
# Q2 2012 Conference Call

**July 26, 2012**

# Agenda

**Patrick Flanigan**
VP, Investor Relations

**Bob Hugin**
Chief Executive Officer

**Jackie Fouse**
Chief Financial Officer

**Mark Alles**
Chief Commercial Officer

**Q & A**

# Forward-Looking Statements and Non-GAAP Financial Information

This presentation contains forward-looking statements, which are generally statements that are not historical facts. Forward-looking statements can be identified by the words "expects," "anticipates," "believes," "intends," "estimates," "plans," "will," "outlook" and similar expressions. Forward-looking statements are based on management's current plans, estimates, assumptions and projections, and speak only as of the date they are made. We undertake no obligation to update any forward-looking statement in light of new information or future events, except as otherwise required by law. Forward-looking statements involve inherent risks and uncertainties, most of which are difficult to predict and are generally beyond our control. Actual results or outcomes may differ materially from those implied by the forward-looking statements as a result of the impact of a number of factors, many of which are discussed in more detail in our Annual Report on Form 10-K and our other reports filed with the Securities and Exchange Commission.

In addition to financial information prepared in accordance with U.S. GAAP, this presentation also contains non-GAAP financial measures that we believe provide investors and management with supplemental information relating to operating performance and trends that facilitate comparisons between periods and with respect to projected information. These non-GAAP measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with U.S. GAAP. We typically exclude certain GAAP items that management does not believe affect our basic operations and that do not meet the GAAP definition of unusual or non-recurring items. Other companies may define these measures in different ways. Further information relevant to the interpretation of non-GAAP financial measures, and reconciliations of these non-GAAP financial measures to the most comparable GAAP measures, may be found on Celgene's website at www.Celgene.com in the "Investor Relations" section.


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# Bob Hugin

# H1 2012 Overview

## Q2 Financial results

- Strong Y/Y growth: Revenue and Product Sales ↑16%; non-GAAP EPS↑37%
- Revlimid sales growth was ↑8% Q/Q , ↑17% Y/Y

## Growth in all commercial performance metrics

- Increases in market share, duration and geographic expansion

## Executing on our long term strategic imperatives

- Several key milestones achieved in H1:12
- Significant catalysts expected over the next 6-12 months

## 2012 non-GAAP diluted EPS guidance increased and narrowed to $4.80 – $4.85 from $4.70 – $4.80

# Key Milestones in 2012 – January 2012

| | H1:12 | H2:12 |
|---|---|---|
| Anticipate recommendation for **REVLIMID** ND and Maintenance MM submission by CHMP | ● | |
| Submit **REVLIMID** ND and Maintenance MM applications with FDA and other agencies | ● | ● |
| Submit **pomalidomide** marketing application for RRMM in the US and EU | ● | |
| Submit **REVLIMID** MDS del 5q marketing application with EMA | ● | |
| Complete enrollment of **ABRAXANE** Ph III Pancreatic trial | ● | |
| Complete enrollment of **pomalidomide** MM-003 Ph III RRMM trial | ● | |
| Complete enrollment of **pomalidomide** MF-002 Phase III Myelofibrosis trial | ● | |
| Initiate Ph III **apremilast** trial in Ankylosing Spondylitis | ● | |
| **Apremilast** Ph III Psoriatic Arthritis data | ● | |
| **ABRAXANE** Ph III Melanoma data | ● | |
| Proof of concept **PDA-001** Ph II data | ● | |
| **Apremilast** Ph II Rheumatoid Arthritis data | ● | |
| **REVLIMID** MM-020 Ph III NDMM interim analysis data | | ● |
| **REVLIMID** MCL-001 Ph II SPA trial in R/R Mantle Cell Lymphoma data | | ● |
| **Apremilast** Ph III Psoriasis data | | ● |
| Initiate **CC-486** Ph III trial in MDS | | ● |
| **REVLIMID** Ph II data in Diffuse Large B-Cell non-GCB | | ● |

# Updated Key Milestones - Today

| | H1:12 | H2:12 |
|---|---|---|
| **Anticipate recommendation for REVLIMID ND and Maintenance MM submission by CHMP** | ✗ | |
| **Submit REVLIMID ND and Maintenance MM applications with FDA** | | ✗ |
| **Submit REVLIMID ND and Maintenance MM applications with Switzerland** | ✓ | |
| **Submit pomalidomide marketing application for RRMM in the US and EU** | ✓ | |
| **Submit REVLIMID MDS del 5q marketing application with EMA** | ✓ | |
| **Complete enrollment of ABRAXANE Ph III Pancreatic trial** | ✓ | |
| **Complete enrollment of pomalidomide MM-003 Ph III RRMM trial** | | ✓ |
| **Complete enrollment of pomalidomide MF-002 Phase III Myelofibrosis trial** | ✓ | |
| **Initiate Ph III apremilast trial in Ankylosing Spondylitis** | ✓ | |
| **Apremilast Ph III Psoriatic Arthritis data** | ✓ | |
| **ABRAXANE** Ph III Melanoma data | ● → | ● |
| Proof of concept **PDA-001** Ph II data | ● → | ● |
| **Apremilast** Ph II Rheumatoid Arthritis data | ~ → | ● |
| **REVLIMID** MM-020 Ph III NDMM interim analysis data | | ● |
| **REVLIMID** MCL-001 Ph II SPA trial in R/R Mantle Cell Lymphoma data | | ● |
| **Apremilast** Ph III Psoriasis data | | ● |
| Initiate **CC-486** Ph III trial in MDS | | ● |
| **REVLIMID** Ph II data in Diffuse Large B-Cell non-GCB | | ● |

# PALACE 1: Effective Across All Outcome Measures for Signs & Symptoms and Physical Function

| Endpoints | 20mg | 30mg |
|---|---|---|
| **Primary Endpoint (@ 16 weeks)** | | |
| ACR 20 | ✓ | ✓ |
| **Key Secondary Endpoints (@ 24 weeks)** | | |
| ACR 20 | ✓ | ✓ |
| ACR 50 | ✓ | ✓ |
| ACR 70 | ✓ | ✓ |
| HAQ-DI | ✓ | ✓ |
| SF-36 (Physical Function) | ✓ | ✓ |

- **Safety profile consistent with phase II with improved tolerability**
- **Majority of the AEs observed were mild to moderate in severity**

# Top-Line Phase III Apremilast Results

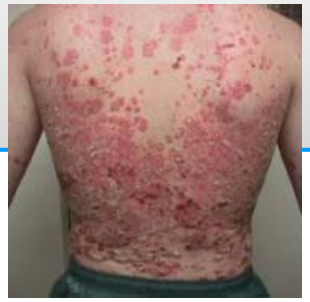
| | Q3:12 | Q4:12 | Q1:13 | YE:13/ Q1:14 |
|---|---|---|---|---|
| **Psoriatic Arthritis** | | | | |
| PALACE-1 | ✓ | | | |
| PALACE-2 | On track | | | |
| PALACE-3 | On track | | | |
| PALACE-4 | | | On track | |
| | | | | |
| **Psoriasis** | | | | |
| ESTEEM-1 | | On track | | |
| ESTEEM-2 | | | On track | |
| | | | | |
| **Ankylosing Spondylitis** | | | | |
| POSTURE | | | | On track |

# Apremilast: Transformational Potential 2012 and Beyond

## Psoriatic Arthritis


**~800k -1M patients in US/EU**

## Psoriasis
(moderate to severe)



**~2.5M patients in US/EU**

## Ankylosing Spondylitis

**~2.5M patients in US/EU**

**~ 7 Million patients in core markets**


# Jackie Fouse

# Q2 2012 Non-GAAP Financial Highlights

## Strong operating results

- Y/Y net product sales grew 16%; non-GAAP diluted EPS 37%
- Volume and operating efficiencies drove growth

