

CELGENE CORP /DE/
Form DEF 14A
April 28, 2016

TABLE OF CONTENTS

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

CELGENE CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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Title of each class of securities to which transaction applies:

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Aggregate number of securities to which transaction applies:

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Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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Amount Previously Paid:

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(3)

Filing Party:

(4)

Date Filed:

TABLE OF CONTENTS

CELGENE CORPORATION

86 Morris Avenue

Summit, New Jersey 07901

April 28, 2016

Dear Stockholders:

On behalf of the Board of Directors, you are cordially invited to attend the 2016 Annual Meeting of Stockholders of Celgene Corporation. The Annual Meeting will be held on Wednesday, June 15, 2016, at 1:00 p.m. Eastern Time at the offices of Celgene Corporation, 86 Morris Avenue, Summit, New Jersey 07901. The formal Notice of Annual Meeting is set forth in the enclosed material.

The matters expected to be acted upon at the Annual Meeting are described in the attached Proxy Statement. During the Annual Meeting, stockholders will have the opportunity to ask questions and comment on our business operations. We are pleased to once again offer our proxy materials over the Internet. We are mailing to our stockholders a Notice of Internet Availability of Proxy Materials instead of a paper copy of the Notice of Annual Meeting, proxy statement and proxy card. The Notice of Internet Availability contains instructions on how to access those documents over the Internet and how each of our stockholders can receive a paper copy of our proxy materials, if desired. By furnishing proxy materials over the Internet, we are lowering the costs and reducing the environmental impact of the Annual Meeting.

It is important that your views be represented. If you request a proxy card, please mark, sign and date the proxy card when received and return it promptly in the self-addressed, stamped envelope we will provide. No postage is required if this envelope is mailed in the United States. You also have the option of voting your proxy via the Internet at www.proxyvote.com or by calling toll free via a touch-tone phone at 1-800-690-6903. Proxies submitted by telephone or over the Internet must be received by 11:59 p.m. Eastern Time on June 14, 2016. Although we encourage you to complete and return a proxy prior to the Annual Meeting to ensure that your vote is counted, you can attend the Annual Meeting and cast your vote in person. If you vote by proxy and also attend the Annual Meeting, there is no need to vote again at the Annual Meeting unless you wish to change your vote.

We appreciate your investment in Celgene and urge you to cast your vote as soon as possible.

Sincerely,

Robert J. Hugin

Executive Chairman of the Board of Directors

TABLE OF CONTENTS

CELGENE CORPORATION

86 Morris Avenue

Summit, New Jersey 07901

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The 2016 Annual Meeting of Stockholders of Celgene Corporation (the “Company”) will be held at the offices of the Company, 86 Morris Avenue, Summit, New Jersey 07901, on June 15, 2016, beginning at 1:00 p.m. Eastern Time for the following purposes:

1. to elect twelve directors;
2. to ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016;
3. to approve an amendment to our 2008 Stock Incentive Plan (amended and restated as of April 15, 2015);
4. to hold an advisory vote on our 2015 named executive officer compensation;
5. to ratify an amendment to the Company’s By-laws;
6. to consider two separate stockholder proposals, if properly presented, described in more detail in the proxy statement; and
7. to transact such other business as may properly come before the Annual Meeting and at any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on April 18, 2016 as the record date for determining stockholders entitled to notice of and to vote at the Annual Meeting.

By order of the Board of Directors,

Mark J. Alles

Chief Executive Officer

April 28, 2016

YOUR VOTE IS IMPORTANT

Please vote via the Internet or telephone

Internet: www.proxyvote.com

Phone: 1-800-690-6903

If you request a proxy card, please mark, sign and date the proxy card when received and return it promptly in the self-addressed, stamped envelope we will provide.

TABLE OF CONTENTS

TABLE OF CONTENTS

	Page
<u>General Information; Frequently Asked Questions About the Annual Meeting and Voting</u>	1
<u>Proposal One — Election of Directors</u>	7
<u>Security Ownership of Certain Beneficial Owners and Management</u>	13
<u>Corporate Governance</u>	15
<u>Board Independence</u>	15
<u>Board Meetings; Committees and Membership</u>	15
<u>Compensation Committee Interlocks and Insider Participation</u>	18
<u>Financial Officer Code of Ethics</u>	18
<u>Stockholder Nominations</u>	18
<u>Stockholder Communications</u>	19
<u>Board Leadership Structure</u>	19
<u>Board of Directors Role in Risk Oversight</u>	20
<u>Litigation Proceedings Involving Directors or Officers</u>	20
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	20
<u>Executive Compensation — Compensation Discussion and Analysis</u>	22
<u>Highlights of 2015 Company Performance and Alignment of Pay to Performance</u>	22
<u>Advisory Vote on Executive Compensation</u>	23
<u>Our Compensation Philosophy</u>	23
<u>Highlights of Best Practices of Our Compensation Programs</u>	24
<u>Roles and Responsibilities</u>	26
<u>Elements of Our Compensation Programs for NEOs</u>	28
<u>Key 2015 Compensation Actions and Programs Highlights</u>	33
<u>Compensation Committee Report to Stockholders</u>	40
<u>Additional Information Regarding Executive Officers</u>	41
<u>Summary Compensation Table</u>	43
<u>Agreements With Our Named Executive Officers</u>	45
<u>Grants of Plan-Based Awards Table</u>	49
<u>Outstanding Equity Awards Value at Fiscal Year-End Table</u>	51
<u>Option Exercises and Stock Vested Table</u>	57
<u>Nonqualified Deferred Compensation Table</u>	58
<u>Potential Payments Upon Termination or Change in Control</u>	59
<u>Director Compensation</u>	68
<u>Compensation Philosophy</u>	68
<u>Cash Compensation</u>	68
<u>Equity Compensation</u>	68
<u>Director Compensation Table</u>	69
<u>Equity Compensation Plan Information</u>	70
<u>Audit Committee Report</u>	71

<u>Proposal Two — Independent Registered Public Accounting Firm</u>	<u>72</u>
<u>Proposal Three — Amendment and Restatement of the Company's 2008 Stock Incentive Plan</u>	<u>73</u>
<u>Proposal Four — Advisory Vote on Executive Compensation</u>	<u>82</u>

TABLE OF CONTENTS

	Page
<u>Proposal Five — Amendment to the Company's By-laws</u>	<u>83</u>
<u>Proposal Six — Stockholder Proposal</u>	<u>85</u>
<u>Proposal Seven — Stockholder Proposal</u>	<u>87</u>
<u>Procedures for Stockholder Proposals</u>	<u>90</u>
<u>Delivery of Documents to Stockholders Sharing an Address</u>	<u>90</u>
<u>Other Matters</u>	<u>90</u>
<u>Appendix A — Reconciliation of GAAP to Adjusted (Non-GAAP) Net Income</u>	<u>A-1</u>
<u>Appendix B — Amended and Restated Celgene Corporation 2008 Stock Incentive Plan</u>	<u>B-1</u>
<u>Appendix C — Amendment to the By Laws of Celgene Corporation</u>	<u>C-1</u>

TABLE OF CONTENTS

CELGENE CORPORATION

86 Morris Avenue

Summit, New Jersey 07901

PROXY STATEMENT

General Information

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Celgene Corporation, a Delaware corporation (the “Company,” “Celgene,” “we,” “our” or “us”), of proxies to be voted at our 2016 Annual Meeting of Stockholders (the “Annual Meeting” or the “Meeting”) and at any adjournment or postponement of the Meeting. The Annual Meeting will take place on June 15, 2016, beginning at 1:00 p.m., Eastern Time, at our offices, 86 Morris Avenue, Summit, New Jersey 07901. For directions, please contact Investor Relations at (908) 673-9000.

This Proxy Statement, the Notice of Annual Meeting, our Annual Report on Form 10-K for fiscal 2015 and accompanying proxy card, are being mailed to holders of our common stock, par value \$0.01 per share (“Common Stock”), on or about April 28, 2016. When we refer to our fiscal year, we mean the 12-month period ended December 31 of the stated year. Web links and addresses contained in this Proxy Statement are provided for convenience only, and the content on the referenced websites does not constitute a part of this Proxy Statement.

Frequently Asked Questions About the Annual Meeting and Voting

1.

I want to attend the Annual Meeting. What procedures must I follow?

Admission to the Annual Meeting is limited to stockholders of record as of the close of business on April 18, 2016 and one immediate family member; one individual designated as a stockholder’s authorized proxy holder; or one representative designated in writing to present a stockholder proposal properly brought before the Annual Meeting. In each case, the individual must have proof of ownership of Celgene Common Stock, as well as a valid government-issued photo identification, to be admitted to the Annual Meeting.

Proof of Ownership

If you hold your shares in your name as a stockholder of record, you will need proof of ownership of Celgene Common Stock.

If your shares are held in the name of a broker, bank or other holder of record and you plan to attend the Annual Meeting, you must present proof of your ownership of Celgene Common Stock, such as a bank or brokerage account statement, to be admitted to the Annual Meeting.

A stockholder may appoint a representative to attend the Annual Meeting and/or vote on his/her behalf. Valid proof of appointment of a representative, such as a power of attorney or notarized letter, must be presented along with proof of ownership of Celgene Common Stock from the holder, in order for your representative to be admitted to the Annual Meeting. If you have questions, contact Investor Relations at (908) 673-9000.

Proponent of Stockholder Proposal

The proponent of a stockholder proposal included in this Proxy Statement should notify the Company in writing of the individual authorized to present the proposal at the Annual Meeting; this notice should be received at least two weeks before the Annual Meeting.

TABLE OF CONTENTS

2.

Who is entitled to vote at the Annual Meeting?

Holders of Celgene Common Stock at the close of business on April 18, 2016 are entitled to receive the Notice of Annual Meeting and to vote their shares at the Meeting. Each share of Common Stock is entitled to one vote on each matter properly brought before the Annual Meeting.

3.

How many shares of Celgene Common Stock are “outstanding”?

As of April 18, 2016, there were 774,568,680 shares of Celgene Common Stock outstanding and entitled to be voted at the Annual Meeting.

4.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

If your shares are registered in your name with Celgene’s transfer agent, American Stock Transfer & Trust Company, LLC, you are the “stockholder of record” of those shares. This Notice of Annual Meeting and Proxy Statement and any accompanying materials have been provided directly to you by Celgene.

If your shares are held through a broker, bank or other holder of record, you hold your shares in “street name” and you are considered the “beneficial owner” of those shares. This Notice of Annual Meeting and Proxy Statement and any accompanying documents have been provided to you by your broker, bank or other holder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record how to vote your shares by using the voting instruction card they have provided you or by following their instructions for voting by telephone or on the Internet. Absent instructions from you, under applicable regulatory requirements, your broker may vote your shares on the ratification of the appointment of our independent registered public accounting firm for fiscal 2016, but may not vote your shares on the election of directors or any of the other proposals to be voted on at the Annual Meeting.

5.

How do I vote?

You may vote using any of the following methods:

By mail

Complete, sign and date the accompanying proxy or voting instruction card and return it in the prepaid envelope. If you are a stockholder of record and return your signed proxy card but do not indicate your voting preferences, the persons named in the proxy card will vote the shares represented by your proxy card as recommended by the Board of Directors.

By telephone or on the Internet

Celgene has established telephone and Internet voting procedures for stockholders of record. These procedures are designed to authenticate your identity, to allow you to give your voting instructions and to confirm that those instructions have been properly recorded. Telephone and Internet voting facilities for stockholders of record will be available 24 hours a day until 11:59 p.m., Eastern Time, on June 14, 2016.

The availability of telephone and Internet voting for beneficial owners will depend on the voting processes of your broker, bank or other holder of record. We therefore recommend that you follow their voting instructions.

If you vote by telephone or on the Internet, you do not have to return your proxy or voting instruction card.

Telephone. You can vote by calling the toll-free telephone number on your proxy card. Please have your proxy card handy when you call. Easy-to-follow voice prompts will allow you to vote your shares and confirm that your instructions have been properly recorded.

2

TABLE OF CONTENTS

Internet. The website for Internet voting is www.proxyvote.com. Please have your proxy card handy when you go to the website. As with telephone voting, you can confirm that your voting instructions have been properly recorded. If you vote on the Internet, you also can request electronic delivery of future proxy materials. You can also scan the QR Barcode below (or on your proxy card) with your smart device to access the website for Internet voting.

In person at the Annual Meeting

Stockholders who attend the Annual Meeting may vote in person at the Meeting. You may also be represented by another person at the Meeting by executing a proper proxy designating that person. If you are a beneficial owner of shares, you must obtain a legal proxy from your broker, bank or other holder of record and present it to the inspector of election with your ballot to be able to vote at the Annual Meeting.

Your vote is important. Please complete your proxy card promptly to ensure that your vote is received timely.

6.

What can I do if I change my mind after I vote?

If you are a stockholder of record, you can revoke your proxy before it is exercised by:

- giving written notice to the Corporate Secretary of the Company;
- delivering a valid, later-dated proxy, or a later-dated vote by telephone or on the Internet, in a timely manner; or
- voting by ballot at the Annual Meeting.

If you are a beneficial owner of shares, you may submit new voting instructions by contacting your broker, bank or other holder of record. All shares for which proxies have been properly submitted and not revoked will be voted at the Annual Meeting.

7.

Why did I receive a “Notice of Internet Availability of Proxy Materials” but no proxy materials?

