATE  
DIRECTORY**

**Legal adviser to Cephalon CXS and Cephalon**

Johnson Winter & Slattery  
Level 30  
264 George Street  
Sydney NSW 2000

**Offer registrar**

Link Market Services Limited  
Level 12  
680 George Street  
Sydney NSW 2000

**Offer Information Line**

*(between 8:30am to 5:30pm (Sydney time)  
Monday to Friday)*  
1800 072 766 from within Australia  
+61 2 8280 7152 from outside Australia

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# PART II TARGET'S STATEMENT



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This is an important document and requires your immediate attention.

If you have any doubts as to what you should do, please seek independent financial and taxation advice from your professional advisers.

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**In response to conditional, off-market takeover offers in respect of ChemGenex Shares and ChemGenex Listed Options by Cephalon CXS Holdings Pty Ltd, a wholly owned subsidiary of**

**Cephalon, Inc. (Nasdaq: CEPH)**

**to acquire all of your ordinary shares and all of your listed options in**

**ChemGenex Pharmaceuticals Ltd**

**ABN 79 000 248 304 (ASX Code: CXS)**

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**CHEMGENEX'S DIRECTORS  
UNANIMOUSLY RECOMMEND  
THAT, IN THE ABSENCE OF  
A SUPERIOR OFFER, YOU  
ACCEPT THE CEPHALON OFFER**

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Corporate Adviser

Legal Adviser

CANACCORD Genuity

Lawyers  
McCullough  
Robertson

## PART II TARGET'S STATEMENT

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## KEY DATES

Date of this Target's Statement	<b>13 April 2011</b>
Dispatch of Bidder's Statement commenced and Cephalon Offer opens	<b>18 April 2011</b>
End of Offer period (unless the Cephalon Offer is extended or withdrawn)	<b>23 May 2011</b>

## IMPORTANT NOTICES

### Target's Statement

This document is a Target's Statement issued by ChemGenex Pharmaceuticals Ltd ABN 79 000 248 304 (**ChemGenex**) under Part 6.5 Division 3 Corporations Act in response to the offers announced by Cephalon CXS Holdings Pty Ltd (**Cephalon**) on 29 March 2011 and the Cephalon's Bidder's Statement which is provided with this Target's Statement.

A copy of this Target's Statement was lodged with ASIC and sent to ASX on 13 April 2011. Neither ASIC, ASX nor any of its officers take any responsibility for the contents of this Target's Statement.

This Target's Statement and the Bidder's Statement contain important information. You should read both documents carefully and in their entirety. If you have any doubts as to what you should do, please seek independent financial and taxation advice from your professional advisers.

### No account of personal circumstances

This Target's Statement does not take into account your individual investment objectives, financial situation or particular needs.

It does not contain personal financial or taxation advice. You may wish to seek your own independent advice before making a decision as to whether or not to

accept the Cephalon Offer for your ChemGenex Shares or ChemGenex Options.

### No verification of Bidder's Statement

You should note that ChemGenex has not undertaken investigations to verify the accuracy or completeness of the information contained in the Bidder's Statement. To the fullest extent permitted by law, ChemGenex disclaims liability to any person who acts in reliance on that information.

### Safe Harbor Statement

Certain statements made herein (including for this purpose sites to which a hyperlink has been provided) that use the words "estimate", "project", "intend", "expect", "believe" and similar expressions are intended to identify forward looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995. These forward looking statements involve known and unknown risks and uncertainties which could cause the actual results, performance or achievements of ChemGenex to be materially different from those which may be expressed or implied by such statements, including, among others, risks or uncertainties associated with the development of ChemGenex's technology, the ability to successfully

market products in the clinical pipeline, the ability to advance promising therapeutics through clinical trials, the ability to establish our fully integrated technologies, the ability to enter into additional collaborations and strategic alliances and expand current collaborations and obtain milestone payments, the suitability of internally discovered genes for drug development, the ability of ChemGenex to meet its financial requirements, the ability of ChemGenex to protect its proprietary technology, potential limitations on ChemGenex's technology, the market for ChemGenex's products, government regulation in Australia and the United States, changes in tax and other laws, changes in competition and the loss of key personnel. These statements are based on our management's current expectations and are subject to a number of uncertainties that could change the results described in the forward looking statements. Investors should be aware that there are no assurances that results will not differ from those projected.

### Defined terms

Capitalised terms used in this Target's Statement are defined in section 7. That section also sets out certain rules of interpretation which apply to this Target's Statement.

### Foreign jurisdictions

The distribution of this Target's Statement in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

### ChemGenex Securityholder information

If you have any questions in relation to the Cephalon Offer, please call the ChemGenex Securityholder information line on 1800 628 703 or +61 2 8280 7513 (for overseas domiciled holders) between 9.00am and 5.00pm (Melbourne time) Monday to Friday.

The Directors are committed to ensuring ChemGenex Shareholders are kept informed of developments. ChemGenex Shareholders are encouraged to review releases made by ChemGenex to ASX (which are available on the ASX website at [www.asx.com.au](http://www.asx.com.au)) as well as exercise their right under the Corporations Act to review copies of all documents lodged by ChemGenex with ASIC.

Dear holders of ChemGenex Securities

You will now be aware that Cephalon CXS Holdings Pty Ltd, a wholly-owned subsidiary of Cephalon, Inc., has made conditional takeover offers for all of your ChemGenex Shares and ChemGenex Listed Options.

The Cephalon Offer is an all cash offer of \$0.70 for every ChemGenex Share you own and \$0.02 for every ChemGenex Listed Option you own.

The purpose of this booklet is to provide you with additional information to assist you in considering the Cephalon Offer.

I urge you to read both the Cephalon's Bidder's Statement and the Target's Statement contained in this booklet before making any decision.

The Directors of ChemGenex unanimously recommend that you accept the Cephalon Offer, in the absence of a superior offer. All Directors who hold ChemGenex Shares or ChemGenex Listed Options intend, in the absence of a superior offer, to ACCEPT the Cephalon Offer in respect of their personal holdings in ChemGenex Shares and ChemGenex Listed Options.

Details of the Relevant Interests of each Director in ChemGenex Shares and interest in ChemGenex Listed Options are set out in section 4.7 of this Target's Statement. The entities that hold the ChemGenex Shares and ChemGenex Listed Options referred to in section 4.7 have confirmed to ChemGenex that in the absence of a superior offer, they intend to accept the Cephalon Offer. In addition, significant shareholder Orbis Investment Management (Australia) Pty Ltd has presently indicated to ChemGenex that in the absence of a superior or higher offer (on-market or otherwise) it intends to accept the Cephalon Offer in relation to its holdings of ChemGenex securities.

Upon the acceptances referred to above, Cephalon's Relevant Interest in ChemGenex Shares will increase to 196,172,074 ChemGenex Shares representing 62.61% of the total number of ChemGenex Shares on issue. Cephalon will also have received acceptances in respect of 8,827,451 ChemGenex Listed Options representing 80.62% of the total number of ChemGenex Listed Options on issue.

There are certain advantages associated with accepting the Cephalon Offer. However, there are also disadvantages of accepting the Cephalon Offer. Your Directors have considered these various factors in making their recommendation and, on balance, have determined that the advantages outweigh the disadvantages.

Some key considerations in accepting or rejecting the Cephalon Offer are discussed in sections 3.4, 3.5 and 3.6 of this Target's Statement.

You may be aware that shortly after the Cephalon Offer was announced, Valeant announced that it may make a takeover offer in respect of Cephalon, Inc. None of the conditions of the Cephalon Offer allow Cephalon to terminate either the Share Offer or the Option Offer because of a change of control in respect of Cephalon, Inc. On 5 April 2011 Cephalon announced that its board has formally rejected the Valeant approach. In the circumstances, you should not assume that the Cephalon Offer will be extended beyond the current closing date of 23 May 2011. For this reason, the Directors of ChemGenex encourage you to accept the Cephalon Offer before the current closing date.


Importantly, you are advised to monitor the trading price of ChemGenex Shares and ChemGenex Listed Options on ASX.

The Directors recommend that you seek independent financial and taxation advice from your professional advisers if in doubt about what to do.

To ACCEPT the Cephalon Offer you will need to follow the instructions set out in sections 4.2(f) and 4.3(f) of the Bidder's Statement.

If there is a change in the recommendation made by the Directors or any material developments in relation to the Cephalon Offer, ChemGenex will lodge a supplementary target's statement and send it to ASX for public release.

Yours faithfully



**Brett Heading**  
Chairman



# 1

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This section answers some commonly asked questions about the Cephalon Offer. It is not intended to address all relevant issues for ChemGenex Securityholders. This section should be read together with all other parts of this Target's Statement.

# FREQUENTLY ASKED QUESTIONS

<b>Who is the Bidder?</b>	<p>The Cephalon Offer is made by Cephalon CXS Holdings Pty Ltd, a wholly-owned subsidiary of Cephalon, Inc.</p> <p>Information in relation to Cephalon can be obtained from the Bidder's Statement or Cephalon's website at <a href="http://www.cephalon.com">www.cephalon.com</a>.</p>
<b>What is the Bidder's Statement?</b>	<p>The Bidder's Statement is the document setting out the terms of the Cephalon Offer and the Corporations Act requires that Cephalon sends it to you. It is contained in Part I of this booklet.</p>
<b>What is the Target's Statement?</b>	<p>This Target's Statement has been prepared by the Directors and provides ChemGenex's response to the Cephalon Offer, including the recommendation of the Directors.</p>
<b>Who is the Cephalon Offer made to?</b>	<p>The Cephalon Offer is made to all persons who hold ChemGenex Shares or ChemGenex Listed Options as at the Register Date but may also be accepted by any person who is able to give good title to ChemGenex Shares or ChemGenex Listed Options during the Offer Period.</p> <p>The Cephalon Offer extends to any ChemGenex Shares that are issued during the Offer Period as a result of the exercise of any options.</p>
<b>Can holders of ChemGenex ADRs accept the Cephalon Offer?</b>	<p>As at the Printing Date ChemGenex had 108,673 ChemGenex ADRs.</p> <p>Each ADR is the equivalent of 15 ChemGenex Shares.</p> <p>Cephalon has not indicated in the Bidder's Statement any present intention to extend the Cephalon Offer to holders of ChemGenex ADRs.</p> <p>Holders of ChemGenex ADRs should consult with BNY Mellon and their professional advisers to determine how best to deal with their ChemGenex ADRs.</p>
<b>What is the Offer Consideration for my ChemGenex Shares and my ChemGenex Listed Options?</b>	<p>Cephalon has made conditional offers of \$0.70 in cash for each of your ChemGenex Shares and \$0.02 in cash for each of your ChemGenex Listed Options.</p>
<b>What choices do I have as a ChemGenex Securityholder?</b>	<p>As a ChemGenex Securityholder, you can:</p> <ul style="list-style-type: none"> <li>(a) accept the Cephalon Offer;</li> <li>(b) sell your ChemGenex Shares or ChemGenex Listed Options on ASX; or</li> <li>(c) do nothing.</li> </ul> <p>The ChemGenex Listed Options expire on 8 February 2012 and are exercisable at \$0.68.</p> <p>When deciding what to do, you should carefully consider the Directors' recommendation and other important considerations set out in this Target's Statement.</p>
<b>Should I accept the Cephalon Offer?</b>	<p>The Directors recommend that, in the absence of a superior offer, you ACCEPT the Cephalon Offer.</p> <p>However, this recommendation does not take account of your personal circumstances and you may wish to seek independent financial and taxation advice from your professional advisers.</p> <p>If there is a change in this recommendation or any material developments in relation to the Cephalon Offer, ChemGenex will lodge a supplementary target's statement and send it to ASX for public release.</p>
<b>What do the Directors intend to do with their ChemGenex Shares and ChemGenex Listed Options?</b>	<p>All Directors who hold ChemGenex Shares or ChemGenex Listed Options intend, in the absence of a superior offer, to ACCEPT the Cephalon Offer in respect of their personal holdings.</p> <p>Details of the Relevant Interests of each Director in ChemGenex Shares and interest in ChemGenex Listed Options are set out in section 4.7 of this Target's Statement. The entities that hold the ChemGenex Shares and ChemGenex Listed Options referred to in section 4.7 have confirmed to ChemGenex that in the absence of a superior offer, they intend to accept the Cephalon Offer. In addition, significant shareholder Orbis Investment Management (Australia) Pty Ltd has presently indicated to ChemGenex that in the absence of a superior or higher offer (on-market or otherwise) it intends to accept the Cephalon Offer in relation to its holdings of ChemGenex securities.</p> <p>Upon the acceptances referred to above, Cephalon's Relevant Interest in ChemGenex Shares will increase to 196,172,074 ChemGenex Shares representing 62.61% of the total number of ChemGenex Shares on issue. Cephalon will also have received acceptances in respect of 8,827,451 ChemGenex Listed Options representing 80.62% of the total number of ChemGenex Listed Options on issue.</p>