## Increasing levels of profitability

– Operating profit margin improved 160 bps Q/Q, 370 bps Y/Y

## Adding value with financial drivers

– 8.1M shares repurchased for total ~$558M in Q2

– Tax rate decreased 250bps Y/Y

## Business model continues to deliver

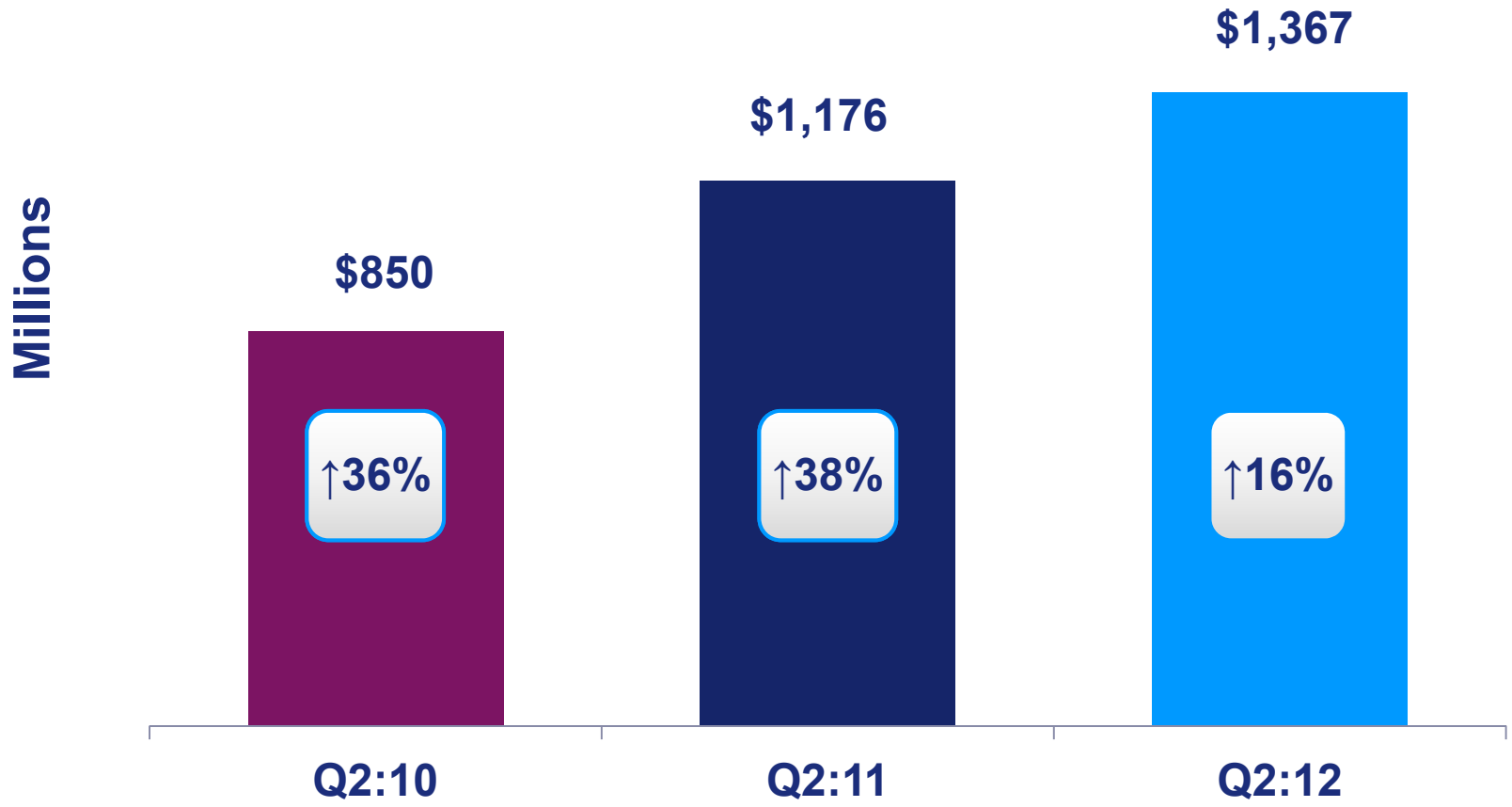
– Raising and narrowing 2012 non-GAAP EPS outlook

– Revenue guidance is unchanged

# Total Non-GAAP Revenue

## Q2

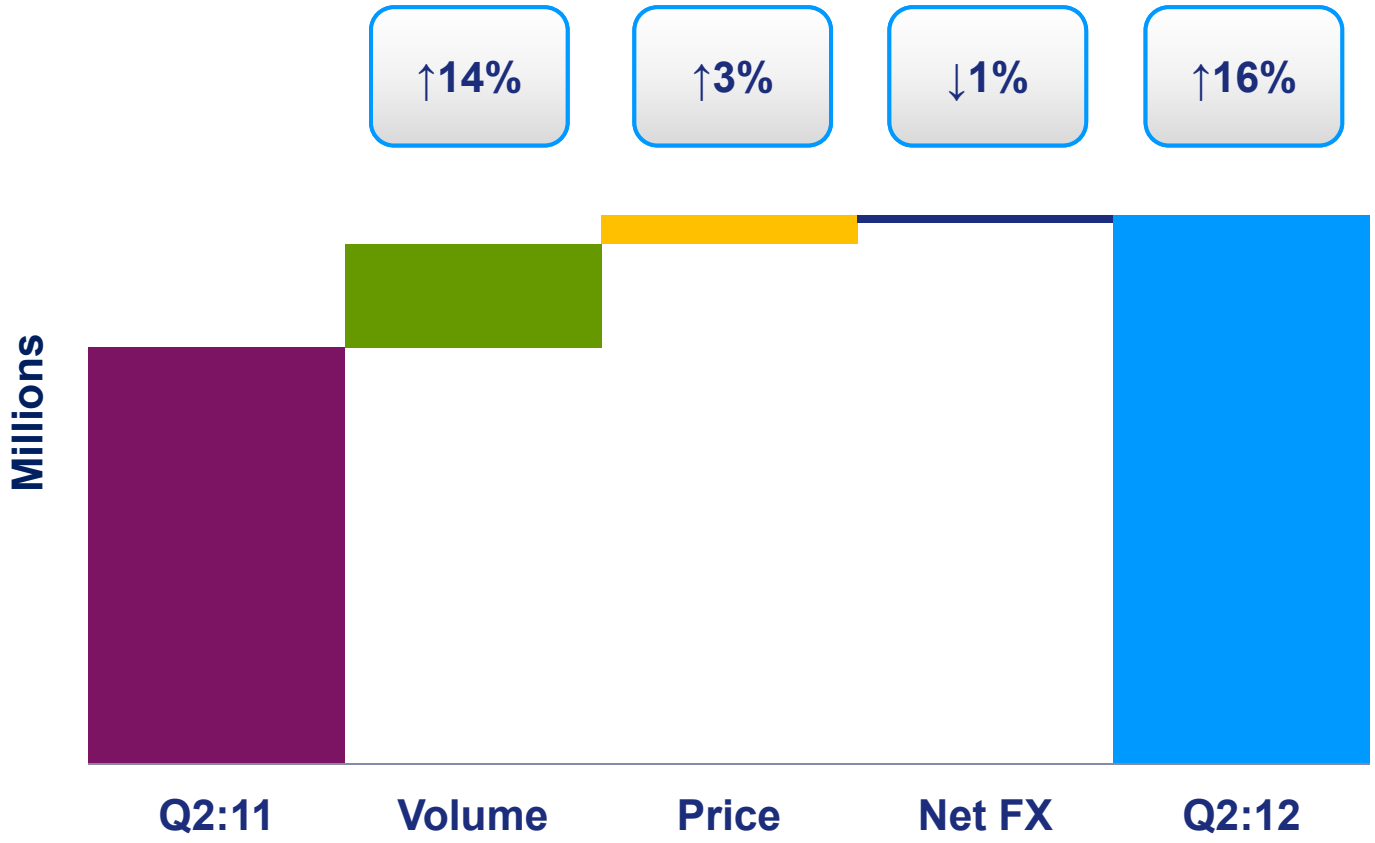
(Growth Rates = Growth vs. Prior Year Period)



