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: impairment charges for significant fair value adjustments to equity investments, significant litigation-related loss contingency accruals and expenses to settle other disputed matters, and changes in the carrying value of our equity investments beginning in 2018.

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, the impact of tax reform legislation commonly referred to as the Tax Cuts and Jobs Act, the impact resulting from intra-entity transfers of assets other than inventory beginning in 2018, 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.

Long-Term Targets

A reconciliation of long-term adjusted financial targets to the most comparable GAAP measures cannot be provided because we are unable to forecast with reasonable certainty many of the items necessary to calculate such comparable GAAP measures, including share-based compensation expense, collaboration-related upfront expense, research and development asset acquisition expense, acquisition-related expenses, fair value adjustments to contingent consideration, the ultimate outcome of legal proceedings and unusual gains and losses, as well as unforeseen events, risks and developments. These items are uncertain, depend on various factors, and could be material to our results computed in accordance with GAAP. We believe the inherent uncertainties in reconciling our long-term non-GAAP measures to the most comparable GAAP measures would make the forecasted comparable GAAP measures nearly impossible to predict with reasonable certainty and therefore inherently unreliable.

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 twelve-month periods ended December 31, 2017 and 2016, and for the projected amounts for the twelve-month period ending December 31, 2018.

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

	Three-Month Periods Ended December 31,		Twelve-Month Periods Ended December 31,	
	2017	2016	2017	2016
Net product sales	$ 3,479	$ 2,977	$ 12,973	$ 11,185
Other revenue	4	3	30	44
Total revenue	3,483	2,980	13,003	11,229
Cost of goods sold (excluding amortization of acquired intangible assets)	119	113	461	438
Research and development	2,738	1,135	5,915	4,470
Selling, general and administrative	774	685	2,941	2,658
Amortization of acquired intangible assets	79	105	329	459
Acquisition related (gains) charges and restructuring, net	(1,425)	13	(1,350)	38
Total costs and expenses	2,285	2,051	8,296	8,063
Operating income	1,198	929	4,707	3,166
Interest and investment income, net	33	9	105	30
Interest (expense)	(142)	(127)	(522)	(500)
Other income (expense), net	42	(312)	24	(324)
Income before income taxes	1,131	499	4,314	2,372
Income tax provision	1,212	70	1,374	373
Net (loss) income	$ (81)	$ 429	$ 2,940	$ 1,999
Net (loss) income per common share:				
Basic	$ (0.10)	$ 0.55	$ 3.77	$ 2.57
Diluted	$ (0.10)	$ 0.53	$ 3.64	$ 2.49
Weighted average shares:				
Basic	773.5	776.8	779.2	777.2
Diluted	773.5	802.2	808.7	803.3

	December 31, 2017	December 31, 2016
Balance sheet items:		
Cash, cash equivalents & marketable securities	$ 12,042	$ 7,970
Total assets	30,141	28,086
Long-term debt, including current portion	15,838	14,290
Total stockholders' equity	6,921	6,600

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

		Three-Month Periods Ended December 31,		Twelve-Month Periods Ended December 31,	
		2017	2016	2017	2016
Net (loss) income - GAAP		$ (81)	$ 429	$ 2,940	$ 1,999
Before tax adjustments:					
Cost of goods sold (excluding amortization of acquired intangible assets):					
Share-based compensation expense	(1)	7	8	29	33
Research and development:					
Share-based compensation expense	(1)	68	64	268	253
Collaboration-related upfront expense	(2)	96	128	765	816
Research and development asset acquisition expense	(3)	-	270	325	893
IPR&D asset impairment charge	(4)	1,620	-	1,620	-
Clinical trial & development activity wind-down charge	(4)	188	-	188	-
Selling, general and administrative:					
Share-based compensation expense	(1)	87	83	347	320
Litigation-related loss contingency accrual expense	(5)	-	69	315	199
Amortization of acquired intangible assets	(6)	79	105	329	459
Acquisition related (gains) charges and restructuring, net:					
Change in fair value of contingent consideration	(7)	(1,425)	9	(1,350)	22
Restructuring charges	(8)	-	3	-	16
Other income (expense), net:					
Impairment of equity investment	(9)	-	272	-	272
Income tax provision:					
Estimated tax impact from above adjustments	(10)	(299)	(74)	(686)	(432)
Non-operating tax adjustments	(11)	1,252	(76)	926	(80)
Net income - Adjusted		$ 1,592	$ 1,290	$ 6,016	$ 4,770
Net income per common share - Adjusted					
Basic		$ 2.06	$ 1.66	$ 7.72	$ 6.14
Diluted	(12)	$ 2.00	$ 1.61	$ 7.44	$ 5.94

Explanation of adjustments:

(1) Exclude share-based compensation expense totaling $162 for the three-month period ended December 31, 2017 and $155 for the three-month period ended December 31, 2016. Exclude share-based compensation expense totaling $644 for the twelve-month period ended December 31, 2017 and $606 for the twelve-month period ended December 31, 2016.

