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 and success payments. 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: significant litigation-related loss contingency accruals and expenses to settle other disputed matters and, effective for fiscal year 2018, changes in the fair value of our equity securities upon the adoption of ASU 2016-01 (Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities).

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 (2017 Tax Act), 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.

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

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

	Three-Month Periods Ended March 31,	
	2018	2017*
Net product sales	$ 3,531	$ 2,952
Other revenue	7	10
Total revenue	3,538	2,962
Cost of goods sold (excluding amortization of acquired intangible assets)	135	113
Research and development	2,203	995
Selling, general and administrative	864	620
Amortization of acquired intangible assets	87	82
Acquisition related charges and restructuring, net	31	39
Total costs and expenses	3,320	1,849
Operating income	218	1,113
Interest and investment income, net	13	15
Interest (expense)	(166)	(127)
Other income, net	965	13
Income before income taxes	1,030	1,014
Income tax provision	184	82
Net income	$ 846	$ 932
Net income per common share:		
Basic	$ 1.13	$ 1.20
Diluted	$ 1.10	$ 1.15
Weighted average shares:		
Basic	748.3	779.0
Diluted	768.3	811.2

* During the third quarter of 2017, we adopted ASU 2017-12 with an initial application date of January 1, 2017. Prior to the adoption of ASU 2017-12, we recognized all changes in the fair value of the excluded component of a hedge in Other income, net in the Consolidated Statements of Income under a mark-to-market approach. Pursuant to the provisions of ASU 2017-12, we no longer recognize the adjustments to the fair value of the excluded component in Other income, net but we instead recognize the initial value of the excluded component using an amortization approach over the life of the hedging instrument. The results for the quarterly period ended March 31, 2017 have been recast to reflect the adoption of ASU 2017-12. The three-month period ended March 31, 2017 includes the following immaterial revisions to previously issued financial results:

	Three-Month Period Ended March 31, 2017	
	As Reported	As Revised
Net product sales	$ 2,950	$ 2,952
Other income, net	26	13
Income tax provision	84	82
Net income	941	932
Diluted net income per common share	$ 1.16	$ 1.15

	March 31, 2018	December 31, 2017
Balance sheet items:		
Cash, cash equivalents, debt securities available-for-sale and equity investments with readily determinable fair values	$ 4,740	$ 12,042
Total assets	34,556	30,141
Long-term debt, including current portion	20,271	15,838
Total stockholders' equity	5,172	6,921

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

		Three-Month Periods Ended March 31,	
		2018	2017*
Net income - GAAP		$ 846	$ 932
Before tax adjustments:			
Cost of goods sold (excluding amortization of acquired intangible assets):			
Share-based compensation expense	(1)	9	7
Research and development:			
Share-based compensation expense	(1)	199	65
Collaboration-related upfront expense	(2)	245	10
Research and development asset acquisition expense	(3)	1,125	325
Adjustment to clinical trial and development activity wind-down charge	(4)	(60)	-
Selling, general and administrative:			
Share-based compensation expense	(1)	193	81
Amortization of acquired intangible assets	(5)	87	82
Acquisition related charges and restructuring, net:			
Change in fair value of contingent consideration and success payments	(6)	(30)	39
Acquisition related charges	(7)	61	-
Other income, net:			
Changes in fair value of equity investments	(8)	(959)	-
Income tax provision:			
Estimated tax impact from above adjustments	(9)	(133)	(111)
Non-operating tax adjustments	(10)	(11)	(75)
Net income - Adjusted		$ 1,572	$ 1,355
Net income per common share - Adjusted			
Basic		$ 2.10	$ 1.74
Diluted		$ 2.05	$ 1.67

Explanation of adjustments:

(1) Exclude share-based compensation expense totaling $401, including $250 related to Juno Therapeutics, Inc. (Juno), for the three-month period ended March 31, 2018 and $153 for the three-month period ended March 31, 2017.
(2) Exclude upfront payment expense for research and development collaboration arrangements.
(3) Exclude research and development asset acquisition expenses.
(4) Exclude adjustment of clinical trial and development activity wind-down charge associated with the discontinuance of GED-0301 clinical trials in Crohn's disease.
(5) 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), Quanticel Pharmaceuticals, Inc. (Quanticel) and Juno.
(6) Exclude changes in the fair value of contingent consideration related to the acquisitions of Gloucester, Abraxis, Avila, Nogra Pharma Limited (Nogra), Quanticel and Juno, as well as changes in the fair value of Juno's success payments.
(7) Exclude acquisition costs related to Juno.
(8) Exclude 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).
(9) Exclude the estimated tax impact of the above adjustments.
(10) Exclude other non-operating tax expense items. The adjustment for the three-month periods ended March 31, 2018 and March 31, 2017 is to exclude the excess tax benefits of $11 and $75, respectively, recorded in the Income Tax Provision as per ASU 2016-09 (Compensation-Stock Compensation).

