

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

	Three-Month Periods Ended	
	March 31,	
	2014	2013
Net income - GAAP	\$ 279.7	\$ 384.9
Before tax adjustments:		
Cost of goods sold (excluding amortization of acquired intangible assets):		
Share-based compensation expense	(1) 6.1	2.8
Research and development:		
Share-based compensation expense	(1) 47.0	27.0
Upfront collaboration expense	(2) 309.0	95.7
Selling, general and administrative:		
Share-based compensation expense	(1) 51.3	35.8
Settlement of contingent obligation	(3) 25.0	-
Amortization of acquired intangible assets	(4) 65.7	65.7
Acquisition related charges, net:		
Change in fair value of contingent consideration	(5) 8.6	33.2
Net income tax adjustments	(6) (87.5)	(53.4)
Net income - Adjusted	<u>\$ 704.9</u>	<u>\$ 591.7</u>
Net income per common share - Adjusted		
Basic	\$ 1.74	\$ 1.42
Diluted	\$ 1.67	\$ 1.37

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 \$104.4 for the three-month period ended March 31, 2014 and \$65.6 for the three-month period ended March 31, 2013.
- (2) Exclude upfront payment expense for research and development collaboration arrangements.
- (3) Exclude settlement of a contingent obligation to make matching contributions to a non-profit organization.
- (4) 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).
- (5) Exclude changes in the fair value of contingent consideration related to the acquisitions of Gloucester, Abraxis and Avila.
- (6) 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 nonrecurring items connected with the launch of new products.

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	\$ 2,097.9	\$ 2,200.7
Before tax adjustments:		
Cost of goods sold (excluding amortization of acquired intangible assets):		
Share-based compensation expense	26.8	26.5
Research and Development:		
Share-based compensation expense	200.7	198.7
Upfront collaboration expense	309.0	309.0
Selling, general and administrative:		
Share-based compensation expense	232.9	230.6
Settlement of contingent obligation	25.0	25.0
Amortization of acquired intangible assets	258.3	258.3
Acquisition related charges, net:		
Change in fair value of contingent consideration	17.0	16.6
Net income tax adjustments	(192.6)	(205.4)
Projected net income - Adjusted	\$ 2,975.0	\$ 3,060.0
Projected net income per diluted common share - GAAP	\$ 4.94	\$ 5.18
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 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.