**Why are the Directors recommending I accept the Cephalon Offer?**

**The Offer Consideration represents a substantial premium to recent trading prices of ChemGenex Shares**

The Offer Consideration represents a 59% premium to the closing price of ChemGenex Shares on 24 March 2011, being the last day on which ChemGenex Shares traded before the Cephalon Offer was announced.

**Support from two of ChemGenex's major shareholders**

On 22 October 2010, two of ChemGenex's largest shareholders, Stragen International N.V. and Merck Santé S.A.S, granted options to Cephalon International to acquire a majority of their ChemGenex Shares at a price of \$0.70 per ChemGenex Share. Prior to the Cephalon Offer being made generally to ChemGenex Shareholders, Cephalon International exercised its options, acquiring 56,386,425 ChemGenex Shares at a price of \$0.70 per ChemGenex Share.

Stragen International N.V. and Merck Santé S.A.S no longer have any rights with respect to the ChemGenex Shares sold.

**Cash certainty**

In light of the current financial climate and having regard to the difficulty of valuing biotechnology assets with any degree of certainty, the Directors consider that the Cephalon Offer provides certainty of value to ChemGenex Shareholders.

**Further requirement to raise potentially dilutive capital to fund ongoing development and future commercialisation**

With expected EMA and FDA submissions, ChemGenex will require additional cash to support operations through the regulatory process and any potential commercialisation. Financing of ChemGenex's activities may involve equity funding. If ChemGenex raises equity funding this may have a dilutionary effect on ChemGenex Shareholders.

As at 31 December 2010, ChemGenex held \$18,511,000 in cash and cash equivalents such as term deposits. If the Cephalon Offer is not successful, ChemGenex estimates that it will have sufficient cash to fund operations through to the end of October 2011. If the Cephalon Offer is successful, ChemGenex expects its total transaction costs to be approximately \$1.75 million. ChemGenex will also need to pay an amount of \$4,977,163 to cancel its unlisted options as explained in section 4.5.

**Share price**

The ChemGenex share price might fall if the Cephalon Offer fails in the absence of a superior offer.

**No superior offer has emerged**

While it has been over 2 weeks since the announcement of the Cephalon Offer, no superior offer has emerged as at the Printing Date.

These considerations in favour of accepting the Cephalon Offer are discussed in more detail in section 3.4 of this Target's Statement.



<p><b>What are the implications of not accepting the Cephalon Offer?</b></p>	<p>If Cephalon achieves a Relevant Interest in ChemGenex Shares and ChemGenex Listed Options of 90% or more:</p> <ul style="list-style-type: none"> <li>(a) Cephalon intends to compulsorily acquire all outstanding ChemGenex Shares and all outstanding ChemGenex Listed Options; and</li> <li>(b) ChemGenex Securityholders whose ChemGenex Shares or ChemGenex Listed Options are compulsorily acquired will be paid later than those who accept the Cephalon Offer.</li> </ul> <p>If Cephalon acquires 90% or more of ChemGenex Shares but less than 90% of ChemGenex Listed Options and waives the minimum acceptance condition in relation to ChemGenex Listed Options then Cephalon will be entitled to compulsorily acquire any outstanding ChemGenex Listed Options under the general compulsory acquisition power in Part 6A.2 Corporations Act.</p> <p>If Cephalon achieves a Relevant Interest in ChemGenex Shares of 50.1% or more but less than 90% and waives the 90% minimum acceptance condition:</p> <ul style="list-style-type: none"> <li>(a) Cephalon will be the majority ChemGenex Shareholder, entitled to cast a majority of votes and, subject to limitations imposed by applicable laws and regulations, able to control the composition of the Board and management, ChemGenex's dividend policy and strategic direction;</li> <li>(b) if Cephalon seeks or provides funding through equity investment in the future, this may have a dilutive effect on ChemGenex Shareholders;</li> <li>(c) the price of ChemGenex Shares may fall as any takeover premium may not be sustained;</li> <li>(d) liquidity of ChemGenex Shares and ChemGenex Listed Options may be lower than at present;</li> <li>(e) ChemGenex Shareholders and ChemGenex Listed Option Holders may still be forced to sell their ChemGenex Shares and ChemGenex Listed Options if Cephalon ultimately becomes entitled to proceed to compulsory acquisition;</li> <li>(f) ChemGenex may be de-listed from ASX if the number of ChemGenex Shareholders drops below the requisite number;</li> <li>(g) if Cephalon acquires 75% or more of the ChemGenex Shares, it may be able to change the ChemGenex constitution;</li> <li>(h) Cephalon has indicated that it may play a role in providing any additional funding required by ChemGenex to assist in bringing OMAPRO to market and continue the development of ChemGenex's other potential product candidates and research; and</li> <li>(i) regardless of the Relevant Interest that Cephalon obtains in ChemGenex, it has indicated that it will seek to carry out its intentions for ChemGenex to the extent possible.</li> </ul> <p>For a more detailed explanation of the implications of not accepting the Cephalon Offer, see section 3.5 of this Target's Statement.</p>
<p><b>How do I accept the Cephalon Offer?</b></p>	<p>Details of how to accept the Cephalon Offer are set out in section 4.2(f) and 4.3(f) of the Bidder's Statement.</p> <p>You may wish to seek independent financial and taxation advice from your professional adviser in relation to the Cephalon Offer.</p>
<p><b>How do I reject the Cephalon Offer?</b></p>	<p>To reject the Cephalon Offer, you do not need to do anything. Simply continue to hold your ChemGenex Shares or ChemGenex Listed Options.</p>
<p><b>If I accept the Cephalon Offer, can I later withdraw my acceptance?</b></p>	<p>You only have limited rights to withdraw your acceptance of the Cephalon Offer. You may only withdraw your acceptance of the Cephalon Offer if Cephalon varies the Cephalon Offer in a way that postpones for more than one month the time by which Cephalon must satisfy its obligations under the Cephalon Offer. This will occur if Cephalon extends the Offer Period by more than one month and the Cephalon Offer is still subject to any defeating conditions.</p>
<p><b>What happens if the Offer Consideration is increased?</b></p>	<p>Under the Cephalon Offer, the Offer Consideration is \$0.70 per ChemGenex Share and \$0.02 per ChemGenex Listed Option.</p> <p>If Cephalon elects to increase the Offer Consideration, after you have accepted the Cephalon Offer, you will still be entitled to the increased amount.</p>

<p><b>What happens if a superior offer is made by a third party?</b></p>	<p>If you accept the Cephalon Offer for your ChemGenex Shares and your ChemGenex Listed Options, you are only able to withdraw your acceptance in limited circumstances (see the answer to the question <i>"If I accept the Cephalon Offer, can I later withdraw my acceptance?"</i> set out above).</p> <p>Accordingly, if you accept the Cephalon Offer, you may be unable to accept a superior offer if one arises after that time.</p> <p>No superior offer has emerged as at Printing Date.</p>
<p><b>Can I accept the Cephalon Offer for only some of my ChemGenex Shares or ChemGenex Listed Options?</b></p>	<p>No. You can only accept the Cephalon Offer in respect of all the ChemGenex Shares and ChemGenex Listed Options you hold. Please refer to sections 11 and 12 of the Bidder's Statement for more information.</p>
<p><b>Can I be forced to sell my ChemGenex Shares or ChemGenex Listed Options?</b></p>	<p>You cannot be forced to sell your ChemGenex Shares unless Cephalon and its Associates acquire a Relevant Interest in ChemGenex Shares of 90% or more by the end of the Offer Period and Cephalon proceeds to compulsorily acquire your ChemGenex Shares under the Corporations Act.</p> <p>You cannot be forced to sell your ChemGenex Listed Options unless:</p> <ul style="list-style-type: none"> <li>(a) Cephalon and its Associates acquire a Relevant Interest in ChemGenex Listed Options of 90% or more by the end of the Offer Period and Cephalon proceeds to compulsorily acquire your ChemGenex Listed Options under the Corporations Act; or</li> <li>(b) if Cephalon acquires 90% or more of ChemGenex Shares but less than 90% of ChemGenex Listed Options and waives the minimum acceptance condition in relation to ChemGenex Listed Options then Cephalon will be entitled to compulsorily acquire any outstanding ChemGenex Listed Options under the general compulsory acquisition power in Part 6A.2 Corporations Act.</li> </ul> <p>Cephalon has stated that if it holds a Relevant Interest in ChemGenex Shares and ChemGenex Listed Options of 90% or more during or at the end of the Offer Period and is entitled to compulsorily acquire ChemGenex Shares and ChemGenex Listed Options under the Corporations Act, it intends to exercise those rights and acquire the remaining ChemGenex Shares and ChemGenex Listed Options, as well as any other ChemGenex securities on issue which it is entitled to compulsorily acquire in accordance with the Corporations Act, in order to achieve 100% ownership of ChemGenex.</p> <p>If you do not accept the Cephalon Offer but your ChemGenex Shares or ChemGenex Listed Options are compulsorily acquired, you will be paid later than those ChemGenex Securityholders who do accept the Cephalon Offer.</p>
<p><b>When do I have to decide?</b></p>	<p>If you wish to accept the Cephalon Offer, you need to lodge your acceptance so that it is received before the Cephalon Offer's scheduled closing date at 7.00pm (Sydney time) on 23 May 2011.</p> <p>It is possible that Cephalon may choose to extend the Offer Period in accordance with the Corporations Act. As at the Printing Date, Cephalon has not disclosed any intention to extend the Offer Period and there can be no certainty that it will do so.</p> <p>Cephalon cannot close the Cephalon Offer earlier than this date except in accordance with the Corporations Act.</p> <p>If you wish to reject the Cephalon Offer, you do not need to do anything.</p>
<p><b>What is the relevance of Valeant's takeover proposal in respect of Cephalon?</b></p>	<p>You may be aware that shortly after the Cephalon Offer was announced, Valeant announced that it may make a takeover offer in respect of Cephalon, Inc. None of the conditions of the Cephalon Offer allow Cephalon to terminate either the Share Offer or the Option Offer because of a change of control in respect of Cephalon, Inc. On 5 April 2011 Cephalon announced that its board has formally rejected the Valeant approach. In the circumstances, you should not assume that the Cephalon Offer will be extended beyond the current closing date of 23 May 2011. For this reason, the Directors of ChemGenex encourage you to accept the Cephalon Offer before the current closing date.</p>
<p><b>If I accept the Cephalon Offer, when will I be paid?</b></p>	<p>If you accept the Cephalon Offer, you will have to wait for the Cephalon Offer to become unconditional before you will receive your Offer Consideration from Cephalon. If the conditions of the Cephalon Offer are not satisfied or waived by Cephalon, the Cephalon Offer will lapse and you will not receive your Offer Consideration from Cephalon.</p> <p>See sections 11.5 and 12.5 of the Bidder's Statement for further details on when you will be sent your Offer Consideration.</p>