We distribute our proxy materials to certain stockholders via the Internet under the “Notice and Access” approach permitted by rules of the Securities and Exchange Commission (SEC). This approach conserves natural resources and reduces our cost of printing and distributing the proxy materials, while providing a convenient method of accessing the materials and voting. On or about April 28, 2016, we mailed a “Notice of Internet Availability of Proxy Materials” to our stockholders, containing instructions on how to access the proxy materials on the Internet.

You may also request paper or e-mail delivery of the proxy materials on or before the date provided in the Notice of Internet Availability by calling 1-800-579-1639. We will fill your request within three business days. You will also have the option to establish delivery preferences that will be applicable for all future mailings of proxy materials. We encourage stockholders to take advantage of the availability of the proxy materials on the Internet to help reduce the environmental impact and costs of our annual meetings. If you choose to receive future proxy materials by e-mail, you will receive an e-mail message next year with instructions containing a link to those materials and a link to the proxy voting website. Your election to receive proxy materials by e-mail will remain in effect until you terminate it.

3

TABLE OF CONTENTS

8.

Can I access the proxy materials and the fiscal 2015 Annual Report on the Internet?

This Notice of Annual Meeting and Proxy Statement and the fiscal 2015 Annual Report are available on our website at www.celgene.com. Instead of receiving future proxy statements and accompanying materials by mail, most stockholders can elect to receive an e-mail that will provide electronic links to them. Opting to access your proxy materials online will conserve natural resources, will save us the cost of reproducing documents and mailing them to you, and will give you an electronic link directly to the proxy voting site.

Stockholders of Record: If you vote on the Internet at www.proxyvote.com, simply follow the prompts to enroll in the electronic proxy delivery service.

Beneficial Owners: You also may be able to receive copies of these documents electronically. Please check the information provided in the proxy materials sent to you by your broker, bank or other holder of record regarding the availability of this service.

9.

What is a broker non-vote?

If you are a beneficial owner whose shares are held of record by a broker, you must instruct the broker how to vote your shares. If you do not provide voting instructions, your shares will not be voted on any proposal on which the broker does not have discretionary authority to vote. This is called a “broker non-vote.” In these cases, the broker can register your shares as being present at the Annual Meeting for purposes of determining the presence of a quorum but will not be able to vote on those matters for which the beneficial owner’s authorization is required under the rules of the New York Stock Exchange (NYSE) or the Nasdaq Stock Market (Nasdaq).

If you are a beneficial owner whose shares are held of record by a broker, your broker has discretionary voting authority under NYSE or Nasdaq rules to vote your shares on the ratification of KPMG, even if the broker does not receive voting instructions from you. However, without specific instructions from you, your broker does not have discretionary authority to vote on the election of directors, approval of the amendment to our 2008 Stock Incentive Plan, the advisory vote on 2015 executive compensation, ratification of the amendment to our By-laws or on the stockholder proposals, in which case a broker non-vote will occur and your shares will not be voted on these matters.

10.

What is a quorum for the Annual Meeting?

The presence of the holders of Common Stock representing a majority of the voting power of all shares of Common Stock issued and outstanding and entitled to vote at the Annual Meeting, in person or represented by proxy, is necessary to constitute a quorum. Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum.

11.

What are the voting requirements to elect the directors and to approve each of the proposals discussed in this Proxy Statement?

Proposal	Vote Required	Broker Discretionary Voting Allowed
Election of Directors	Majority of Votes Cast	No
Ratification of KPMG	Majority of Votes Cast	Yes
Amendment to our 2008 Stock Incentive Plan (Amended and Restated as of April 15, 2015)	Majority of Votes Cast	No

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Advisory Approval of our 2015 Named Executive Officer Compensation (non-binding)	Majority of Votes Cast	No
Ratification of By-law Amendment	Majority of Votes Cast	No
Stockholder Proposals (non-binding)	Majority of Votes Cast	No

4

TABLE OF CONTENTS

If you abstain from voting or there is a broker non-vote on a matter requiring a majority of the votes cast, your abstention or the broker non-vote will not affect the outcome of such vote, because abstentions and broker non-votes are not considered to be votes cast.

Election of Directors

Directors must be elected by a majority of the votes cast in uncontested elections, such as the election of directors at the Annual Meeting. This means that the number of votes cast “for” a director nominee must exceed the number of votes cast “against” that nominee. Abstentions and broker non-votes are not counted as votes “for” or “against” a director nominee. In a contested election, the required vote would be a plurality of votes cast.

Ratification of KPMG

The votes cast “for” must exceed the votes cast “against” to approve the ratification of KPMG as our independent registered public accounting firm. Abstentions are not counted as votes “for” or “against” this proposal.

Amendment to our 2008 Stock Incentive Plan (Amended and Restated as of April 15, 2015)

The votes cast “for” must exceed the votes cast “against” to approve an amendment to our 2008 Stock Incentive Plan (amended and restated as of April 15, 2015). Abstentions and broker non-votes are not counted as votes “for” or “against” this proposal.

Advisory Vote on our 2015 Named Executive Officer Compensation

The votes cast “for” must exceed the votes cast “against” to approve, on an advisory basis, the compensation of our Named Executive Officers. Abstentions and broker non-votes are not counted as votes “for” or “against” this proposal.

Ratification of By-Law Amendment

The votes cast “for” must exceed the votes cast “against” to ratify the amendment of our By-laws. Abstentions and broker non-votes are not counted as votes “for” or “against” this proposal.

Stockholder Proposals

The votes cast “for” must exceed the votes cast “against” to approve a stockholder proposal. Abstentions and broker non-votes are not counted as votes “for” or “against” the stockholder proposal.

12.

How will my shares be voted at the Annual Meeting?

At the Meeting, the Board of Directors (through the persons named in the proxy card or, if applicable, their substitutes) will vote your shares as you instruct. If you sign your proxy card and return it without indicating how you would like to vote your shares, your shares will be voted as the Board of Directors recommends, which is:

- FOR the election of each of the director nominees named in this Proxy Statement;
- FOR the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for fiscal 2016;
- FOR the amendment to our 2008 Stock Incentive Plan (amended and restated as of April 15, 2015);
- FOR the approval, on an advisory basis, of the 2015 compensation of our Named Executive Officers;
- FOR the ratification of the By-law amendment; and
- AGAINST the stockholder proposals.

TABLE OF CONTENTS

13.

Could other matters be decided at the Annual Meeting?

As of the date of this Proxy Statement, we did not know of any matters to be raised at the Annual Meeting other than those referred to in this Proxy Statement.

If you return your signed and completed proxy card or vote by telephone or on the Internet and other matters are properly presented at the Annual Meeting for consideration, the individuals named as proxies on the enclosed proxy card will have the discretion to vote for you on those matters.

14.

Who will pay for the cost of the Annual Meeting and this proxy solicitation?

The Company will pay the costs associated with the Annual Meeting and solicitation of proxies, including the costs of mailing the proxy materials. In addition to solicitation by mail, our directors, officers and regular employees (who will not be specifically compensated for such services) may solicit proxies by telephone or otherwise. Arrangements will be made with brokerage houses and other custodians, nominees and fiduciaries to forward proxies and proxy materials to their principals, and we will reimburse them for their expenses. We have retained Broadridge Financial Solutions to assist in the mailing, collection and administration of proxies. In addition, we have engaged Morrow & Co., LLC to assist with the solicitation of proxies (which may include solicitation by mail, electronically, facsimile, telephone and personal contact) for a fee of approximately \$70,000 plus expenses.

6

TABLE OF CONTENTS

MATTERS TO COME BEFORE THE ANNUAL MEETING

PROPOSAL ONE:

Election of Directors

Nominees

At the Annual Meeting, twelve directors, who have been nominated by our Board of Directors, based on the recommendation of the Nominating, Governance and Compliance Committee of the Board of Directors (referred to as the Nominating Committee), are to be elected, each to hold office (subject to our By-laws) until the next annual meeting and until his or her successor has been elected and qualified. All of the nominees for director currently serve as directors and, except for Julia Haller, Mark Alles and Jacquelyn Fouse, were elected by the stockholders at the 2015 Annual Meeting.

Each nominee has consented to being named as a nominee in this proxy statement and to serve if elected. If any nominee listed in the table below should become unavailable for any reason, which the Board of Directors does not anticipate, the proxy will be voted for any substitute nominee or nominees who may be selected by the Board of Directors prior to or at the Annual Meeting. Directors will be elected by an affirmative vote of a majority of the votes cast at the Annual Meeting in person or by proxy. There are no family relationships between any of our directors and executive officers. The information concerning the nominees and their security holdings has been furnished by them to us.

Our directors have been nominated by our Board of Directors, based on the recommendations of the Nominating Committee. As discussed elsewhere in this proxy statement, in evaluating director nominees, the Nominating Committee considers characteristics that include, among others, integrity, business experience, financial acumen, leadership abilities, familiarity with our businesses and businesses similar or analogous to ours, and the extent to which a candidate's knowledge, skills, background and experience are already represented by other members of our Board of Directors. Listed below are our director nominees with their biographies. In addition, we have summarized for each director the reasons why such director has been chosen to serve on our Board of Directors.

Name	Age(1)	Position
Robert J. Hugin	61	Executive Chairman of the Board
Mark J. Alles	57	Director and Chief Executive Officer
Richard W. Barker, D.Phil.	67	Director
Michael W. Bonney	57	Director
Michael D. Casey	70	Director
Carrie S. Cox	58	Director
Jacquelyn A. Fouse, Ph.D.	55	Director and President and Chief Operating Officer
Michael A. Friedman, M.D.	72	Director
Julia A. Haller, M.D.	61	Director
Gilla Kaplan, Ph.D.	69	Director
James J. Loughlin	73	Director
Ernest Mario, Ph.D.	78	Director

(1)

As of June 15, 2016

Robert J. Hugin was appointed Executive Chairman of the Board effective as of March 1, 2016. Prior thereto he was Chairman of our Board of Directors since June 2011, Chief Executive Officer since June 16, 2010, President from May 1, 2006 to July 31, 2014, Chief Operating Officer from May 1, 2006 to June 16, 2010, and Senior Vice President and Chief Financial Officer from June 1999 to May 1, 2006. Mr. Hugin has served as one of our directors since December 2001. Previously, Mr. Hugin had been a Managing Director at J.P. Morgan & Co. Inc., which he joined in 1985. Mr. Hugin received an A.B. degree from Princeton University and an M.B.A. from the University of Virginia.

Mr. Hugin is also a director of The Medicines Company, Atlantic Health System, Inc., a non-profit health care system, and Family Promise, a national non-profit network assisting homeless families.

7

TABLE OF CONTENTS

Mr. Hugin brings to his role as a director his extensive executive and leadership experience at Celgene and his previous business experience, as well as his leadership roles on the boards of a public company and a non-profit health care company. In particular, his experience as our Chief Executive Officer, President, Chief Operating Officer and Chief Financial Officer and his current role as our Executive Chairman enable him to provide leadership and unique insight on complex business and financial matters and guidance with respect to the strategic goals and operating framework of a high growth company such as ours. Additionally, Mr. Hugin served as Chairman of the Board of Directors of the Pharmaceutical Research and Manufacturers of America (PhRMA) from April 2013 until April 2014, is a past Chairman of the HealthCare Institute of New Jersey and is a member of the Board of Trustees of Princeton University. In these roles, he has gained valuable knowledge of regulatory, legal and legislative issues affecting our industry.

Mark J. Alles was appointed as Chief Executive Officer as of March 1, 2016 and was elected to our Board of Directors effective in February 2016. Mr. Alles was our President and Chief Operating Officer from August 2014 through February 2016. Prior to that, Mr. Alles served as Executive Vice President and Global Head of Hematology and Oncology from December 2012 until July 2014, following his promotion to Executive Vice President and Chief Commercial Officer on February 15, 2012. Mr. Alles joined us in April 2004 and served as Vice President, Global Marketing until March 2009 when he became President of the Americas Region. Responsibility for commercial operations in Japan and the Asia Pacific Region was added in July 2011. Mr. Alles previously served as Vice President for the U.S. Oncology Business Unit of Aventis Pharmaceuticals and in other commercial sales and marketing management roles over an 11-year period with Aventis. After earning his B.S. degree from Lock Haven University of Pennsylvania and serving as a Captain in the United States Marine Corps, Mr. Alles began his 29-year career in the pharmaceutical industry at Bayer and worked at Centocor before its acquisition by Johnson & Johnson. Mr. Alles is a trustee of The Healthcare Institute of New Jersey, a member of the Board of the Biotechnology Innovation Organization and a member of the Board of Gilda's Club NYC, a not-for-profit organization helping the families of people living with cancer.

Mr. Alles brings to his service as a director his extensive knowledge of Celgene's business gained from his operational, commercial, and senior management positions and his substantial prior business experiences at other leading biopharmaceutical companies. Mr. Alles has been intimately involved in setting our long-term growth strategy and has contributed significantly to our superior operating performance.

Richard W. Barker, D.Phil., OBE, has served as one of our directors and a member of the Audit Committee of our Board of Directors since January 20, 2012. Dr. Barker was formerly Director General of the Association of the British Pharmaceutical Industry (ABPI), a pharmaceutical industry trade association in the United Kingdom, from 2004 to 2011, and served on the Board and Executive Committee of the European Federation of Pharmaceutical Industries and Associations (EFPIA) and as a Council Member of the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA). Dr. Barker is currently director of the Centre for Accelerating Medical Innovations, chairman of the Health Innovation Network of South London, UK, a member of the Board of iCO Therapeutics, Inc., a Canadian biotech company, Chairman of Stem Cells for Safer Medicine, a public-private partnership using technology to improve drug safety, Chairman of International Health Partners, a UK charity providing donated medicines to crisis situations, and Chairman of Precision Medicine Catapult plc, a UK government funded research entity focusing on precision treatment approaches for patients.

