

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

	Three-Month Periods Ended		Twelve-Month Periods Ended	
	December 31,		December 31,	
	2013	2012	2013	2012
Net product sales	\$ 1,724.9	\$ 1,415.5	\$ 6,362.3	\$ 5,385.6
Other revenue	31.0	31.9	131.6	121.1
Total revenue	<u>1,755.9</u>	<u>1,447.4</u>	<u>6,493.9</u>	<u>5,506.7</u>
Cost of goods sold (excluding amortization of acquired intangible assets)	92.8	80.1	340.4	299.1
Research and development	731.2	473.5	2,226.2	1,724.2
Selling, general and administrative	448.7	370.1	1,684.5	1,373.5
Amortization of acquired intangible assets	65.7	62.4	262.8	194.5
Acquisition related charges and restructuring, net	91.7	140.1	171.1	169.0
Total costs and expenses	<u>1,430.1</u>	<u>1,126.2</u>	<u>4,685.0</u>	<u>3,760.3</u>
Operating income	325.8	321.2	1,808.9	1,746.4
Other income (expense), net	<u>(108.6)</u>	<u>(30.9)</u>	<u>(143.5)</u>	<u>(64.9)</u>
Income before income taxes	217.2	290.3	1,665.4	1,681.5
Income tax provision	<u>2.8</u>	<u>27.2</u>	<u>215.5</u>	<u>225.3</u>
Net income	<u>\$ 214.4</u>	<u>\$ 263.1</u>	<u>\$ 1,449.9</u>	<u>\$ 1,456.2</u>
Net income per common share:				
Basic	\$ 0.52	\$ 0.62	\$ 3.50	\$ 3.38
Diluted	\$ 0.50	\$ 0.61	\$ 3.37	\$ 3.30
Weighted average shares:				
Basic	411.2	421.6	413.8	430.9
Diluted	428.6	432.3	430.3	440.8
	December 31,			
	2013	2012		
<b>Balance sheet items:</b>				
Cash, cash equivalents & marketable securities	\$ 5,687.0	\$ 3,900.3		
Total assets	13,378.2	11,734.3		
Short-term borrowings	544.8	308.5		
Long-term debt	4,196.5	2,771.3		
Total stockholders' equity	5,589.9	5,694.5		

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

	Three-Month Periods Ended		Twelve-Month Periods Ended	
	December 31,		December 31,	
	2013	2012	2013	2012
Net income - GAAP	\$ 214.4	\$ 263.1	\$ 1,449.9	\$ 1,456.2
Before tax adjustments:				
Cost of goods sold (excluding amortization of acquired intangible assets):				
Products exited or to be exited -Pharmion	(1) -	0.4	-	(1.6)
Share-based compensation expense	(2) 5.9	3.2	18.5	12.4
Research and development:				
Share-based compensation expense	(2) 44.2	26.6	144.7	102.4
IPR&D impairments	(3) -	69.1	-	122.5
Upfront collaboration payments	(4) 227.0	59.5	575.8	189.5
Selling, general and administrative:				
Share-based compensation expense	(2) 48.3	30.3	162.6	116.2
Amortization of acquired intangible assets	(5) 65.7	62.4	262.8	194.5
Acquisition related charges and restructuring, net:				
Change in fair value of contingent consideration	(6) 91.7	140.1	171.1	166.4
Acquisition and restructuring costs	(6) -	-	-	2.6
Other income (expense), net				
Non-operating asset impairment	(7) 80.0	-	80.0	-
Net income tax adjustments	(8) (128.2)	(82.5)	(302.3)	(198.6)
Net income - Adjusted	<u>\$ 649.0</u>	<u>\$ 572.2</u>	<u>\$ 2,563.1</u>	<u>\$ 2,162.5</u>
Net income per common share - Adjusted				
Basic	\$ 1.58	\$ 1.36	\$ 6.19	\$ 5.02
Diluted	\$ 1.51	\$ 1.32	\$ 5.96	\$ 4.91

*In addition to financial information prepared in accordance with U.S. GAAP, this press release also contains adjusted 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 adjusted financial measures are non-GAAP and 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.*

Explanation of adjustments:

- (1) Exclude the net (benefit) cost of activities arising from the acquisition of Pharmion Corp. (Pharmion) that are planned to be exited.
- (2) Exclude share-based compensation expense totaling \$98.4 for the three-month period ended December 31, 2013 and \$60.1 for the three-month period ended December 31, 2012. Exclude share-based compensation expense totaling \$325.8 for the twelve-month period ended December 31, 2013 and \$231.0 for the twelve-month period ended December 31, 2012.
- (3) Exclude in-process research and development impairments recorded as a result of changes in estimated probability-weighted cash flows.
- (4) Exclude upfront payments for research and development collaboration arrangements.
- (5) Exclude amortization of intangible assets acquired in the acquisitions of Pharmion, Gloucester Pharmaceuticals, Inc. (Gloucester), Abraxis BioScience Inc. (Abraxis) and Celgene Avilomics Research, Inc. (formerly known as Avila Therapeutics)(Avila).
- (6) Exclude acquisition related charges and restructuring, including changes in the fair value of contingent consideration, related to the acquisitions of Gloucester, Abraxis and Avila.
- (7) Exclude impairment of royalty receivable asset that was received in April 2011 as partial consideration in the sale of the non-core assets obtained by Celgene in the acquisition of Abraxis.
- (8) 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 acquisition related matters, adjustments to the amount of unrecognized tax benefits and deferred taxes on unremitted foreign earnings.

**Celgene Corporation and Subsidiaries**  
**Reconciliation of Full-Year 2014 Projected GAAP to Adjusted Net Income**  
(In millions, except per share data)

		Range	
		Low	High
Projected net income - GAAP	(1) \$	2,355.0	\$ 2,515.4
Before tax adjustments:			
Cost of goods sold (excluding amortization of acquired intangible assets):			
Share-based compensation expense		25.9	25.6
Research and Development:			
Share-based compensation expense		202.3	200.3
Upfront collaboration payments	(1)	50.0	30.0
Selling, general and administrative:			
Share-based compensation expense		227.6	225.3
Settlement of contingent obligation	(2)	30.0	20.0
Amortization of acquired intangible assets	(1)	258.3	258.3
Acquisition related charges and restructuring, net:			
Change in fair value of contingent consideration	(1)	36.8	36.0
Net income tax adjustments		(210.9)	(250.9)
Projected net income - Adjusted		\$ 2,975.0	\$ 3,060.0
Projected net income per diluted common share - GAAP	\$	5.54	\$ 5.92
Projected net income per diluted common share - Adjusted	\$	7.00	\$ 7.20
Projected weighted average diluted shares		425.0	425.0

- (1) Our projected 2014 earnings do not include the effect of any future business combinations, collaboration agreements, asset acquisitions, intangible asset impairments, or changes in the fair value of our CVRs issued as part of the acquisition of Abraxis BioScience Inc. (Abraxis).
- (2) Exclude settlement of contingent obligation to make matching contributions to a non-profit organization.