<b>How will I know when the Cephalon Offer is unconditional?</b>	Cephalon is required to advise ChemGenex and ChemGenex Securityholders as soon as the conditions to the Cephalon Offer are satisfied or waived.  Notices from Cephalon will be available on the ASX website at <a href="http://www.asx.com.au">www.asx.com.au</a> (ASX Code: CXS).
<b>Can Cephalon withdraw the Cephalon Offer?</b>	The Cephalon Offer may lapse if the conditions to the Cephalon Offer are not satisfied or waived during the Offer Period. Cephalon can only otherwise withdraw the Cephalon Offer with the written consent of ASIC.
<b>What are the conditions to the Cephalon Offer?</b>	The conditions to the Cephalon Offer include: <ul style="list-style-type: none"> <li>(a) a 90% minimum acceptance condition;</li> <li>(b) no material adverse change occurring in respect of ChemGenex;</li> <li>(c) no change of control event is triggered under any material contracts to which ChemGenex is a party;</li> <li>(d) the ChemGenex Group's business being conducted in the ordinary course including there being no material acquisitions or disposals, no incurring of indebtedness (other than ordinary trade credit), no out-licensing or in-licensing of intellectual property, no entry into any agreement to undertake research and development for any person other than a member of the ChemGenex Group and no entry into any agreement involving a commitment greater than \$1 million;</li> <li>(e) no objection is made under the US Hart-Scott Rodino Antitrust Improvements Act of 1976; and</li> <li>(f) no contravention of certain "<i>prescribed occurrences</i>", including those set out in sections 652C(1) and (2) Corporations Act.</li> </ul> <p>The Share Offer and the Option Offer are interconditional on each other.</p> <p>This is only a summary of the key conditions in relation to the Cephalon Offer. The full conditions are set out in sections 11 and 12 of the Bidder's Statement.</p>
<b>What happens if the conditions to the Cephalon Offer are not satisfied or waived?</b>	If the conditions are not satisfied or waived before the end of the Offer Period (e.g. the 90% minimum acceptance condition is not achieved because of insufficient acceptances), the Cephalon Offer will lapse.  You would then be free to deal with your ChemGenex Shares and ChemGenex Listed Options even if you had previously accepted the Cephalon Offer but you will not be paid the Offer Consideration.
<b>Can I sell my ChemGenex Shares or ChemGenex Listed Options on ASX?</b>	Yes, unless you have accepted the Cephalon Offer.  If you have accepted the Cephalon Offer, you cannot sell your ChemGenex Shares or ChemGenex Listed Options on ASX, unless you are able to withdraw your acceptance (see above).  Shareholders should monitor the share price of ChemGenex Shares and ChemGenex Listed Options as traded on ASX.
<b>Is there a phone number I can ring if I have any queries?</b>	If you have any queries in relation to the Cephalon Offer, please call our ChemGenex Securityholder information line on 1800 628 703 or +61 2 8280 7513 (for overseas domiciled holders) between 9.00am and 5.00pm (Melbourne time) Monday to Friday.
<b>How can I find out how many ChemGenex Shares have been sold into the Cephalon Offer to date?</b>	Cephalon is required to notify ASX during the period in which the Cephalon Offer is open every time there is a movement of 1% or more in its Relevant Interest in ChemGenex Shares.  Cephalon is required to notify ASX by 9.30am on the day following the relevant movement. Therefore, ChemGenex Shareholders can monitor ChemGenex's announcements section on the ASX website at <a href="http://www.asx.com.au">www.asx.com.au</a> to determine Cephalon's Relevant Interest in ChemGenex Shares (or by calling the ChemGenex Securityholder information line on one of the numbers above).  Cephalon has also indicated that, at the same time it discloses its Relevant Interest in ChemGenex Shares during the Offer Period, it will provide ChemGenex with updates as to acceptances in respect of the Option Offer which ChemGenex will make available through the ASX announcements platform as it considers appropriate.

# 2

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# INFORMATION REGARDING CHEMIGENEX AND ITS ASSETS

## 2.1 Background and principal activities

ChemGenex is an oncology focused biopharmaceutical company, listed on the Australian Securities Exchange (ASX Code: CXS). ChemGenex's securities also trade under a level 1 American depository receipt program (Code: CXSPY).

ChemGenex is developing molecules with new mechanisms of action to treat malignancies with significant unmet medical needs. ChemGenex currently has two drug candidates, Omacetaxine (OMAPRO™) and Quinamed™.

## 2.2 ChemGenex's product pipeline

### Omacetaxine (OMAPRO™)

ChemGenex is developing its lead product candidate, OMAPRO, for the treatment of patients with chronic myeloid leukemia (CML). ChemGenex believes that OMAPRO has potential as a therapy for acute myeloid leukemia (AML) and myelodysplastic syndrome (MDS) although no development in these additional indications is underway at present.

	Phase 1	Phase 2	Phase 3	Status
Chronic Myeloid Leukemia Multiple TKI Failure				NDA and MAA in progress
Chronic Myeloid Leukemia T3151+				Trial completed
Chronic Myeloid Leukemia Combination Therapy				
Myelodysplastic Syndrome				
Acute Myeloid Leukemia				

ChemGenex has completed enrolment in two pivotal phase 2/3 clinical trials of OMAPRO in CML patients who had failed:

- therapy with two or more approved tyrosine kinase inhibitors (TKIs); or
- imatinib therapy and had the T315I mutation.

ChemGenex submitted a New Drug Application (NDA) for patients who had failed imatinib and had the T315I mutation to the US Food and Drug Administration (FDA) in November 2009. At a meeting of the FDA's Oncologic Drug Advisory Committee in March 2010 this NDA was not supported for approval until a number of questions regarding diagnostic testing for the T315I mutation were resolved. On 12 April 2010 ChemGenex announced it had received a complete response letter from the FDA outlining the FDA's concerns with the NDA. Subsequently, on 14 July 2010, ChemGenex announced that it had held a Type A Meeting with the FDA where it was agreed that a new NDA be submitted, using data from the two completed clinical trials, for OMAPRO in CML patients who have failed prior treatment with two or more currently approved TKIs, regardless of their mutation status. ChemGenex announced on 5 January 2011 that it had withdrawn its Marketing Authorization Application (MAA) submitted to the European Medicines Agency (EMA), and announced on 11 February 2011 that it had withdrawn the original NDA filed with the FDA, both for CML patients who have failed imatinib therapy and had the T315I mutation.

### Results of phase 2/3 clinical trials

The most recent data publicly presented concerned the therapeutic profile of OMAPRO in CML patients who had failed therapy with two or more TKIs. This was presented at the 52nd Annual American Society of Hematology Meeting in Orlando, Florida on 5 December 2010. The results showed that OMAPRO produced durable haematologic and cytogenetic responses in a significant proportion of CML patients. Data was presented from the complete group of 85 chronic phase CML patients analysed on an intent to treat basis.

Highlights of the data were:

- Overall major cytogenetic response rate of 20% with a median response duration of 7.4 months.
- Overall complete haematological response rate of 73% with a median duration of 8.2 months.
- Median overall survival of 30 months.

Investigators reported that haematotoxicity was common and managed by decreasing the days of dosing per cycle. Non-haematologic grade 3/4 adverse events were infrequent.

### Current development status

ChemGenex has recently completed a data collection plan, the goal of which was to categorise patients across the two previously described phase 2/3 clinical trials. This data was shared with Cephalon under the terms of the convertible note deed between ChemGenex and Cephalon. An NDA based on this updated data set is currently being prepared for submission to the FDA and an MAA is currently being prepared for submission to the EMA, both for OMAPRO in CML patients who have failed prior treatment with two or more currently approved TKIs, regardless of their mutation status. These submissions are planned for the second half of 2011.

### Licensing arrangements

ChemGenex has licensed the development and commercialisation of omacetaxine in Europe, the Middle East and parts of Africa (Licensed Territory) to Hospira, Inc (Hospira). ChemGenex will receive performance milestone payments based on the successful development and commercialisation of omacetaxine and following successful commercialisation, Hospira will pay ChemGenex a royalty on product sales in the Licensed Territory. ChemGenex retains the rights of OMAPRO in the United States and in selected countries outside the Licensed Territory.

**Quinamed™**

Quinamed is a drug candidate for the treatment of solid tumors. ChemGenex has completed phase 2a clinical trials in a range of solid cancers. In June 2007, investigators presented data from the phase 1/2 clinical study reporting signs of anti-cancer activity in several solid tumor types and that the treatment was well tolerated with predictable and manageable side effects. ChemGenex is evaluating possible phase 2b clinical trials for Quinamed but has no active development program in place.

**2.3 ChemGenex Directors**

**Brett Heading** BCom LLB (Hons)  
(Non-executive Chairman)

Mr Heading is an experienced corporate lawyer and specialises in capital raisings, mergers and acquisitions and board advice. Mr Heading is chairman of partners of McCullough Robertson, chairman of Trinity Ltd and a director of ERM Power Ltd. Mr Heading is a member of ChemGenex's Remuneration Committee.

**Dr Greg Collier** BSc (Hons) PhD  
(Chief Executive Officer and Managing Director)

Dr. Collier joined ChemGenex in 2000 as Chief Operating Officer and was promoted to Chief Executive Officer in June 2002. He has more than 21 years experience spanning commercial, operational, clinical and scientific aspects of pharmaceutical research and development, and is a regular invited speaker at international research and biotechnology conferences. Under Dr. Collier's guidance ChemGenex has aggressively focused on ChemGenex's progression to clinical development and eventual marketing approval of lead agents. Dr. Collier has a detailed understanding of both the developmental and managerial drivers of value in the biotech industry, and has overseen numerous partnering deals, an international merger, and a major business unit demerger.