As an experienced healthcare leader and strategist with a distinguished career in the healthcare sector, Dr. Barker brings to his service as a director more than 20 years' experience in the healthcare industry in which he held a range of senior leadership roles in the United States, the United Kingdom and elsewhere internationally. His career has spanned the pharmaceutical, biotechnology and medical informatics sectors, thus giving him a broad perspective on the issues facing both healthcare systems and the pharmaceutical industry.

Michael W. Bonney was elected to our Board of Directors and Audit Committee on April 14, 2015. Since January 2016, Mr. Bonney is a Partner of Third Rock Ventures, LLC, a leading healthcare venture firm. Mr. Bonney served as Chief Executive Officer and a member of the Board of Directors of Cubist Pharmaceuticals Inc. (Cubist) (a subsidiary of Merck & Co., Inc. as of January 2015) from June 2003 until

TABLE OF CONTENTS

his retirement on December 31, 2014. From January 2002 to June 2003, Mr. Bonney served as Cubist's President and Chief Operating Officer, and from 1995 to 2001, he held various positions of increasing responsibility at Biogen, Inc., a biopharmaceutical company, including Vice President, Sales and Marketing from 1999 to 2001. Prior to joining Biogen, Mr. Bonney held various positions of increasing responsibility in sales, marketing and strategic planning at Zeneca Pharmaceuticals, ending his eleven-year career there serving as National Business Director. Since 2014, Mr. Bonney has been a director of Alynlyam Pharmaceuticals, Inc., a biopharmaceutical company, where he serves on the audit committee, and was elected Chairman of the Board in December 2015. He is also a trustee of the Tekla complex of life sciences and healthcare dedicated funds, where he serves on the valuation committee and chairs the governance committee and the nominating committee; and chairs the board of trustees of Bates College. Mr. Bonney was a Director of NPS Pharmaceuticals, Inc., a biopharmaceutical company from 2005 until its sale to Shire plc in February 2015, where he was a member of the audit and compensation committees and chaired the governance committee. Mr. Bonney received a B.A. in Economics from Bates College.

Mr. Bonney brings to his service as a director his extensive operational, commercial, and senior management experience in the biopharmaceutical industry, as well as his experience serving on the Board of Directors (and certain of their key standing committees) of other companies and trade organizations within our industry, qualifying him as an audit committee financial expert (as that term is defined in the regulations of the SEC).

Michael D. Casey has served as one of our directors since August 2002, and has been our independent Lead Director since June 2007, the Chairman of the Nominating Committee and a member of the Executive Committee since December 2006, and a member of the Management Compensation and Development Committee (referred to as the Compensation Committee) since April 2006. Mr. Casey was a member of the Audit Committee from August 2002 through December 2006. From September 1997 to February 2002, Mr. Casey served as the Chairman, President, Chief Executive Officer and a director of Matrix Pharmaceutical, Inc. From November 1995 to September 1997, Mr. Casey was Executive Vice President at Schein Pharmaceutical, Inc. In December 1996, he was appointed President of the retail and specialty products division of Schein Pharmaceutical, Inc. From June 1993 to November 1995, he served as President and Chief Operating Officer of Genetic Therapy, Inc. Mr. Casey was President of McNeil Pharmaceutical (a unit of Johnson & Johnson) from 1989 to June 1993 and Vice President, Sales and Marketing for Ortho Pharmaceutical Corp. (a subsidiary of Johnson & Johnson) from 1985 to 1989. Mr. Casey is also a director of Abaxis Inc. Mr. Casey served as a director of Allos Therapeutics, Inc. through January 2010, AVI BioPharma (now Sarepta Therapeutics, Inc.) through June 2010 and Durect Corporation through December 2013.

Mr. Casey brings to his service as a director his significant experience and leadership as President, Chief Executive Officer and senior officer of several national pharmaceutical companies. In addition to those listed above, he has previously served as a director of several other pharmaceutical/biotech companies.

Carrie S. Cox has served as one of our directors since December 2009 and a member of the Audit Committee since March 2010. Ms. Cox currently serves as the Chairman of the Board of Directors and Chief Executive Officer of Humacyte, Inc., a privately-held regenerative medicine company primarily focused on developing novel human tissue-based investigational products for applications in regenerative medicine and vascular surgery. Ms. Cox served as Executive Vice President of Schering-Plough and President of Schering-Plough's Global Pharmaceutical Business until November 3, 2009 when Schering-Plough merged with Merck & Co., Inc. Prior to joining Schering-Plough, Ms. Cox served as President of Pharmacia Corporation's pharmaceutical business until its merger with Pfizer Inc. in 2003. Ms. Cox is a member of the Board of Directors of Texas Instruments and has served on their audit and compensation committees, and is a member of the Board of Directors of Cardinal Health, Inc. and sits on its compensation committee. Ms. Cox is a graduate of the Massachusetts College of Pharmacy.

Ms. Cox brings to her service as a director her distinguished career in global healthcare and her significant experience and leadership serving in executive positions of some of the largest and most successful multi-national healthcare companies in the world, including with responsibility for those companies' financial performance and significant capital and research and development investments.

TABLE OF CONTENTS

Jacquelyn A. Fouse, Ph.D. was elected to our Board of Directors effective in February 2016 and was appointed President and Chief Operating Officer as of March 1, 2016. Ms. Fouse was our President Hematology and Oncology from August 2014 through February 2016. Ms. Fouse joined the Company in September 2010 as Senior Vice President and Chief Financial Officer. Ms. Fouse assumed the role of Chief Accounting Officer on November 15, 2011 and became Executive Vice President and Chief Financial Officer on February 15, 2012 and held each position until July 31, 2014. Prior to joining our Company, Ms. Fouse had served as Chief Financial Officer of Bunge Limited, a leading global agribusiness and food company (Bunge), since July 2007. Prior to joining Bunge, Ms. Fouse served as Senior Vice President, Chief Financial Officer and Corporate Strategy at Alcon Laboratories, Inc. since 2006, and as its Senior Vice President and Chief Financial Officer since 2002. Ms. Fouse served as Chief Financial Officer from 2001 to 2002 at Swissair Group. Previously, Ms. Fouse held a variety of senior finance positions at Alcon and its then majority owner Nestlé S.A. Ms. Fouse worked at Nestlé from 1993 to 2001, including serving as Group Treasurer of Nestlé from 1999 to 2001. Ms. Fouse worked at Alcon from 1986 to 1993 and held several positions, including Manager Corporate Investments and Domestic Finance. Earlier in her career, she worked at Celanese Chemical and LTV Aerospace and Defense. Ms. Fouse earned a B.A. and an M.A. in Economics and a Ph.D. in Finance from the University of Texas at Arlington. Ms. Fouse also serves as a member of the Board of Directors of Dick's Sporting Goods (chairperson of the audit committee) and, from November 2012 through the expiration of her term at the Annual General Meeting on April 26, 2016, served as a member of the Board of Directors of Perrigo Company (member of the audit committee), both NYSE-listed companies.

Ms. Fouse has served the Company in key management capacities and brings to her service as a director her in-depth financial and business knowledge of Celgene and her operational, commercial, and senior management experience in a variety of industries. Ms. Fouse continues to be a key contributor in setting and implementing our long-term growth strategy and building our operational excellence across multiple areas of our business.

Michael A. Friedman, M.D. has served as one of our directors since February 2011 and a member of the Nominating Committee since April 2011. Dr. Friedman is the emeritus Chief Executive Officer of City of Hope, a leading cancer research, treatment and education institution, as well as Director of the organization's Comprehensive Cancer Center and holder of the Irell & Manella Cancer Center Director's Distinguished Chair. Before leading City of Hope, Dr. Friedman was Senior Vice President of Research and Development, Medical and Public Policy for Pharmacia Corporation and Chief Medical Officer for biomedical preparedness at PhRMA. Additionally, Dr. Friedman has served as Deputy Commissioner for the U.S. Food and Drug Administration (FDA), later serving as Acting Commissioner, and as Associate Director of the National Cancer Institute, National Institutes of Health. Since 2004, Dr. Friedman serves on the Independent Citizens' Oversight Committee which governs the California Institute for Regenerative Medicine and oversees the implementation of California's stem cell research effort. Dr. Friedman is a member of the Board of Directors of MannKind Corporation and Smith & Nephew plc. He also serves on the Board of Trustees for Tulane University and the California State Stem Cell Initiative.

Dr. Friedman brings to his service as a director valuable scientific and operational expertise and leadership skills from his extensive background in cancer research and public health as a senior officer of a leading research institution, deputy and acting commissioner of the FDA, and as an executive officer of a major pharmaceutical company.

Julia A. Haller, M.D. was elected to our Board of Directors in October 2015 and is a member of the Audit Committee. Dr. Haller is Ophthalmologist-in-Chief of the Wills Eye Hospital in Philadelphia, PA where she holds the William Tasman, M.D. Endowed Chair. She serves as Professor and Chair of the Department of Ophthalmology at Jefferson Medical College of Thomas Jefferson University and Thomas Jefferson University Hospitals, and is Co-Director of the Wills Vision Research Center at Jefferson. In 1986, Dr. Haller served as the first female Chief Resident at the Wilmer Eye Institute at Johns Hopkins and later joined the Johns Hopkins faculty. She was named the inaugural Katharine Graham Professor of Ophthalmology in 2002, and the inaugural Robert Bond Welch, M.D. Professor of Ophthalmology in 2006. In 2007, Dr. Haller assumed leadership of Wills Eye Hospital. Dr. Haller, one of the world's most renowned retina surgeons and clinician-scientists, has received numerous academic and professional honors and awards and has published over 300 scientific articles and book chapters. Dr. Haller, who has been closely

TABLE OF CONTENTS

involved in the early stage development of many new vision therapies and surgical procedures, received her A.B. from Princeton University magna cum laude and her M.D. from Harvard Medical School. She is a member of numerous international scientific advisory boards and data and safety monitoring committees, is a past member of the Board of Trustees of Princeton University and has served as a consultant to Walter Reed Army Medical Center and The Children's Hospital of Philadelphia.

Dr. Haller brings to her service as a director valuable scientific, clinical research, managerial and operational expertise and leadership skills from her extensive background in research, development of innovative therapies and public health. Dr. Haller will provide significant insight and guidance with regard to our long-term strategy and vision.

Gilla Kaplan, Ph.D. has served as one of our directors since April 1998 and is a member of the Nominating Committee and, until April 2015, was a member of the Audit Committee. Dr. Kaplan was appointed Director of the Global Health Program, Tuberculosis, at the Bill and Melinda Gates Foundation in January 2014. She previously served as Senior Advisor to the Global Health Program, Tuberculosis and member of the International Scientific Advisory Committee for the Global Health Program of the Bill and Melinda Gates Foundation. Dr. Kaplan was head of the Laboratory of Mycobacterial Immunity and Pathogenesis at The Public Health Research Institute Center at the New Jersey Medical School, Newark, New Jersey, where she was appointed full Member in 2002 and Assistant Director in 2006. Dr. Kaplan also was previously appointed, in 2005, Professor of Medicine at the University of Medicine and Dentistry of New Jersey. Prior to that, Dr. Kaplan was an immunologist in the Laboratory at Cellular Physiology and Immunology at The Rockefeller University in New York where she was an Associate Professor.

Dr. Kaplan brings to her service as a director valuable scientific expertise and leadership skills from her distinguished career in medical research, including her current role as Director of the Global Health Program, Tuberculosis at the Bill and Melinda Gates Foundation and her past roles and experiences in the field of immunology.

James J. Loughlin has served as one of our directors since January 2007, as Chairman of the Audit Committee since June 2008 and a member of the Compensation Committee since June 2008. Mr. Loughlin served as the National Director of the Pharmaceuticals Practice at KPMG LLP (KPMG), and a five-year term as member of the Board of Directors of KPMG. Additionally, Mr. Loughlin served as Chairman of the Pension and Investment Committee of the KPMG Board from 1995 through 2001. He also served as Partner in charge of Human Resources, Chairman of the Personnel and Professional Development Committee, Secretary and Trustee of the Peat Marwick Foundation and a member of the Pension, Operating and Strategic Planning Committees. Mr. Loughlin serves as a member of the Board of Directors and Chairman of the Audit Committee of each of Edge Therapeutics, Inc., a publicly-traded biopharmaceutical company, and InspireMD, Inc., a publicly-traded medical device manufacturer.

Mr. Loughlin brings to his service as a director his valuable experiences as National Director of the Pharmaceuticals Practice at KPMG, his service as Chairman of the Pension and Investment Committee of the KPMG Board and his service on various other committees and foundations. In particular, through his professional association with KPMG, including a five-year term as member of the Board of Directors of KPMG, Mr. Loughlin brings to our Board of Directors an extensive background in accounting and financial reporting, qualifying him as an audit committee financial expert (as that term is defined in the regulations of the SEC).

