Use of Non-GAAP Financial Measures

In addition to financial information prepared in accordance with U.S. GAAP, this document also contains certain non-GAAP financial measures based on management's view of performance including:

- Adjusted research and development expense
- Adjusted selling, general and administrative expense
- Adjusted operating margin
- Adjusted net income
- Adjusted earnings per share

Management uses such measures internally for planning and forecasting purposes and to measure the performance of the Company. We believe these adjusted financial measures provide useful and meaningful information to us and investors because they enhance investors' understanding of the continuing operating performance of our business and facilitate the comparison of performance between past and future periods. These adjusted financial measures are non-GAAP measures and should be considered in addition to, but not as a substitute for, the information prepared in accordance with U.S. GAAP. When preparing these supplemental non-GAAP financial measures we typically exclude certain GAAP items that management does not consider to be normal, recurring, cash operating expenses but that may not meet the definition of unusual or non-recurring items. Other companies may define these measures in different ways. The following categories of items are excluded from adjusted financial results:

Acquisition and Divestiture-Related Costs: We exclude the impact of certain amounts recorded in connection with business combinations and divestitures from our adjusted financial results that are either non-cash or not normal, recurring operating expenses due to their nature, variability of amounts, and lack of predictability as to occurrence and/or timing. These amounts may include non-cash items such as the amortization of acquired intangible assets, amortization of purchase accounting adjustments to inventories, intangible asset impairment charges and expense or income related to changes in the estimated fair value measurement of contingent consideration. We also exclude transaction and certain other cash costs associated with business acquisitions and divestitures that are not normal recurring operating expenses, including severance costs which are not part of a formal restructuring program.

Share-based Compensation Expense: We exclude share-based compensation from our adjusted financial results because share-based compensation expense, which is non-cash, fluctuates from period to period based on factors that are not within our control, such as our stock price on the dates share-based grants are issued.

Collaboration-related Upfront Expenses: We exclude collaboration-related upfront expenses from our adjusted financial results because we do not consider them to be normal, recurring operating expenses due to their nature, variability of amounts, and lack of predictability as to occurrence and/or timing. Upfront payments to collaboration partners are made at the commencement of a relationship anticipated to continue for a multi-year period and provide us with intellectual property rights, option rights and other rights with respect to particular programs. The variability of amounts and lack of predictability of collaboration-related upfront expenses makes the identification of trends in our ongoing research and development activities more difficult. We believe the presentation of adjusted research and development, which does not include collaboration-related upfront expenses, provides useful and meaningful information about our ongoing research and development activities by enhancing investors' understanding of our normal, recurring operating research and development expenses and facilitates comparisons between periods and with respect to projected performance. All expenses incurred subsequent to the initiation of the collaboration arrangement, such as research and development cost-sharing expenses/reimbursements and milestone payments up to the point of regulatory approval are considered to be normal, recurring operating expenses and are included in our adjusted financial results.

Research and Development Asset Acquisition Expense: We exclude costs associated with acquiring rights to pre-commercial compounds because we do not consider such costs to be normal, recurring operating expenses due to their nature, variability of amounts, and lack of predictability as to occurrence and/or timing. Research and development asset acquisition expenses includes expenses to acquire rights to pre-commercial compounds from a collaboration partner when there will be no further participation from the collaboration partner or other parties. The variability of amounts and lack of predictability of research and development asset acquisition expenses makes the identification of trends in our ongoing research and development activities more difficult. We believe the presentation of adjusted research and development, which does not include research and development asset acquisition expenses, provides useful and meaningful information about our ongoing research and development activities by enhancing investors' understanding of our normal, recurring operating research and development expenses and facilitates comparisons between periods and with respect to projected performance.

Restructuring Costs: We exclude costs associated with restructuring initiatives from our adjusted financial results. These costs include amounts associated with facilities to be closed, employee separation costs and costs to move operations from one location to another. We do not frequently undertake restructuring initiatives and therefore do not consider such costs to be normal, recurring operating expenses.