**Elmar Schnee** BCom MMktg  
(Non-executive Director)

Mr Schnee held management positions in marketing and sales in the consumer goods industry before commencing in the pharmaceuticals industry in 1988. Following senior appointments with Fisons Pharmaceuticals PLC, Migliara/Kaplan Associates, Sanofi-Synthelabo and UCB Pharma he took a directorship position at Merck subsidiary Merck Santé S.A.S. in May 2003. In addition to his duties at the French subsidiary, he took on responsibility for the global operations of the Ethicals division in January 2004 and was named Head of the Ethicals division in 2005. In November 2005 Mr Schnee was appointed Deputy Member of the Executive Board and Head of the Pharmaceuticals business sector. In 2006 he was appointed Regular Member of the Executive Board and General Partner of Merck KGaA, and in 2007 Mr Schnee was appointed the inaugural CEO of Merck Serono SA and held the position until 31 December 2010. Mr Schnee was also a non-executive Director of Arpida AG until 10 December 2009.

**Dr Geoff Brooke** MBBS MBA  
(Non-executive Director)

Dr. Brooke is Managing Director of GBS Venture Partners and has more than 20 years of venture capital experience. He was formerly President of Medvest Inc, a US-based early stage venture capital group he co-founded with Johnson & Johnson. Dr. Brooke's experience includes company formation and acquisitions, as well as public listings on both NASDAQ and ASX. Dr. Brooke is a Director of Sunshine Heart Inc and a former Director of CogState. Dr. Brooke is a member of ChemGenex's Audit Committee and a member of ChemGenex's Remuneration Committee.

**Dan Janney** BA MBA  
(Non-executive Director)

Mr Janney joined Alta Partners immediately following the firm's founding in 1996, and was a co-founder of the Alta BioPharma effort. Mr Janney focuses on investments in biopharmaceutical products and therapeutics and has been directly involved in the funding and development of over 25 life sciences companies. Prior to joining Alta Partners he was a senior investment banker at Montgomery Securities focusing on life sciences companies. Mr Janney was a Director of public companies CoTherix Inc. (April 2001 to January 2007), Dynavax Technologies Corporation (December 1996 to December 2006) and Anesiva Inc. (November 2000 to December 2005; February 2008 to January 2010). Mr Janney is Chair of ChemGenex's Remuneration Committee and a member of ChemGenex's Audit Committee.

**Dr George Morstyn**  
MBBS BMedSci MAICD PhD FRACP  
(Non-executive Director)

Dr. Morstyn has substantial clinical, research and commercial experience in biotechnology and oncology. He is a former Head of the Clinical Program of the Ludwig Institute of Cancer Research (Melbourne Branch) and held a number of positions including Senior Vice President of Development and Chief Medical Officer at Amgen Inc. from 1991 to 2002. He was a Director of Bionomics until 2006. He is a Director of Proacta Limited, Amsterdam Molecular Therapeutics (until July 2010) and Nuprotect, and Chairman of the Board of GBS Venture Partners. He is also a Board member and Chairman of the SAB Symbio (Japan) and Deputy Chairman of the Joint Venture Board of the Victorian Comprehensive Cancer Centre. Dr Morstyn is Chair of ChemGenex's Audit Committee.

**Jean-Luc Tétard**  
(Non-executive Director)

Mr Tétard is the Chief Executive Officer of Stragen Pharma and Stragen Chemical. Mr Tétard has more than 35 years of experience in the chemicals and pharmaceuticals industries. He spent 17 years in the development of SANOFI's chemical division as a Director where he was in charge of 5 chemical manufacturing plants worldwide. He then created Stragen to develop APIs and a range of generic drugs mainly in antibiotics, hormones and cancer drugs.

## 2.4 Financial overview

### 2.4.1 Summary balance sheet

The following table outlines the net assets of ChemGenex and its consolidated entities as at 31 December 2010 and 30 June 2010. This information has been extracted from ChemGenex's half year report released to ASX on 18 February 2011, as noted in Schedule 1, and is available on ChemGenex's website – www.chemgenex.com.

This information should be read in conjunction with ChemGenex's half year report including the notes to the financial statements. The ChemGenex half year report was subject to a review by Ernst & Young in accordance with auditing standard on review engagements, *ASRE 2410 Review of Interim and Other Reports Performed by the Independent Auditor of the Entity*.

ChemGenex's annual report was released to ASX on 22 October 2010, as noted in Schedule 1, and is available on ChemGenex's website – www.chemgenex.com.

A summary of ChemGenex's net assets extracted from the half year report is set out below.

As at	31 Dec 2010 \$000's	30 June 2010 \$000's
<b>Current assets</b>		
Cash and cash equivalents	18,511	12,802
Trade and other receivables	44	98
Income tax receivable	36	13
Prepayments	327	412
<b>Total current assets</b>	<b>18,918</b>	<b>13,325</b>
<b>Non-current assets</b>		
Available-for-sale financial assets	7	7
Plant and equipment	191	255
Deferred tax assets	29	–
Intangible assets and goodwill	57,439	58,361
<b>Total non-current assets</b>	<b>57,666</b>	<b>58,623</b>
<b>Total assets</b>	<b>76,584</b>	<b>71,948</b>
<b>Current liabilities</b>		
Trade and other payables	2,579	2,256
Employee entitlements	389	387
<b>Total current liabilities</b>	<b>2,968</b>	<b>2,643</b>
<b>Non-current liabilities</b>		
Employee entitlements	105	99
Convertible notes	10,028	–
<b>Total non-current liabilities</b>	<b>10,133</b>	<b>99</b>
<b>Total liabilities</b>	<b>13,101</b>	<b>2,742</b>
<b>Net assets</b>	<b>63,483</b>	<b>69,206</b>

### 2.4.2 Cash position

As at 31 December 2010, ChemGenex held \$18,511,000 in cash and cash equivalents such as term deposits. If the Cephalon Offer is not successful, ChemGenex estimates that it will have sufficient cash to fund operations through to the end of October 2011. If the Cephalon Offer is successful, ChemGenex expects its total transaction costs to be approximately \$1.75 million. ChemGenex will also need to pay an amount of \$4,977,163 to cancel its unlisted options as explained in section 4.5.

### 2.4.3 Current debt position

As at 31 December 2010, ChemGenex had a liability relating to the issue of 15,000,000 \$1 convertible notes to Cephalon International. On 1 April 2011 Cephalon International converted the 15,000,000 \$1 convertible notes into 30,000,000 ordinary shares at \$0.50 per Share. As a result of the conversion of the convertible notes, ChemGenex does not have a liability relating to the convertible notes.

As at the Printing Date, ChemGenex does not have any material financial indebtedness (excluding transaction advisory costs and other costs relating to the Cephalon Offer which are disclosed in this Target's Statement).

### 2.4.4 Summary income statement

The following table outlines the financial performance of ChemGenex and its consolidated entities for the six month period ending 31 December 2010 and the comparative six month period ending 31 December 2009. This information has been extracted from ChemGenex's half year report released to ASX on 18 February 2011, as noted in Schedule 1, and is available on ChemGenex's website – www.chemgenex.com.

This information should be read in conjunction with ChemGenex's half year report including the notes to the financial statements. The ChemGenex half year report was subject to a review by Ernst & Young in accordance with auditing standard on review engagements, *ASRE 2410 Review of Interim and Other Reports Performed by the Independent Auditor of the Entity*.

ChemGenex's annual report was released to ASX on 22 October 2010, as noted in Schedule 1, and is available on ChemGenex's website – www.chemgenex.com.



A summary of ChemGenex's income statement extracted from the half year report is set out below.

For the six month period ended	31 Dec 2010 \$000's	31 Dec 2009 \$000's
Sales royalties	–	129
Cost of goods sold	–	(18)
<b>Gross profit</b>	<b>–</b>	<b>111</b>
Commercialisation alliance income	–	17,498
Finance income	<b>122</b>	65
Other income	<b>304</b>	16
Research and development expenses	<b>(4,512)</b>	(6,746)
Commercial expenses	<b>(356)</b>	(950)
Employee benefit expenses	<b>(2,864)</b>	(3,383)
Administration expenses	<b>(1,632)</b>	(2,272)
Foreign exchange benefit/(loss)	<b>352</b>	(227)
Finance costs	<b>(190)</b>	–
Depreciation	<b>(66)</b>	(60)
<b>(Loss)/profit before income tax</b>	<b>(8,842)</b>	4,052
<b>Income tax expense</b>	<b>(65)</b>	(127)
<b>(Loss)/profit after income tax</b>	<b>(8,907)</b>	3,925

#### 2.4.5 Forecast financial information

ChemGenex has considered whether to include forecast financial information in this Target's Statement (other than the cash position set out in section 2.4.2). In the Directors' view, ChemGenex is not likely to generate substantial revenue in the immediate future and its medium term expenditure is subject to a number of variables relating to its research activities and drug approval processes. Accordingly, the Board does not consider that ChemGenex has a reasonable basis to include forecast financial information (other than the cash position set out in section 2.4.2) in this Target's Statement. Any such inclusion would be more likely to mislead ChemGenex Securityholders than to assist them in making an informed assessment of the Cephalon Offer.

#### 2.4.6 Royalty and licensing revenues

ChemGenex has an exclusive agreement with Hospira to license, develop and commercialise omacetaxine in Europe, the Middle East and parts of Africa. Under the terms of the agreement, ChemGenex will receive performance milestone payments based on the successful development and commercialisation of omacetaxine. Upon successful commercialisation, Hospira will pay ChemGenex a royalty on product sales in the Licensed Territory. Since the signing of the agreement on 6 December 2009, Hospira has paid ChemGenex an up-front payment and milestone payment totalling \$17,497,777. Any future milestone payments and royalties will be dependent upon regulatory approval of omacetaxine in the Licensed Territory.

#### 2.5 Recent trading prices of ChemGenex Shares and ChemGenex Listed Options

The last recorded trading price of ChemGenex Shares on ASX before the announcement of the Cephalon Offer was \$0.44 cents per Share. The last recorded trading price of ChemGenex Listed Options on ASX before the announcement of the Cephalon Offer was \$0.11 cents per Option.

The highest, lowest and weighted average trading prices of ChemGenex Shares and ChemGenex Listed Options during the four months immediately preceding the announcement of the Cephalon Offer were as follows:

	ChemGenex Shares	ChemGenex Listed Options
Highest trading price in four months preceding the announcement of the Cephalon Offer	\$0.54 on 19 January 2011	\$0.18 on 20 December 2010 and 7 January 2011
Lowest trading price in four months preceding the announcement of the Cephalon Offer	\$0.40 on 17 March 2011	\$0.10 on 25 February 2011
VWAP in four months preceding the announcement of the Cephalon Offer	\$0.461	\$0.150



# IMPORTANT INFORMATION AND DIRECTORS' RECOMMENDATION

### **3.1 Summary of the Cephalon Offer**

On 13 April 2011 Cephalon lodged its Bidder's Statement with ASIC which sets out the terms of the Cephalon Offer. A copy of the Bidder's Statement is found in Part I of this booklet.

The key terms of the Cephalon Offer are summarised in the "Frequently asked questions" in section 1 of this Target's Statement.

The full terms of the Cephalon Offer are set out in sections 11 and 12 of the Bidder's Statement.

### **3.2 Offerees under the Cephalon Offer**

Sections 11.6 and 12.6 of the Bidder's Statement set out the persons to whom the Cephalon Offer is made.

The Cephalon Offer is made to all persons who hold ChemGenex Shares and all persons who hold ChemGenex Listed Options as at the Register Date, but may also be accepted by any person who is able to give good title to ChemGenex Shares or ChemGenex Listed Options during the Offer Period.

The Cephalon Offer extends to any ChemGenex Shares that are issued during the Offer Period as a result of the exercise of any options.

