

# CELGENE CORP /DE/

## **FORM 8-K** (Current report filing)

Filed 06/01/18 for the Period Ending 05/31/18

Address	86 MORRIS AVENUE SUMMIT, NJ, 07901
Telephone	(908)673-9000
CIK	0000816284
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SIC Code	2834 - Pharmaceutical Preparations
Industry	Pharmaceuticals
Sector	Healthcare
Fiscal Year	12/31

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): May 31, 2018

**CELGENE CORPORATION**  
(Exact name of registrant as specified in its charter)

Delaware 001-34912 22-2711928  
(State or other jurisdiction of incorporation) (Commission File Number) (IRS Employer Identification No.)

86 Morris Avenue, Summit, New Jersey 07901  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (908) 673-9000

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**ITEM 5.02 DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS.**

On May 31, 2018, Celgene Corporation (the “Company”) announced the hiring of David V. Elkins, 49, as Executive Vice President (EVP), Chief Financial Officer (CFO). Mr. Elkins will join Celgene on July 1, 2018, and become CFO effective August 1, 2018. Mr. Elkins will succeed current CFO Peter N. Kellogg, who will become Celgene’s EVP, Chief Corporate Strategy Officer until his retirement, planned for mid-2019.

Mr. Elkins has more than 25 years of finance, strategy, operations, supply chain and business development experience in the United States, Europe and emerging markets. He joins Celgene from Johnson & Johnson (J&J), where he was Worldwide Vice President and CFO for Consumer Products, Medical Devices and Corporate Functions with \$40 billion in revenue and a worldwide finance team of 1,800 employees.

Mr. Kellogg joined Celgene as CFO in August 2014. Under Mr. Kellogg’s leadership, Celgene has delivered industry-leading performance, executed multiple high-potential business development transactions to grow its pipeline, and significantly strengthened its balance sheet. In his new role, Mr. Kellogg will work with the executive team to define Celgene’s strategy for long-term, sustainable growth beyond 2020. Mr. Kellogg will also work closely with Mr. Elkins to ensure the transition of all financial and operational matters.

Both Mr. Kellogg and Mr. Elkins will report directly to Mark J. Alles, Chairman and Chief Executive Officer, and serve on Celgene’s Executive Committee.

In connection with his appointment, the Company entered into an offer letter agreement with Mr. Elkins (the “Offer Letter”), providing for the terms of his employment, including annual base salary of \$850,000, participation in the Company’s Management Incentive Plan with a target bonus of 85% of eligible base salary (with a potential maximum payout of 200% of target and, for 2018, a guaranteed bonus equal to the full target amount), a grant of options to be determined on the grant date by dividing the value of such grant (\$3 million) by the applicable Black-Scholes value per stock option, and restricted stock units determined on the date of grant by dividing the value of such grant (\$6.75 million) by the closing stock price of the Company’s common stock on the date of grant. The stock options will vest in equal annual installments over four years and the RSUs will vest in three equal installments over a three year period from the date of grant. In addition, Mr. Elkins will receive a target number of performance stock units determined on the grant date by dividing the value of such grant (\$1.6 million) by the closing stock price of the Company’s common stock on the date of grant (with 37.5% apportioned to the 2017-2019 Long Term Incentive Plan (LTIP) performance period and 62.5% apportioned to the 2018-2020 LTIP performance period).

Under the Offer Letter, Mr. Elkins will also receive a one-time payment as a signing bonus of \$650,000 payable within 30 days of the start of employment. If his employment is terminated by the Company other than for cause, Mr. Elkins is entitled to a severance payment equal to the sum of his annual base salary and target bonus, plus the continuation of medical and dental benefits at active-employee rates. In the event (i) a change in control occurs and (ii) Mr. Elkins’s position is eliminated, his duties/responsibilities/compensation are significantly reduced or his primary place of work is relocated by 50 miles within two years of the change in control, Mr. Elkins will receive the same termination benefits described above, except that the base salary entitlement will increase by six months and his unvested stock options and RSUs will fully vest. Mr. Elkins will also be eligible to participate in the Company’s annual equity award program and its Deferred Compensation Plan. The foregoing description of the terms of the Offer Letter is not complete and is qualified in its entirety by reference to the full text thereof, which is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference.