Certain Other Items: We exclude certain other significant items that may occur occasionally and are not normal, recurring, cash operating expenses from our adjusted financial results. Such items are evaluated on an individual basis based on both the quantitative and the qualitative aspect of their nature and generally represent items that, either as a result of their nature or magnitude, we would not anticipate occurring as part of our normal business on a regular basis. While not all-inclusive, examples of certain other significant items excluded from adjusted financial results would be: expenses for significant fair value adjustments to equity investments, significant litigation-related loss contingency accruals and expenses to settle other disputed matters.

Estimated Tax Impact From Above Adjustments: We exclude the net income tax impact of the non-tax adjustments described above from our adjusted financial results. The net income tax impact of the non-tax adjustments includes the impact on both current and deferred income taxes and is based on the taxability of the adjustment under local tax law and the statutory tax rate in the tax jurisdiction where the adjustment was incurred.

Non-Operating Tax Adjustments: We exclude the net income tax impact of certain other significant income tax items, which are not associated with our normal, recurring operations ("Non-Operating Tax Items"), from our adjusted financial results. Non-Operating Tax Items include items which may occur occasionally and are not normal, recurring operating expenses (or benefits), including adjustments related to acquisitions, divestitures, collaborations, certain adjustments to the amount of unrecognized tax benefits related to prior year tax positions, and other similar items.

See the attached Reconciliations of GAAP to Adjusted Net Income for explanations of the amounts excluded and included to arrive at the adjusted measures for the three- and twelve-month periods ended December 31, 2016 and 2015, and for the projected amounts for the twelve-month period ending December 31, 2017.

Celgene Corporation and Subsidiaries
Condensed Consolidated Statements of Income
(Unaudited)
(In millions, except per share data)

	Three-Month Periods Ended December 31, 2016	Three-Month Periods Ended December 31, 2015	Twelve-Month Periods Ended December 31, 2016	Twelve-Month Periods Ended December 31, 2015
Net product sales	$ 2,976.8	$ 2,539.2	$ 11,184.6	$ 9,161.1
Other revenue	3.7	24.1	44.6	94.9
Total revenue	2,980.5	2,563.3	11,229.2	9,256.0
Cost of goods sold (excluding amortization of acquired intangible assets)	113.5	105.4	438.0	420.1
Research and development	1,134.7	776.8	4,470.1	3,697.3
Selling, general and administrative	684.6	609.1	2,657.7	2,305.4
Amortization of acquired intangible assets	105.3	88.1	459.0	279.0
Acquisition related charges and restructuring, net	12.5	83.7	37.8	299.6
Total costs and expenses	2,050.6	1,663.1	8,062.6	7,001.4
Operating income	929.9	900.2	3,166.6	2,254.6
Interest and investment income, net	9.0	4.7	30.3	31.1
Interest (expense)	(127.1)	(124.6)	(500.1)	(310.6)
Other income (expense), net	(312.8)	(34.8)	(324.3)	48.4
Income before income taxes	499.0	745.5	2,372.5	2,023.5
Income tax provision	70.1	184.5	373.3	421.5
Net income	$ 428.9	$ 561.0	$ 1,999.2	$ 1,602.0
Net income per common share:				
Basic	$ 0.55	$ 0.71	$ 2.57	$ 2.02
Diluted	$ 0.53	$ 0.69	$ 2.49	$ 1.94
Weighted average shares:				
Basic	776.8	785.8	777.2	792.2
Diluted	802.2	816.5	803.3	824.9

	December 31, 2016	December 31, 2015
Balance sheet items:		
Cash, cash equivalents & marketable securities	$ 7,969.7	$ 6,551.9
Total assets[(1)]	$ 28,085.6	$ 26,964.4
Long-term debt, including current portion[(1)]	$ 14,289.2	$ 14,161.4
Total stockholders' equity	$ 6,599.3	$ 5,919.0

[(1)] Total assets and long-term debt as of December 31, 2015 have been adjusted to reflect the retroactive adoption of ASU 2015-03 in the first quarter of 2016. ASU 2015-03 requires the presentation of debt issuance costs as a reduction of long-term debt.