### **3.3 Directors' recommendation**

After taking into account each of the matters in this Target's Statement and in the Bidder's Statement all of your ChemGenex Directors recommend that, in the absence of a superior offer, you ACCEPT the Cephalon Offer.

In considering whether to accept the Cephalon Offer your Directors encourage you to:

- (a) read the whole of this Target's Statement and the Bidder's Statement;
- (b) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- (c) consider the choices available to you as noted in section 3.8 of this Target's Statement; and
- (d) seek independent financial and taxation advice from your professional advisers.

### **3.4 Advantages of accepting the Cephalon Offer and reasons for recommendation**

A summary of the advantages of accepting the Cephalon Offer is as follows:

- (a) **The Offer Consideration represents a substantial premium to recent trading prices of ChemGenex Shares.**  
Specifically, the Offer Consideration represents:
  - (i) a 59% premium to the closing price of ChemGenex Shares on 24 March 2011, being the last day on which ChemGenex Shares were traded prior to announcement of the Cephalon Offer;
  - (ii) a 58% premium to the one month VWAP of ChemGenex Shares prior to 24 March 2011;

- (iii) a 31% premium to the mid point of the valuation range of each ChemGenex Share of \$0.46-\$0.61 on a controlling interest basis assessed by BDO Corporate Finance (Qld) Ltd in its independent expert's report of 15 November 2010 in connection with the meeting material seeking the approval of ChemGenex Shareholders to enable the conversion of the Convertible Notes; and
- (iv) a 40% premium to the \$0.50 conversion price of the Convertible Notes which was approved by ChemGenex Shareholders in December 2010.

#### **(b) Support from two of ChemGenex's major shareholders**

On 22 October 2010, two of ChemGenex's largest shareholders, Stragen International N.V. and Merck Santé S.A.S, granted options to Cephalon International to acquire a majority of their ChemGenex Shares at a price of \$0.70 per ChemGenex Share. Prior to the Cephalon Offer being made generally to ChemGenex Shareholders, Cephalon International exercised its options, acquiring 56,386,425 ChemGenex Shares at a price of \$0.70 per ChemGenex Share.

Stragen International N.V. and Merck Santé S.A.S no longer have any rights with respect to the ChemGenex Shares sold.

#### **(c) Cash certainty**

The Directors note that the nature of drug development and the lengthy commercialisation process make it difficult to value ChemGenex's assets with certainty. In particular a valuation would be sensitive to variables including the probability of a drug being approved, unit sale volumes, unit prices, timing and many other variables. As a result of these variables there is considerable uncertainty as to the value of biotechnology assets which cause a wide divergence of opinions on valuations for biotechnology companies.

In light of the difficulty of valuing biotechnology assets, the Directors consider the Cephalon Offer provides certainty of value to ChemGenex Shareholders.

#### **(d) Further requirement to raise potentially dilutive capital to fund ongoing development and future commercialisation**

With expected EMA and FDA submissions, ChemGenex will require additional cash to support operations through the regulatory process and any potential commercialisation. Financing of ChemGenex's activities may involve equity funding. If ChemGenex raises equity funding this may have a dilutionary effect on ChemGenex Shareholders.

As at 31 December 2010, ChemGenex held \$18,511,000 in cash and cash equivalents such as term deposits. If the Cephalon Offer is not successful, ChemGenex estimates that it will have sufficient cash to fund operations through to the end of October 2011. If the Cephalon Offer is successful, ChemGenex expects its total transaction costs to be approximately \$1.75 million. ChemGenex will also need to pay an amount of \$4,977,163 to cancel its unlisted options as explained in section 4.5.

- (e) **Share price**  
The trading price of ChemGenex Shares has increased significantly in the period following the announcement of the Cephalon Offer. The closing price of ChemGenex Shares on 24 March 2011, being the last day on which ChemGenex Shares traded before the announcement of the Cephalon Offer, was \$0.44.

There are many factors which affect the trading price of ChemGenex Shares and the price might fall after the close of the Cephalon Offer if Cephalon does not become entitled to compulsorily acquire all outstanding ChemGenex Shares and in the absence of a superior offer.

- (f) **No superior offer has emerged**  
ChemGenex has had discussions with third parties and as at the Printing Date, the Directors are not aware of any superior proposal to the Cephalon Offer and accordingly are not in a position to provide ChemGenex Securityholders with information in relation to the probability of an alternative transaction arising.

The Board notes that as at the Printing Date Cephalon had a 27.57% Relevant Interest in ChemGenex Shares. This Relevant Interest may reduce the prospects of a third party making a superior offer in respect of ChemGenex.

The Board reminds ChemGenex Securityholders that the Directors' recommendation is to ACCEPT the Cephalon Offer in the absence of a superior offer.

### 3.5 Implications of not accepting the Cephalon Offer

- (a) **Implications if you do not accept and Cephalon acquires 90% or more of ChemGenex Shares and 90% or more of ChemGenex Listed Options**  
If Cephalon acquires 90% or more of ChemGenex Shares and 90% or more of ChemGenex Listed Options and is entitled to proceed to compulsory acquisition under the Corporations Act, Cephalon has indicated it intends to compulsorily acquire all outstanding ChemGenex Shares and ChemGenex Listed Options.

Following compulsory acquisition, Cephalon has indicated it will then seek to have ChemGenex removed from the official list of ASX. Subject to a review of the ChemGenex business, Cephalon has indicated its intention that ChemGenex, its assets and operations will come to form part of the Cephalon Group.

For more information regarding Cephalon's intentions in relation to ChemGenex, its assets, operations, product development and the impact on employees, refer to section 7 of the Bidder's Statement.

- (b) **Implications if you do not accept and Cephalon acquires 90% or more of ChemGenex Shares but less than 90% of ChemGenex Listed Options**  
Cephalon has indicated that while it presently has no intention of waiving the 90% minimum acceptance condition in relation to the ChemGenex Listed Options, it reserves its right to do so.

If Cephalon acquires 90% or more of ChemGenex Shares but less than 90% of ChemGenex Listed Options and waives the 90% condition in relation to the ChemGenex Listed Options then Cephalon will be entitled to compulsorily acquire any outstanding ChemGenex Listed Options under the general compulsory acquisition power in Part 6A.2 Corporations Act.

If Cephalon was unable to exercise the general compulsory acquisition powers for any reason, then the implications for ChemGenex Securityholders would be the same as those outlined in section 3.5(c) below.

- (c) **Implications if you do not accept and Cephalon acquires less than 90% of ChemGenex Shares and less than 90% of ChemGenex Listed Options and waives the minimum acceptance conditions**  
Cephalon has indicated that while it presently has no intention of waiving the 90% minimum acceptance conditions in relation to the Cephalon Offer, it reserves its right to do so. If Cephalon acquires a Relevant Interest in ChemGenex Shares greater than 50% but less than 90%, it will gain effective control of ChemGenex.

ChemGenex may also exercise ChemGenex Listed Options acquired under the Cephalon Offer and thereby increase its relevant interest in ChemGenex Shares subject to the Corporations Act.

Cephalon has also indicated that it will implement its intentions in relation to the integration of operations, employees and the pursuit of product development to the extent possible.

ChemGenex Securityholders who have not accepted the Cephalon Offer will become minority interest holders in ChemGenex. This has a number of possible implications, including:

- (i) Cephalon will be in a position to cast the majority of votes at a general meeting of ChemGenex. Subject to limitations imposed by applicable laws and regulations, this will enable Cephalon to control the composition of the Board and senior management, ChemGenex's dividend policy and the strategic direction of the businesses of ChemGenex particularly in relation to ChemGenex's product pipeline and the commercialisation of its intellectual property. Where it is able to do so, Cephalon has indicated its intention to reconstitute the Board such that directors or executives appointed by Cephalon will form at least a majority of the Board.
- (ii) Funding of ChemGenex's activities may involve equity funding. If ChemGenex seeks to raise equity funding this may have a dilutionary effect.

- (iii) The trading price of ChemGenex Shares may fall immediately following the end of the Offer Period and may not sustain any takeover premium.
  - (iv) Liquidity of ChemGenex Shares may be lower than at present.
  - (v) Cephalon has indicated it intends to proceed to compulsory acquisition should it become entitled to do so in the future (see section 7 of the Bidder's Statement). Therefore, non-accepting ChemGenex Securityholders may still be forced to sell their ChemGenex Shares or ChemGenex Listed Options where, some time in the future, Cephalon becomes entitled to compulsorily acquire their securities.
  - (vi) If the number of ChemGenex Shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing, then Cephalon may seek to have ChemGenex removed from the official list of ASX. If this occurs, ChemGenex Shares will not be able to be bought or sold on ASX.
  - (vii) If Cephalon acquires 75% or more of the ChemGenex Shares, it will have sufficient voting power to pass a special resolution at a meeting of ChemGenex Shareholders. This will enable Cephalon to, among other things, change ChemGenex's constitution.
  - (viii) Cephalon has indicated that it may play a role in providing any additional funding required by ChemGenex to assist in bringing OMAPRO to market and continue the development of ChemGenex's other potential product candidates and research.
  - (ix) Regardless of the Relevant Interest that Cephalon obtains in ChemGenex, it has indicated that it will seek to carry out its intentions for ChemGenex to the extent possible.
- (d) **Implications if you do not accept and Cephalon becomes a minority shareholder**  
If the Cephalon Offer does not proceed, either because the minimum acceptance or other defeating conditions are not satisfied or for any other reason, Cephalon may retain its current 27.57% Relevant Interest in ChemGenex Shares (unless that interest is sold in whole or in part).
- Cephalon has reserved the right to waive the 90% minimum acceptance condition, in which case Cephalon could acquire a Relevant Interest in ChemGenex Shares above 27.57% but below 90%. This would give Cephalon a greater influence over the conduct of ChemGenex's activities, may have an adverse impact on the liquidity of ChemGenex Shares and ChemGenex Listed Options and may reduce the prospect of ChemGenex receiving a takeover proposal from a third party at a later date.
- (e) **Implications if Cephalon acquires less than 90% of ChemGenex Shares but 90% or more of ChemGenex Listed Options**  
Cephalon has indicated that while it presently has no intention of waiving the 90% minimum acceptance condition in relation to the ChemGenex Shares, it reserves its right to do so.

Cephalon would be entitled to compulsorily acquire any outstanding ChemGenex Listed Options but has indicated that it would make a decision whether to do so at the time having regard to the size of its then shareholding in ChemGenex and other relevant considerations.

Cephalon has also indicated that it will implement its intentions in relation to the integration of operations, employees and the pursuit of product development to the extent possible.

Cephalon would also be entitled to exercise ChemGenex Listed Options acquired under the Cephalon Offer and thereby increase its relevant interest in ChemGenex Shares, subject to the Corporations Act.

### **3.6 Implications of accepting the Cephalon Offer**

By accepting the Cephalon Offer, ChemGenex Securityholders will lose any potential future return on investment from the proposed commercialisation of omacetaxine and any other activities Cephalon undertakes with respect to the ChemGenex business.

### **3.7 Valuation of ChemGenex Shares and ChemGenex Listed Options**

The nature of ChemGenex's drug development activities and the lengthy commercialisation process makes a valuation of ChemGenex's assets inherently uncertain. In particular, a valuation is very sensitive to variables including the probability of a drug being approved, sales volumes, drug pricing, timing of regulatory approval and many other factors. The reality of the biotechnology industry is that there is considerable uncertainty as a result of these variables and hence it is difficult to value biotechnology assets with any certainty, causing a wide divergence of opinions on valuations for biotechnology companies.