# Increased Volume Drove Growth

## Contribution To Total Non-GAAP Revenue Growth

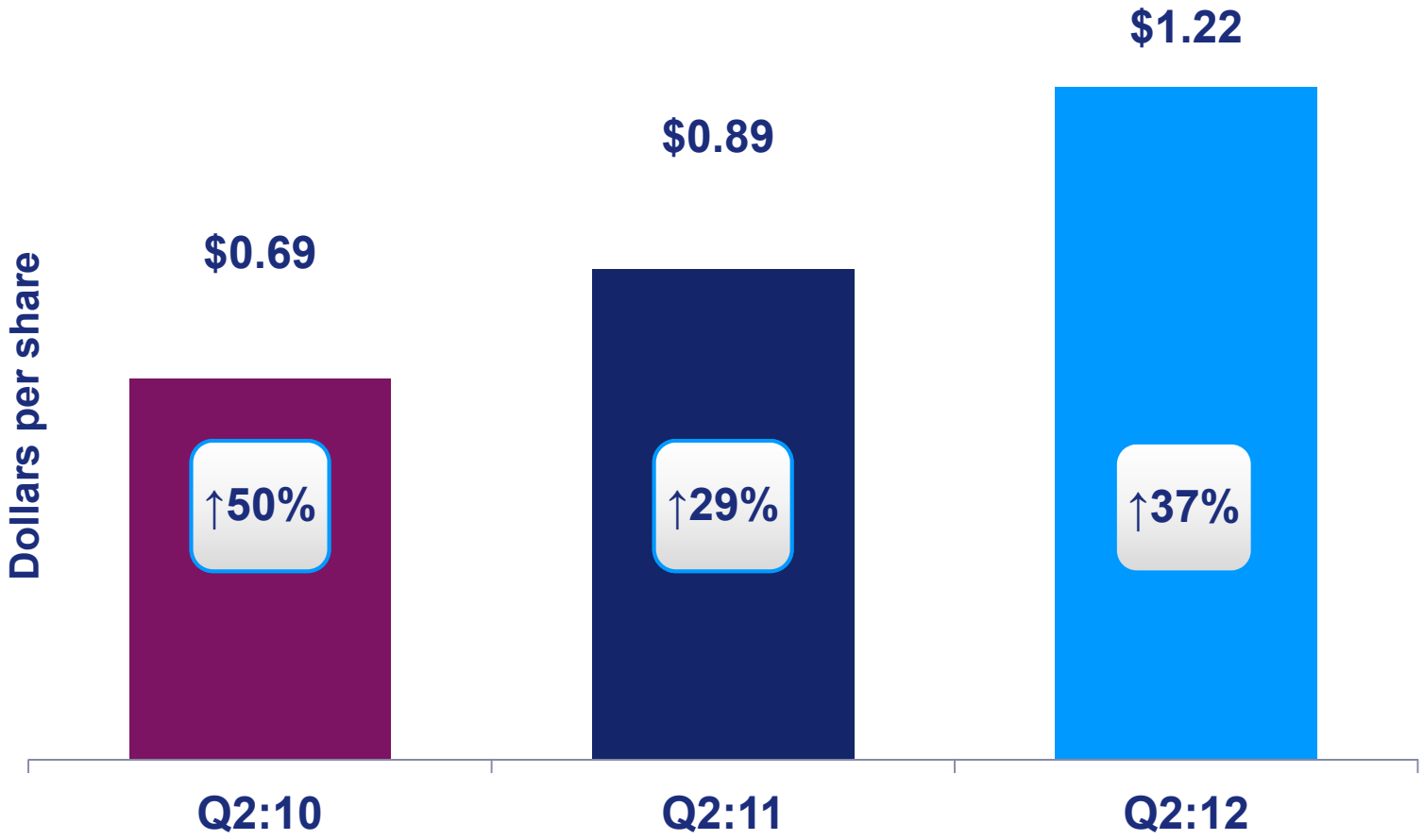
(Growth Rates = Growth vs. Prior Year Period)



# Non-GAAP Earnings Per Share

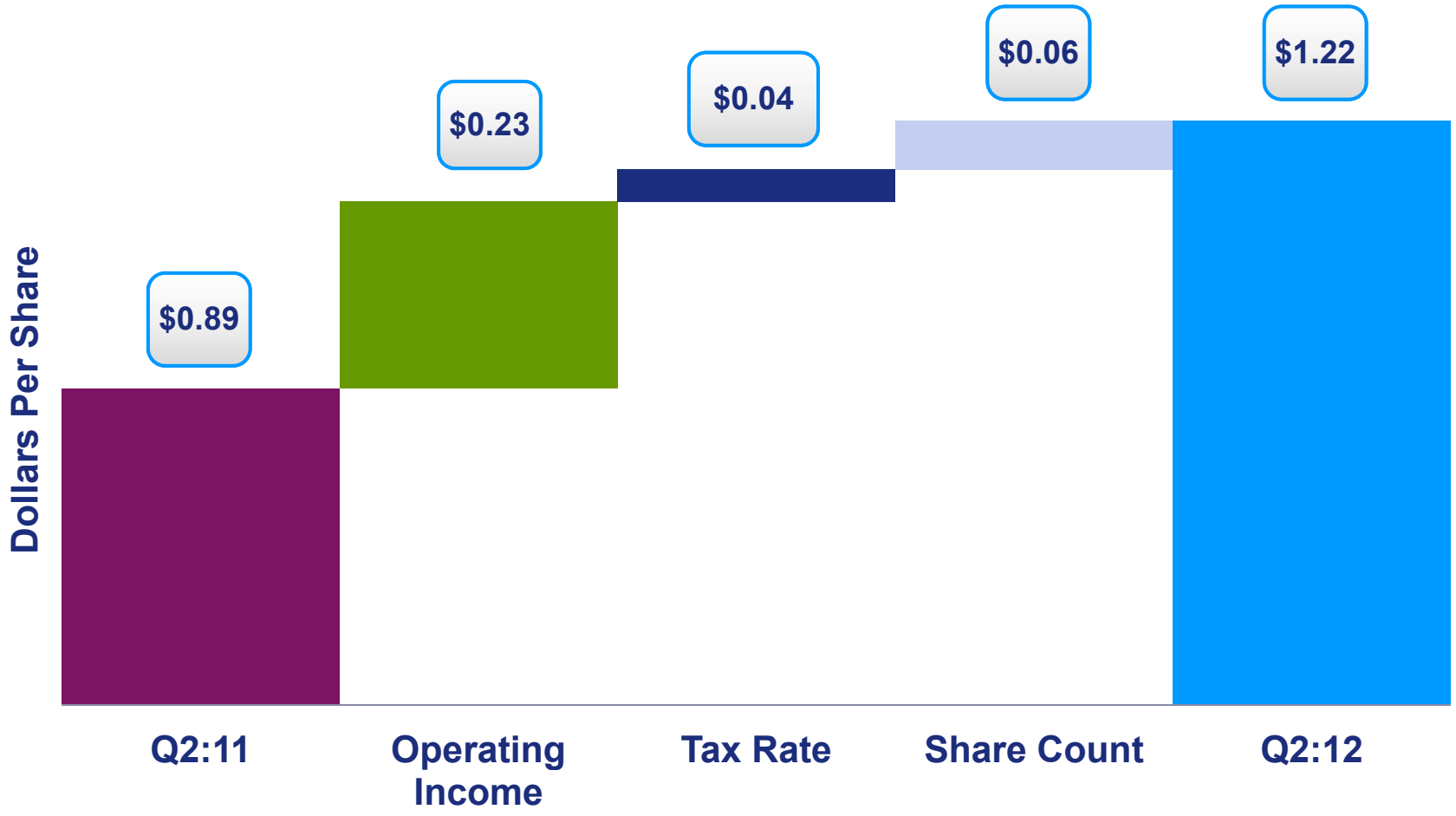
## Q2

(Growth Rates = Growth vs. Prior Year Period)



