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. We also exclude excess tax benefits and tax deficiencies that arise upon vesting or exercise of share-based payments recognized as income tax benefits or expenses due to their nature, variability of amounts, and lack of predictability as to occurrence and/or timing.

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 six-month periods ended June 30, 2017 and 2016, 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 June 30,		Six-Month Periods Ended June 30,	
	2017	2016	2017	2016
Net product sales	$ 3,256	$ 2,744	$ 6,206	$ 5,239
Other revenue	12	10	22	27
Total revenue	3,268	2,754	6,228	5,266
Cost of goods sold (excluding amortization of acquired intangible assets)	111	111	224	217
Research and development	835	949	1,830	1,682
Selling, general and administrative	939	732	1,559	1,275
Amortization of acquired intangible assets	88	175	170	267
Acquisition related (income) charges and restructuring, net	(13)	(36)	26	-
Total costs and expenses	1,960	1,931	3,809	3,441
Operating income	1,308	823	2,419	1,825
Interest and investment income, net	24	7	39	14
Interest (expense)	(126)	(123)	(253)	(245)
Other (expense) income, net	(76)	(12)	(50)	23
Income before income taxes	1,130	695	2,155	1,617
Income tax provision	69	97	153	218
Net income	$ 1,061	$ 598	$ 2,002	$ 1,399
Net income per common share:				
Basic	$ 1.36	$ 0.77	$ 2.57	$ 1.80
Diluted	$ 1.31	$ 0.75	$ 2.47	$ 1.74
Weighted average shares:				
Basic	780.4	775.6	779.7	778.1
Diluted	811.7	801.5	811.5	804.7

	June 30, 2017	December 31, 2016
Balance sheet items:		
Cash, cash equivalents & marketable securities	$ 10,140	$ 7,970
Total assets	30,306	28,086
Long-term debt, including current portion	14,283	14,290
Total stockholders' equity	8,445	6,600

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

		Three-Month Periods Ended June 30, 2017	Three-Month Periods Ended June 30, 2016	Six-Month Periods Ended June 30, 2017	Six-Month Periods Ended June 30, 2016
Net income - GAAP		$ 1,061	$ 598	$ 2,002	$ 1,399
Before tax adjustments:					
Cost of goods sold (excluding amortization of acquired intangible assets):					
Share-based compensation expense	(1)	8	9	15	18
Research and development:					
Share-based compensation expense	(1)	70	64	135	126
Collaboration-related upfront expense	(2)	75	284	85	364
Research and development asset acquisition expense	(3)	-	-	325	-
Selling, general and administrative:					
Share-based compensation expense	(1)	92	85	173	160
Litigation-related loss contingency accrual expense	(4)	315	100	315	100
Amortization of acquired intangible assets	(5)	88	175	170	267
Acquisition related (income) charges and restructuring, net:					
Change in fair value of contingent consideration	(6)	(13)	(44)	26	(11)
Restructuring charges	(7)	-	8	-	11
Income tax provision:					
Estimated tax impact from above adjustments	(8)	(127)	(134)	(238)	(206)
Non-operating tax adjustments	(9)	(95)	7	(170)	(12)
Net income - Adjusted		$ 1,474	$ 1,152	$ 2,838	$ 2,216
Net income per common share - Adjusted					
Basic		$ 1.89	$ 1.49	$ 3.64	$ 2.85
Diluted		$ 1.82	$ 1.44	$ 3.50	$ 2.75

Explanation of adjustments:

(1) Exclude share-based compensation expense totaling $170 for the three-month period ended June 30, 2017 and $158 for the three-month period ended June 30, 2016. Exclude share-based compensation expense totaling $323 for the six-month period ended June 30, 2017 and $304 for the six-month period ended June 30, 2016.

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

(3) Exclude research and development asset acquisition expenses.

(4) Exclude loss contingency accrual expenses related to a civil litigation matter in 2017 and contractual dispute in 2016.

(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).

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

(8) Exclude the estimated tax impact of the above adjustments.

(9) Exclude other non-operating tax expense items. The adjustments for the three- and six-month periods ended June 30, 2017 are to exclude the excess tax benefits related to the adoption of ASU 2016-09 (Compensation-Stock Compensation) of $95 and $170, respectively. The adjustment for the three-month period ended June 30, 2016 is to include net tax benefits of $7. The adjustment for the six-month period ended June 30, 2016 is to exclude the tax benefit on the settlement of a state tax examination of $5 and to include other adjustments totaling tax expense of $7.