In light of the difficulty in valuing biotechnology assets with any degree of certainty and the factors outlined in section 3.4 above, the Directors consider that the Cephalon Offer provides certainty of value to ChemGenex Shareholders.

The Directors have not obtained a valuation of the ChemGenex Shares or ChemGenex Listed Options for the purposes of the Cephalon Offer as they do not consider that obtaining such a valuation is in the best interests of ChemGenex. The reasons for this are as follows:

- (a) On 16 November 2010 the Board of ChemGenex released to the market a valuation report prepared by BDO Corporate Finance (Qld) Ltd. Although, this report was not commissioned for the purpose of this Target's Statement and should not be relied upon by shareholders in deciding whether to accept the Cephalon Offer, it does provide some guidance in relation to ChemGenex's value. This announcement is included in the list of recent announcements in Schedule 1.
- (b) The cost of obtaining an independent expert's valuation would be substantial and the Directors do not think that it is appropriate that ChemGenex bear this cost in addition to its other advisory fees.
- (c) Obtaining an independent expert's report would have been likely to delay receipt of the Offer Consideration by ChemGenex Securityholders.

The Directors are not qualified to provide their own quantitative assessment of the value of the ChemGenex Shares.

The reasons for the Directors' recommendation as to why ChemGenex Securityholders should accept the Cephalon Offer are outlined in section 3.4 above.

### 3.8 Choices available to you

As a ChemGenex Securityholder, you have the following choices in respect of the Cephalon Offer:

- (a) you may accept the Cephalon Offer, in which case you should follow the instructions set out in sections 4.2(f) and 4.3(f) of the Bidder's Statement;
- (b) you may sell your ChemGenex Shares or ChemGenex Listed Options on ASX; or
- (c) you may choose not to accept the Cephalon Offer, in which case you do not need to take any action.

If you are in doubt as to how to act, you should seek independent financial and taxation advice from your professional advisers.

### 3.9 Directors' and substantial shareholders' intentions to accept or reject the Cephalon Offer

In the absence of a superior offer, the Directors intend to accept the Cephalon Offer in relation to their personal holdings of ChemGenex Shares and ChemGenex Listed Options.

Details of the Relevant Interests of each Director in ChemGenex Shares and interest in ChemGenex Listed Options are set out in section 4.7 of this Target's Statement. The entities that hold the ChemGenex Shares and ChemGenex Listed Options referred to in section 4.7 have confirmed to ChemGenex that in the absence of a superior offer, they intend to accept the Cephalon Offer. In addition, significant shareholder Orbis Investment Management (Australia) Pty Ltd has presently indicated to ChemGenex that in the absence of a superior or higher offer (on-market or otherwise) it intends to accept the Cephalon Offer in relation to its holdings of ChemGenex securities.

Upon the acceptances referred to above, Cephalon's Relevant Interest in ChemGenex Shares will increase to 196,172,074 ChemGenex Shares representing 62.61% of the total number of ChemGenex Shares on issue. Cephalon will also have received acceptances in respect of 8,827,451 ChemGenex Listed Options representing 80.62% of the total number of ChemGenex Listed Options on issue.

### 3.10 Other important considerations

#### (a) Intentions of Cephalon

The intentions of Cephalon (as at the date of the Bidder's Statement) in relation to ChemGenex, its business, assets and employees are set out in section 7 of the Bidder's Statement. The statements set out in section 7 of the Bidder's Statement are statements of Cephalon's intentions current at the date of the Bidder's Statement only, which may vary as new information becomes available or circumstances change.

#### (b) Taxation

ChemGenex Shareholders and ChemGenex Listed Option holders should also refer to the tax information set out in section 5 of this Target's Statement.

All ChemGenex Securityholders are encouraged to seek their own specific professional advice as to the taxation implications applicable to their circumstances.

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# DIRECTORS' INTERESTS AND RELEVANT INFORMATION

#### 4.1 ASX announcements

ChemGenex has continuous disclosure obligations under the Corporations Act and ASX Listing Rules. ChemGenex's announcements are available free from the ASX website (see [www.asx.com.au](http://www.asx.com.au)). ChemGenex's ASX code is CXS.

The most recent financial information regarding ChemGenex is ChemGenex's half yearly report for the six month period to 31 December 2010 was released to ASX on 18 February 2011. ChemGenex's annual report for the year to 30 June 2010 was released to ASX on 22 October 2010.

A list of the announcements given to ASX as part of ChemGenex's continuous disclosure obligations between 1 July 2010 and the Printing Date are set out in Schedule 1.

#### 4.2 Share capital

As at the Printing Date, ChemGenex had 313,348,870 ChemGenex Shares on issue which trade on the ASX (ASX Code: ASX).

#### 4.3 ChemGenex ADR holders

As at the Printing Date, ChemGenex had 108,673 ChemGenex ADRs. Each ADR is the equivalent of 15 ChemGenex Shares. The ChemGenex Shares underlying the ChemGenex ADRs are included in the ChemGenex Shares in section 4.2 above.

Cephalon has not indicated in the Bidder's Statement any present intention to extend the Cephalon Offer to holders of ChemGenex ADRs.

Holders of ChemGenex ADRs should consult with BNY Mellon and their professional advisers to determine how best to deal with their ChemGenex ADRs.

#### 4.4 ChemGenex Listed Options

As at the Printing Date, ChemGenex had 10,949,328 ChemGenex Listed Options on issue which trade on the ASX (ASX Code: CXSOA). Each ChemGenex Listed Option has an exercise price of \$0.68 and converts into one ChemGenex Share.

The ChemGenex Listed Options expire on 8 February 2012.

There are no voting rights attaching to ChemGenex Listed Options.

The ChemGenex Listed Options have been included in the Cephalon Offer. The Option Offer is conditional upon the same conditions as the Share Offer along with the following conditions:

- (a) before and at the end of the Offer Period Cephalon has a relevant interest in at least 90% of the ChemGenex Listed Options; and
- (b) the Share Offer becoming and remaining free of all conditions.

#### 4.5 Unlisted options

As at the Printing Date, ChemGenex has 30,273,698 unlisted options issued to employees, executives and Directors either in accordance with the ChemGenex employee share option plan or approval by ChemGenex Shareholders.

There are no voting rights attaching to the unlisted options. Holders are entitled to receive one fully paid ChemGenex Share at an exercise price stipulated in the option certificate or option deed.

All holders of unlisted options (other than those whose options are expected to be exercised or lapse during the Offer Period) have accepted an offer to cancel their existing unlisted options for consideration, subject to certain conditions. Each holder of unlisted options who has accepted such an offer has agreed that where the Cephalon Offer becomes or is declared unconditional and Cephalon acquires a Relevant Interest of 50.1% of ChemGenex Shares, their unlisted options will be cancelled and any rights in respect of the options will terminate.

Within 10 business days of the date on which the options are cancelled ChemGenex will for each option held pay the cash amount equal to the per share cash consideration provided by Cephalon to acquire ChemGenex ordinary shares under its bid, less the exercise price of the relevant options. The total amount payable to cancel the unlisted options will be \$4,977,163.30.

ChemGenex has applied to ASX for a waiver of listing rule 6.23.2 to enable ChemGenex to cancel unlisted options without obtaining shareholder approval. As at the Printing Date, this waiver had not yet been granted.

#### 4.6 Substantial ChemGenex Shareholders

As at the Printing Date, the ChemGenex Shares held by the substantial shareholders of ChemGenex based on substantial shareholder notices lodged in accordance with the Corporations Act were as follows:

Holder	Number of ChemGenex Shares	% of ChemGenex Shares
Cephalon International, Inc.	86,386,425	27.57%
Berne No. 132 Nominees Pty Ltd <A/c 473711> as nominee for Alta Partners VIII, VC	42,672,641	13.62%
Orbis Investment Management (Australia) Pty Ltd	39,640,833	12.65%
GBS Venture Partners Pty Ltd as trustee for the GBS Bioventures III	21,942,255	7.00%



#### 4.7 Directors' interests in ChemGenex Securities

As at the Printing Date, the Directors have the following Relevant Interests, either directly or indirectly, in ChemGenex securities:

Director	Shares	ChemGenex Listed Options	Unlisted options
Mr Brett Heading	131,562	3,333	250,000 <sup>^</sup>
Dr Greg Collier	410,143	—	7,958,667
Mr Elmar Schnee	1,965,960 <sup>*</sup>	—	250,000 <sup>^</sup>
Dr Geoff Brooke	21,942,255 <sup>*</sup>	2,736,065 <sup>*</sup>	250,000 <sup>^</sup> <sup>^</sup>
Mr Dan Janney	42,672,641 <sup>*</sup>	6,088,053 <sup>*</sup>	250,000 <sup>^</sup>
Dr George Morstyn	41,375	—	250,000 <sup>^</sup>
Mr Jean-Luc Tétard	2,980,880 <sup>*</sup>	—	250,000 <sup>#</sup>

\* Includes ChemGenex Shares, ChemGenex Listed Options and unlisted options held by entities in which Messrs Schnee (Merck Santé S.A.S), Brooke (GBS Venture Partners Pty Ltd as trustee for the GBS Bioventures III), Janney (Berne No. 132 Nominees Pty Ltd <A/c 473711 as nominee for Alta Partners VIII, LC) and Tétard (Stragen International N.V.) hold directorships.

<sup>^</sup> Holds 250,000 unlisted options with an exercise price of \$1.22 for each unlisted option.

<sup>#</sup> Holds 250,000 unlisted options with an exercise price of \$1.15 for each unlisted option.

#### 4.8 Trading by Directors in ChemGenex Shares in the last four months

On 1 April 2011:

- Cephalon International acquired 34,254,463 ChemGenex Shares from Stragen International N.V. at a price of \$0.70 per ChemGenex Share.
- Cephalon International acquired 22,131,962 ChemGenex Shares from Merck Santé S.A.S at a price of \$0.70 per ChemGenex Share.

No other Directors have acquired or disposed of ChemGenex Shares or ChemGenex Listed Options in the last four months, ending on the Printing Date.

#### 4.9 Directors' interests in Cephalon

##### (a) Shares and other securities in Cephalon

No Director holds any shares or other securities in Cephalon or a Related Body Corporate of Cephalon and no Director has acquired or disposed of Cephalon shares in the last four months.

##### (b) Agreements with Cephalon

Dr George Morstyn is an independent director of a private Japanese company, SymBio Pharmaceuticals Limited in which Cephalon Group is a minority shareholder.

Mr Dan Janney is a director of Alba Therapeutics Corporation. Cephalon holds an option to acquire the assets of the company.

Other than as disclosed above or elsewhere in this Target's Statement, no Directors are party to any agreements with Cephalon or a Related Body Corporate of Cephalon or have an interest in any contract entered into by Cephalon or a Related Body Corporate of Cephalon.

##### (c) Directorships

As at the Printing Date, no Director of ChemGenex is a director of Cephalon.

##### (d) Other material information

Except as set out in this Target's Statement, no Director has any interest, whether as a director, shareholder or creditor of ChemGenex or otherwise, which is material to the Cephalon Offer.