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

(3) Exclude research and development asset acquisition expenses.

(4) Exclude charges associated with the discontinuance of GED-0301 clinical trials in Crohn's disease (Trials), including impairment of an IPR&D asset and other one-time charges related to wind-down costs associated with discontinuing the Trials and certain development activities.

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

(6) 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).

(7) Exclude changes in the fair value of contingent consideration related to the acquisitions of Gloucester, Abraxis, Avila, Nogra Pharma Limited (Nogra) and Quanticel, including the impact to the Nogra contingent consideration liabilities related to the discontinuance of the Trials.

(8) 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.

(9) Fair value adjustment to our equity investment in Juno Therapeutics, Inc. (Juno) per ASC 320 "Investments - Debt and Equity Securities."

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

(11) Exclude other non-operating tax expense items. The adjustments for the three-month period ended December 31, 2017 are to exclude expense of $1,269 as a result of the implementation of tax reform legislation (2017 Tax Act) and excess tax benefits related to the adoption of ASU 2016-09 (Compensation-Stock Compensation) of $17. The adjustments for the twelve-month period ended December 31, 2017 are to exclude expense of $1,269 as a result of the implementation of the 2017 Tax Act, excess tax benefits related to the adoption of ASU 2016-09 (Compensation-Stock Compensation) of $290, prior year tax benefits arising from a U.S. research and development and orphan drug tax credits study of $55 and to exclude other adjustments totaling tax expense of $2. The adjustments for the three- and twelve-month periods ended December 31, 2016 are to exclude the tax benefit of a tax loss incurred on our investment in Avila of $80 in both periods, with the three-month period also including other adjustments totaling tax expense of $4.

(12) Diluted net income per share for the three-month period ended December 31, 2017 was determined using diluted weighted-average shares of 797.4 million.

Celgene Corporation and Subsidiaries
Reconciliation of Full-Year 2018 Projected GAAP to Adjusted Net Income
(In millions, except per share data)

		Range	
		Low	High
Projected net income - GAAP	(1)	$ 5,629	$ 5,934
Before tax adjustments:			
Cost of goods sold (excluding amortization of acquired intangible assets):			
Share-based compensation expense		30	27
Research and development:			
Share-based compensation expense		268	247
Research and development asset acquisition expense		1,115	1,115
Selling, general and administrative:			
Share-based compensation expense		348	321
Amortization of acquired intangible assets		260	235
Acquisition related (gains) charges and restructuring, net:			
Change in fair value of contingent consideration		3	3
Other income (expense), net:			
Changes in fair value of equity investments		(780)	(780)
Income tax provision:			
Estimated tax impact from above adjustments		(130)	(204)
Non-operating tax adjustments		-	-
Projected net income - Adjusted		$ 6,743	$ 6,898
Projected net income per diluted common share - GAAP		$ 7.26	$ 7.66
Projected net income per diluted common share - Adjusted		$ 8.70	$ 8.90
Projected weighted average diluted shares		775.0	775.0