# Operating Performance Driving Growth

## Contribution To Q2:12 Non-GAAP EPS



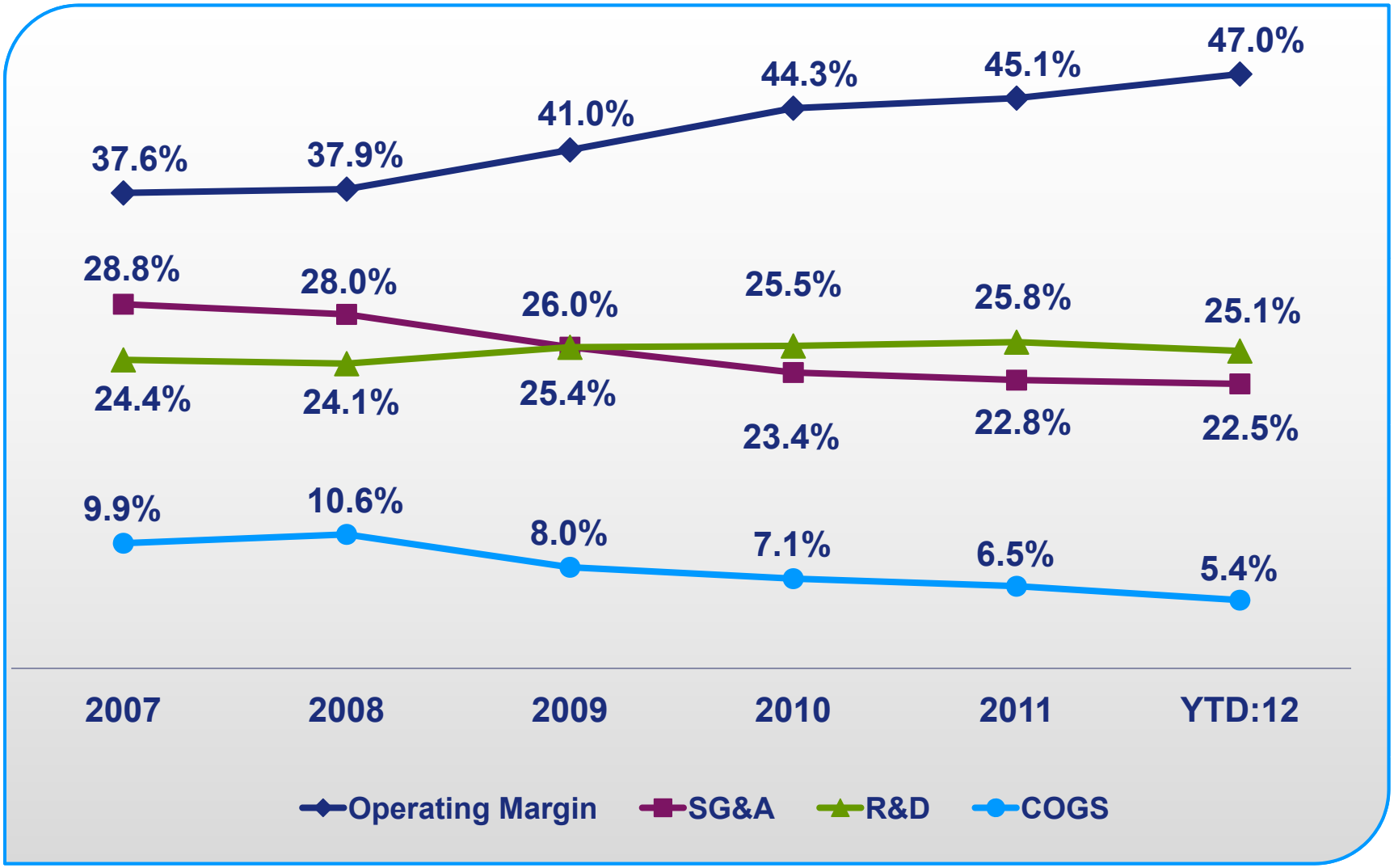
# Worldwide Non-GAAP Net Product Sales

| Net Product Sales (in millions) | Q2:12 | Δ vs. Q2:11 | Δ vs. Q1:12 |
|---|---|---|---|
| REVLIMID Total | $934 | ↑17% | ↑8% |
| U.S. | $537 | ↑17% | ↑10% |
| International | $397 | ↑18% | ↑7% |
| VIDAZA Total | $201 | ↑24% | ↑8% |
| U.S. | $82 | ↑12% | ↑12% |
| International | $119 | ↑35% | ↑6% |
| ABRAXANE | $110 | ↑16% | ↑5% |
| U.S. | $87 | ↑20% | ↑7% |
| International | $23 | ↑3% | 0% |
| OTHER | $92 | ↓5% | ↓2% |
| U.S. | $65 | ↓7% | ↑2% |
| International | $27 | ↑1% | ↓11% |

# Key P&L Line Items (Non-GAAP)

| | Q2:12 | Δ vs. Q2:11 | Δ vs. Q1:12 |
|---|---|---|---|
| Product Gross Margins | 94.8% | ↑160 bps | ↑50bps |
| R&D Expenses<br>% of revenue | $349M<br>25.5% | ↓50 bps | ↑80 bps |
| SG&A Expenses<br>% of revenue | $296M<br>21.7% | ↓160 bps | ↓180 bps |
| Operating Profit Margin | 47.8% | ↑370 bps | ↑160 bps |
| Effective Tax Rate | 16.5% | ↓250 bps | – |

# Non-GAAP Operating Leverage Increasing

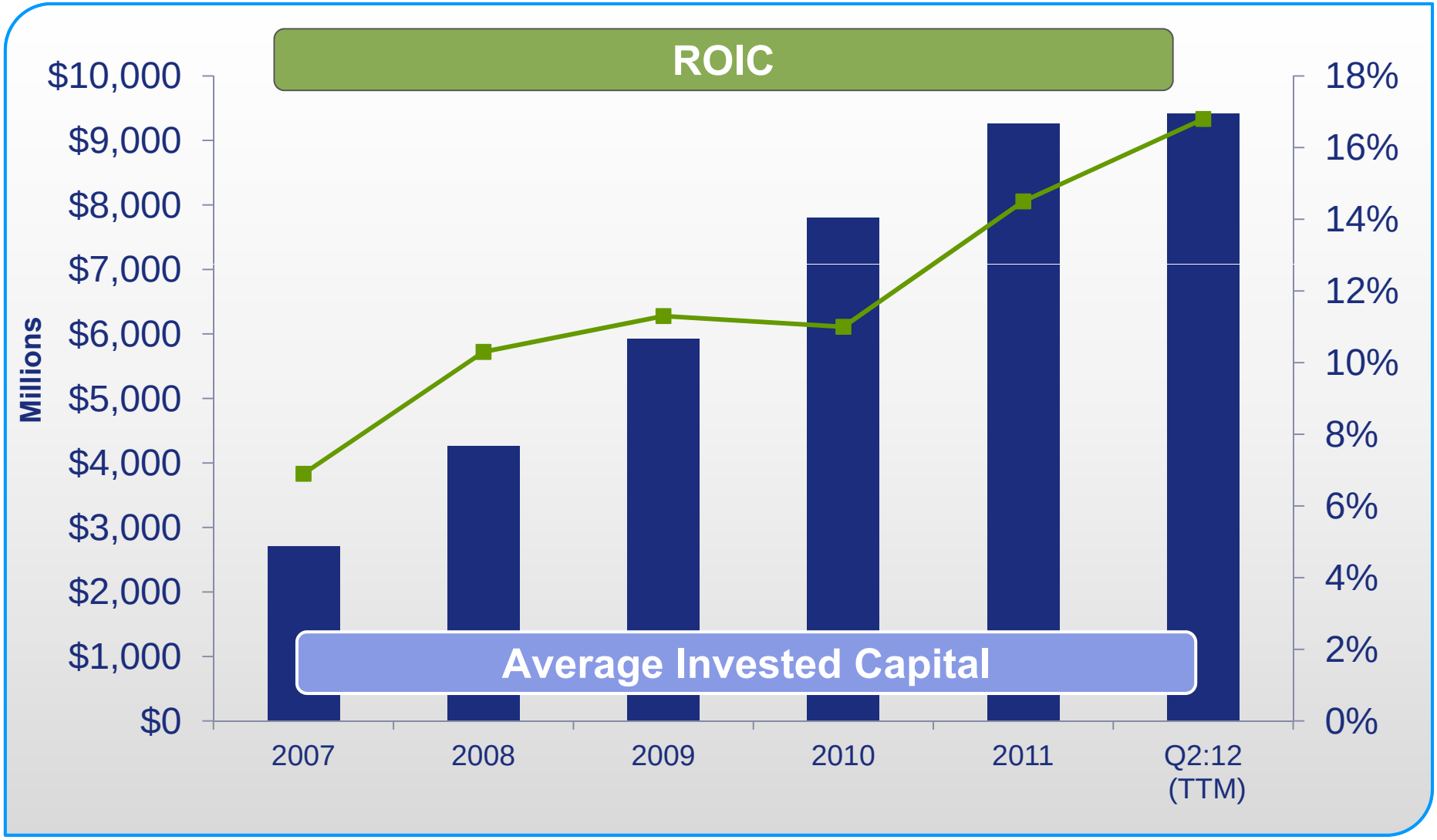


# Cash and Marketable Securities

| (in billions) | 6/30/12 | 12/31/11 |
|---|---|---|
| Cash and Marketable Securities | $2.56 | $2.65 |

- Operations generated ~$950M during first 6 months of 2012
- Authorized additional repurchase of up to $2.5B in shares
  - In Q2, purchased 8.1M shares for total cost ~$558M
  - In H1:12, purchased 10.4M shares for total cost ~$727M
  - ~$3.2B remaining under existing stock repurchase program
- $75M in upfront payments for Epizyme and Inhibrx collaborations
- $154M payment from customers in Spain for accounts receivable

# Improving Returns on Invested Capital




GAAP operating income used for all periods except for 2008. Refer to reconciliation tables in ROIC calculation methodology.