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)	$ 4,372	$ 4,581
Before tax adjustments:			
Cost of goods sold (excluding amortization of acquired intangible assets):			
Share-based compensation expense		31	29
Research and development:			
Share-based compensation expense		276	260
Collaboration-related upfront expense		435	435
Research and development asset acquisition expense		325	325
Selling, general and administrative:			
Share-based compensation expense		345	325
Litigation-related loss contingency accrual expense		315	315
Amortization of acquired intangible assets		333	326
Acquisition related (income) charges and restructuring, net:			
Change in fair value of contingent consideration		91	82
Income tax provision:			
Estimated tax impact from above adjustments		(444)	(518)
Non-operating tax adjustments		(170)	(170)
Projected net income - Adjusted		$ 5,909	$ 5,990
Projected net income per diluted common share - GAAP		$ 5.36	$ 5.62
Projected net income per diluted common share - Adjusted		$ 7.25	$ 7.35
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, 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 June 30,						% Change		
	2017			2016			Reported	Operational[1]	Currency[2]
REVLIMID®									
U.S.	$	1,358		$	1,079		25.9%	25.9%	0.0%
International		676			621		8.9%	10.7%	(1.8)%
Worldwide		2,034			1,700		19.6%	20.3%	(0.7)%
POMALYST®/IMNOVID®									
U.S.		241			185		30.3%	30.3%	0.0%
International		150			133		12.8%	15.5%	(2.7)%
Worldwide		391			318		23.0%	24.1%	(1.1)%
OTEZLA®									
U.S.		306			217		41.0%	41.0%	0.0%
International		52			24		116.7%	112.3%	4.4%
Worldwide		358			241		48.5%	48.0%	0.5%
ABRAXANE®									
U.S.		161			174		(7.5)%	(7.5)%	0.0%
International		93			75		24.0%	26.9%	(2.9)%
Worldwide		254			249		2.0%	2.9%	(0.9)%
VIDAZA®									
U.S.		2			3		(33.3)%	(33.3)%	0.0%
International		154			151		2.0%	3.4%	(1.4)%
Worldwide		156			154		1.3%	2.6%	(1.3)%
azacitidine for injection									
U.S.		9			22		(59.1)%	(59.1)%	0.0%
International		-			-		N/A	N/A	N/A
Worldwide		9			22		(59.1)%	(59.1)%	0.0%
THALOMID®									
U.S.		21			24		(12.5)%	(12.5)%	0.0%
International		13			14		(7.1)%	(4.6)%	(2.5)%
Worldwide		34			38		(10.5)%	(9.5)%	(1.0)%
ISTODAX®									
U.S.		17			19		(10.5)%	(10.5)%	0.0%
International		2			2		0.0%	(2.4)%	2.4%
Worldwide		19			21		(9.5)%	(9.7)%	0.2%
All Other									
U.S.		-			-		N/A	N/A	N/A
International		1			1		N/A	N/A	N/A
Worldwide		1			1		N/A	N/A	N/A
Total Net Product Sales									
U.S.		2,115			1,723		22.8%	22.8%	0.0%
International		1,141			1,021		11.8%	13.6%	(1.8)%
Worldwide	$	3,256		$	2,744		18.7%	19.4%	(0.7)%

(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)

	Six-Month Periods				
	Ended June 30,		% Change		
	2017	2016	Reported	Operational[1]	Currency[2]
REVLIMID®					
U.S.	$ 2,592	$ 2,076	24.9%	24.9%	0.0%
International	1,326	1,198	10.7%	12.4%	(1.7)%
Worldwide	3,918	3,274	19.7%	20.3%	(0.6)%
POMALYST®/IMNOVID®					
U.S.	457	356	28.4%	28.4%	0.0%
International	298	236	26.3%	28.6%	(2.3)%
Worldwide	755	592	27.5%	28.4%	(0.9)%
OTEZLA®					
U.S.	505	392	28.8%	28.8%	0.0%
International	95	45	111.1%	104.5%	6.6%
Worldwide	600	437	37.3%	36.6%	0.7%
ABRAXANE®					
U.S.	303	318	(4.7)%	(4.7)%	0.0%
International	187	156	19.9%	23.0%	(3.1)%
Worldwide	490	474	3.4%	4.4%	(1.0)%
VIDAZA®					
U.S.	4	7	(42.9)%	(42.9)%	0.0%
International	310	294	5.4%	7.0%	(1.6)%
Worldwide	314	301	4.3%	5.8%	(1.5)%
azacitidine for injection					
U.S.	18	40	(55.0)%	(55.0)%	0.0%
International	-	-	N/A	N/A	N/A
Worldwide	18	40	(55.0)%	(55.0)%	0.0%
THALOMID®					
U.S.	43	51	(15.7)%	(15.7)%	0.0%
International	27	28	(3.6)%	(1.0)%	(2.6)%
Worldwide	70	79	(11.4)%	(10.5)%	(0.9)%
ISTODAX®					
U.S.	34	35	(2.9)%	(2.9)%	0.0%
International	5	4	25.0%	22.0%	3.0%
Worldwide	39	39	0.0%	(0.3)%	0.3%
All Other					
U.S.	-	1	N/A	N/A	N/A
International	2	2	N/A	N/A	N/A
Worldwide	2	3	N/A	N/A	N/A
Total Net Product Sales					
U.S.	3,956	3,276	20.8%	20.8%	0.0%
International	2,250	1,963	14.6%	16.3%	(1.7)%
Worldwide	$ 6,206	$ 5,239	18.5%	19.1%	(0.6)%

(1) Operational includes impact from both volume and price

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