Ernest Mario, Ph.D. has served as one of our directors since August 2007 and is a member of the Nominating Committee since August 2007, the Executive Committee since June 2008 and Chairman of the Compensation Committee since August 2014. Dr. Mario is a former Deputy Chairman and Chief Executive of Glaxo Holdings plc and a former Chairman and Chief Executive Officer of ALZA Corporation. Dr. Mario also serves as a director of publicly-traded healthcare companies: Capnia, Inc. (chairman of the board), Boston Scientific Corporation (member of audit committee and chair of compensation committee) through the expiration of his term on May 3, 2016, Chimerix Inc. (chairman of the board), Kindred Biosciences Inc. (chairman of the audit committee and member of the compensation committee and nominating and governance committee) through the expiration of his term on May 23, 2016 and Tonix Pharmaceuticals Holding Corp. (member of the compensation committee). He is Chairman of

TABLE OF CONTENTS

the American Foundation for Pharmaceutical Education and serves as an advisor to The Ernest Mario School of Pharmacy at Rutgers University. In 2007, Dr. Mario was awarded the Remington Medal by the American Pharmacists Association, pharmacy's highest honor.

Dr. Mario brings to his service as a director his significant executive leadership experience, including his experience leading several pharmaceutical companies, as well as his membership on public company boards and foundations. He also has extensive experience in financial and operations management, risk oversight, and quality and business strategy.

RECOMMENDATION OF THE BOARD OF DIRECTORS

THE BOARD OF DIRECTORS UNANIMOUSLY

RECOMMENDS A VOTE FOR THE ELECTION OF EACH NOMINEE UNDER PROPOSAL ONE

12

TABLE OF CONTENTS

Security Ownership of Certain Beneficial Owners and Management

The table below sets forth the beneficial ownership of Common Stock as of April 18, 2016 (except as otherwise noted) by (i) each director, (ii) each Named Executive Officer for fiscal 2015 (as defined below), (iii) all of our current directors and executive officers as a group and (iv) all persons known by the Board of Directors to be beneficial owners of more than five percent of the outstanding shares of Common Stock. Shares of Common Stock subject to options that are exercisable or that will become exercisable within 60 days after April 18, 2016 and restricted stock units (RSUs) that will vest within 60 days of April 18, 2016 are deemed outstanding and reflected in the amount of beneficial ownership column and for computing the ownership percentage of the stockholder holding such securities, but are not deemed outstanding for computing the ownership percentage of any other stockholder. Vested RSUs are included as Common Stock. Shares underlying Performance Stock Units (PSUs) are not deemed outstanding until earned and are not included in the table. As of April 18, 2016, there were 774,568,680 shares of Common Stock outstanding. Unless otherwise noted, the address of each stockholder listed in the table is c/o Celgene Corporation, 86 Morris Avenue, Summit, New Jersey 07901.

Name and Address of Beneficial Ownership	Amount and Nature of Beneficial Ownership	Percent of Class
Robert J. Hugin	4,021,515(1)	*
Mark J. Alles	412,818(2)	*
Thomas O. Daniel, M.D.	369,445(3)	*
Jacquelyn A. Fouse, Ph.D.	785,412(4)	*
Peter N. Kellogg	170,574(5)	*
Scott A. Smith	286,165(6)	*
Richard W. Barker, D.Phil.	100,118(7)	*
Michael W. Bonney	22,000(8)	*
Michael D. Casey	343,468(9)	*
Carrie S. Cox	121,413(10)	*
Michael A. Friedman, M.D.	137,482(11)	*
Julia A. Haller, M.D.	10,200(12)	*
Gilla Kaplan, Ph.D.	296,701(13)	*
James J. Loughlin	252,068(14)	*
Ernest Mario, Ph.D.	169,799(15)	*
All directors and executive officers as a group (16 persons)	7,546,563(1)–(15)	*
BlackRock, Inc. 55 East 52nd Street New York, New York 10055	53,056,161(16)	6.8%
Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	46,398,324(17)	6.0%

*

Less than one percent (1%)

(1)

Consists of 1,197,201 shares of Common Stock, 2,664,120 shares of Common Stock underlying stock options, 27,490 shares of Common Stock held in our 401(k) Plan for the benefit of Mr. Hugin, 123,104 shares of Common Stock held by a family foundation of which Mr. Hugin is a trustee, and 9,600 shares of Common Stock owned by Mr. Hugin's children.

(2)

Consists of 159,574 shares of Common Stock, 247,470 shares of Common Stock underlying stock options, and 5,774 shares of Common Stock held in our 401(k) Plan for the benefit of Mr. Alles.

(3)

Consists of 67,200 shares of Common Stock, 298,910 shares of Common Stock underlying stock options, and 3,335 shares of Common Stock held in our 401(k) Plan for the benefit of Dr. Daniel.

(4)

Consists of 79,394 shares of Common Stock, 704,570 shares of Common Stock underlying stock options, and 1,448 shares of Common Stock held in our 401(k) Plan for the benefit of Ms. Fouse.

TABLE OF CONTENTS

(5)

Consists of 3,766 shares of Common Stock, 166,610 shares of Common Stock underlying stock options, and 198 shares of Common Stock held in our 401(k) Plan for the benefit of Mr. Kellogg.

(6)

Consists of 31,471 shares of Common Stock, 252,056 shares of Common Stock underlying stock options, and 2,638 shares of Common Stock held in our 401(k) Plan for the benefit of Mr. Smith.

(7)

Consists of 10,818 shares of Common Stock and 89,300 shares of Common Stock underlying stock options.

(8)

Consists of 20,000 shares of Common Stock underlying stock options and 2,000 shares of Common Stock held by a family trust of which Mr. Bonney is trustee.

(9)

Consists of 127,886 shares of Common Stock held by a family trust of which Mr. Casey is a trustee and 215,582 shares of Common Stock underlying stock options. Mr. Casey disclaims beneficial ownership over the shares of Common Stock held by the family trust.

(10)

Consists of 22,413 shares of Common Stock and 99,000 shares of Common Stock underlying stock options.

(11)

Consists of 13,466 shares of Common Stock held by a family trust of which Dr. Friedman is a trustee and 124,016 shares of Common Stock underlying stock options.

(12)

Consists of 200 shares of Common Stock and 10,000 shares of Common Stock underlying stock options.

(13)

Consists of 81,119 shares of Common Stock and 215,582 shares of Common Stock underlying stock options.

(14)

Consists of 22,186 shares of Common Stock, 228,082 shares of Common Stock underlying stock options and 1,800 shares of Common Stock owned by family trusts of which Mr. Loughlin's spouse is a trustee.

(15)

Consists of 99,325 shares of Common Stock, 67,900 shares of Common Stock underlying stock options and 2,574 shares of Common Stock owned by Dr. Mario's spouse.

(16)

Information regarding BlackRock, Inc., as of December 31, 2015, was obtained from an amendment to Schedule 13G filed by BlackRock, Inc. with the SEC on February 10, 2016.

(17)

Information regarding The Vanguard Group, as of December 31, 2015, was obtained from a Schedule 13G filed by The Vanguard Group with the SEC on February 10, 2016.

TABLE OF CONTENTS

CORPORATE GOVERNANCE

Board Independence

No director will be deemed to be independent unless the Board of Directors affirmatively determines that the director has no other material relationship with us, directly or as an officer, stockholder or partner of an organization that has such a relationship with us. The Board of Directors observes all criteria for independence established by Nasdaq under its applicable Listing Rules. The Board of Directors has determined that all of our Non-Employee Directors, constituting all but three of our directors, may be classified as “independent” within the meaning of Rule 5605(a)(2) of the Nasdaq Listing Rules. Executive sessions of our independent directors are convened in conjunction with each regularly scheduled Board of Directors meeting.

Board Meetings; Committees and Membership

General

The Board of Directors held eight meetings during fiscal 2015, five of which meetings were held over a period of two consecutive days. During fiscal 2015, each of the directors then in office attended more than 75% of the aggregate of (i) the total number of meetings of the Board of Directors and (ii) the total number of meetings of all committees of the Board on which such director served. Our policy is to encourage our Board members to attend all annual meetings and any special meetings of stockholders. All of our then directors attended the 2015 Annual Meeting.

We maintain the following standing committees of the Board of Directors: the Executive Committee, the Compensation Committee, the Nominating Committee and the Audit Committee. Except for the Executive Committee, each committee is comprised entirely of directors who are “independent” within the meaning of Rule 5605(a)(2) of the Nasdaq Listing Rules. Other than the Executive Committee, each committee acts pursuant to a separate written charter, and each such charter has been adopted and approved by the Board of Directors. A copy of the Charters of the Audit Committee, the Compensation Committee and the Nominating Committee, as well as our Corporate Governance Guidelines, are available on our website at www.celgene.com by choosing the “Investor Relations” link and clicking on the “Corporate Governance” section.

The Executive Committee

The Executive Committee’s current members are Robert J. Hugin (Chairman), Michael D. Casey and Ernest Mario, Ph.D. The Executive Committee held one formal meeting and a number of informal meetings during fiscal 2015. The Executive Committee has and may exercise all of the powers and authority of our full Board of Directors, subject to certain exceptions.

The Management Compensation and Development Committee (the “Compensation Committee”)

The Compensation Committee’s current members are Ernest Mario, Ph.D. (Chairman), Michael D. Casey and James J. Loughlin. The Compensation Committee held seven formal meetings and a number of informal meetings during fiscal 2015. The Compensation Committee annually reviews and approves the total compensation packages for all executive officers, including the Executive Chairman and the Chief Executive Officer, considers modification of existing compensation and benefit programs and the adoption of new compensation and benefit plans, administers the plans and reviews and makes recommendations to the Board of Directors regarding the compensation of non-employee members of the Board of Directors. Additionally, the Compensation Committee periodically reviews our leadership development plans and succession planning. The Compensation Committee has (i) the full power and authority to interpret the provisions and supervise the administration of our 1992 Long-Term Incentive Plan and our 2008 Stock Incentive Plan, (ii) the full power and authority to administer and interpret the Celgene Corporation 2005 Deferred Compensation Plan (the “Nonqualified Plan”) and (iii) the authority to review all matters relating to our personnel.

TABLE OF CONTENTS

Compensation Committee Consultant

The Compensation Committee has retained Radford, an Aon Hewitt Company, which we refer to as “Radford,” as its independent compensation consultant since 2004. Based on the six factors for assessing independence and identifying potential conflicts of interest that are set forth in SEC Rule 10C-1(b)(4) under the Securities Exchange Act of 1934, as amended (referred to herein as the Exchange Act), the Nasdaq Listing Rules and such other factors as were deemed relevant under the circumstances, our Compensation Committee has determined that Radford is independent and the work Radford performed on behalf of the Compensation Committee did not raise any conflict of interest. Radford regularly meets with the Compensation Committee and provides advice regarding the design and implementation of our executive compensation programs, as well as our director compensation programs. In particular, Radford:

- reviews and makes recommendations regarding executive and non-employee director compensation (including amounts and forms of compensation);
- provides market data and performs competitive market analyses; and
- assists in the preparation of certain of our compensation-related disclosures included in this proxy statement.

In providing its services to the Compensation Committee, with the Compensation Committee’s knowledge, Radford may contact our management from time to time to obtain data and other information from us and to work together in the development of proposals and alternatives for the Compensation Committee to review and consider. In fiscal 2015, the cost of Radford’s executive compensation and director compensation consulting services was \$178,812. In addition, in fiscal 2015, with the knowledge and consent of the Compensation Committee, (i) Aon Consulting, an affiliate of Radford, was retained by us to provide global employee benefits and compensation consulting services, (ii) Aon Risk Services, an affiliate of Radford, was retained by us for various insurance-related consulting services, and (iii) Radford Surveys, an affiliate of Radford, was retained by us for various compensation surveys. In fiscal 2015, the aggregate cost of such other consulting services was \$67,019.

The Compensation Committee regularly evaluates the nature and scope of the services provided by Radford. The Compensation Committee approved the fiscal 2015 executive and non-employee director compensation consulting services of Radford described above. Although the Compensation Committee was aware of the nature of the services performed by Aon Consulting, Aon Risk Services and Radford Surveys, the Compensation Committee did not review and approve such services as those services were reviewed and approved by management in the ordinary course of business.

In order to ensure that Radford is independent, Radford is engaged by, takes direction from, and reports to, only the Compensation Committee and, accordingly, only the Compensation Committee has the right to terminate or replace Radford at any time. Further, Radford maintains certain internal controls within Aon which include, among other things:

- Radford is managed separately from Aon and performance is measured solely on the Radford business;
- no commissions or cross revenue is provided to Aon in the event that Aon introduces Radford to an account, and no Aon staff member is paid commissions or incentives for Radford services;
- Radford is not rewarded for selling Aon services nor is Radford required to cross-sell services;
-

Radford maintains its own account management structure, contact database and IT network and its survey data is on a separate IT platform from Aon; and

- no member of Radford's team is involved in, or sits on, any Aon committee for purposes of selling Aon services.