Celgene Corporation and Subsidiaries
Reconciliation of GAAP to Adjusted Net Income
(In millions, except per share data)

		Three-Month Periods Ended December 31, 2016	Three-Month Periods Ended December 31, 2015	Twelve-Month Periods Ended December 31, 2016	Twelve-Month Periods Ended December 31, 2015
Net income - GAAP		$ 428.9	$ 561.0	$ 1,999.2	$ 1,602.0
Before tax adjustments:					
Cost of goods sold (excluding amortization of acquired intangible assets):					
Share-based compensation expense	(1)	7.8	8.4	32.8	31.7
Research and development:					
Share-based compensation expense	(1)	64.3	65.7	253.4	250.7
Collaboration-related upfront expense	(2)	128.0	62.0	815.6	1,402.3
Research and development asset acquisition expense	(3)	269.6	-	892.9	-
Selling, general and administrative:					
Share-based compensation expense	(1)	82.5	76.1	320.1	294.2
Litigation-related loss contingency accrual expense	(4)	68.5	-	198.5	-
Amortization of acquired intangible assets	(5)	105.3	88.1	459.0	279.0
Acquisition related (gains) charges and restructuring, net:					
Change in fair value of contingent consideration	(6)	9.1	9.3	21.3	(7.9)
Acquisition costs	(7)	-	66.0	0.1	297.6
Restructuring charges	(8)	3.4	8.4	16.4	9.9
Other income (expense), net:					
Equity investment adjustment	(9)	272.2	-	272.2	-
Income tax provision:					
Estimated tax impact from above adjustments	(10)	(73.6)	(46.9)	(432.1)	(398.9)
Non-operating tax adjustments	(11)	(75.9)	63.3	(79.6)	121.8
Net income - Adjusted		$ 1,290.1	$ 961.4	$ 4,769.8	$ 3,882.4
Net income per common share - Adjusted					
Basic		$ 1.66	$ 1.22	$ 6.14	$ 4.90
Diluted		$ 1.61	$ 1.18	$ 5.94	$ 4.71

Explanation of adjustments:

(1) Exclude share-based compensation expense totaling $154.6 for the three-month period ended December 31, 2016 and $150.2 for the three-month period ended December 31, 2015. Exclude share-based compensation expense totaling $606.3 for the twelve-month period ended December 31, 2016 and $576.6 for the twelve-month period ended December 31, 2015.

(2) Exclude upfront payment expense for research and development collaboration arrangements.

(3) Exclude research and development asset acquisition expenses; the twelve-month period ended December 31, 2016 includes EngMab AG.

(4) Exclude loss contingency accrual expense related to a contractual dispute.

(5) Exclude amortization of intangible assets acquired in the acquisitions of Pharmion Corp., Gloucester Pharmaceuticals, Inc. (Gloucester), Abraxis BioScience Inc. (Abraxis), Celgene Avilomics Research, Inc. (Avila), and Quanticel Pharmaceuticals, Inc. (Quanticel). The excluded amortization expense for the twelve-month period ended December 31, 2016 includes $101.5 related to the impairment and accelerated amortization of an intangible asset acquired in the Avila acquisition.

(6) Exclude changes in the fair value of contingent consideration related to the acquisitions of Gloucester, Abraxis, Avila, Nogra Pharma Limited and Quanticel.

(7) Exclude equity compensation and other fees and costs related to the acquisitions of Receptos, Inc. (Receptos) and Quanticel.

(8) Exclude restructuring charges related to our relocation of certain operations into our two Summit, NJ locations as well as costs associated with certain headcount reductions.

(9) Fair value adjustment to our equity investment in Juno Therapeutics, Inc. per ASC 320 "Investments—Debt and Equity Securities."

(10) Exclude the estimated tax impact from the above adjustments.