* During the third quarter of 2017, we adopted ASU 2017-12 with an initial application date of January 1, 2017. Prior to the adoption of ASU 2017-12, we recognized all changes in the fair value of the excluded component of a hedge in Other income, net in the Consolidated Statements of Income under a mark-to-market approach. Pursuant to the provisions of ASU 2017-12, we no longer recognize the adjustments to the fair value of the excluded component in Other income, net but we instead recognize the initial value of the excluded component using an amortization approach over the life of the hedging instrument. The results for the quarterly period ended March 31, 2017 have been recast to reflect the adoption of ASU 2017-12. The three-month period ended March 31, 2017 includes the following immaterial revisions to previously issued financial results:

	Three-Month Period Ended March 31, 2017	
	As Reported	As Revised
Net income - GAAP	$ 941	$ 932
Net income - Adjusted	1,364	1,355
Diluted net income per common share - Adjusted	$ 1.68	$ 1.67

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

		Updated without Dilution from Juno	Updated with Dilution from Juno
Projected net income - GAAP	(1)	$ 5,556	$ 4,767
Before tax adjustments:			
Cost of goods sold (excluding amortization of acquired intangible assets):			
Share-based compensation expense		30	30
Research and development:			
Share-based compensation expense		269	524
Collaboration-related upfront expense		257	257
Research and development asset acquisition expense		1,125	1,125
Adjustment to clinical trial and development activity wind-down charge		(60)	(60)
Selling, general and administrative:			
Share-based compensation expense		347	511
Amortization of acquired intangible assets		257	319
Acquisition related charges and restructuring, net:			
Change in fair value of contingent consideration and success payments		(30)	(16)
Acquisition related charges		-	61
Other income, net:			
Changes in fair value of equity investments		(950)	(950)
Income tax provision:			
Estimated tax impact from above adjustments		(33)	(177)
Non-operating tax adjustments		(11)	(11)
Projected net income - Adjusted		$ 6,757	$ 6,380
Projected net income per diluted common share - GAAP		~ $ 7.36	~ $ 6.31
Projected net income per diluted common share - Adjusted		~ $ 8.95	~ $ 8.45
Projected weighted average diluted shares		755.0	755.0

(1) Our projected 2018 earnings do not include the effect of any business combinations, collaboration agreements, asset acquisitions, asset impairments, 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 as per 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 March 31,		% Change		
	2018	2017	Reported	Operational[1]	Currency[2]
REVLIMID®					
U.S.	$ 1,487	$ 1,234	20.5%	20.5%	0.0%
International	747	650	14.9%	14.0%	0.9%
Worldwide	2,234	1,884	18.6%	18.3%	0.3%
POMALYST®/IMNOVID®					
U.S.	300	216	38.9%	38.9%	0.0%
International	153	148	3.4%	3.6%	(0.2)%
Worldwide	453	364	24.5%	24.6%	(0.1)%
OTEZLA®					
U.S.	276	199	38.7%	38.7%	0.0%
International	77	43	79.1%	78.5%	0.6%
Worldwide	353	242	45.9%	45.8%	0.1%
ABRAXANE®					
U.S.	159	142	12.0%	12.0%	0.0%
International	103	94	9.6%	9.5%	0.1%
Worldwide	262	236	11.0%	11.0%	0.0%
IDHIFA® [3]					
U.S.	14	-	N/A	N/A	N/A
International	-	-	N/A	N/A	N/A
Worldwide	14	-	N/A	N/A	N/A
VIDAZA®					
U.S.	2	2	0.0%	0.0%	0.0%
International	155	156	(0.6)%	(1.0)%	0.4%
Worldwide	157	158	(0.6)%	(1.0)%	0.4%
azacitidine for injection					
U.S.	6	9	(33.3)%	(33.3)%	0.0%
International	1	-	N/A	N/A	N/A
Worldwide	7	9	(22.2)%	(22.2)%	0.0%
THALOMID®					
U.S.	19	22	(13.6)%	(13.6)%	0.0%
International	12	14	(14.3)%	(14.7)%	0.4%
Worldwide	31	36	(13.9)%	(14.1)%	0.2%
ISTODAX®					
U.S.	16	17	(5.9)%	(5.9)%	0.0%
International	3	3	0.0%	(3.3)%	3.3%
Worldwide	19	20	(5.0)%	(5.4)%	0.4%
All Other					
U.S.	-	-	N/A	N/A	N/A
International	1	3	N/A	N/A	N/A
Worldwide	1	3	N/A	N/A	N/A
Total Net Product Sales					
U.S.	2,279	1,841	23.8%	23.8%	0.0%
International	1,252	1,111	12.7%	12.3%	0.4%
Worldwide	$ 3,531	$ 2,952	19.6%	19.4%	0.2%

(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.