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 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.

Long-Term Targets

A reconciliation of long-term adjusted financial targets to the most comparable GAAP measures cannot be provided because we are unable to forecast with reasonable certainty many of the items necessary to calculate such comparable GAAP measures, including share-based compensation expense, collaboration-related upfront expense, research and development asset acquisition expense, acquisition-related expenses, fair value adjustments to contingent consideration, the ultimate outcome of legal proceedings and unusual gains and losses, as well as unforeseen events, risks and developments. These items are uncertain, depend on various factors, and could be material to our results computed in accordance with GAAP. We believe the inherent uncertainties in reconciling our long-term non-GAAP measures to the most comparable GAAP measures would make the forecasted comparable GAAP measures nearly impossible to predict with reasonable certainty and therefore inherently unreliable.

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 nine-month periods ended September 30, 2016 and 2015, and for the projected amounts for the year ending December 31, 2016.

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

	Three-Month Periods Ended September 30, 2016	Three-Month Periods Ended September 30, 2015	Nine-Month Periods Ended September 30, 2016	Nine-Month Periods Ended September 30, 2015
Net product sales	$ 2,968.6	$ 2,312.6	$ 8,207.8	$ 6,621.9
Other revenue	14.2	21.5	40.9	70.8
Total revenue	2,982.8	2,334.1	8,248.7	6,692.7
Cost of goods sold (excluding amortization of acquired intangible assets)	107.7	109.9	324.5	314.7
Research and development	1,653.5	1,304.5	3,335.4	2,920.5
Selling, general and administrative	698.0	550.3	1,973.1	1,696.3
Amortization of acquired intangible assets	87.1	63.6	353.7	190.9
Acquisition related charges and restructuring, net	25.0	226.2	25.3	215.9
Total costs and expenses	2,571.3	2,254.5	6,012.0	5,338.3
Operating income	411.5	79.6	2,236.7	1,354.4
Interest and investment income, net	7.3	8.6	21.3	26.4
Interest (expense)	(127.8)	(88.5)	(373.0)	(186.0)
Other income (expense), net	(34.2)	(19.6)	(11.5)	83.2
Income (loss) before income taxes	256.8	(19.9)	1,873.5	1,278.0
Income tax provision	85.4	14.2	303.2	237.0
Net income (loss)	$ 171.4	$ (34.1)	$ 1,570.3	$ 1,041.0
Net income (loss) per common share:				
Basic	$ 0.22	$ (0.04)	$ 2.02	$ 1.31
Diluted	$ 0.21	$ (0.04)	$ 1.95	$ 1.26
Weighted average shares:				
Basic	775.8	791.1	777.3	794.3
Diluted	801.5	791.1	803.7	827.7

	September 30, 2016	December 31, 2015
Balance sheet items:		
Cash, cash equivalents & marketable securities	$ 6,868.6	$ 6,551.9
Total assets[1]	$ 26,753.7	$ 26,964.4
Long-term debt, including current portion[1]	$ 14,303.5	$ 14,161.4
Total stockholders' equity	$ 5,650.3	$ 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 September 30, 2016	Three-Month Periods Ended September 30, 2015	Nine-Month Periods Ended September 30, 2016	Nine-Month Periods Ended September 30, 2015
Net income (loss) - GAAP		$ 171.4	$ (34.1)	$ 1,570.3	$ 1,041.0
Before tax adjustments:					
Cost of goods sold (excluding amortization of acquired intangible assets):					
Share-based compensation expense	(1)	7.4	8.5	25.0	23.3
Research and development:					
Share-based compensation expense	(1)	63.0	65.2	189.1	185.0
Collaboration-related upfront expense	(2)	323.6	751.8	687.6	1,340.3
Research and development asset acquisition expense	(3)	623.3	-	623.3	-
Selling, general and administrative:					
Share-based compensation expense	(1)	77.3	76.2	237.6	218.1
Litigation-related loss contingency accrual expense	(4)	30.0	-	130.0	-
Amortization of acquired intangible assets	(5)	87.1	63.6	353.7	190.9
Acquisition related (gains) charges and restructuring, net:					
Change in fair value of contingent consideration	(6)	22.9	(6.9)	12.2	(17.2)
Receptos acquisition costs	(7)	-	231.6	0.1	231.6
Restructuring charges	(8)	2.1	1.5	13.0	1.5
Income tax provision:					
Estimated tax impact from above adjustments	(9)	(144.6)	(176.6)	(362.2)	(351.6)
Non-operating tax adjustments	(10)	-	30.4	-	58.1
Net income - Adjusted		$ 1,263.5	$ 1,011.2	$ 3,479.7	$ 2,921.0
Net income per common share - Adjusted					
Basic		$ 1.63	$ 1.28	$ 4.48	$ 3.68
Diluted	(11)	$ 1.58	$ 1.23	$ 4.33	$ 3.53