(11) Exclude other non-operating tax expense items. The adjustments for the three- and twelve-month periods ended December 31, 2016 are to exclude the tax benefit of a tax loss incurred on our investment in Avila of $79.6 in both periods, with the three-month period also including other adjustments totaling tax expense of $3.7. The adjustments for the three- and twelve-month periods ended December 31, 2015 are to exclude the tax expense related to the acquisition of Receptos of $32.9 in both periods and a tax expense as a result of our global mix of funding sources for certain collaboration-related upfront payments of $22.2 and $88.9, respectively, with the three-month period also including other adjustments totaling tax expense of $8.2.

Celgene Corporation and Subsidiaries
Reconciliation of Full-Year 2017 Projected GAAP to Adjusted Net Income
(In millions, except per share data)

		Range	
		Low	High
Projected net income - GAAP	(1)	$ 4,767.8	$ 5,060.5
Before tax adjustments:			
Cost of goods sold (excluding amortization of acquired intangible assets):			
Share-based compensation expense		35.5	33.3
Research and development:			
Share-based compensation expense		273.7	257.5
Research and development asset acquisition expense		325.0	325.0
Selling, general and administrative:			
Share-based compensation expense		345.9	325.4
Amortization of acquired intangible assets		358.2	330.4
Acquisition related charges and restructuring, net:			
Change in fair value of contingent consideration		132.2	119.0
Income tax provision:			
Estimated tax impact from above adjustments		(451.8)	(542.3)
Non-operating tax adjustments		-	-
Projected net income - Adjusted		$ 5,786.5	$ 5,908.8
Projected net income per diluted common share - GAAP		$ 5.85	$ 6.21
Projected net income per diluted common share - Adjusted		$ 7.10	$ 7.25
Projected weighted average diluted shares		815.0	815.0

(1) Our projected 2017 earnings do not include the effect of any business combinations, collaboration agreements, asset acquisitions, asset impairments, additional litigation-related loss contingency accruals, changes in the fair value of our CVRs issued as part of the acquisition of Abraxis or non-operating tax adjustments that may occur after the day prior to the date of this press release.

Celgene Corporation and Subsidiaries
Net Product Sales
(In millions)

	Three-Month Periods Ended December 31, 2016	2015	% Change Reported	Operational[1]	Currency[2]
REVLIMID®					
U.S.	$ 1,187.5	$ 956.3	24.2%	24.2%	0.0%
International	620.6	604.4	2.7%	4.1%	(1.4)%
Worldwide	1,808.1	1,560.7	15.9%	16.4%	(0.5)%
POMALYST®/IMNOVID®					
U.S.	218.6	169.7	28.8%	28.8%	0.0%
International	159.3	124.1	28.4%	27.2%	1.2%
Worldwide	377.9	293.8	28.6%	28.1%	0.5%
OTEZLA®					
U.S.	268.3	167.5	60.2%	60.2%	0.0%
International	36.8	15.5	137.4%	124.2%	13.2%
Worldwide	305.1	183.0	66.7%	65.6%	1.1%
ABRAXANE®					
U.S.	171.3	179.5	(4.6)%	(4.6)%	0.0%
International	94.8	90.5	4.8%	4.2%	0.6%
Worldwide	266.1	270.0	(1.4)%	(1.6)%	0.2%
VIDAZA®					
U.S.	2.1	4.8	(56.3)%	(56.3)%	0.0%
International	150.4	142.6	5.5%	7.8%	(2.3)%
Worldwide	152.5	147.4	3.5%	5.7%	(2.2)%
azacitidine for injection					
U.S.	10.5	19.7	(46.7)%	(46.7)%	0.0%
International	-	-	N/A	N/A	N/A
Worldwide	10.5	19.7	(46.7)%	(46.7)%	0.0%
THALOMID®					
U.S.	21.7	31.5	(31.1)%	(31.1)%	0.0%
International	13.4	14.0	(4.3)%	0.2%	(4.5)%
Worldwide	35.1	45.5	(22.9)%	(21.5)%	(1.4)%
ISTODAX®					
U.S.	18.8	16.1	16.8%	16.8%	0.0%
International	1.9	1.3	46.2%	47.7%	(1.5)%
Worldwide	20.7	17.4	19.0%	19.1%	(0.1)%
All Other					
U.S.	0.1	1.0	N/A	N/A	N/A
International	0.7	0.7	N/A	N/A	N/A
Worldwide	0.8	1.7	N/A	N/A	N/A
Total Net Product Sales					
U.S.	1,898.9	1,546.1	22.8%	22.8%	0.0%
International	1,077.9	993.1	8.5%	9.3%	(0.8)%
Worldwide	$ 2,976.8	$ 2,539.2	17.2%	17.5%	(0.3)%