#### 4.10 Other interests of Directors

Dr Greg Collier holds 6,758,667 unlisted options exercisable at a weighted average of \$0.4605.

Dr Collier may receive a payment of approximately \$1.62 million in respect of these unlisted options in accordance with and on the conditions set out in section 4.5.

Dr Collier also holds 1,200,000 unlisted options exercisable at \$1.15 and \$1.22 for which he will not receive any cancellation payment.

None of the other Directors holds a material number of options which will vest as a result of the Cephalon Offer.

Brett Heading is the Chairman of ChemGenex and a partner of McCullough Robertson. McCullough Robertson has acted as legal advisor to ChemGenex in respect of the Cephalon Offer and is entitled to receive fees for its performance of this role.

**TAX  
CONSEQUENCES  
FOR  
CHEMGENEX  
SECURITYHOLDERS**

### **5.1 Introduction**

The Cephalon Offer comprises the following:

- (a) an offer to acquire ChemGenex Shares from the ChemGenex Shareholders; and
- (b) an offer to acquire ChemGenex Listed Options from the Listed Option Holders.

The Cephalon Offer does not cover unlisted options issued to employees, executives and Directors.

The following is a general summary of the potential Australian income tax consequences generally applicable to ChemGenex Securityholders who dispose of their ChemGenex Shares or ChemGenex Listed Options under the Cephalon Offer. This summary is based on the law and practice in effect on the Printing Date.

The following summary is not intended to be an authoritative or complete statement of the tax law applicable to the specific circumstances of every ChemGenex Securityholder. In particular, the summary is only applicable to ChemGenex Securityholders that hold their ChemGenex Shares and ChemGenex Listed Options on capital account for income tax purposes.

This summary does not apply to ChemGenex Securityholders that:

- (a) hold their ChemGenex Shares or ChemGenex Listed Options in the course of a business of trading or dealing in securities; or
- (b) acquired their ChemGenex Shares or ChemGenex Listed Options under an employee share scheme operated by ChemGenex.

All ChemGenex Securityholders are advised to seek independent professional advice about their particular circumstances on the consequences of accepting the Cephalon Offer. Non-resident ChemGenex Securityholders should also seek their own advice on the foreign taxation consequences associated with any disposal of ChemGenex Shares and ChemGenex Listed Options.

### **5.2 CGT consequences – Australian residents**

A ChemGenex Securityholder that accepts the Cephalon Offer and whose ChemGenex Shares or ChemGenex Listed Options are subsequently transferred to Cephalon, will be taken to have disposed of their ChemGenex Shares or ChemGenex Listed Options for Australian capital gains tax (CGT) purposes.

ChemGenex Securityholders should make a capital gain equal to the amount by which the Offer Consideration exceeds their cost base for their ChemGenex Shares or ChemGenex Listed Options. Subject to the availability of the CGT discount (see below) and any losses available to be offset against the capital gain, this amount is included in the ChemGenex Securityholder's taxable income.

A ChemGenex Securityholder should alternatively make a capital loss equal to the amount by which the reduced cost base of their ChemGenex Shares or Listed Options exceeds the Offer Consideration. A capital loss may be used to offset a capital gain made in the same income year or be carried forward to offset a capital gain made in a future income year, subject to the satisfaction of certain loss recoupment tests applicable to companies and trusts.

The cost base of ChemGenex Shares and ChemGenex Listed Options would generally be equal to the amount the relevant ChemGenex Securityholder paid to acquire the ChemGenex Shares or ChemGenex Listed Options, which includes certain incidental costs (such as brokerage) associated with the acquisition, and reduced by any capital reductions. For ChemGenex shareholders who held their ChemGenex Shares at the time of the 2008 demerger of Autogen Research Pty Ltd, the cost base of the ChemGenex Shares will be reduced by the amount of cost base allocated to the Autogen Research Pty Ltd shares in the demerger, as outlined at paragraph 47 of the Australian Taxation Office class ruling CR 2008/31.

### **5.3 ChemGenex Shares acquired before 20 September 1985**

The disposal of ChemGenex Shares acquired before 20 September 1985 (Pre-CGT) should not be subject to Australian CGT.

In some cases CGT may still be payable on the disposal of Pre-CGT shares where there is significant value in the underlying post-CGT assets of the company. However, this should not apply to the disposal of Pre-CGT ChemGenex Shares under the Cephalon Offer as ChemGenex will have been listed for the period 5 years up to the disposal of the ChemGenex Shares.

Holders of any Pre CGT ChemGenex Shares which are compulsorily acquired may receive different tax treatment to holders of Pre CGT ChemGenex Shares who accept the Share Offer. They should consult their personal taxation adviser for advice applicable to their own individual needs and circumstances, including on whether CGT event K6 could apply.

### **5.4 ChemGenex Shares acquired before 21 September 1999**

Any ChemGenex Shareholder who acquired their ChemGenex Shares before 11.45am (legal time in the Australian Capital Territory) on 21 September 1999 and held them for at least 12 months before the transfer to Cephalon under the Share Offer may index the cost base of their ChemGenex Shares to take account of inflation between the calendar quarter in which the ChemGenex Shares were acquired and the calendar quarter ended 30 September 1999.

If a ChemGenex Shareholder who is an individual, the trustee of a trust or a complying superannuation entity chooses to index the cost base of their ChemGenex Shares, then the CGT discount will not be available to them (see below). Note that the cost base of ChemGenex Shares cannot be indexed in working out the amount of any capital loss.

### 5.5 CGT discount

Any ChemGenex Securityholder who is an individual, the trustee of a trust or a complying superannuation entity may be entitled to claim the CGT discount in calculating any capital gain provided that:

- (a) the ChemGenex Shares or ChemGenex Listed Options were acquired at least 12 months before disposal to Cephalon;
- (b) the ChemGenex Securityholder did not choose to index the cost base of their ChemGenex Shares or Listed Options; and
- (c) the CGT discount is applied to the capital gain after any available capital losses are first offset against that capital gain.

A ChemGenex Securityholder who is an individual or the trustee of a trust may discount the capital gain by 50% and include 50% of the capital gain in the taxable income of that individual or trust.

A ChemGenex Securityholder that is a complying superannuation entity may discount the capital gain by 33 $\frac{1}{3}$ % and include 66 $\frac{2}{3}$ % of the capital gain in the taxable income of that complying superannuation entity.

The CGT discount is not available to a ChemGenex Securityholder that is a company.

### 5.6 Non-residents

Non-resident ChemGenex Securityholders should not be subject to Australian CGT on the disposal of their ChemGenex Shares or ChemGenex Listed Options.

Non-resident ChemGenex Securityholders are advised to seek their own taxation advice regarding the taxation implications of the Cephalon Offer in their own country of residence.

### 5.7 Stamp duty

No stamp duty is payable by ChemGenex Securityholders on the disposal of their ChemGenex Shares or ChemGenex Listed Options.

### 5.8 GST

No Australian GST should be payable by ChemGenex Securityholders on the disposal of their ChemGenex Shares or ChemGenex Listed Options under the Cephalon Offer.

### 5.9 Obtain your own taxation advice

Do not rely on the comments or the statements contained in this Target's Statement as advice about your own affairs. The taxation laws are complex and there could be implications in addition to those generally described in this Target's Statement.

Accordingly, consult your own tax advisers for advice applicable to your individual needs and circumstances. To the extent permitted by law, ChemGenex does not accept any responsibility for tax implications for individual ChemGenex Securityholders.

ChemGenex is not a registered tax agent under the Tax Agent Services Act 2009 (Cth) and cannot provide tax advice to specific ChemGenex Securityholders. ChemGenex Securityholders should obtain tax advice from a registered tax agent on the consequences of accepting the Cephalon Offer.

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# ADDITIONAL INFORMATION

### 6.1 Material contracts or commitments

ChemGenex is required to immediately disclose to the market through ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of ChemGenex's securities. ChemGenex has complied with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules.

Except as set out elsewhere in this Target's Statement, there have been no material contracts or commitments entered into by ChemGenex, which would be expected to have a material effect on the price or value of ChemGenex Shares, which have not been announced to ASX.

A list of ChemGenex's recent announcements to ASX is set out in Schedule 1 of this Target's Statement.

### 6.2 Offer for Cephalon

Shortly after the Cephalon Offer was announced, Valeant announced that it may make a takeover offer in respect of Cephalon, Inc. None of the conditions of the Cephalon Offer allow Cephalon to terminate either the Share Offer or the Option Offer because of a change of control in respect of Cephalon, Inc. On 5 April 2011 Cephalon announced that its board has formally rejected the Valeant approach. In the circumstances, you should not assume that the Cephalon Offer will be extended beyond the current closing date of 23 May 2011. For this reason, the Directors of ChemGenex encourage you to accept the Cephalon Offer before the current closing date.

### 6.3 No change of control termination rights in key contracts

A change in control will give rise to termination conditions in the employment contract for employee Dr Adam Craig. Dr Craig is entitled under his employment contract to a payment equal to six months salary where his employment terminates within three months after Cephalon obtains a 50.1% Relevant Interest in ChemGenex. The required payment amounts to approximately US\$175,000.

Other than the contract for Dr Craig, the Directors are not aware of any change of control termination rights in key contracts.

### 6.4 Material litigation

The Directors are not aware of any material litigation that is currently affecting ChemGenex.

### 6.5 No other material information

This Target's Statement is required to include all the information that ChemGenex Securityholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Cephalon Offer, but:

- (a) only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- (b) only if the information is known to any Director.

The Directors are of the opinion that the information that ChemGenex Securityholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Cephalon Offer is:

- (a) the information contained in the Bidder's Statement (to the extent that the information is not inconsistent with or superseded by information in this Target's Statement);
- (b) the information contained in ChemGenex's releases to ASX, and the documents lodged by ChemGenex with ASIC, before the Printing Date; and
- (c) the information contained in this Target's Statement.

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all of the statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- (a) the nature of the ChemGenex Shares and ChemGenex Listed Options;
- (b) the matters that ChemGenex Securityholders may reasonably be expected to know;
- (c) the fact that certain matters may reasonably be expected to be known to ChemGenex Securityholders' professional advisers; and
- (d) the time available to ChemGenex to prepare this Target's Statement.

### 6.6 ASIC and ASX modifications and exemptions

ChemGenex has not obtained, or applied to ASIC for any modifications of, or exemptions from, the Corporations Act in relation to this Target's Statement. However, ASIC has published various instruments providing for modifications and exemptions that apply generally to all persons, including ChemGenex. In particular, but without limitation, ChemGenex relies on the following instruments:

- (a) ChemGenex relies on ASIC Class Order 01/1543 in that this Target's Statement may include, or be accompanied by, certain statements which are made, or based on, statements made in documents lodged with ASX in accordance with the ASX Listing Rules or documents lodged with ASIC. As required by the Class Order, ChemGenex will make available a copy of these documents free of charge to any ChemGenex Securityholder who requests a copy. To request a copy of any document, please contact ChemGenex. A list of announcements made by ChemGenex between 1 July 2010 and the Printing Date appears in Schedule 1.
- (b) ChemGenex relies on ASIC Class Order 03/635 in that this Target's Statement may include, or be accompanied by, certain statements fairly representing a statement by an official person or from a public official document or published book, journal or comparable publication.