# 2012 Financial Outlook

| All Figures Non-GAAP | 2012 Guidance | Δ vs. 2011 |
|---|---|---|
| Total Revenue | $5.4 - $5.6B | ↑~15%* |
| REVLIMID | $3.75 - $3.85B | ↑~19%* |
| Diluted EPS | $4.80 - $4.85 | ↑~27%* |

## Key Assumptions

- Annual weighted average share count remains constant with YE:11
- Operating margins on the higher end of the range of 47-48%
- Revlimid likely in the lower half of the range

*Using midpoint of 2012 range.

# 2012: Momentum and Investing for the Future

- **Performance driven by volume growth and improving operating efficiency**
- **Strength across all operational and financial metrics**
  - Growth rates, margins, balance sheet
- **Continue to invest in sustaining growth**
- **Raised 2012 non-GAAP earnings outlook**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# Mark Alles

# Global Commercial Operating Review

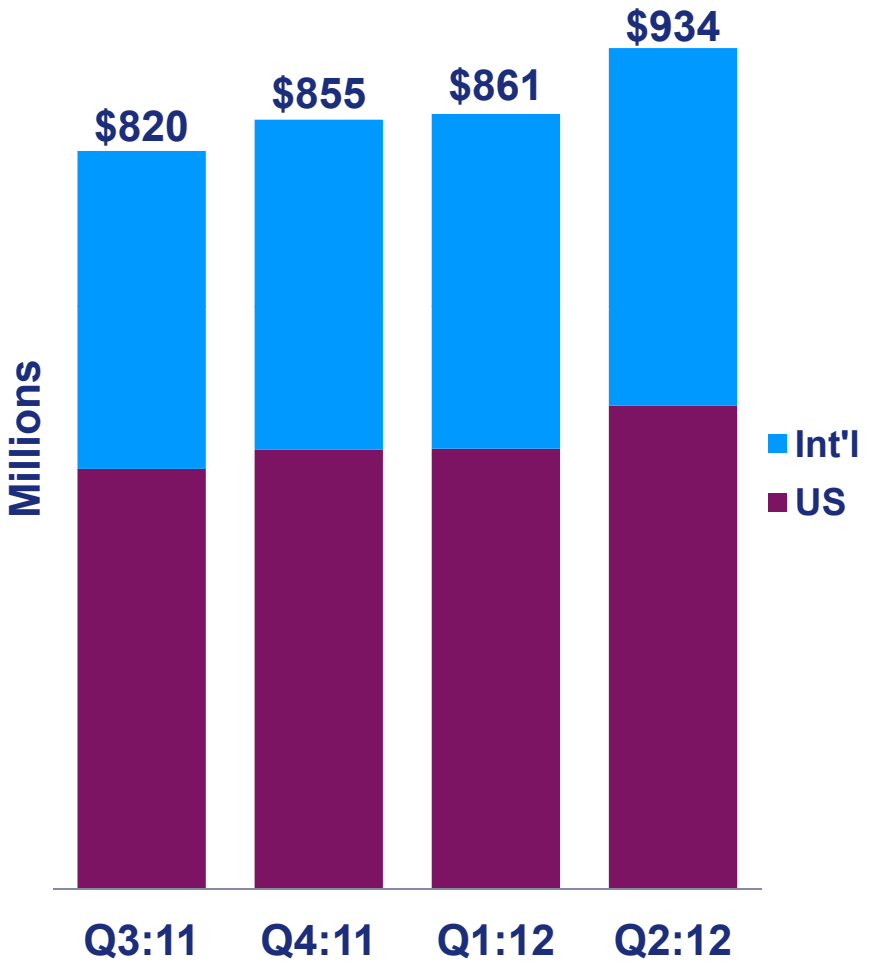
**Q2:12 REVLIMID, VIDAZA, ABRAXANE Performance**

**Multiple Drivers for Continued REVLIMID Sales Growth**

**Preparing for New Indications and Product Launches**

# REVLIMID Global Net Sales Summary

- Q2 REVLIMID sales $934M; ↑8% Q/Q , ↑17% Y/Y
  - H1:12 sales $1,795M; ↑17% Y/Y
- US Sales ↑10% Q/Q, ↑17% Y/Y
  - Positive trends in new and total patients continue
  - Q2 share stable at ~56%
  - Q/Q duration trend improved
- International ↑7% Q/Q, ↑18% Y/Y
  - Strong performance in Japan, Germany, Italy, Canada and Australia; France and UK on track
  - Q2 EU4 line 2 share ~55%
  - Improving duration trends



# Published Clinical Evidence Continues to Advance REVLIMID in Multiple Myeloma

The NEW ENGLAND JOURNAL of MEDICINE

**Original Article**

**Continuous Lenalidomide Treatment for Newly Diagnosed Multiple Myeloma, Antonio Palumbo,M.D. for the MM-015 Investigators**
**N Engl J Med 2012; 366:1759-1769 May 10, 2012**

**Original Article**

**Lenalidomide after Stem-Cell Transplantation for Multiple Myeloma**
**Philip L. McCarthy, M.D, Kenneth C. Anderson,M.D.**
**N Engl J Med 2012; 366:1770-1781 May 10, 2012**

**Original Article**

**Lenalidomide Maintenance after Stem-Cell Transplantation for Multiple Myeloma, Michel Attal, M.D., Hervé Avet-Loiseau, M.D., and Jean-Luc Harousseau, M.D. for the IFM Investigators**
**N Engl J Med 2012; 366:1782-1791 May 10, 2012**

# Multiple Drivers for Continued REVLIMID Sales Growth

## Clinical

- MM-015, IFM, CALGB follow-up
- Advancing MM-020
- Updated NCCN NDMM Guidelines
- New NDMM studies
- Advancing biomarker strategy and phase III studies in DLBC lymphoma
- Advancing phase III studies in CLL

## Regulatory

- MDS del 5q CHMP recommendation by YE 2012
- Submit sNDA for MCL YE 2012
- RRMM approval in China by YE 2012
- RRMM approval in Brazil by YE 2012
- Updated NDMM & Maintenance filing strategies

## Commercial

- Launch in Mexico
- Reimbursement in Brazil, Russia and South Korea
- Drive demand and duration across the portfolio

# Pomalidomide: Expanding our Global Multiple Myeloma Franchise & Leadership

- **MM-002 Phase II data**
- **Regulatory update:**
  - US submitted in April, EU submitted in May
  - Myelofibrosis phase III fully enrolled
- **Phase III program in RRMM**
  - MM-003, MM-005, MM-007
- **PEXIUS (U.S. EAP)**
- **Cohort ATU (France)**

**Phase II MM-002**

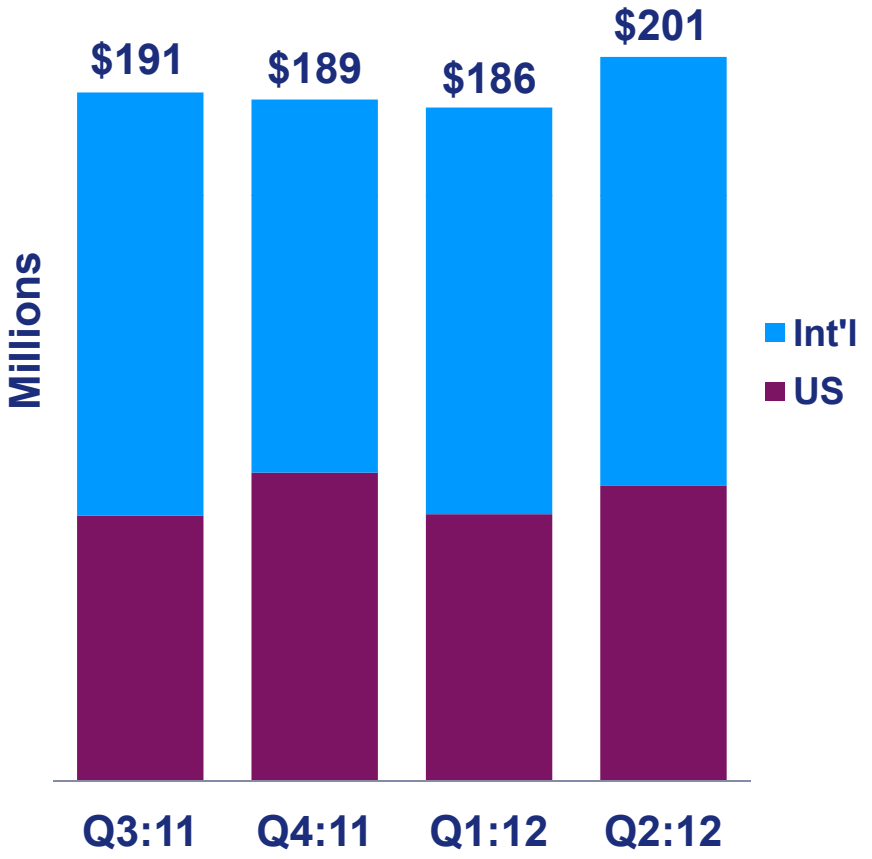
**Pomalidomide + Dexamethasone showed 34% ORR, 7.9 month median duration of response, and 16.9 month median overall survival**