The Nominating, Governance and Compliance Committee

The Nominating Committee's current members are Michael D. Casey (Chairman), Michael A. Friedman, M.D., Gilla Kaplan, Ph.D. (since April 2015) and Ernest Mario, Ph.D. The Nominating

16

TABLE OF CONTENTS

Committee held five meetings in fiscal 2015. The Nominating Committee determines the criteria for nominating new directors, recommends to the Board of Directors candidates for nomination to the Board of Directors, oversees the evaluation of the Board of Directors, develops and recommends to the Board of Directors appropriate corporate governance guidelines, reviews on a periodic basis the Company's leadership development plans and succession planning with respect to the position of Chief Executive Officer, and oversees certain of the Company's corporate compliance efforts (excluding financial compliance and reporting and overseeing compliance with the requirements of the U.S. Foreign Corrupt Practices Act, which are the responsibilities of the Audit Committee). The Nominating Committee's process to identify and evaluate candidates for nomination to the Board of Directors includes consideration of candidates for nomination to the Board of Directors recommended by stockholders. Such stockholder recommendations must be delivered to our Corporate Secretary, together with the information required to be filed in a proxy statement with the SEC regarding director nominees, and each such nominee must consent to serve as a director if elected, no later than the deadline for submission of stockholder proposals as set forth in our By-laws and under the section of this proxy statement entitled "Stockholder Nominations." In considering and evaluating such stockholder proposals that have been properly submitted, the Nominating Committee will apply substantially the same criteria that the Nominating Committee believes must be met by a Nominating Committee-recommended nominee as described below. To date, we have not received any recommendation from stockholders requesting that the Nominating Committee consider a candidate for inclusion among the Nominating Committee's slate of nominees in our proxy statement.

In evaluating director nominees, the Nominating Committee currently considers the following factors:

- our needs with respect to the particular competencies and experience of our directors;
- familiarity with our business and businesses similar to ours;
- financial acumen and corporate governance experience; and
- our desire that our Board reflect diversity with respect to, among other matters, professional and operational experience, scientific and academic expertise, international background, gender, race and ethnicity.

The Nominating Committee identifies nominees first by evaluating the current members of the Board of Directors willing to continue in service. If any member of the Board does not wish to continue in service or if the Nominating Committee or the Board of Directors decides not to re-nominate a member for re-election, the Nominating Committee will identify the required skills, background and experience of a new nominee, in tandem with prevailing business conditions, and will source relevant candidates and present to the Board of Directors suggestions as to individuals who meet the required criteria. The Nominating Committee utilizes the services of an outside search firm to assist it in finding appropriate nominees for the Board of Directors.

The Audit Committee

The Audit Committee's current members are James J. Loughlin (Chairman), Richard W. Barker, D.Phil., Michael W. Bonney, Carrie S. Cox and Julia A. Haller, M.D. The Audit Committee's members during fiscal 2015 were James J. Loughlin (Chairman), Richard W. Barker, D.Phil., Michael W. Bonney (as of April 2015), Carrie S. Cox, Julia A. Haller, M.D. (as of December 2015) and Gilla Kaplan, Ph.D. (through April 2015). The Audit Committee held nine meetings in fiscal 2015. Messrs. Loughlin and Bonney are "audit committee financial experts" within the meaning of the rules of the SEC and, as such, they each satisfy the requirements of Rule 5605(c)(2) of the Nasdaq Listing Rules. The Audit Committee oversees our financial reporting process on behalf of the Board of Directors. In fulfilling its responsibility, the Audit Committee appoints, subject to stockholder ratification, our independent registered public accounting firm. The Audit Committee also reviews our consolidated financial statements and the adequacy of our internal controls. The Audit Committee meets at least quarterly with our management and our independent registered

public accounting firm to review and discuss the results of audits or reviews of our consolidated financial statements, the evaluation of the effectiveness of our internal control over financial reporting and disclosure controls and procedures, the overall quality of our financial reporting and appropriate application of our critical accounting policies and to approve any related person transactions

17

TABLE OF CONTENTS

(as defined below). The Audit Committee's responsibility is to monitor and oversee these processes, including the activities of our internal audit function. The Audit Committee meets separately, at least quarterly, with the independent registered public accounting firm. In addition, the Audit Committee oversees our existing procedures for the receipt, retention and handling of complaints related to auditing, accounting and internal control issues, including the confidential, anonymous submission by employees, vendors, customers or others with concerns on accounting and auditing matters.

Related Person Transaction Policies and Procedures

At the beginning of each calendar year, each member of our Board of Directors and each executive officer is required to complete an extensive questionnaire that we utilize when preparing our annual proxy statement, as well as our Annual Report on Form 10-K. The purpose of the questionnaire is to obtain information from directors and executive officers to verify disclosures about them that are required to be made in these documents. Regarding related person transactions, it serves two purposes: first, to remind each executive officer and director of their obligation to disclose any related person transactions entered into between themselves (or family members or entities in which they hold an interest) and us that in the aggregate exceed \$120,000 ("related person transaction") that might arise in the upcoming year; and second, to ensure disclosure of any related person transaction that is currently proposed or that occurred since the beginning of the preceding year. When completing the questionnaire, each director and executive officer is required to report any such transaction. If a reported or proposed related person transaction is identified, the Audit Committee will review the relevant facts and circumstances, including if the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party and the extent of the related person's interest in the transaction, take into account our Code of Business Conduct, and either approve, ratify or disapprove the related person transaction. There were no reportable transactions for fiscal 2015.

Compensation Committee Interlocks and Insider Participation

Each member of the Compensation Committee is an independent director within the meaning of the Nasdaq Listing Rules. There were no interlocks among any of the members of the Compensation Committee and any of our executive officers.

Financial Officer Code of Ethics

We have adopted a Financial Officer Code of Ethics that applies to our Chief Executive Officer, Chief Financial Officer and other financial professionals. This Financial Officer Code of Ethics is posted on our website at www.celgene.com and may be accessed by choosing the "Investor Relations" link and clicking on the "Corporate Governance" section. We intend to satisfy the disclosure requirements regarding any amendment to, or a waiver of, a provision of the Financial Officer Code of Ethics by posting such information on our website. We undertake to provide to any person a copy of this Financial Officer Code of Ethics upon request to our Corporate Secretary at our principal executive offices.

Stockholder Nominations

Our By-laws provide that nominations for the election of directors may be made at an annual meeting: (a) by or at the direction of the Board of Directors (or any duly authorized committee thereof); or (b) by any stockholder who (i) is a stockholder of record on the date of the giving of the notice and on the record date for the determination of stockholders entitled to vote at such annual meeting and (ii) complies with the notice procedures set forth below. In addition to any other applicable requirement for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to our Corporate Secretary. To be timely, a stockholder's notice to the Corporate Secretary must be delivered to or mailed and received at our principal executive offices not less than 60 days nor more than 90 days prior to the date of the annual meeting; provided that in the event that less than 70 days' notice or prior public disclosure of the date of the annual meeting is given or made to stockholders, notice by the stockholder (in order to be timely) must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs.

TABLE OF CONTENTS

To be in proper written form, a stockholder's notice to the Corporate Secretary must set forth (a) as to each person whom the stockholder proposes to nominate for election as a director: (i) the name, age, business address and residence address of the person; (ii) the principal occupation or employment of the person; (iii) the class or series and number of shares of our capital stock which are owned beneficially or of record by the person; and (iv) any other information relating to the person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice: (i) the name and record address of such stockholder; (ii) the class or series and number of shares of our capital stock which are owned beneficially or of record by such stockholder; (iii) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder; (iv) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to nominate the persons named in his or her notice and; (v) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and serving as a director if elected.

Stockholder Communications

Our Board of Directors has determined that, to facilitate communications with the Board of Directors, or any individual member or any Committee of the Board of Directors, stockholders should direct all communication in writing to our Corporate Secretary at our principal executive offices. Our Corporate Secretary will forward all such correspondence to the Board of Directors, individual members of the Board of Directors or applicable chairpersons of any Committee of the Board of Directors, as appropriate.

Board Leadership Structure

Our Corporate Governance Guidelines provide that the Board will determine "whether, at any given point in time, the roles of the Chief Executive Officer and Chair of the Board will be separate or combined." The Board has been flexible in exercising its judgment on behalf of stockholders' interests to choose the leadership structure that the Board believes will address the evolving needs and circumstances of the Company, taking into account the dynamic demands of our business, our senior executive succession planning, and other factors.

Early in 2016, the Board approved organizational changes that it believes will position the Company for continued long-term growth. Among these changes are Robert Hugin's elevation to the role of Executive Chairman and Mark Alles' appointment as Chief Executive Officer and his election as a member of our Board. Mr. Hugin, who has been our Chairman and Chief Executive Officer since 2011, Chief Executive Officer since 2010, and has served Celgene in other senior executive positions for nearly seventeen years, will focus on Board leadership, strategic planning and initiatives, advocacy and public policy matters, business development, personnel development and other key business matters. Mr. Alles, a three-decade industry veteran who has been with Celgene since 2004, will focus on strategically managing our growing global business and driving operational performance. The Board believes this separation of responsibilities is optimal for Celgene at this time, as it will enhance our Board's oversight by leveraging the clearly defined responsibilities of our Executive Chairman and Chief Executive Officer. Mr. Alles will be accountable to the full Board of Directors with his performance overseen by the Executive Chairman at the direction of the Board.

Additionally, Michael Casey continues to serve as our independent Lead Director, a Board leadership position he has held since 2007. In accordance with our Corporate Governance Guidelines, the independent Lead Director provides guidance concerning the agenda for each Board meeting, presides over executive sessions of the independent directors that are held on a regular basis, communicates with the Chair and the CEO after each executive session of the independent directors to provide feedback and to effectuate the decisions and recommendations of the independent directors, and acts as liaison between the independent directors and management on a regular basis and when communication out of the ordinary course is appropriate.

TABLE OF CONTENTS

Mr. Casey is actively involved with the Company and devotes a significant amount of time and energy to fulfilling his responsibilities as Lead Director. He reviews and provides guidance with respect to establishing the agenda and the materials for each meeting of our Board of Directors and certain of committees of our Board. He meets regularly, and works closely with, our Executive Chairman, our CEO, and other senior members of management, as well as with other management and non-management employees. He also facilitates communication among the directors on our Board and speaks regularly with the independent chairs of our other Board committees and with each of our Non-Employee Directors, promoting the candid exchange of ideas among the Board members. Moreover, in his capacity as Lead Director and Chair of our Nominating, Governance and Compliance Committee, Mr. Casey provides leadership in the areas of corporate governance, Board composition, succession planning and other governance-related matters.

The Board believes that our new leadership structure, together with our independent Lead Director, meets the Company's current needs by, among other things:

- enabling efficient communication between management and the Board;
- clearly delineating the independent Lead Director's and other independent directors' oversight roles from the Executive Chairman and other management's strategic and operational roles;
- facilitating discussions by the Board of key and appropriate issues in a timely and constructive manner;
- providing clarity for our key stakeholders on corporate leadership and accountability; and
- augmenting the knowledge of both the Executive Chairman and the CEO with respect to our strategy, operations and financial condition and, in turn, communicating that to external stakeholders.

Board of Directors Role in Risk Oversight

In connection with its oversight responsibilities, the Board of Directors, including through the Audit Committee, Nominating Committee and Compensation Committee, periodically assesses the significant risks that we face. These risks include financial, legal, technological, competitive, operational and compensation-related risks. The Board, together with the Executive Chairman, Chief Executive Officer, the Chief Financial Officer, management representatives of the relevant functional areas (e.g. internal audit, legal, regulatory and compliance groups, operational management, human resources, etc.) and representatives of each of our primary operating subsidiaries, reviews and monitors the identification, assessment and mitigation of the material risks affecting our operations.

Litigation Proceedings Involving Directors or Officers

As previously reported in the Company's Annual Report on SEC Form 10-K, in November 2015 a stockholder filed a complaint in Delaware Chancery Court asserting derivative claims on behalf of the Company against eight current and four former members of the Board of Directors. The complaint alleges that the defendant directors breached their fiduciary duties by allowing the Company to engage in unlawful activity in its marketing of THALOMID and REVLIMID, and seeks from the defendant directors unspecified damages, including Celgene's costs of defending against government and civil investigations and lawsuits and alleged reputational harm, and disgorgement of compensation paid to the defendant directors. On January 22, 2016, the Company filed a motion to dismiss the complaint on the basis that prior to filing the complaint the plaintiff was required under Delaware law and failed to demand that our board of directors take action on the Company's behalf. The plaintiff subsequently amended his complaint, and the Company has filed a motion to dismiss the amended complaint, again for failure to make the required demand on our board of directors.

Section 16(a) Beneficial Ownership Reporting Compliance

Pursuant to Section 16(a) of the Exchange Act, each of our directors, executive officers and any person beneficially owning more than 10 percent of the outstanding shares of Common Stock is required to report his, her or its ownership of Common Stock and any change in that ownership, on a timely basis, to the

20

TABLE OF CONTENTS

SEC. Based solely upon a review of SEC Forms 3, 4 and 5 and amendments thereto furnished to us during or with respect to fiscal 2015, we believe that all applicable acquisitions and dispositions of Common Stock, including grants of options and awards under our 2008 Stock Incentive Plan (amended and restated as of April 15, 2015), were filed on a timely basis for fiscal 2015, except for the inadvertent late filing of a Form 4 report of Peter Kellogg with respect to the grant of stock options and restricted stock units on May 4, 2015.

21

TABLE OF CONTENTS

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis (CD&A) provides an overview of the compensation philosophy of the Company, which serves as the foundation of our executive compensation programs. In this CD&A, we also describe our compensation plans and programs, under which key compensation decisions were made regarding the following individuals, who we collectively refer to as our Named Executive Officers (NEOs), for fiscal 2015:

Name	Title (as of December 31, 2015)
Robert J. Hugin*	Chief Executive Officer and Chairman of the Board
Peter N. Kellogg	Executive Vice President, Chief Financial Officer
Mark J. Alles*	President and Chief Operating Officer
Thomas O. Daniel, M.D.	President, Research and Early Development
Jacquelyn A. Fouse, Ph.D.*	President Hematology and Oncology
Scott A. Smith	President, Inflammation & Immunology

*

Effective March 1, 2016, Mr. Hugin was appointed Executive Chairman, Mr. Alles was promoted to Chief Executive Officer and Ms. Fouse was promoted to President and Chief Operating Officer.