A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

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**ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.**

d) Exhibits

[10.1 Offer Letter](#)

[99.1 Press Release, dated May 31, 2018](#)

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**CELGENE CORPORATION**

Date: June 1, 2018

By: /s/ Peter N. Kellogg  
Peter N. Kellogg  
Executive Vice President  
Chief Financial Officer  
(principal financial and accounting officer)

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## EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
<a href="#"><u>10.1</u></a>	<a href="#"><u>Offer Letter.</u></a>
<a href="#"><u>99.1</u></a>	<a href="#"><u>Press Release dated May 31, 2018.</u></a>

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**TERMS OF EMPLOYMENT OFFER****POSITION**

We are pleased to offer you the position of Executive Vice President and Chief Financial Officer. Subject to the provisions listed in the “General Terms” section below, your start date will be on or before July 1, 2018.

**CASH COMPENSATION**

Your semi-monthly compensation for this position will be \$35,416.67 (which when annualized will equal approximately \$850,000.00). In addition to this base compensation, you will be eligible to participate in our Management Incentive Plan, which would target you for a bonus of 85% of your eligible base salary earnings, based on the achievement of corporate performance objectives. Actual awards are determined by the Compensation Committee in its sole discretion and are paid annually, typically during the first quarter of the following year. The award may be at, above or below the target level, but you can potentially earn up to 200% of your target award based upon achievement of Company objectives.

Provided you start your employment with Celgene on or before July 1, 2018 and are actively employed with Celgene through December 31, 2018, your target 2018 bonus to be paid in the first quarter of 2019 will be \$722,500, which reflects 85% of your annualized base salary.

**ONE TIME PAYMENT**

Celgene will also grant you a one-time payment of \$650,000.00 (gross) which is payable within 30 days from your start date. This payment will be considered a taxable event for the purpose of payroll tax calculations. Please refer to the terms in the attached repayment agreement.

**EQUITY COMPENSATION**

As a new employee, you will receive a new hire equity grant on the first trading day of the month following your date of hire. The total value of this new hire equity grants will be \$11,350,000.00 and will be granted to you in the form of stock options, Restricted Stock Units (RSUs) and Performance Stock Units (PSUs).

The number of stock options you will receive will be determined on the grant date by dividing the value of that portion of your new hire equity grant to be delivered in stock options (\$3,000,000.00) by the applicable Black-Scholes value per stock option. The exercise price will be the closing stock price of Celgene common stock on the date of grant. The stock option grant will have a ten-year term and will vest equally over the first four years, i.e., 25% on each anniversary of the grant date.

The number of RSUs you will receive will be determined on the grant date by dividing the value of that portion of your new hire equity grant to be delivered in RSUs (\$6,750,000.00) by the closing stock price of Celgene common stock on the date of grant. These RSUs will vest according to the vesting schedule in the RSU grant agreement as follows:

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- 1/3 will vest on the 1st anniversary of the grant date
- 1/3 will vest on the 2nd anniversary of the grant date
- 1/3 will vest on the 3rd anniversary of the grant date

The target number of PSUs you will receive will be determined on the grant date by dividing the value of that portion of your new hire equity grant to be delivered in PSUs by the closing stock price of Celgene common stock on the date of the grant. The total value of the PSU grant is \$1,600,000. A portion of the PSU value (\$600,000) will be granted under the 2017 – 2019 Long-Term Incentive Plan (“LTIP”) and the remaining portion of the PSU value (\$1,000,000) will be granted under the 2018 – 2020 LTIP.