(1) Operational includes impact from both volume and price

(2) Currency includes the impact from both foreign exchange rates and hedging activities

Celgene Corporation and Subsidiaries
Net Product Sales
(In millions)

	Twelve-Month Periods Ended December 31, 2016	2015	% Change Reported	Operational[1]	Currency[2]
REVLIMID®					
U.S.	$ 4,416.9	$ 3,534.9	25.0%	25.0%	0.0%
International	2,556.7	2,266.2	12.8%	15.4%	(2.6)%
Worldwide	6,973.6	5,801.1	20.2%	21.2%	(1.0)%
POMALYST®/IMNOVID®					
U.S.	777.5	591.8	31.4%	31.4%	0.0%
International	533.2	391.5	36.2%	34.7%	1.5%
Worldwide	1,310.7	983.3	33.3%	32.7%	0.6%
OTEZLA®[3]					
U.S.	904.4	440.0	105.5%	105.5%	0.0%
International	112.8	31.7	255.8%	231.5%	24.3%
Worldwide	1,017.2	471.7	115.6%	114.0%	1.6%
ABRAXANE®					
U.S.	633.8	653.6	(3.0)%	(3.0)%	0.0%
International	339.6	313.9	8.2%	9.5%	(1.3)%
Worldwide	973.4	967.5	0.6%	1.0%	(0.4)%
VIDAZA®					
U.S.	11.9	21.2	(43.9)%	(43.9)%	0.0%
International	596.1	569.5	4.7%	7.9%	(3.2)%
Worldwide	608.0	590.7	2.9%	6.0%	(3.1)%
azacitidine for injection					
U.S.	66.0	83.9	(21.3)%	(21.3)%	0.0%
International	-	-	N/A	N/A	N/A
Worldwide	66.0	83.9	(21.3)%	(21.3)%	0.0%
THALOMID®					
U.S.	97.1	129.0	(24.7)%	(24.7)%	0.0%
International	55.0	56.4	(2.5)%	2.0%	(4.5)%
Worldwide	152.1	185.4	(18.0)%	(16.6)%	(1.4)%
ISTODAX®					
U.S.	71.6	64.5	11.0%	11.0%	0.0%
International	7.7	4.6	67.4%	73.1%	(5.7)%
Worldwide	79.3	69.1	14.8%	15.2%	(0.4)%
All Other					
U.S.	1.3	5.7	N/A	N/A	N/A
International	3.0	2.7	N/A	N/A	N/A
Worldwide	4.3	8.4	N/A	N/A	N/A
Total Net Product Sales					
U.S.	6,980.5	5,524.6	26.4%	26.4%	0.0%
International	4,204.1	3,636.5	15.6%	17.6%	(2.0)%
Worldwide	$ 11,184.6	$ 9,161.1	22.1%	22.9%	(0.8)%

(1) Operational includes impact from both volume and price

(2) Currency includes the impact from both foreign exchange rates and hedging activities

(3) OTEZLA® was approved in the U.S. for Psoriatic Arthritis in March 2014 and approved in the U.S. for Psoriasis in September 2014. OTEZLA® was approved for Psoriatic Arthritis and Plaque Psoriasis in the EU in January 2015.