**POMALIDOMIDE**

*Oral Therapy for Relapsed/Refractory Multiple Myeloma and Myelofibrosis*

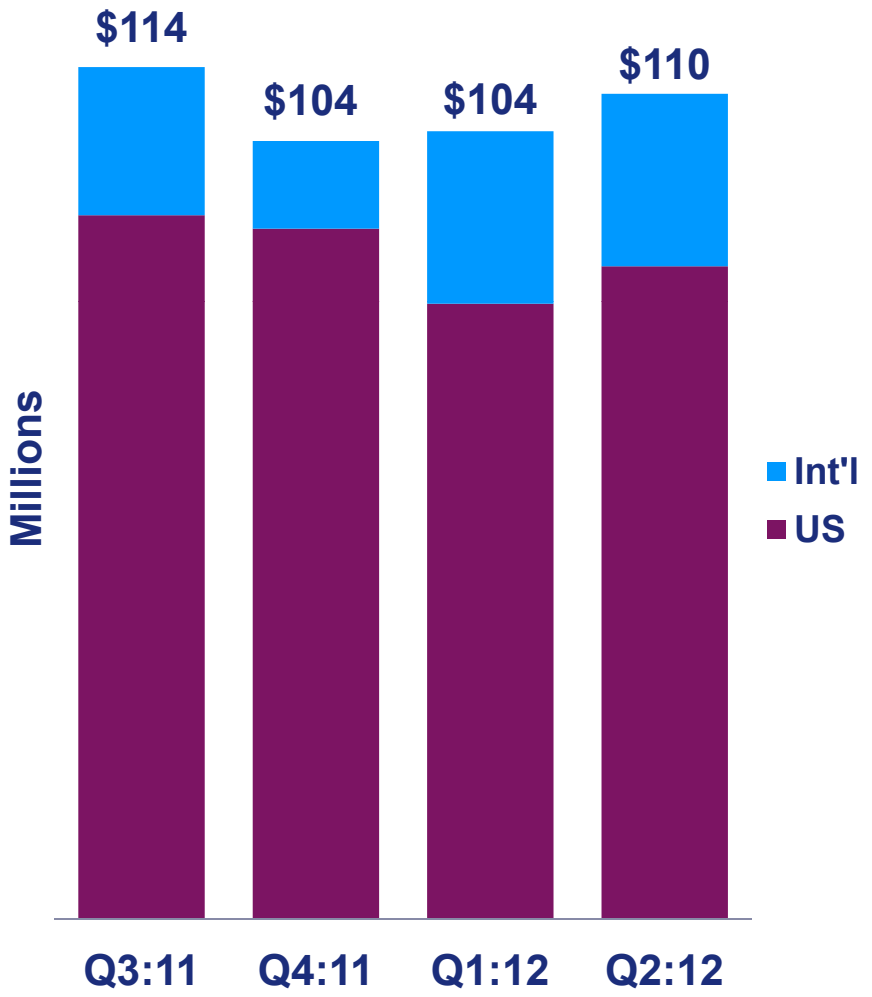
# VIDAZA Global Net Sales Summary

- **Q2 VIDAZA sales $201M; ↑8% Q/Q ,↑24% Y/Y**
- **US Sales ↑12% Q/Q ,↑12% Y/Y**
  - Higher Risk MDS market share reached ~75%
  - Overall MDS market share ~27%
- **International ↑6% Q/Q , ↑35% Y/Y**
  - Strong performances in UK, Japan and Austria
  - Line 1 High Risk MDS market share ~55%
- **Advancing MDS Franchise**
  - Multiple single agent and combination studies in MDS / AML ongoing
  - Initiate CC-486 phase III trial in Low-Risk/ Int–1 MDS during H2:12
  - Evaluate CC-486 in phase II AML maintenance trials

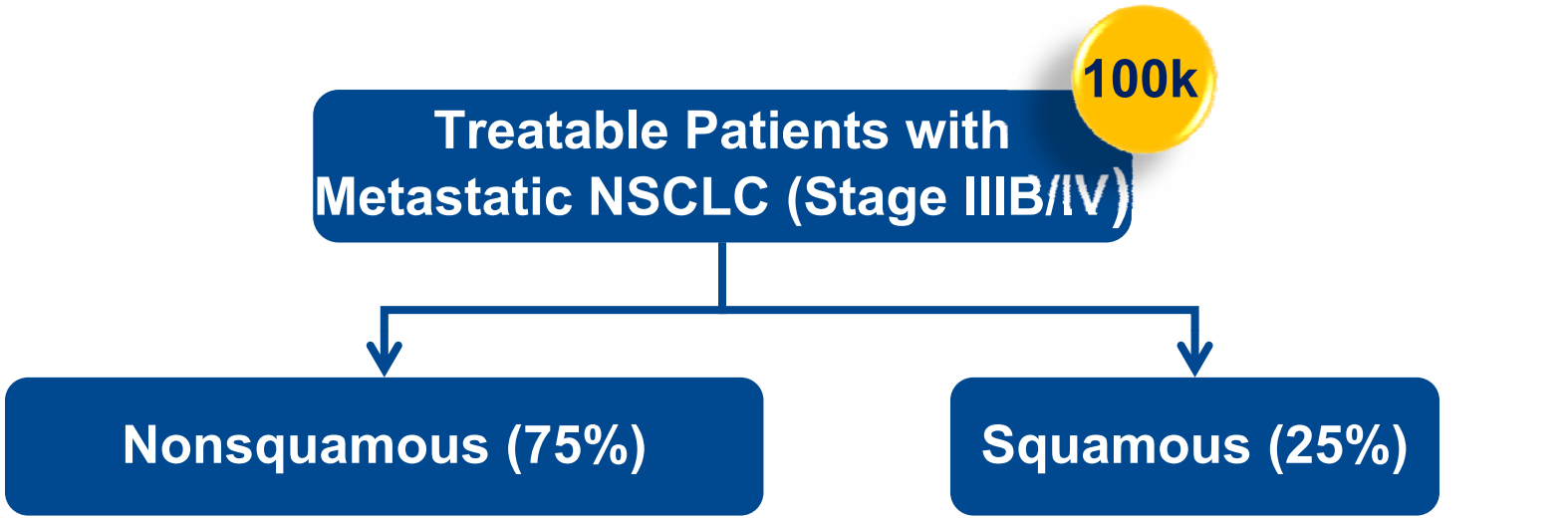


# ABRAXANE Global Net Sales Summary

- **Q2 ABRAXANE sales $110M; ↑5% Q/Q, ↑16% Y/Y**
- **US sales ↑7% Q/Q , ↑20% Y/Y**
- **International sales 0% Q/Q, ↑3% Y/Y**
- **Product and Program Goals:**
  - **Breast Cancer:**
    - **Generate new data**
    - **Accelerate international launches**
  - **Non-Small Cell Lung Cancer:**
    - **US approval expected in Q4:12**
    - **Multiple international filings planned**
  - **Melanoma:**
    - **Phase III data expected in Q3**
  - **Pancreatic Cancer:**
    - **Data expected late 2012/early 2013; Submit sNDA in 2013**