Each of our NEOs is fully engaged in company-wide strategic planning and decision-making aimed at ensuring our long-term success through delivering on short- and long-term financial goals and through continuing to innovate, develop and commercialize life-changing drugs for our patients. The full biographies for Mr. Hugin, Ms. Fouse, Dr. Daniel and Messrs. Alles, Kellogg and Smith are provided elsewhere in this proxy statement under “Additional Information Regarding Executive Officers — Executive Officers.”

Our fiscal 2015 executive compensation programs and consequent payouts continued to reflect our compensation philosophy and guiding principles that align competitive pay to performance. In fiscal 2015, our executive compensation programs were structured such that 86% of our NEOs’ total compensation was delivered in the form of short- and long-term incentives, both of which are highly variable and tied to achievement of Company goals, objectives and stock price performance.

Highlights of 2015 Company Performance and Alignment of Pay to Performance

Across the metrics used to determine performance versus our objectives under our compensation plans and programs, fiscal 2015 was a strong year for us that we believe will contribute to securing sustained growth in the future for the benefit of the Company, our stockholders and the patients we serve.

Financial Performance

Revenue (28% of MIP target): Adjusted (non-GAAP (generally accepted accounting principles) total revenue of \$9.256 billion, a 21% increase year over year. Contributing to this was:

REVLIMID® sales of \$5.801 billion, an increase of 16%

POMALYST®/IMNOVID® sales of \$983 million, an increase of 45%

ABRAXANE® sales of \$967 million, an increase of 14%

OTEZLA® sales of \$472 million

Earnings Per Share (EPS) (28% of MIP target): Adjusted (non-GAAP) diluted EPS of \$4.71, a 27% increase year over year.

These and other 2015 accomplishments, which represent 44% of the overall MIP target, are reflected in our above-target score of 101.375% under our annual cash bonus program, or Management Incentive Plan (MIP).

For more information, please see the description of non-GAAP financial achievements in “Key 2015

Compensation Actions and Program Highlights — Annual Bonus (MIP) Payout for Fiscal 2015” and Appendix A — Reconciliation of GAAP to Adjusted (Non-GAAP) Net Income.

TABLE OF CONTENTS

Delivering Value to Our Stockholders

Our stock price increased over 7% in fiscal 2015 from the prior fiscal year-end. Our three-year Total Shareholder Return (TSR)* through December 31, 2015 was 187.57%, which approximates the 79th percentile of the relative comparator group for TSR as selected by our Compensation Committee at the commencement of the 2013-2015 plan cycle. Relative Total Shareholder Return and its role in our pay-for-performance philosophy under our Long-Term Incentive Plan (“LTIP”) are further described in “Highlights of Best Practices of Our Compensation Programs” and “Long-Term Incentives.”

*

Under our Long-Term Incentive Plan (LTIP) and Performance Stock Units (PSUs), TSR is calculated as the percent change in our common stock price at the beginning and the end of each performance cycle, calculated as the difference between the average closing price of our common stock in the 30 trading days preceding the commencement of each performance cycle and the average closing price of our common stock in the final 30 trading days of each performance cycle.

Advisory Vote on Executive Compensation

We conducted our fifth annual non-binding advisory vote on executive compensation paid to our NEOs in 2014 at our 2015 Annual Meeting of Stockholders. At the 2015 Annual Meeting of Stockholders, 95.3% of the votes cast on the advisory vote on our executive compensation proposal were in favor of our NEO compensation as described in the 2015 proxy statement. The Compensation Committee reviewed these final vote results and determined that the structure of our executive compensation policies continues to be appropriately aligned to the achievement of Company goals and objectives and stockholder expectations, and reinforced our pay for performance philosophy. These and other practices are described in “Highlights of Best Practices of Our Compensation Programs.”

Our Compensation Philosophy

Our executive compensation philosophy is centered on the concept that compensation programs must be designed to focus executives on delivering both short- and long-term value to our stockholders and patients. The objectives against which executives’ performance is measured (and pay is subsequently delivered) require our NEOs not only to balance their focus between short- and long-term business strategies, but also to maintain a balanced and appropriate risk profile.

In order to provide a consistent framework within which the Compensation Committee sets objectives, measures performance and decides compensation actions for our NEOs, we design our plans and deliver compensation according to the following principles:

- **Value Creation:** In setting target pay and making compensation decisions, the Compensation Committee balances historical performance of each NEO with expected future contributions to his/ her functional areas and to the broader management of the Company.
- **Pay for Performance:** Our compensation programs are designed to deliver compensation that is commensurate with the level of performance achieved and to align the interest of our executives with the interests of our stockholders. Further, weighting our NEOs’ pay mix more heavily on performance-based incentives ensures that payouts under our compensation plans appropriately reflect the achievement of financial and strategic goals.
- **Team-Based:** The Compensation Committee reviews and approves objectives and makes compensation decisions based on the NEOs’ performance not only against the specific strategy and objectives of the function(s) for which he/she is responsible, but also against each NEO’s engagement in our broader, longer-range management as a whole. Aligning each NEO’s variable pay to overall Company objectives reinforces our team-based management approach and encourages decision-making that is in the interest of the broader organization. As part of this team-based approach, we also strive to create and maintain internal equity in our compensation arrangements.

TABLE OF CONTENTS

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 Competitive Positioning: We actively monitor compensation in relation to our industry and peer group. The Compensation Committee does not target a specific percentile within our peer group; rather, benchmark data is used as a reference point when making compensation determinations. The Compensation Committee, with the input of Radford, periodically reviews and selects our peer group. The companies in our peer group have comparable revenue, market capitalization and reflect our primary competitors for executive talent. We also consider various surveys, including the Radford Global Life Sciences Survey, SIRS Executive Compensation Survey and Towers Watson U.S. CDB Pharmaceutical Executive Database. Throughout fiscal 2015, our peer group consisted of the following companies:

AbbVie Inc.	Bristol-Myers Squibb Company
Allergan, plc*	Eli Lilly and Company
Amgen Inc.	Forest Laboratories, Inc.*
Baxter International Inc.	Gilead Sciences Inc.
Biogen Idec Inc.	Valeant Pharmaceuticals International, Inc.**

*

Actavis, plc completed the acquisitions of Allergan, Inc. in March 2015 and Forest Laboratories, Inc. in July 2014 and changed its name to Allergan, plc.

**

In December 2015, Valeant Pharmaceuticals International, Inc. was removed from our peer group.

Highlights of Best Practices of Our Compensation Programs

We continue to maintain leading governance practices in our compensation programs for our NEOs. Below is a summary that highlights key features and decisions with respect to our compensation plans and programs.

Compensation Recovery	In the event of an executive’s fraud or misconduct that results in a material negative restatement of our financial statements, with respect to the year to which the restatement applies (excluding any year before January 1, 2013 for our CEO and before January 1, 2014 for our other NEOs) and for any single year prior to the year in which the Company is required to prepare the restatement, we may recoup any or all of the incentive compensation paid to that executive in excess of the amounts that would have been paid to that executive based on the restated results. We may also cancel unvested incentive compensation or require the executive to repay any gains realized by the executive in excess of the amount that would have been paid to that executive based on the restated results.
Risk Mitigation	We proactively review our compensation programs and policies to ensure they are reflective of our philosophy with regard to risk. The plan features below are designed to promote each NEO’s focus on making decisions that promote a responsible and balanced risk profile:

Diversification and balance of short- and long-term rewards

Multiple metrics within each variable pay program that are balanced and weighted so as not to encourage focus on a single metric to the exclusion of others

Maximum payout caps for all variable and performance-based plans

Share ownership requirements for our NEOs

Holding requirements on shares earned under our Long-Term Incentive Plan (LTIP) and on vested, earned Performance Stock Units (PSUs) of at least one year and one day

Pre-established grant dates for NEOs' equity awards as set by our Compensation Committee

TABLE OF CONTENTS

Share Ownership Requirements	<p>In order to ensure that our NEOs continue to have a significant stake in our long-term performance and to align executives' compensation to the interests of stockholders, we have robust share ownership guidelines for our NEOs. Each of our Executive Chairman and CEO has a share ownership requirement equal to a value of six times his respective annual base salary. Each of our other NEOs' share ownership requirement is equal to a value of three times annual base salary. These guidelines will be satisfied if the NEO holds, by the end of the applicable five-year period, at least the number of shares of our Common Stock equal to the value of the target amount divided by our stock price on the date the NEO becomes subject to the guidelines. Owned shares, vested restricted or deferred stock units, and vested shares held in the NEO's 401(k) plan account are included in ownership calculations, but stock options, unvested RSUs and unvested PSUs are not. With the exception of Mr. Kellogg, who was hired in fiscal 2014, all of our NEOs meet or exceed their stock ownership requirements.</p>
Holding Periods	<p>In addition to share ownership requirements, there is a holding period on all shares granted to NEOs under the LTIP and on all vested, earned PSUs of at least one year and one day. These holding periods further align compensation and value delivered to stock performance and long-term value to our stockholders.</p>
No Repricing	<p>Our 2008 Stock Incentive Plan (amended and restated as of April 15, 2015), or the 2008 Stock Incentive Plan, prohibits us from modifying stock options to reduce the exercise price, substituting a new stock option at a lower price for a surrendered stock option or repurchasing stock options if the per share exercise price is less than the fair market value of a share of Common Stock, in each case, unless such action is approved by our stockholders.</p>
Securities Trading Policy	<p>We maintain a comprehensive securities trading policy which provides, among other things, that our employees who possess material non-public information regarding us may not disclose, or trade while in possession of such information or buy or sell our securities during any designated blackout period. Further, the policy prohibits all employees from short-selling our securities, transacting in derivative securities relating to Celgene without prior written consent of our Chief Executive Officer or holding our stock in a margin account or pledging our stock as collateral for a loan without prior approval of an appropriate officer of the Company. Individuals classified as "insiders" (which includes our NEOs) and related persons (as defined in the policy) generally may not buy or sell our securities at any time without prior approval, except under approved Rule 10b5-1 trading plans.</p>
No Golden Parachute Gross-Up Payments	<p>None of our NEOs currently have an agreement with the Company whereby we would be obligated to pay a gross-up for excise taxes in excess of parachute payments as defined in Internal Revenue Code (IRC) Section 280G.</p>
Change in Control Double-Trigger	<p>In 2011, we amended our 2008 Stock Incentive Plan to eliminate the "single-trigger" change in control vesting provision for equity awards granted on or after July 1, 2011 and to provide that, unless otherwise determined at grant, such equity awards vest only upon an involuntary termination of employment without cause that occurs within two years following a change in control (i.e., a "double trigger").</p>

TABLE OF CONTENTS

Relative Total Stockholder Return (R-TSR)	A portion of each NEOs’ long-term compensation is based on R-TSR, either through our active LTIP performance cycles or, beginning in fiscal 2015, through PSUs. R-TSR is calculated as the percent change in our stock price from the beginning to the end of a measurement period compared to an identified comparator group of companies for the same period, which is then expressed as a percentile. This measure ensures that executive pay realized through long-term compensation is aligned to our stock performance and value delivered to our stockholders as compared to our identified comparator group.
NEO Compensation Cost Analysis	To ensure that our compensation programs remain aligned with the interests of our stockholders and to further reinforce a team-based approach to management, we measure our NEOs’ collective compensation in relation to the collective compensation paid to named executive officers of companies within our peer group as an additional data point when making compensation decisions for our NEOs.

Roles and Responsibilities

Role of the Compensation Committee

The Compensation Committee oversees and administers our executive compensation and benefit programs, establishing base salary, incentive compensation, including equity awards, and any other compensation for our NEOs, including reviewing and approving the CEO’s recommendations for the compensation of NEOs and other officers of the Company (other than the CEO and the Executive Chairman) who are determined to be subject to the reporting requirements of Section 16 of the Exchange Act. In addition, the Compensation Committee, in conjunction with the Board, reviews and approves the CEO’s and the Executive Chairman’s performance and compensation levels. The detailed roles and responsibilities of the Compensation Committee are set forth in its written charter adopted by our Board of Directors, which can be found on our website, www.celgene.com, under the “Corporate Governance” section of the site. The Compensation Committee also ensures that the total compensation paid to our NEOs is reasonable, competitive and achieves the goal of delivering results and enhancing the long-term value to our stockholders.

Role of the Executive Chairman

The Executive Chairman leads the Company’s Board of Directors, and oversees strategic business matters and important company-wide initiatives. The Executive Chairman will work closely with the Celgene leadership team on all key issues that are fundamental to Celgene’s success. At the direction of the full Board of Directors, the Executive Chairman oversees the performance of the CEO, and also provides support and advice to the CEO regarding performance objectives and compensation recommendations for our NEOs. At the request of the Compensation Committee, the Executive Chairman participates in Compensation Committee meetings.