Explanation of adjustments:

(1) Exclude share-based compensation expense totaling $147.7 for the three-month period ended September 30, 2016 and $149.9 for the three-month period ended September 30, 2015. Exclude share-based compensation expense totaling $451.7 for the nine-month period ended September 30, 2016 and $426.4 for the nine-month period ended September 30, 2015.

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

(3) Exclude research and development asset acquisition expenses for 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 nine-month period ended September 30, 2016 includes $83.1 million related to the impairment 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 acquisition of Receptos, Inc.

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

(10) Exclude other non-operating tax expense items. The adjustment for the three- and nine-month periods ended September 30, 2015 related primarily to the impact of accelerating the full year tax expense on a gain on the sale of an equity investment into the second quarter of 2015, which was the period in which the gain occurred, and the impact of a one-time tax expense incurred as a result of our global mix of funding sources for certain upfront collaboration payments.

(11) Adjusted diluted net income per share for the three-month period ended September 30, 2015 was determined using diluted weighted average shares of 823.6.

Celgene Corporation and Subsidiaries
Reconciliation of Full-Year 2016 Projected GAAP to Adjusted Net Income
(In millions, except per share data)

		Range	
		Low	High
Projected net income - GAAP	(1)	$ 2,504.8	$ 2,644.7
Before tax adjustments:			
Cost of goods sold (excluding amortization of acquired intangible assets):			
Share-based compensation expense		37.0	35.2
Research and development:			
Share-based compensation expense		263.4	250.9
Collaboration-related upfront expense		687.6	687.6
Research and development asset acquisition expense		623.3	623.3
Selling, general and administrative:			
Share-based compensation expense		334.8	318.9
Litigation-related loss contingency accrual expense		130.0	130.0
Amortization of acquired intangible assets		458.2	418.6
Acquisition related (gains) charges and restructuring, net:			
Change in fair value of contingent consideration		44.4	40.2
Restructuring charges		30.0	15.0
Income Tax Provision			
Estimated tax impact from above adjustments		(386.0)	(404.7)
Non-operating tax adjustments		-	-
Projected net income - Adjusted		$ 4,727.5	$ 4,759.7
Projected net income per diluted common share - GAAP		$ 3.12	$ 3.29
Projected net income per diluted common share - Adjusted		$ 5.88	$ 5.92
Projected weighted average diluted shares		804.0	804.0