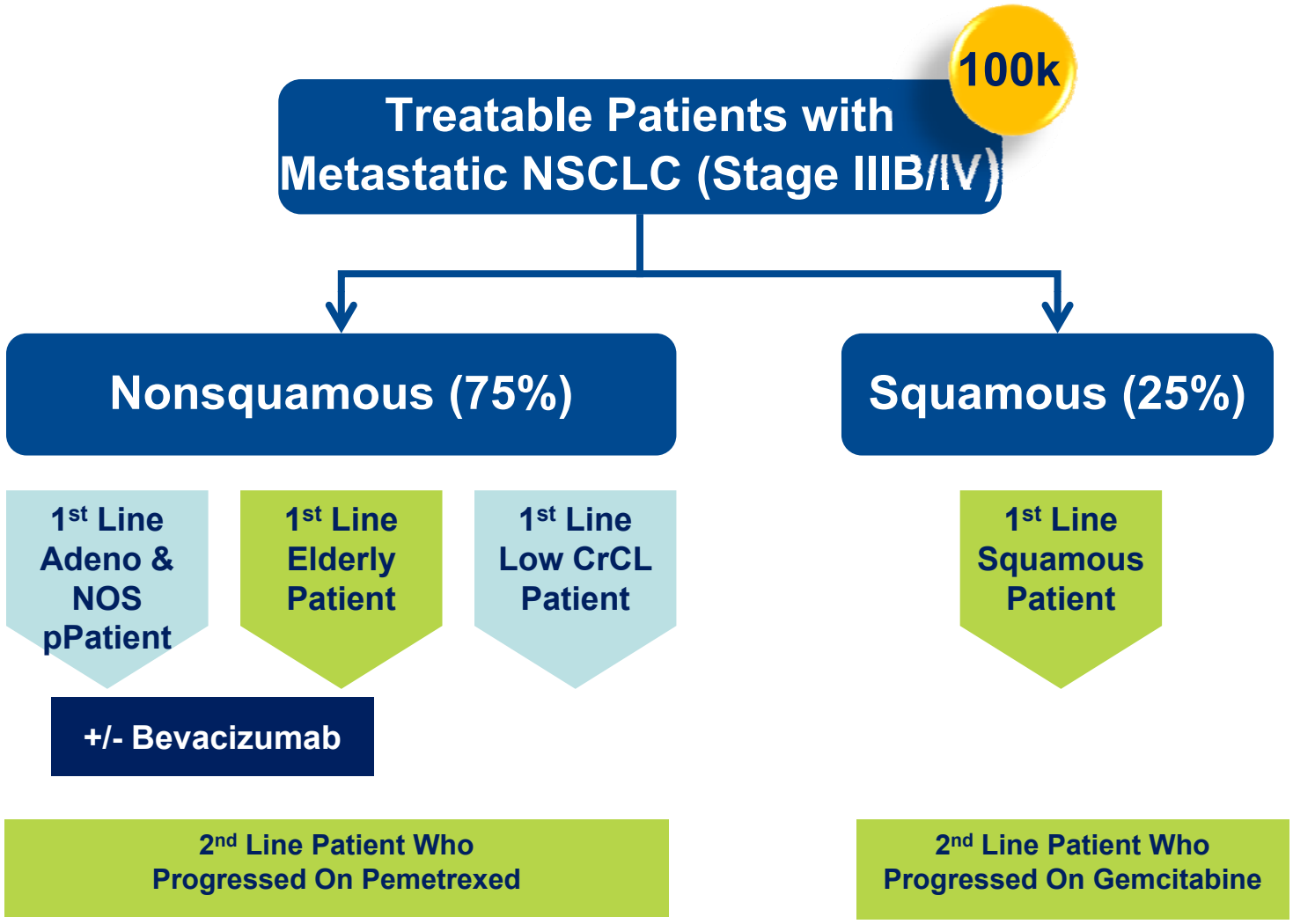


# Current Non-Small Cell Lung Cancer Clinical Approach to Treatment




**Proposed Label: ABRAXANE, in combination with carboplatin, is indicated for the first-line treatment of non-small cell lung cancer in patients who are not candidates for potentially curative surgery and/or radiation therapy**

# ABRAXANE® NSCLC Eligible Patient Types




Patient segments where product could potentially differentiate

# Q2 2012 Commercial Summary

- Total net product sales grew 7% Q/Q, 16% Y/Y
- Strong REVLIMID Q/Q due to balanced geographic contributions and improved market share and duration
- Emerging data enhances product value proposition
- Commercial teams executing to deliver full year plan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# Bob Hugin

# Strong Quarter in a Defining Year

**Significant Accomplishments in H1:12**

**Strong Operating and Financial Results**

**Transformational Catalysts in H2:12**


# Q2 2012 Conference Call

# Q&A

# Reconciliation Tables

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

| | Three-Month Periods Ended June 30, | | Six-Month Periods Ended June 30, | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| Net product sales | $ 1,336,590 | $ 1,154,328 | $ 2,582,089 | $ 2,237,937 |
| Other revenue | 30,174 | 28,827 | 57,963 | 70,499 |
| Total revenue | 1,366,764 | 1,183,155 | 2,640,052 | 2,308,436 |
| Cost of goods sold (excluding amortization of acquired intangible assets) | 71,852 | 126,443 | 144,372 | 253,711 |
| Research and development | 447,098 | 371,520 | 809,142 | 806,998 |
| Selling, general and administrative | 323,027 | 305,643 | 648,805 | 607,904 |
| Amortization of acquired intangible assets | 44,148 | 70,087 | 85,908 | 139,137 |
| Acquisition related (gains) charges and restructuring, net | 39,285 | (9,477) | 28,215 | (106,221) |
| Total costs and expenses | 925,410 | 864,216 | 1,716,442 | 1,701,529 |
| Operating income | 441,354 | 318,939 | 923,610 | 606,907 |
| Other income (expense), net | (670) | (528) | (8,924) | (1,688) |
| Income before income taxes | 440,684 | 318,411 | 914,686 | 605,219 |
| Income tax provision | 73,311 | 39,203 | 145,776 | 70,925 |
| Net income | 367,373 | 279,208 | 768,910 | 534,294 |
| Non-controlling interest | - | 190 | - | 694 |
| Net income attributable to Celgene | $ 367,373 | $ 279,398 | $ 768,910 | $ 534,988 |
| Net income per share attributable to Celgene: | | | | |
| Basic | $ 0.84 | $ 0.60 | $ 1.76 | $ 1.15 |
| Diluted | $ 0.82 | $ 0.59 | $ 1.72 | $ 1.14 |
| Weighted average shares: | | | | |
| Basic | 436,703 | 462,625 | 437,526 | 464,300 |
| Diluted | 445,379 | 469,962 | 447,092 | 470,958 |

| | June 30, 2012 | December 31, 2011 |
|---|---|---|
| **Balance sheet items:** | | |
| Cash, cash equivalents & marketable securities | $ 2,561,544 | $ 2,648,154 |
| Total assets | 10,381,207 | 10,005,910 |
| Short-term borrowings | 390,434 | 526,684 |
| Long-term debt | 1,272,112 | 1,275,585 |
| Total stockholders' equity | 5,958,028 | 5,512,727 |