(1) Our projected 2018 earnings do not include the effect of any business combinations (including the effect of our recently announced pending acquisition of Juno), collaboration agreements, asset acquisitions, asset impairments, additional litigation-related loss contingency accruals, changes in the fair value of our CVRs issued as part of the acquisition of Abraxis, changes in the fair value of equity investments due to the adoption of ASU 2016-01 (Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities) 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 December 31,		% Change		
	2017	2016	Reported	Operational[1]	Currency[2]
REVLIMID®					
U.S.	$ 1,473	$ 1,187	24.1%	24.1%	0.0%
International	715	621	15.1%	18.7%	(3.6)%
Worldwide	2,188	1,808	21.0%	22.2%	(1.2)%
POMALYST®/IMNOVID®					
U.S.	283	219	29.2%	29.2%	0.0%
International	159	159	0.0%	3.9%	(3.9)%
Worldwide	442	378	16.9%	18.5%	(1.6)%
OTEZLA®					
U.S.	303	268	13.1%	13.1%	0.0%
International	68	37	83.8%	85.4%	(1.6)%
Worldwide	371	305	21.6%	21.8%	(0.2)%
ABRAXANE®					
U.S.	155	172	(9.9)%	(9.9)%	0.0%
International	96	94	2.1%	7.2%	(5.1)%
Worldwide	251	266	(5.6)%	(3.8)%	(1.8)%
IDHIFA® [3]					
U.S.	13	-	N/A	N/A	N/A
International	-	-	N/A	N/A	N/A
Worldwide	13	-	N/A	N/A	N/A
VIDAZA®					
U.S.	3	2	50.0%	50.0%	0.0%
International	160	151	6.0%	10.3%	(4.3)%
Worldwide	163	153	6.5%	10.7%	(4.2)%
azacitidine for injection					
U.S.	4	10	(60.0)%	(60.0)%	0.0%
International	-	-	N/A	N/A	N/A
Worldwide	4	10	(60.0)%	(60.0)%	0.0%
THALOMID®					
U.S.	16	22	(27.3)%	(27.3)%	0.0%
International	12	13	(7.7)%	(4.4)%	(3.3)%
Worldwide	28	35	(20.0)%	(18.7)%	(1.3)%
ISTODAX®					
U.S.	16	19	(15.8)%	(15.8)%	0.0%
International	2	2	0.0%	(1.9)%	1.9%
Worldwide	18	21	(14.3)%	(14.5)%	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.	2,266	1,899	19.3%	19.3%	0.0%
International	1,213	1,078	12.5%	16.3%	(3.8)%
Worldwide	$ 3,479	$ 2,977	16.9%	18.3%	(1.4)%

(1) Operational includes impact from both volume and price

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

(3) IDHIFA® was approved in August 2017 in the U.S. for the treatment of adult patients with R/R AML with an isocitrate dehydrogenase-2 (IDH2) mutation as detected by an FDA approved test.

Celgene Corporation and Subsidiaries
Net Product Sales
(In millions)

	Twelve-Month Periods				
	Ended December 31,		% Change		
	2017	2016	Reported	Operational[1]	Currency[2]
REVLIMID®					
U.S.	$ 5,426	$ 4,417	22.8%	22.8%	0.0%
International	2,761	2,557	8.0%	10.2%	(2.2)%
Worldwide	8,187	6,974	17.4%	18.2%	(0.8)%
POMALYST®/IMNOVID®					
U.S.	1,008	778	29.6%	29.6%	0.0%
International	606	533	13.7%	16.9%	(3.2)%
Worldwide	1,614	1,311	23.1%	24.4%	(1.3)%
OTEZLA®					
U.S.	1,058	904	17.0%	17.0%	0.0%
International	221	113	95.6%	94.3%	1.3%
Worldwide	1,279	1,017	25.8%	25.7%	0.1%
ABRAXANE®					
U.S.	607	634	(4.3)%	(4.3)%	0.0%
International	385	339	13.6%	17.5%	(3.9)%
Worldwide	992	973	2.0%	3.4%	(1.4)%
IDHIFA® [3]					
U.S.	20	-	N/A	N/A	N/A
International	-	-	N/A	N/A	N/A
Worldwide	20	-	N/A	N/A	N/A
VIDAZA®					
U.S.	8	12	(33.3)%	(33.3)%	0.0%
International	620	596	4.0%	6.6%	(2.6)%
Worldwide	628	608	3.3%	5.9%	(2.6)%
azacitidine for injection					
U.S.	35	66	(47.0)%	(47.0)%	0.0%
International	1	-	N/A	N/A	N/A
Worldwide	36	66	(45.5)%	(45.5)%	0.0%
THALOMID®					
U.S.	80	97	(17.5)%	(17.5)%	0.0%
International	52	55	(5.5)%	(2.7)%	(2.8)%
Worldwide	132	152	(13.2)%	(12.2)%	(1.0)%
ISTODAX®					
U.S.	67	72	(6.9)%	(6.9)%	0.0%
International	9	8	12.5%	10.3%	2.2%
Worldwide	76	80	(5.0)%	(5.2)%	0.2%
All Other					
U.S.	1	1	N/A	N/A	N/A
International	8	3	N/A	N/A	N/A
Worldwide	9	4	N/A	N/A	N/A
Total Net Product Sales					
U.S.	8,310	6,981	19.0%	19.0%	0.0%
International	4,663	4,204	10.9%	13.2%	(2.3)%
Worldwide	$ 12,973	$ 11,185	16.0%	16.9%	(0.9)%

(1) Operational includes impact from both volume and price

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

(3) IDHIFA® was approved in August 2017 in the U.S. for the treatment of adult patients with R/R AML with an isocitrate dehydrogenase-2 (IDH2) mutation as detected by an FDA approved test.