Role of the CEO

The CEO, with the advice and support of the Executive Chairman, makes recommendations to the Compensation Committee regarding the setting of performance objectives for the Company. After the Company’s objectives are established, the CEO works with each NEO to determine how his/her respective function(s) will contribute to the overall short- and long-term goals of the Company. To this end, at the beginning of each fiscal year, the CEO establishes goals and objectives with each NEO that are designed to advance his/her functional areas, while promoting achievement of overall corporate performance goals. At the conclusion of each fiscal year, the CEO evaluates the actual performance of each NEO via our performance management process and recommends appropriate salary adjustments and incentive awards to the Compensation Committee via our compensation review process. At the request of the Compensation Committee, the CEO participates in Compensation Committee meetings and provides relevant assessment and explanation supporting his recommendations. Other members of our management, as well as certain advisors, including Radford, also attend Compensation Committee meetings by request.

TABLE OF CONTENTS

Role of the Compensation Consultant

The Compensation Committee has retained Radford as its independent compensation consultant to assist in the continual development and evaluation of compensation plans and programs and the Compensation Committee's determinations of compensation awards. The Compensation Committee's consultant attends Compensation Committee meetings and provides third-party and benchmarking data, independent analyses, advice and industry expertise on plan design, best practices, and proposes executive compensation levels within our plans.

At the request of the Compensation Committee, Radford reviews briefing materials prepared by management and outside advisers to management and advises the Compensation Committee on matters covered in the materials, ensuring the consistency of proposals with the Compensation Committee's compensation philosophy and comparisons to programs at peer companies. Also at the request of the Compensation Committee, Radford prepares its own analyses and reports, including positioning of plans and programs within the context of competitive market analyses designed to ensure that our plans and programs reinforce the principles within our compensation philosophy.

The Compensation Committee has assessed the independence of Radford pursuant to SEC rules and concluded that no conflict of interest exists that would prevent it from serving as an independent consultant to the Compensation Committee. For more information about the Compensation Committee's engagement of Radford, please see "Board Meetings; Committees and Membership — Compensation Committee Consultant."

27

TABLE OF CONTENTS

Elements of Our Compensation Programs for NEOs

The goal of our compensation plans and programs is to deliver appropriate, fiscally responsible compensation to NEOs that focuses their efforts on delivering results against short- and long-term objectives, provides sustained value to stockholders and encourages the taking of responsible, appropriate and balanced risks. Accordingly, we have designed our compensation programs to include the following components:

Pay Mix

The Compensation Committee believes that compensation for our NEOs must be a mix of variable compensation (both short- and long-term) and fixed compensation (base salary) in order to reinforce our executives' responsibility to balance short- and long-term performance while maintaining focus on delivering value for our stockholders. As such, our programs offer opportunity for higher compensation for successful performance and lower compensation in the absence of success. The Compensation Committee also believes in minimal use of perquisites as they do not reinforce our pay-for-performance philosophy. For our NEOs, the mix of compensation is weighted toward long-term, performance-based pay that correlates awards to the overall delivery of corporate performance and stockholder value, as reflected in the 2015 charts below.

Approximately 77% of our CEO's overall pay is long-term equity-based and 90% (which includes short-term bonus and equity compensation) is performance-based. Other compensation is approximately 1% of overall pay.

Base Salary

Base salaries for our NEOs provide a fixed rate of pay and serve as the basis for calculating targets in certain variable pay programs (as discussed below). Starting salaries and subsequent increases are determined based on the following factors:

- performance, experience, expected future contribution and ability to deliver value to stockholders;
- analysis of internal pay relationships; and
- market conditions and competitive positioning.

Annual Bonus

Our Management Incentive Plan (MIP) is a variable pay plan designed to focus NEOs on annual goals and objectives that are established in order to contribute to the short- and long-term health of our business. The Compensation

Committee reviews and approves each plan year's targets and performance metrics

28

TABLE OF CONTENTS

under the MIP to ensure that they are challenging and commensurate with our short- and long-term business plan. Actual payments made under the MIP are calculated based on performance in relation to the Compensation Committee approved goals. For all of our NEOs, the maximum potential bonus payout under the MIP for fiscal 2015 was 200% of their annual bonus targets and the minimum potential bonus payout was zero. Awards generally are payable at the end of February following the year to which the performance goals relate. Payments under our MIP are made in cash and are deferrable under our Nonqualified Plan. See “Key 2015 Compensation Actions and Program Highlights” for more information on fiscal 2015 MIP payouts.

Long-Term Incentives

Equity Grants

The Compensation Committee maintains that equity awards must align the interests of our NEOs with those of our stockholders through rewarding exceptional corporate performance, stockholder returns and ensuring that decisions made in the short-term solidify a strong future for us. As such, awards granted pursuant to the 2008 Stock Incentive Plan are an essential component of our total compensation strategy. The equity pool of awards available to grant to all employees (including our NEOs) in any given year is approved at the end of the prior year by the Compensation Committee, subject to the overall maximum amount of shares of our stock available under the 2008 Stock Incentive Plan.

We award long-term, equity-based compensation to our NEOs via the following vehicles:

Type	General Terms
	•
	Granted upon hire, then annually (issued on a quarterly basis)
	•
Stock Options	Service-based vesting over four years (25% per year)
	•
	Ten-year term
	•
	Subject to recovery
	•
	Granted upon hire, then annually
	•
Restricted Stock Units (RSUs)	Opportunity for additional annual grant based on achievement of performance objectives and value creation
	•
	Service-based cliff vesting (generally, 100% vested on third anniversary of grant date)
	•
	Subject to recovery
LTIP	•
	LTIP awards can be paid in cash, restricted shares of our Common Stock or a combination thereof, as determined by the Compensation Committee
	•
	Awards are based on attainment of performance metrics, weighted as follows:
	Adjusted Revenue (37.5% weighting)
	Adjusted Earnings Per Share (37.5% weighting)
	R-TSR (Relative- Total Shareholder Return) (25% weighting)

- All earned shares are subject to holding periods of at least one year and one day
 - Subject to recovery
 - NEOs no longer participate in new LTIP performance cycles
 - Granted annually, commencing in fiscal 2015
 - Three-year vesting and measurement period, subject to attainment of defined, weighted metrics established by the Compensation Committee prior to the grant (see “Mix of Equity Awards” below for more information)
 - Maximum award is 200% of target units
 - All earned PSUs must be held for one year and one day from the vesting date
 - Subject to recovery
- Performance Stock
Units (PSUs)

TABLE OF CONTENTS

Type	<p>General Terms</p> <ul style="list-style-type: none"> • In the event of death, permanent disability or termination without cause within two years as a result of a change in control (double-trigger), the vesting of stock options and RSUs will accelerate, and the vesting of the PSUs will accelerate and shares will be payable based on actual plan performance as of the last day of the calendar quarter preceding the date of death, disability or termination without cause during the two year period commencing on a change in control. • If the NEO (other than our Executive Chairman) attains retirement as defined in the 2008 Stock Incentive Plan and has given at least six months' notice of the intent to retire, as of the date of retirement:
General Provisions for Death, Disability, Termination as a result of Change in Control and Retirement for Stock Options, RSUs and PSUs	<p>RSUs granted on or after April 29, 2013 will vest on retirement, but will be payable on the earliest of death, disability or the originally scheduled vesting date</p> <p>PSUs will continue to vest and a pro rata portion (based on number of completed months of employment during the performance period) will be payable at the end of the performance period based on actual results</p> <p>Stock options will continue to vest and will remain exercisable until the earlier of three years after retirement or the original option expiration date</p> <ul style="list-style-type: none"> • If our Executive Chairman attains retirement as defined in the 2008 Stock Incentive Plan, any vesting and payment of his stock options, RSUs and PSUs will occur in accordance with the terms of his employment agreement and the applicable award agreement
Mix of Equity Awards	<p>As part of the ongoing review of our compensation strategy and practices, the Compensation Committee determines equity awards, based in part on recommendations from Radford, including the appropriate mix of equity vehicles. The Compensation Committee decides on targets and actual award amounts based upon relative contribution to our performance, individual performance, demonstrated leadership, and expected future contributions to the achievement of Company goals and objectives.</p> <p>For fiscal 2015, the Compensation Committee decided to remove our NEOs from new LTIP performance cycles and instead deliver all future long-term incentives through our annual equity program. The Compensation Committee determined that PSUs would be added to the annual equity program for our NEOs, as they are a common equity vehicle among our peers, and solidify the Compensation Committee's intent to provide significant at-risk pay via long-term incentives. This philosophy maintains and furthers alignment of our compensation programs to financial performance and the long-term performance of our Company. Awards granted to NEOs in fiscal 2015 were an approximate mix of 50% stock options, 30% PSUs and 20% RSUs. See "Key 2015 Compensation Actions and Program Highlights" for more information on fiscal 2015 equity awards.</p> <p>For fiscal 2016, each of our NEOs' equity awards will be granted based on a targeted value determined by the Compensation Committee (based in part on data presented by Radford) and will be granted in the approximate mix of 50% stock options, 30% PSUs and 20% RSUs.</p> <p>The Compensation Committee has weighted the awards to emphasize stock options, as these awards accrue value only when the market price of our Common Stock is above the exercise price, aligning compensation to stock performance.</p>

The weighting of PSUs and RSUs allows the Compensation Committee to deliver equivalent value while using fewer authorized shares, focuses on the overall financial health of the Company (through performance criteria associated with PSUs) and emphasizes employment longevity (through time-vested RSUs). This mix of equity vehicles maintains balance between each NEO's ability to drive attainment of key financial metrics (e.g., Adjusted Revenue and Adjusted EPS) and delivery of value to our stockholders (as measured primarily through R-TSR).

30

TABLE OF CONTENTS

Performance Stock Units (PSUs)

The performance measurements and targets for PSUs granted in fiscal 2015 and fiscal 2016 are as follows:

Measurements & Weights		Threshold, Target & Maximum of Financial Measures
Adjusted Revenue	37.5%	90% – 100% – 110%
Adjusted EPS	37.5%	90% – 100% – 110%
R-TSR(1)	25%	35th – 50th – 80th (percentiles)

(1)

R-TSR Comparator Group: S&P 500 Biotechnology Index and S&P 500 Pharmaceutical Index

The Compensation Committee chose to benchmark TSR relative to the S&P 500 Biotechnology Index and the S&P 500 Pharmaceutical Index due to the strong correlation over time with Celgene stock price performance and represents the indices many of our institutional investors use for comparison.

The Compensation Committee may adjust the mix of award types or approve different award types as part of the overall long-term incentive award strategy. Awards made in connection with a new, extended or expanded employment relationship may involve a different mix of equity awards, depending on the Compensation Committee's assessment of the total compensation package being offered.

Long-Term Incentive Plan (LTIP)

The Compensation Committee determined that, beginning with the 2015–2017 performance cycle, selected executives, including all of our NEOs, will no longer participate in the LTIP and that long-term equity awards for our NEOs will be granted solely via a combination of stock option, RSU and PSU awards. However, our NEOs continue to participate in the 2014–2016 LTIP performance cycle.

The LTIP is a three-year plan designed to focus executives on achievement of longer-term objectives that are intended to ensure our long-term strength financially, commercially and in our research and development programs. An additional objective of the LTIP is to promote management continuity in key functional areas. Prior to the commencement of each three-year plan (a “performance cycle”), the Compensation Committee establishes three key corporate-wide metrics against which performance will be measured. These objectives are weighted and awards earned under the LTIP are calculated based on actual performance in relation to these weighted objectives. The threshold, target and maximum cash payout levels under the current LTIP performance cycle ending in December 2016 will be calculated as a percentage of each NEO's base salary at the time the LTIP was approved by the Compensation Committee. Share-based payout levels are calculated using the cash-based threshold, target and maximum levels, divided by the average closing price of Celgene stock for the 30 trading days prior to the commencement of the performance cycle.

Payments under the LTIP may be made in cash or restricted shares of our common stock, or a combination thereof, as determined by the Compensation Committee in its sole discretion at the end of each performance cycle. Share-based payout levels remain constant throughout the performance cycle. Therefore, final award values are reflective of the stock price at the end of the measurement period. Specific data pertaining to individual targets and resulting payments under the LTIP can be found elsewhere in this proxy statement under “Key 2015 Compensation Actions and Program Highlights.” Payments, if made, are deferrable for our U.S.-based plan participants.

For the 2013–2015 LTIP plan cycle, awards were settled in shares of our Common Stock, with the exception of Mr. Smith who was paid in cash. For the 2014–2016 LTIP plan cycle, it is the intention of the Compensation Committee to settle in shares of our Common Stock for all NEOs, with the exception of Mr. Smith who will be paid in cash. If the LTIP for the 2014–2016 performance cycle settles in shares of our Common Stock, such shares will be subject to a holding period of one year and one day from the day after the conclusion of the applicable performance cycle.

TABLE OF CONTENTS

The Compensation Committee believes that the LTIP performance measures described below properly align executive pay with the interests of our stockholders and achieves a balanced approach to performance-based long-term incentives through focusing executive pay on internal financial measures, and on the external measurement of stock performance in relation to industry comparators.

Performance Cycle	Measurements & Weights	Threshold, Target & Maximum of Financial Measures
2013–2015(1)	Adjusted Revenue	37.5% 90% – 100% – 125%
	Adjusted EPS	37.5% 90% – 100% – 125%
	R-TSR	25% 50th – 70th – 90th (percentiles)
2014–2016(2)	Adjusted Revenue	37.5% 90% – 100% – 110%
	Adjusted EPS	37.5% 90% – 100% – 110%
	R-TSR	25% 35th – 50th – 80th (percentiles)

(1)

The R-TSR achievement under the 2013–2015 performance cycle will be measured relative to the top 34 public U.S. biotechnology and pharmaceutical companies with a sustained market cap above \$700M for the last 3 years as measured in June 2012.

