

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

	Twelve Months Ended				
	2012	2011	December 31, 2010	2009	2008
Net income attributable to Celgene - GAAP	\$ 1,456,180	\$ 1,318,150	\$ 880,512	\$ 776,747	\$ (1,533,653)
Before tax adjustments:					
Net product sales:					
Sales of products exited it to be exited:					
Pharmion	(1) -	(5,423)	(8,234)	(12,654)	(16,965)
Abraxis	(1) -	(21,265)	(15,864)	-	-
Collaborative agreements and other revenue:					
Abraxis non-core revenues	(2) -	(1,714)	(943)	-	-
Cost of goods sold (excluding amortization of acquired intangible assets):					
Share-based compensation expense	12,413	9,762	6,776	4,444	2,535
Abraxis and Pharmion inventory step-up	(3) -	90,278	34,722	354	24,646
Products exited it to be exited:					
Pharmion	(2) (1,553)	9,881	9,783	8,262	6,950
Abraxis	(2) -	13,151	9,298	-	-
EntreMed intercompany royalty	(4) -	-	(283)	(585)	(843)
Research and development:					
Share-based compensation expense	102,413	104,704	82,097	64,751	44,007
Upfront collaboration payments	(5) 189,500	128,479	121,176	34,500	45,000
Abraxis non-core activities	(2) -	8,728	7,338	-	-
IPR&D impairments	(6) 122,509	118,000	-	-	-
Purchase of VIDAZA royalty obligation	(7) -	-	-	-	303,069
Selling, general and administrative:					
Share-based compensation expense	116,217	102,736	93,924	74,624	60,036
Abraxis non-core activities	(2) -	15,065	15,089	-	-
Canadian pricing settlement	(8) -	9,814	-	-	-
Amortization of acquired intangible assets:	194,499	289,226	203,231	83,403	103,967
Acquisition related charges and restructuring, net:					
Change in fair value of contingent consideration	(9) 166,374	(147,463)	9,712	-	-
Acquisition and restructuring costs	(9) 2,577	5,117	37,517	-	-
Acquired in-process research and development	(10) -	-	-	-	1,740,000
Other income (expense), net:					
EntreMed, Inc. equity method loss	(4) -	644	1,295	1,449	3,571
Abraxis non-core activities	(2) -	2,036	(1,467)	-	-
Gain on divestment of non-core activities	-	(2,931)	-	-	-
Non-controlling interest:					
Abraxis non-core activities	(2) -	(694)	(320)	-	-
Net income tax adjustments	(11) (198,643)	(293,373)	(174,904)	(63,973)	(63,559)
Net income attributable to Celgene - Adjusted	<u>\$ 2,162,486</u>	<u>\$ 1,752,908</u>	<u>\$ 1,310,455</u>	<u>\$ 971,322</u>	<u>\$ 718,761</u>
Net income per common share attributable to Celgene - Adjusted					
Basic	\$ 5.02	\$ 3.85	\$ 2.83	\$ 2.11	\$ 1.62
Diluted	\$ 4.91	\$ 3.79	\$ 2.79	\$ 2.08	\$ 1.56

Celgene Corporation and Subsidiaries

Reconciliation of GAAP to Adjusted Net Income

Explanation of adjustments:

- (1) Exclude sales related to non-core former Pharmion Corp., or Pharmion, and Abraxis BioScience Inc., or Abraxis products to be divested.
- (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 acquisition-related inventory step-up adjustments to fair value which were expensed for Abraxis in 2011 and 2010 and Pharmion in 2009 and 2008.
- (4) Exclude the Company's share of EntreMed, Inc. THALOMID royalties and equity losses.
- (5) Exclude upfront payments for research and development collaboration arrangements and purchases of intellectual property for unapproved products.
- (6) Exclude in-process research and development, or IPR&D, impairments.
- (7) Exclude the purchase of VIDAZA royalty obligations related to unapproved forms.
- (8) Exclude pricing settlement with the Patented Medicine Prices Review Board of Canada related to sales of THALOMID.
- (9) Exclude acquisition related charges and restructuring, including changes in the fair value of contingent consideration, related to the acquisitions of Gloucester, Abraxis and Avila.
- (10) Exclude the in-process research and development write-off related to the acquisition of Pharmion Corp. in the twelve-month period in 2008.
- (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.