

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

	Three-Month Periods Ended		Nine-Month Periods Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Net product sales	\$ 2,312.6	\$ 1,956.8	\$ 6,621.9	\$ 5,508.9
Other revenue	21.5	25.4	70.8	76.0
Total revenue	<u>2,334.1</u>	<u>1,982.2</u>	<u>6,692.7</u>	<u>5,584.9</u>
Cost of goods sold (excluding amortization of acquired intangible assets)	109.9	97.7	314.7	282.7
Research and development	1,304.5	675.1	2,920.5	1,845.7
Selling, general and administrative	550.3	497.6	1,696.3	1,483.5
Amortization of acquired intangible assets	63.6	63.7	190.9	194.7
Acquisition related charges and restructuring, net	226.2	1.5	215.9	11.0
Total costs and expenses	<u>2,254.5</u>	<u>1,335.6</u>	<u>5,338.3</u>	<u>3,817.6</u>
Operating income	79.6	646.6	1,354.4	1,767.3
Interest and investment income, net	8.6	6.9	26.4	20.6
Interest (expense)	(88.5)	(53.5)	(186.0)	(124.4)
Other income (expense), net	<u>(19.6)</u>	<u>(22.5)</u>	<u>83.2</u>	<u>(46.9)</u>
Income (loss) before income taxes	(19.9)	577.5	1,278.0	1,616.6
Income tax provision	<u>14.2</u>	<u>69.0</u>	<u>237.0</u>	<u>230.6</u>
Net income (loss)	<u>\$ (34.1)</u>	<u>\$ 508.5</u>	<u>\$ 1,041.0</u>	<u>\$ 1,386.0</u>
Net income (loss) per common share:				
Basic	\$ (0.04)	\$ 0.64	\$ 1.31	\$ 1.72
Diluted	\$ (0.04)	\$ 0.61	\$ 1.26	\$ 1.66
Weighted average shares:				
Basic	791.1	799.6	794.3	803.5
Diluted	791.1	832.8	827.7	836.4
	September 30,	December 31,		
	2015	2014		
<b>Balance sheet items:</b>				
Cash, cash equivalents & marketable securities	\$ 7,505.6	\$ 7,546.7		
Total assets	27,369.2	17,340.1		
Short-term borrowings and current portion of long-term debt	1,199.7	605.9		
Long-term debt	14,297.9	6,265.7		
Total stockholders' equity	5,375.5	6,524.8		

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

	Three-Month Periods Ended		Nine-Month Periods Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Net income (loss) - GAAP	\$ (34.1)	\$ 508.5	\$ 1,041.0	\$ 1,386.0
Before tax adjustments:				
Cost of goods sold (excluding amortization of acquired intangible assets):				
Share-based compensation expense	(1) 8.5	6.8	23.3	18.8
Research and development:				
Share-based compensation expense	(1) 65.2	48.4	185.0	141.2
Upfront collaboration expense	(2) 751.8	78.6	1,340.3	401.6
IPR&D impairment	(3) -	129.2	-	129.2
Selling, general and administrative:				
Share-based compensation expense	(1) 76.2	56.2	218.1	159.2
Settlement of contingent obligation	(4) -	-	-	25.0
Amortization of acquired intangible assets	(5) 63.6	63.7	190.9	194.7
Acquisition related (gains) charges and restructuring, net:				
Change in fair value of contingent consideration	(6) (6.9)	1.5	(17.2)	11.0
Receptos acquisition costs	(7) 231.6	-	231.6	-
Restructuring charges	(8) 1.5	-	1.5	-
Net income tax adjustments	(9) (146.2)	(87.3)	(293.5)	(208.3)
Net income - Adjusted	<u>\$ 1,011.2</u>	<u>\$ 805.6</u>	<u>\$ 2,921.0</u>	<u>\$ 2,258.4</u>
Net income per common share - Adjusted				
Basic	\$ 1.28	\$ 1.01	\$ 3.68	\$ 2.81
Diluted	(10) \$ 1.23	\$ 0.97	\$ 3.53	\$ 2.70

*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 share-based compensation expense totaling \$149.9 for the three-month period ended September 30, 2015 and \$111.4 for the three-month period ended September 30, 2014. Exclude share-based compensation expense totaling \$426.4 for the nine-month period ended September 30, 2015 and \$319.2 for the nine-month period ended September 30, 2014.
- (2) Exclude upfront payment expense for research and development collaboration arrangements.
- (3) Exclude in-process research and development (IPR&D) impairment recorded as a result of changes in estimated probability-weighted cash flows related to CC-292.
- (4) Exclude settlement of a contingent obligation to make matching contributions to a non-profit organization.
- (5) Exclude amortization of intangible assets acquired in the acquisitions of Pharmion Corp., Gloucester Pharmaceuticals, Inc. (Gloucester), Abraxis BioScience Inc. (Abraxis) and Celgene Avilomics Research, Inc. (Avila).
- (6) Exclude changes in the fair value of contingent consideration related to the acquisitions of Gloucester, Abraxis, Avila and Nogra Pharma Limited.
- (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.
- (9) Net income tax adjustments reflect the estimated tax effect of the above adjustments and the impact of certain other non-operating tax adjustments, including the effects of acquisition related matters, adjustments to the amount of unrecognized tax benefits, adjustments related to the gain on the sale of an equity investment and nonrecurring items connected with the launch of new products.
- (10) 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 2015 Projected GAAP to Adjusted Net Income**  
(In millions, except per share data)

	Range	
	Low	High
Projected net income - GAAP	(1) \$ 1,678.8	\$ 1,859.2
Before tax adjustments:		
Cost of goods sold (excluding amortization of acquired intangible assets):		
Share-based compensation expense	31.4	30.2
Research and Development:		
Share-based compensation expense	254.7	244.7
Upfront collaboration expense	1,340.3	1,340.3
Selling, general and administrative:		
Share-based compensation expense	301.5	289.7
Amortization of acquired intangible assets	254.6	254.6
Acquisition related charges and restructuring, net:		
Change in fair value of contingent consideration	12.7	10.4
Receptos acquisition costs	324.7	293.7
Restructuring charges	7.0	5.0
Net income tax adjustments	(263.2)	(302.3)
Projected net income - Adjusted	\$ 3,942.5	\$ 4,025.5
Projected net income per diluted common share - GAAP	\$ 2.02	\$ 2.24
Projected net income per diluted common share - Adjusted	\$ 4.75	\$ 4.85
Projected weighted average diluted shares	830.0	830.0

- (1) Our projected 2015 earnings do not include the effect of any 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) that may occur after the day prior to the date of this press release.