(1) Our projected 2016 earnings do not include the effect of any business combinations, collaboration agreements, asset acquisitions, intangible 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 September 30,		% Change		
	2016	2015	Reported	Operational(1)	Currency(2)
REVLIMID®					
U.S.	$ 1,153.3	$ 895.2	28.8%	28.8%	0.0%
International	737.8	558.3	32.2%	34.9%	(2.7)%
Worldwide	1,891.1	1,453.5	30.1%	31.1%	(1.0)%
POMALYST®/IMNOVID®					
U.S.	203.3	150.1	35.4%	35.4%	0.0%
International	137.8	106.4	29.5%	27.6%	1.9%
Worldwide	341.1	256.5	33.0%	32.2%	0.8%
OTEZLA®(3)					
U.S.	244.5	128.4	N/A	N/A	N/A
International	30.1	10.3	N/A	N/A	N/A
Worldwide	274.6	138.7	N/A	N/A	N/A
ABRAXANE®					
U.S.	144.0	145.2	(0.8)%	(0.8)%	0.0%
International	89.3	84.7	5.4%	7.2%	(1.8)%
Worldwide	233.3	229.9	1.5%	2.1%	(0.6)%
VIDAZA®					
U.S.	2.7	4.9	(44.9)%	(44.9)%	0.0%
International	152.0	142.7	6.5%	8.9%	(2.4)%
Worldwide	154.7	147.6	4.8%	7.1%	(2.3)%
azacitidine for injection					
U.S.	15.3	21.3	(28.2)%	(28.2)%	0.0%
International	-	-	N/A	N/A	N/A
Worldwide	15.3	21.3	(28.2)%	(28.2)%	0.0%
THALOMID®					
U.S.	24.6	31.3	(21.4)%	(21.4)%	0.0%
International	13.7	13.8	(0.7)%	4.2%	(4.9)%
Worldwide	38.3	45.1	(15.1)%	(13.6)%	(1.5)%
ISTODAX®					
U.S.	17.2	16.2	6.2%	6.2%	0.0%
International	2.2	1.1	100.0%	104.1%	(4.1)%
Worldwide	19.4	17.3	12.1%	12.4%	(0.3)%
All Other					
U.S.	-	2.0	N/A	N/A	N/A
International	0.8	0.7	N/A	N/A	N/A
Worldwide	0.8	2.7	N/A	N/A	N/A
Total Net Product Sales					
U.S.	1,804.9	1,394.6	29.4%	29.4%	0.0%
International	1,163.7	918.0	26.8%	28.6%	(1.8)%
Worldwide	$ 2,968.6	$ 2,312.6	28.4%	29.1%	(0.7)%

(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.

Celgene Corporation and Subsidiaries
Net Product Sales
(In millions)

	Nine-Month Periods Ended September 30, 2016	2015	% Change Reported	Operational[1]	Currency[2]
REVLIMID®					
U.S.	$ 3,229.4	$ 2,578.6	25.2%	25.2%	0.0%
International	1,936.1	1,661.8	16.5%	19.6%	(3.1)%
Worldwide	5,165.5	4,240.4	21.8%	23.0%	(1.2)%
POMALYST®/IMNOVID®					
U.S.	558.9	422.1	32.4%	32.4%	0.0%
International	373.9	267.4	39.8%	38.2%	1.6%
Worldwide	932.8	689.5	35.3%	34.7%	0.6%
OTEZLA®[3]					
U.S.	636.1	272.5	N/A	N/A	N/A
International	76.0	16.2	N/A	N/A	N/A
Worldwide	712.1	288.7	N/A	N/A	N/A
ABRAXANE®					
U.S.	462.5	474.1	(2.4)%	(2.4)%	0.0%
International	244.8	223.4	9.6%	11.7%	(2.1)%
Worldwide	707.3	697.5	1.4%	2.1%	(0.7)%
VIDAZA®					
U.S.	9.8	16.4	(40.2)%	(40.2)%	0.0%
International	445.7	426.9	4.4%	7.9%	(3.5)%
Worldwide	455.5	443.3	2.8%	6.2%	(3.4)%
azacitidine for injection					
U.S.	55.5	64.2	(13.6)%	(13.6)%	0.0%
International	-	-	N/A	N/A	N/A
Worldwide	55.5	64.2	(13.6)%	(13.6)%	0.0%
THALOMID®					
U.S.	75.4	97.5	(22.7)%	(22.7)%	0.0%
International	41.6	42.4	(1.9)%	2.6%	(4.5)%
Worldwide	117.0	139.9	(16.4)%	(15.0)%	(1.4)%
ISTODAX®					
U.S.	52.8	48.4	9.1%	9.1%	0.0%
International	5.8	3.3	75.8%	83.1%	(7.3)%
Worldwide	58.6	51.7	13.3%	13.8%	(0.5)%
All Other					
U.S.	1.2	4.7	N/A	N/A	N/A
International	2.3	2.0	N/A	N/A	N/A
Worldwide	3.5	6.7	N/A	N/A	N/A
Total Net Product Sales					
U.S.	5,081.6	3,978.5	27.7%	27.7%	0.0%
International	3,126.2	2,643.4	18.3%	20.7%	(2.4)%
Worldwide	$ 8,207.8	$ 6,621.9	23.9%	24.9%	(1.0)%

(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.