These and all other conditions surrounding your new hire grants have been approved by the Compensation Committee of the Board of Directors or its delegate outlined in the Celgene Corporation 2017 Stock Incentive Plan (Amended and Restated as of April 19, 2017). Terms and conditions surrounding the new hire equity grants (and subsequent equity grants) are outlined in the Stock Option & Restricted Stock Unit Award documents that you will receive on the date of grant and which must be accepted as a condition of the grants.

#### **ADDITIONAL PROGRAMS**

**Health and Welfare Benefits:** You will be eligible to participate in all Celgene comprehensive US health and welfare benefit programs on the first day of the month following your date of employment. Information on your Celgene benefits package will be provided under separate cover.

**Deferred Compensation Plan:** Celgene maintains a Deferred Compensation Plan for a select group of employees. You will be notified when you are eligible to begin participating in the Plan. Enrollment occurs semi-annually, typically at the end of the second quarter and again at the end of the fourth quarter. Information regarding the Plan, your investment options and how to enroll will be available from Celgene's deferred compensation provider in advance of the enrollment period.

**Financial and Tax Planning:** You will be eligible for reimbursement up to \$15,000 per calendar year for Financial and Tax planning assistance.

**Severance Compensation:** If your employment is terminated by Celgene at any time, other than for cause, we will pay you severance compensation in an amount equal to twelve months' base salary and bonus at target, plus continuation of medical and dental benefits at active employee rates, less applicable taxes.

In the event of “double-trigger” circumstance resulting from a change in control, you will be paid an amount equal to eighteen months' base salary and bonus at target, plus continuation of medical and dental benefits at active employee rates, less applicable taxes, and your unvested stock options and RSUs will fully vest. PSUs will vest according to the terms noted in the agreement. Additionally, in the event of change in control, under a modified economic cutback, your change in control-related payments would be reduced to avoid the 280G excise tax if the result would be economically beneficial to you. Double-trigger shall mean that there is a change in control AND your position is eliminated, your duties/responsibilities/compensation are significantly reduced or your primary place of work is relocated greater than 50 miles from your current work location within two years of the change in control.

**Paid Time Off:** You will be eligible for five (5) weeks of vacation and three (3) personal days annually.

**Retirement Benefits:** You will be eligible to participate in Celgene's 401(k) Plan on the first day of the month following your date of employment.

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**GENERAL TERMS**

You will also be subject to certain terms and conditions of employment commensurate with your role as Chief Financial Officer, as deemed appropriate by the Compensation Committee in its sole discretion.

The contents of this offer letter do not constitute a contractual guarantee of employment for any specific duration of time. Your employment relationship with Celgene is AT-WILL which means that either you or Celgene can terminate the relationship at any time for any reason with or without cause. Except as otherwise provided herein, the information regarding employee benefits contained in this offer letter are subject to the terms and conditions of Celgene’s written plan documents which provide that Celgene retains the right to alter, amend or eliminate said benefits in its sole discretion.

The terms of the offer are outlined above and are contingent on completion of satisfactory employment and associated references, background check and drug screen. In addition, all employees are required to sign Celgene’s “Global Reproductive Health and Safety policy” and “Proprietary Information and Inventions Agreement” upon the start of their employment. Current Federal regulations require you to furnish proof of your right to work in the United States. These documents must be submitted on your first day of work.

With my best regards,

/s/ Mark J. Alles

Mark J. Alles  
Chairman & Chief Executive Officer

/s/ David V. Elkins

\_\_\_\_\_  
I Accept the offer as outlined above

5/29/18

\_\_\_\_\_  
Date

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**CELGENE CORPORATION ANNOUNCES HIRING OF DAVID V. ELKINS AS EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER AND APPOINTMENT OF PETER N. KELLOGG TO EXECUTIVE VICE PRESIDENT, CHIEF CORPORATE STRATEGY OFFICER**

*David Elkins most recently served as Worldwide Vice President and CFO for Consumer Products, Medical Devices and Corporate Functions at Johnson & Johnson*