- (c) ChemGenex relies on ASIC Class Order 07/429 in that this Target's Statement may include, or be accompanied by, a trading data reference where both:
- (i) the trading data to which the trading data reference relates reflects trading on a prescribed financial market (such as ASX); and
  - (ii) the Target's Statement or accompanying document states, close to the trading data reference, the name of the person who prepared the trading data and that the person who prepared the trading data has not consented to the use of the reference in this Target's Statement or accompanying document (as applicable).

If the conditions set out in the above ASIC Class Orders are satisfied, the consent of the person to whom a relevant statement is attributed is not required for that statement to be included in this Target's Statement or accompanying document (as applicable).

ChemGenex has applied to ASX for a waiver of listing rule 6.23.2 to enable ChemGenex to cancel unlisted options without obtaining shareholder approval. As at the Printing Date, this waiver had not yet been granted.

### 6.7 Consents

The following persons have given and have not, before the Printing Date withdrawn their consent to:

- (a) be named in this Target's Statement in the form and context in which they are named; and
- (b) the inclusion of other statements in this Target's Statement which are based on or referable to statements made in the reports or statements noted next to their names, or which are based on or referable to other statements made by those persons, in the form and context in which they are included.

Name of person	Capacity	Reports or statement
Canaccord Genuity	Corporate advisers	Nil
McCullough Robertson	Legal advisers	Nil
Link Market Services Limited	Share registry	Nil
GBS Venture Partners Pty Ltd as trustee for the GBS Bioventures III	Substantial shareholder	GBS Venture Partners Pty Ltd as trustee for the GBS Bioventures III intends to accept the Cephalon Offer.
Alta Partners VIII, LC	Substantial shareholder	Alta Partners VIII, LC intends to accept the Cephalon Offer.
Orbis Investment Management (Australia) Pty Ltd	Substantial shareholder	Significant shareholder Orbis Investment Management (Australia) Pty Ltd has presently indicated to ChemGenex that in the absence of a superior or higher offer (on-market or otherwise) it intends to accept the Cephalon Offer in relation to its holdings of ChemGenex securities.
Merck Santé S.A.S	Shareholder	Merck Santé S.A.S intends to accept the Cephalon Offer.
Stragen International N.V.	Shareholder	Stragen International N.V. intends to accept the Cephalon Offer.

Each of the persons named above:

- (c) does not make, or purport to make, any statement in this Target's Statement other than those statements referred to above and as consented to by that person; and
- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement other than as described in this section with the person's consent.

None of the persons named above has authorised nor caused the issue of this Target's Statement.

### Date and approval of this Target's Statement

This Target's Statement is dated 13 April 2011, which is the date it was lodged with ASIC. This Target's Statement was approved by a resolution of the Directors of ChemGenex.

Signed for and on behalf of ChemGenex



**Brett Heading**  
Chairman



# DEFINITIONS AND INTERPRETATION

**7.1 Defined Terms**

<b>Term</b>	<b>Definition</b>
<b>ASIC</b>	means the Australian Securities & Investments Commission.
<b>Associate</b>	has the same meaning as in the Corporations Act.
<b>ASX</b>	means ASX Limited ACN 008 624 691 or the financial market which it operates as the context requires.
<b>ASX Listing Rules</b>	means the listing rules of ASX, as amended or replaced from time to time.
<b>Bidder's Statement</b>	means the Bidder's Statement dated 13 April 2011 lodged with ASIC by Cephalon on that date.
<b>Board</b>	means the board of Directors of ChemGenex.
<b>Business Day</b>	means a day that is not a Saturday, Sunday, public holiday or bank holiday in Melbourne.
<b>Cephalon</b>	means Cephalon CXS Holdings Pty Ltd, a wholly owned subsidiary of Cephalon, Inc.
<b>Cephalon Group</b>	means Cephalon, Inc. and its subsidiaries from time to time, including Cephalon.
<b>Cephalon International</b>	means Cephalon International Holdings, Inc., a wholly owned subsidiary of Cephalon, Inc.
<b>Cephalon Offer</b>	means the Share Offer and the Option Offer.
<b>ChemGenex</b>	means ChemGenex Pharmaceuticals Ltd ACN 000 248 304.
<b>ChemGenex ADRs</b>	means the American depositary receipts for ChemGenex Shares traded on the OTC market (Code: CXSPY).
<b>ChemGenex Listed Option Holder</b>	means a holder of ChemGenex Listed Options.
<b>ChemGenex Listed Options</b>	means options issued by ChemGenex and quoted on ASX under ASX Code CXSOA, exercisable at \$0.68 and expiring on 8 February 2012.
<b>ChemGenex Securityholders</b>	means ChemGenex Shareholders and ChemGenex Listed Option Holders.
<b>ChemGenex Shareholder</b>	means a holder of ChemGenex Shares.
<b>ChemGenex Shares</b>	means fully paid ordinary shares in ChemGenex.
<b>Convertible Note Subscription Deed</b>	means the deed between ChemGenex and Cephalon International Holdings Inc. dated 22 October 2010 relating to the issuance of the Convertible Notes.
<b>Convertible Notes</b>	means the convertible notes issued by ChemGenex to Cephalon International Holdings, Inc. under the terms of the Convertible Note Subscription Deed.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Directors</b>	means the directors of ChemGenex.
<b>Offer Consideration</b>	means \$0.70 in cash for each ChemGenex Share and \$0.02 in cash for every ChemGenex Listed Option.
<b>Offer Period</b>	has the same meaning as in the Cephalon Offer.
<b>Option Offer</b>	means the conditional offer contained in the Bidder's Statement and made by Cephalon for all ChemGenex Listed Options.
<b>Printing Date</b>	means the date that this Target's Statement went to print, being 13 April 2011.
<b>Register Date</b>	means 13 April 2011 being the date set by Cephalon under section 633(2) Corporations Act (as may be varied under the Corporations Act).
<b>Related Body Corporate</b>	has the same meaning as given by section 50 of the Corporations Act.
<b>Relevant Interest</b>	has the same meaning as given by sections 608 and 609 Corporations Act.
<b>Share Offer</b>	means the conditional offer contained in the Bidder's Statement and made by Cephalon for all ChemGenex Shares.
<b>Target's Statement</b>	means this target's statement lodged by ChemGenex.
<b>Valeant</b>	means Valeant Pharmaceuticals, Inc.
<b>VWAP</b>	means volume weighted average share price for a respective period of trading days.

## 7.2 Interpretation

Unless specified otherwise, or otherwise required by the context, all words and phrases in this Target's Statement shall have the meanings given to them in the Corporations Act.

The following rules apply unless the context requires otherwise:

- (a) the singular includes the plural and vice versa;
- (b) a gender includes the other genders;
- (c) the headings are used for convenience only and do not affect the interpretation of this Target's Statement;
- (d) other grammatical forms of defined words or expressions have corresponding meanings;
- (e) a reference to a document includes the document as modified from time to time and any document replacing it;
- (f) if something is to be or may be done on a day that is not a Business Day then it must be done on the next Business Day;
- (g) the word 'person' includes a natural person and any body or entity whether incorporated or not;
- (h) the word 'month' means calendar month and the word 'year' means 12 months;
- (i) the words 'in writing' include any communication sent by letter, facsimile transmission or email or any other form of communication capable of being read by the recipient;
- (j) a reference to a thing includes a part of that thing;
- (k) a reference to all or any part of a statute, rule, regulation or ordinance (statute) includes that statute as amended, consolidated, re-enacted or replaced from time to time;
- (l) wherever 'include' or any form of that word is used, it must be construed as if it were followed by '(without being limited to)';
- (m) money amounts are stated in Australian currency unless otherwise specified; and
- (n) a reference to any agency or body, if that agency or body ceases to exist or is reconstituted, renamed or replaced or has its powers or functions removed (defunct body), means the agency or body that performs most closely the functions of the defunct body.

**Directors**

J.B.L. Heading (Chairman)  
Dr G.R. Collier  
(Chief Executive Officer and Managing Director)  
E.J. Schnee  
Dr G.E.D. Brooke  
D.S. Janney  
Dr G. Morstyn  
J. Tétard

**Company Secretary**

Dr J.A. Campbell

**Registered Office**

c/- LBW Chartered Accountants  
35 Gordon Avenue  
Geelong West, Vic 3218

**Share Register**

Link Market Services  
Level 15  
324 Queen Street  
Brisbane, Qld 4000  
Phone: 1300 554 474

**Stock Exchange**

**Australia**

ChemGenex Pharmaceuticals Ltd shares (CXS) and options (CXSOA) are quoted on the Australian Securities Exchange (ASX).

**United States**

ChemGenex Pharmaceuticals Ltd shares (CXSPY) are also quoted on the OTC market.

Level 1 American Depository Receipts (ADRs)  
The Bank of New York Mellon Corporation  
One Wall Street  
New York, NY 10286

**Lawyers**

McCullough Robertson  
Central Plaza Two  
66 Eagle Street  
Brisbane, Qld 4000

Greenberg Traurig  
Metlife Building  
200 Park Avenue  
New York, NY 10166 USA

## ChemGenex announcements to the ASX since 1 July 2010

Date	Event
06/04/2011	Change in substantial holding
05/04/2011	Ceasing to be a substantial holder
05/04/2011	Ceasing to be a substantial holder
04/04/2011	Change in substantial holding
04/04/2011	Cleansing Statement
04/04/2011	Appendix 3B
01/04/2011	Change of Director's Interest Notice
01/04/2011	Change of Director's Interest Notice
30/03/2011	Cephalon Update
29/03/2011	Cephalon Launches Takeover Bid
25/03/2011	Trading Halt Request
25/03/2011	Trading Halt
18/02/2011	Half Yearly Report and Accounts
17/02/2011	Appendix 3B
10/02/2011	Appendix 3B
10/02/2011	Change of Director's Interest Notice
10/02/2011	Results of Meeting
09/02/2011	ChemGenex to Present at BIO CEO and Investor Conference
01/02/2011	Appendix 3B
07/01/2011	Revised Securities Trading Policy
05/01/2011	ChemGenex to Align European and US Regulatory Strategies
04/01/2011	Notice of General Meeting/Proxy Form
23/12/2010	Appendix 3B
23/12/2010	Appendix 3B
21/12/2010	Results of Meeting
06/12/2010	Updated analysis on OMAPRO presented at Annual ASH Meeting
29/11/2010	Chairman's Address to Shareholders
29/11/2010	Results of Meeting
16/11/2010	Notice of General Meeting/Proxy Form
02/11/2010	Awarded U.S. Therapeutic Discovery grant
28/10/2010	Appendix 3B
22/10/2010	Notice of Annual General Meeting/Proxy Form
22/10/2010	Annual Report to shareholders
22/10/2010	Change of Director's Interest Notice
22/10/2010	Change of Director's Interest Notice
22/10/2010	Becoming a substantial holder
22/10/2010	Convertible Note Issued to Cephalon Inc
15/10/2010	Appendix 3B
05/10/2010	Response to an ASX Price Query
05/10/2010	ChemGenex Completes pre-NDA Meeting with U.S. FDA
13/09/2010	Presentation at International Investment Conference
06/09/2010	Appendix 3B
27/08/2010	Preliminary Final Report
09/08/2010	Appendix 3B
02/08/2010	Appendix 3B
14/07/2010	FDA agrees on potential regulatory pathway for OMAPRO

## SCHEDULE 1

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