# Reconciliation Tables

## Celgene Corporation and Subsidiaries
## Reconciliation of GAAP to Non-GAAP Net Income
**(In thousands, except per share data)**

| | | Three-Month Periods Ended June 30, | | Six-Month Periods Ended June 30, | |
|---|---|---|---|---|---|
| | | 2012 | 2011 | 2012 | 2011 |
| Net income attributable to Celgene - GAAP | | $ 367,373 | $ 279,398 | $ 768,910 | $ 534,988 |
| Before tax adjustments: | | | | | |
| Total revenues: | | | | | |
| Sales of products exited or to be exited | (1) | - | (6,565) | - | (23,468) |
| Abraxis non-core other revenues | (2) | - | (809) | - | (1,714) |
| Cost of goods sold (excluding amortization of acquired intangible assets): | | | | | |
| Share-based compensation expense | (3) | 2,983 | 2,420 | 5,859 | 4,427 |
| Abraxis inventory step-up | (4) | - | 41,666 | - | 83,333 |
| Products exited or to be exited | (2) | (572) | 4,730 | (1,981) | 15,280 |
| Research and development: | | | | | |
| Share-based compensation expense | (3) | 23,556 | 22,880 | 48,584 | 55,472 |
| Abraxis non-core activities | (2) | - | 1,879 | - | 8,728 |
| IPR&D impairments | (5) | - | - | 22,151 | 118,000 |
| Upfront collaboration payments | (6) | 75,000 | 40,982 | 75,000 | 40,982 |
| Selling, general and administrative: | | | | | |
| Share-based compensation expense | (3) | 27,075 | 25,613 | 53,891 | 48,707 |
| Abraxis non-core activities | (2) | - | 5,857 | - | 15,065 |
| Amortization of acquired intangible assets | (7) | 44,148 | 70,087 | 85,908 | 139,137 |
| Acquisition related (gains) charges and restructuring, net: | | | | | |
| Change in fair value of contingent consideration | (8) | 38,071 | (11,635) | 25,638 | (111,170) |
| Acquisition and restructuring costs | (8) | 1,214 | 2,158 | 2,577 | 4,949 |
| Other income (expense), net | | | | | |
| EntreMed, Inc. equity method loss | (9) | - | 234 | - | 489 |
| Abraxis non-core activities | (2) | - | 93 | - | 2,036 |
| Gain on divestment of non-core activities | (10) | - | (2,931) | - | (2,931) |
| Non-controlling interest -Abraxis | (2) | - | (190) | - | (694) |
| Net income tax adjustments | (11) | (34,296) | (58,660) | (57,556) | (121,020) |
| Net income attributable to Celgene - non-GAAP | | $ 544,552 | $ 417,207 | $ 1,028,981 | $ 810,596 |
| Net income per share attributable to Celgene -non-GAAP: | | | | | |
| Basic | | $ 1.25 | $ 0.90 | $ 2.35 | $ 1.75 |
| Diluted | | $ 1.22 | $ 0.89 | $ 2.30 | $ 1.72 |

*In addition to financial information prepared in accordance with U.S. GAAP, this press release also contains non-GAAP financial measures that we believe provide investors and management with supplemental information relating to operating performance and trends that facilitate comparisons between periods and with respect to projected information. These non-GAAP measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with U.S. GAAP. We typically exclude certain GAAP items that management does not believe affect our basic operations and that do not meet the GAAP definition of unusual or non-recurring items. Other companies may define these measures in different ways. See the attached Reconciliations of GAAP to non-GAAP Net Income for explanations of the amounts excluded and included to arrive at non-GAAP net income and non-GAAP earnings per share amounts for the three- and six-month periods ended June 30, 2012 and 2011, and for the projected amounts for the year ending December 31, 2012.*

# Reconciliation Tables

**Celgene Corporation and Subsidiaries**

**Reconciliation of GAAP to Non-GAAP Net Income**

Explanation of adjustments:

(1) Exclude sales related to non-core former Pharmion Corp., or Pharmion, products to be exited and Abraxis BioScience Inc., or Abraxis, products that have been exited.

(2) Exclude the estimated impact of activities arising from the acquisition of Abraxis that are not related to core nab technology and were divested in 2011, including other miscellaneous revenues, cost of goods sold (excluding amortization of acquired intangible assets), operating expenses and other costs related to such activities. Exclude the net (benefit) cost of activities arising from the acquisition of Pharmion that are planned to be exited.

(3) Exclude share-based compensation expense totaling $53,614 for the three-month period ended June 30, 2012 and $50,913 for the three-month period ended June 30, 2011. Exclude share-based compensation expense totaling $108,334 for the six-month period ended June 30, 2012 and $108,606 for the six-month period ended June 30, 2011.

(4) Exclude acquisition-related inventory step-up adjustments to fair value which were expensed for Abraxis in 2011.

(5) Exclude in-process research and development, or IPR&D, impairment for the six-month period ended June 30, 2012 related to the timing of obtaining approval for ISTODAX for the treatment of peripheral T-cell lymphoma, or PTCL, in the European Union. Exclude IPR&D impairment for the six-month period ended June 30, 2011 related to a reduction in the probability of obtaining progression free survival labeling for the treatment of non-small cell lung cancer for ABRAXANE in the United States.

(6) Exclude upfront payments for research and development collaboration arrangements.

(7) Exclude amortization of intangible assets acquired from the acquisitions of Pharmion, Gloucester Pharmaceuticals, Inc., or Gloucester, Abraxis and Celgene Avilomics Research, Inc. (formerly known as Avila Therapeutics), or Avila.

(8) Exclude acquisition related charges and restructuring related to Gloucester, Abraxis and Avila.

(9) Exclude the Company's share of EntreMed, Inc. equity losses in 2011.

(10) Exclude the 2011 gain recognized on divestment of non-core activities obtained in the acquisition of Abraxis.

(11) Net income tax adjustments reflect the estimated tax effect of the above adjustments and the impact of certain other non-operating tax adjustments, including one-time effects of changes in tax law, acquisition related matters, an adjustment to the amount of unrecognized tax benefits and deferred taxes on unremitted foreign earnings.

## Celgene Corporation and Subsidiaries
## Reconciliation of Full-Year 2012 Projected GAAP to Non-GAAP Net Income
**(In thousands, except per share data)**

| | Range | |
|---|---|---|
| | Low | High |
| Projected net income - GAAP | $ 1,641,000 | $ 1,692,000 |
| Before tax adjustments: | | |
| Cost of goods sold (excluding amortization of acquired intangible assets): | | |
| Share-based compensation expense | 11,000 | 10,000 |
| Research and development: | | |
| Share-based compensation expense | 121,000 | 109,000 |
| IPR&D impairment | 57,000 | 52,000 |
| Upfront collaboration payments | 75,000 | 75,000 |
| Selling, general and administrative: | | |
| Share-based compensation expense | 118,000 | 107,000 |
| Amortization of acquired intangible assets | 178,000 | 178,000 |
| Acquisition related (gains) charges and restructuring, net: | | |
| Change in fair value of contingent consideration | 41,000 | 36,000 |
| Acquisition and restructuring costs | 4,000 | 3,000 |
| Net income tax adjustments | (110,000) | (104,000) |
| Projected net income - non-GAAP | $ 2,136,000 | $ 2,158,000 |
| Projected net income per diluted common share - GAAP | $ 3.69 | $ 3.80 |
| Projected net income per diluted common share - non-GAAP | $ 4.80 | $ 4.85 |
| Projected weighted average diluted shares | 445,000 | 445,000 |

# Return on Invested Capital Calculation

| Return on Invested Capital (ROIC) | Q2 2012 - TTM | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|
| **Operating income** | 1,759,456 | 1,442,753 | 989,635 | 841,526 | (1,464,218) | 425,121 |
| Certain charges (1) | | | | | 2,043,069 | |
| **Non-GAAP operating income** | 1,759,456 | 1,442,753 | 989,635 | 841,526 | 578,851 | 425,121 |
| | | | | | | |
| Effective tax rate | 10% | 7% | 13% | 20% | 24% | 56% |
| **Non-GAAP operating income after tax** | 1,579,421 | 1,339,017 | 860,221 | 669,930 | 439,272 | 186,203 |
| | | | | | | |
| Total equity | 5,958,028 | 5,512,727 | 5,995,472 | 4,394,606 | 3,491,328 | 2,843,944 |
| Certain charges (1) | 1,979,510 | 1,979,510 | 1,979,510 | 1,979,510 | 1,979,510 | |
| Total debt | 1,662,546 | 1,802,269 | 1,247,584 | - | - | 196,555 |
| **Total capital** | 9,600,084 | 9,294,506 | 9,222,566 | 6,374,116 | 5,470,838 | 3,040,499 |
| | | | | | | |
| Total capital beginning of period | 9,233,843 | 9,222,566 | 6,374,116 | 5,470,838 | 3,040,499 | 2,376,066 |
| Total capital end of period | 9,600,084 | 9,294,506 | 9,222,566 | 6,374,116 | 5,470,838 | 3,040,499 |
| **Average total capital** | 9,416,964 | 9,258,536 | 7,798,341 | 5,922,477 | 4,255,669 | 2,708,283 |
| | | | | | | |
| **ROIC** | **16.8%** | **14.5%** | **11.0%** | **11.3%** | **10.3%** | **6.9%** |

(1) Excludes $1.7 billion of IPR&D expense in 2008 associated with the acquisition of Pharmion, as well as $300 million of expense related to the acquisition of intellectual property rights for Vidaza in 2008, prior to it's launch. Amounts adjusted for tax effects 2008 are excluded from equity in all years including and subsequent to 2008.