*Peter Kellogg to remain on Executive Committee as EVP, Chief Corporate Strategy Officer until his retirement, planned for mid-2019*

**SUMMIT, NJ, May 31, 2018** – Celgene Corporation (NASDAQ:CELG) today announced the hiring of David V. Elkins as Executive Vice President (EVP), Chief Financial Officer (CFO). Mr. Elkins will join Celgene on July 1, 2018, and become CFO effective August 1, 2018. Mr. Elkins will succeed current CFO Peter N. Kellogg, who will become Celgene’s EVP, Chief Corporate Strategy Officer until his retirement, planned for mid-2019.

Mr. Elkins has more than 25 years of finance, strategy, operations, supply chain and business development experience in the United States, Europe and emerging markets. He joins Celgene from Johnson & Johnson (J&J), where he was Worldwide Vice President and CFO for Consumer Products, Medical Devices and Corporate Functions with \$40 billion in revenue and a worldwide finance team of 1,800 employees. Prior to his leadership role at J&J, Mr. Elkins was CFO for Round Rock Research, a technology investigation and patent licensing company. From 2008 to 2012, Mr. Elkins was Executive Vice President and CFO of Becton, Dickinson and Company, a public global medical technology company. From 1995 to 2008, he held roles of increasing responsibility at AstraZeneca, and he began his career in finance at The Boeing Company in 1991. Mr. Elkins holds a B.S. from the University of Delaware, an M.S. from the University of Pennsylvania and an M.B.A. from Drexel University.

Mr. Kellogg joined Celgene as CFO in August 2014. Under Mr. Kellogg’s leadership, Celgene has delivered industry-leading performance, executed multiple high-potential business development transactions to grow its pipeline, and significantly strengthened its balance sheet. Mr. Kellogg has built and led a high-performing global finance team while also driving corporate strategy. In his new role, Mr. Kellogg will work with the executive team to define Celgene’s strategy for long-term, sustainable growth beyond 2020. Mr. Kellogg will also work closely with Mr. Elkins to ensure the transition of all financial and operational matters. Both Mr. Kellogg and Mr. Elkins will report directly to Mark J. Alles, Chairman and Chief Executive Officer, and serve on Celgene’s Executive Committee.

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“The addition of David as our new Chief Financial Officer strengthens and expands our leadership team and positions us to capitalize on our significant opportunities through 2020 and beyond,” said Mark J. Alles, Chairman and Chief Executive Officer of Celgene Corporation. “Our business performance will be further enhanced by Peter’s continued strategic insight and David’s extensive industry experience leading global finance teams.”

## **About Celgene**

Celgene Corporation, headquartered in Summit, New Jersey, is an integrated global biopharmaceutical company engaged primarily in the discovery, development and commercialization of innovative therapies for the treatment of cancer and inflammatory diseases through next-generation solutions in protein homeostasis, immuno-oncology, epigenetics, immunology and neuro-inflammation. For more information, please visit [www.celgene.com](http://www.celgene.com) . Follow Celgene on Social Media: [@Celgene](#) , [Pinterest](#) , [LinkedIn](#) , [Facebook](#) and [YouTube](#) .

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## **Forward-Looking Statement**

This press release contains forward-looking statements, which are generally statements that are not historical facts. Forward-looking statements can be identified by the words "expects," "anticipates," "believes," "intends," "estimates," "plans," "will," "outlook" and similar expressions. Forward-looking statements are based on management's current plans, estimates, assumptions and projections, and speak only as of the date they are made. We undertake no obligation to update any forward-looking statement in light of new information or future events, except as otherwise required by law. Forward-looking statements involve inherent risks and uncertainties, most of which are difficult to predict and are generally beyond our control. Actual results or outcomes may differ materially from those implied by the forward-looking statements as a result of the impact of a number of factors, many of which are discussed in more detail in our Annual Report on Form 10-K and our other reports filed with the Securities and Exchange Commission.

## **Celgene Contact**

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