

# Shareholder Value with a Different Focus

In an interview with Michael W. Bonney, president and CEO of Cubist Pharmaceuticals, he explains the company's success and priorities moving forward



## Summarize Cubist's approach to creating shareholder value.

We are an emerging midcap biopharmaceutical company whose mission is to discover, develop and commercialize therapies for acutely ill patients, a currently underserved space. Over the past eight years, Cubist has developed unique skills to address the complex and rapidly changing acute-care marketplace. With acute care infrastructure and meaningful cash flow generated by our first-in-class IV antibiotic CUBICIN® (daptomycin for injection), we are now advancing a pipeline of well-differentiated therapies addressing high unmet needs.



complicated urinary tract and intra-abdominal infections—this year. We expect to file a New Drug Application by the end of 2013, assuming positive results in both indications. A similar filing would follow in Europe. We'll also study CXA-201 as therapy for hospital-acquired pneumonia.

## Earlier this year you announced an agreement with Optimer Pharmaceuticals to co-promote DIFICID™, which has since been approved and launched in the U.S.

We are very pleased to be working with Optimer on the launch in U.S. hospitals of

DIFICID, a therapeutic option for patients with *Clostridium difficile*-associated diarrhea or CDAD. The agreement provides Cubist with quarterly service fees of \$3.75 million—\$15 million per year—over the two years beginning with the first commercial sale of DIFICID. Cubist also is eligible to receive additional payments if mutually agreed-upon annual sales targets are achieved. This agreement provides meaningful service revenues for us, and provides our hospital sales professionals and our clinical science liaisons an opportunity to help introduce a much-needed therapy to treat a disease associated with increasing health-care costs and rising rates of mortality. As this interview goes to press, Cubist is approaching a go/no-go decision to proceed to Phase 3 with our own clinical candidate to address the need for additional therapies to treat CDAD.

## To what do you owe the success of CUBICIN?

CUBICIN is approved in more than 70 countries for serious skin and bloodstream infections caused by what are known as Gram-positive bacteria—among them the superbug Methicillin-resistant *Staphylococcus aureus* or MRSA. In almost eight years on the market, CUBICIN has continued to track as the most successful IV antibiotic, in dollar terms, in U.S. history. We expect CUBICIN to achieve peak-year sales of at least \$1 billion in the U.S.

CUBICIN'S success is due to the need represented by serious infections caused by MRSA, as well as by CUBICIN's unique product characteristics and differentiated label, and our demonstrated ability to excel in the hospital environment.

## Can CUBICIN's historic success be replicated?

Our lead program in the clinic is CXA-201, an IV drug candidate for first-line therapy of serious infections in the hospital caused by multi-drug-resistant [MDR] forms of Gram-negative bacteria, such as *Pseudomonas aeruginosa*. Cubist is one of only a few companies addressing this large and urgent need. We acquired CXA-201 through the 2009 acquisition of Calixa Therapeutics. We expect peak-year sales potential, assuming approval in our targeted indications, of at least \$1 billion. We announced positive Phase 2 data in June and are initiating Phase 3 trials for two indications—

## What are your priorities for use of cash?

We believe that with our strong cash position we are well positioned to acquire or in-license late-stage acute care therapies. We are primarily focused on identifying additional assets that would be accretive to operating income between now and 2015. Our objective is to be able to continue growing operating income as we invest to advance and expand our clinical pipeline for longer-term value creation. ●

For the latest on CBST visit [cubist.com](http://cubist.com) or email [IR@cubist.com](mailto:IR@cubist.com)

This Q&A includes forward-looking statements relating to Cubist's business. There are a number of important factors that could cause actual results to differ materially from these forward-looking statements. These and other factors are contained in Cubist's periodic filings with the SEC. This information is being provided as of the date this Q&A was finalized for print and Cubist does not undertake any obligation to update any forward-looking statements as a result of new information, future events or otherwise.



# Others run away from infection. We stand squarely against it.

We made our name with an antibiotic to fight MRSA. But today, many scientists and physicians say that infections caused by resistant strains of **Gram-negative bacteria** pose an even greater threat. With a treatment that we expect to move into Phase 3 clinical trials later this year, and more research under way, we're pioneering in the fight against Gram-negative "super bugs."

Learn more at [cubist.com](http://cubist.com)



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