(2)

The R-TSR achievement under the 2014–2016 performance cycle will be measured relative to the top 36 public U.S. biotechnology and pharmaceutical companies with a sustained market cap above \$700M for the last 3 years as measured in August 2013.

Other Elements of Compensation

Retirement Benefits

We do not offer pension benefits to our U.S.-based employees, including our NEOs. Instead, we provide the opportunity to accumulate retirement income through:

- Equity awards.
- Nonqualified Deferred Compensation Plan (Nonqualified Plan): An unfunded plan to which certain U.S.-based management-level employees and each of our NEOs may elect to defer up to 90% of their base salary and up to 100% of their MIP and LTIP payments. For further discussion of the Nonqualified Plan, see “Employer Contributions to the Nonqualified Deferred Compensation Plan” and “Additional Information Regarding Executive Officers — Nonqualified Deferred Compensation Table” elsewhere in this proxy statement.
- 401(k) Plan: We make matching contributions under our 401(k) Plan in the form of shares of our Common Stock to the Plan accounts of all eligible employees (up to 6% of their eligible earnings or the maximum permitted by law) who participate in the 401(k) Plan and are active employees on the final day of the Plan calendar year or terminated under our qualified retirement requirements during the plan year, including our NEOs. Matching contributions for all employees, including our NEOs, vest 20% per year for the first five years of employment, after which all current and future contributions are 100% vested.

Other Benefits

We provide our NEOs health and welfare benefits that are consistent with the plans, programs and eligibility provided to other employees. Additionally, we offer our NEOs reimbursement for professional tax and financial counseling of up to \$15,000 per calendar year, which alleviates concerns with respect to tax preparation and financial planning, with the goal of minimizing distractions to the effective management of our business. We also offer excess liability insurance to our NEOs, consistent with that offered to other senior-level employees. The Company pays the premium for all participating employees, including our participating NEOs, and the value of the premium paid on his/her behalf is reported as income.

32

TABLE OF CONTENTS**Employment Agreements**

We entered into an employment agreement with Mr. Hugin effective May 1, 2006, which was amended to comply with the deferred compensation rules under Section 409A of the Internal Revenue Code of 1986, as amended (the Code), effective on December 31, 2008. Effective on June 16, 2010, Mr. Hugin's employment agreement was further amended to reflect his appointment as Chief Executive Officer. In April 2014, at Mr. Hugin's suggestion, his employment agreement was amended to eliminate his golden parachute (Code Section 280G) excise tax gross-up provision and to provide that if Mr. Hugin becomes entitled to any amounts subject to the excise tax under Section 4999 of the Code relating to golden parachute payments, such amounts will be reduced to the extent necessary to avoid such excise tax if such reduction would result in a greater after-tax payment (commonly referred to as a "contingent cutback"). Effective March 1, 2016, Mr. Hugin's employment agreement was further amended to reflect his appointment as Executive Chairman.

We also entered into letter agreements with each of Messrs. Kellogg, Alles and Smith, Dr. Daniel and Ms. Fouse. None of our NEOs is entitled to golden parachute (Code Section 280G) excise tax gross-ups. If Ms. Fouse or Messrs. Kellogg or Smith become entitled to any amounts subject to the excise tax under Code Section 4999 relating to golden parachute payments, such amounts will be subject to a contingent cutback. We discuss the terms and conditions of these agreements elsewhere in this proxy statement under the heading "Additional Information Regarding Executive Officers — Agreements with our Named Executive Officers."

Key 2015 Compensation Actions and Program Highlights

In fiscal 2015, the Compensation Committee approved adjustments to compensation equity grants and award payouts for each NEO based on performance in relation to pre-approved objectives established under each compensation program as described elsewhere in this proxy statement.

Base Salary

In its capacity as consultant, each year, Radford provides an analysis of the competitive landscape within our industry and our peer group as additional context in which the Compensation Committee approves salaries for our NEOs. In addition to external market conditions, when deciding on base salary increases, the Compensation Committee also considers performance, value creation and internal alignment. The table below outlines the salary adjustments determined for our NEOs in each fiscal year, reflective of the prior year's performance, value creation, internal alignment and competitive positioning.

NEO	2014 Salary	2015 Salary	Effective Date of Salary Adjustment	2016 Salary	Effective Date of Salary Adjustment
Robert J. Hugin	\$ 1,400,000	\$ 1,500,000	3/1/2015	\$ 1,500,000	—
Peter Kellogg	\$ 800,000	\$ 824,000	3/1/2015	\$ 850,000	3/1/2016
Mark J. Alles*	\$ 850,000	\$ 875,500	3/1/2015	\$ 1,100,000	3/1/2016
Thomas O. Daniel, M.D.	\$ 700,000	\$ 721,000	3/1/2015	\$ 721,000	—
Jacquelyn A. Fouse, Ph.D.*	\$ 825,000	\$ 849,800	3/1/2015	\$ 960,000	3/1/2016
Scott A. Smith	\$ 600,000	\$ 650,000	3/1/2015	\$ 700,000	3/1/2016

*

Effective March 1, 2016, Mr. Alles was promoted to CEO and Ms. Fouse was promoted to President and Chief Operating Officer. Their new salaries, as reflected above, were also effective on that date.

Annual Bonus (MIP) Payout for Fiscal 2015

In December 2014, the Compensation Committee determined that adjusted (non-GAAP) diluted EPS, adjusted (non-GAAP) total revenue and certain non-financial measures continued to be appropriate measures for use in connection with the fiscal 2015 MIP and approved these targets for the fiscal 2015 MIP. The Compensation

Committee believes that these measures, balanced with our long-term objective of
33

TABLE OF CONTENTS

maintaining a significant research and development reinvestment rate, fuel our long-term growth, best serve our patients and reflect true operating performance. In setting these objectives, the Compensation Committee considered our fiscal 2014 performance and established the fiscal 2015 targets, not based on the prior year's targets, but based on actual performance, which was higher than the previously established targets. This approach, balanced with our long-term strategic plan, was intended to deliver strong financial results to our stockholders.

For fiscal 2015, Messrs. Hugin, Alles, Kellogg, and Smith, Dr. Daniel and Ms. Fouse received MIP cash bonus payments determined entirely by the achievement of corporate goals. The corporate performance measures for fiscal 2015 were based on the following components and associated weights:

56% Financial Objectives

- 28% on adjusted (non-GAAP) total revenue — Target range of \$9.0 – \$9.5 billion; and

- 28% on adjusted (non-GAAP) diluted EPS — Target range of \$4.60 – \$4.75 per share

44% Non-Financial Objectives (Selected Strategic Corporate Objectives)

- advancement of our hematology clinical and regulatory pipeline: REVLIMID® in newly diagnosed multiple myeloma, mantle cell lymphoma and non-Hodgkin's lymphoma; POMALYST®/ IMNOVID® in relapsed refractory multiple myeloma;

- advancement of our oncology clinical and regulatory pipeline: ABRAXANE® in pancreatic cancer and breast cancer;

- advancement of our inflammation and immunology clinical and regulatory pipeline: OTEZLA® in psoriasis, Crohn's disease and Behçet's disease; and

- clinical advancement of early stage product candidates, both internally and through external collaborations.

We have not disclosed all of the non-financial targets or performance in relation to targets for the fiscal 2015 MIP performance period because we believe that disclosing such information that represents confidential business information could place us at a competitive disadvantage by providing detailed insight into our strategic corporate and financial goals.

Based on our full year financial results, the Compensation Committee determined that the MIP score for fiscal 2015 was 101.375% of target, which includes both financial and non-financial performance, with weighted scores of 56% and 45.375%, respectively. These fiscal 2015 financial achievements include adjusted (non-GAAP) diluted EPS of \$4.71 and adjusted (non-GAAP) total revenue (which was the same as GAAP total revenue) of \$9.256 billion. Among the achievements in the clinical area were the progression of multiple key strategic studies both domestically and internationally, and the deepening of our pipeline through strategic external collaborations.

Financial measures that are not defined by GAAP provide investors and management with supplemental measures of operating performance and trends that facilitate comparisons between periods before, during and after certain items that would not otherwise be apparent on a GAAP basis. For purposes of calculating our adjusted (non-GAAP) financial measures, we exclude certain items that management and the Compensation Committee do not believe affect our basic operations and do not meet the GAAP definition of unusual or non-recurring items. Adjusted (non-GAAP) total revenue, adjusted (non-GAAP) net income and adjusted (non-GAAP) diluted earnings per share are not, and should not be viewed as, a substitute for similar GAAP items. The following is a discussion of the differences between each adjusted (non-GAAP) financial measure included in this proxy statement with the most comparable financial measure calculated and presented in accordance with GAAP:

- Adjusted (non-GAAP) total revenue of \$9.256 billion was the same as GAAP total revenue in fiscal 2015.
- Adjusted (non-GAAP) net income of \$3.882 billion vs. GAAP net income of \$1.602 billion in fiscal 2015. The difference between the two figures is primarily attributable to (i) the effects of charges for

TABLE OF CONTENTS

share-based employee compensation expense, (ii) upfront payment expense for research and development collaboration arrangements, (iii) the amortization of intangible assets resulting from the acquisitions of Abraxis BioScience Inc. (Abraxis), Pharmion Corp., Gloucester Pharmaceuticals, Inc. (Gloucester), Avila Therapeutics, Inc. (now known as Celgene Avilomics Research, Inc.) (Avila), and QuanticeL Pharmaceuticals, Inc. (QuanticeL), (iv) changes in the fair value of contingent consideration issued as part of the Abraxis, Gloucester, Avila, Nogra Pharma Limited, and QuanticeL acquisitions, (v) acquisition related costs from the acquisitions of Receptos, Inc. and QuanticeL, (vi) restructuring charges related to the relocation of certain operations into our two Summit, New Jersey locations, as well as costs associated with certain headcount reductions, and (vii) the estimated tax effect of the above adjustments and the impact of certain other non-operating tax adjustments, including the effects of acquisition related matters, adjustments to the amount of unrecognized tax benefits, adjustments related to the gain on the sale of an equity investment and nonrecurring items connected with the launch of new products. Each of items (i) through (vii) is excluded from the adjusted (non-GAAP) figure, but included in the GAAP figure.

Adjusted (non-GAAP) diluted earnings per share of \$4.71 vs. GAAP diluted earnings per share of \$1.94 in fiscal 2015. The difference between the two figures is primarily attributable to the effect of net income items (i) through (vii) listed above. Each of such items (i) through (vii) above is excluded from the adjusted (non-GAAP) figure but included in the GAAP figure.

For a reconciliation of the adjusted (non-GAAP) financial measures to the most comparable financial measure calculated and presented in accordance with GAAP for fiscal 2015, see Appendix A to this proxy statement. Under the MIP, the Compensation Committee may provide, at the time of grant, for the adjustment, modification or amendment of the performance measures and targets in the plan to reflect certain events that affect such performance measures and targets, including (i) restructurings, discontinued operations, extraordinary items or events, corporate transactions (including dispositions or acquisitions) and other unusual or non-recurring items, and (ii) changes in tax law or accounting standards required by GAAP.

Fiscal 2015 MIP — Payouts for NEOs

NEO	Bonus Target for Fiscal 2015	Corporate Weighting X Corporate Score	Bonus Paid 2/29/2016	2016 Target
Robert J. Hugin	150%	100% x 101.375%	\$ 2,255,594	125%
Peter Kellogg	70%	100% x 101.375%	\$ 581,893	75%
Mark J. Alles	90%	100% x 101.375%	\$ 794,907	125%
Thomas O. Daniel, M.D.	70%	100% x 101.375%	\$ 509,156	70%
Jacquelyn A. Fouse, Ph.D.	80%	100% x 101.375%	\$ 685,836	90%
Scott A. Smith	75%	100% x 101.375%	\$ 487,867	80%

Fiscal 2016 MIP

Consistent with prior years, the annual incentive bonus for fiscal 2016 will be based on a percentage of annual base salary earnings for each NEO. Below are the financial and selected non-financial targets for the fiscal 2016 MIP:

56% Financial Objectives(1)

28% on adjusted (non-GAAP) total revenue — Target range of \$10.5 to \$11.0 billion; and

28% on adjusted (non-GAAP) diluted EPS — Target range of \$5.50 to \$5.70 per share.

44% Non-Financial Objectives (Selected Strategic Corporate Objectives)(1)

- advancement of our hematology clinical and regulatory pipeline: REVLIMID® in newly diagnosed multiple myeloma transplant eligible maintenance and non-Hodgkin's lymphoma; POMALYST®/ IMNOVID® in relapsed refractory multiple myeloma; and our late-stage pipeline assets in myeloid diseases;

TABLE OF CONTENTS

- advancement of our oncology clinical and regulatory pipeline: ABRAXANE® in breast cancer, as adjuvant therapy in surgically resected pancreatic cancer, and in immuno-oncology combination therapies;
- advancement of our inflammation and immunology clinical and regulatory pipeline: OTEZLA® in ulcerative colitis, Behçet’s disease and pediatric psoriasis; GED-0301 in Crohn’s disease and ulcerative colitis and ozanimod in relapsing multiple sclerosis and ulcerative colitis;
- achieve reimbursement for our commercial products in key geographies and markets; and
- clinical advancement of early stage product candidates, both internally and through external collaborations.

(1)

Matters discussed in this proxy statement, including financial targets, may constitute forward-looking statements that are subject to certain risks and uncertainties that could cause actual results to differ materially from any future results, performance or achievements expressed or implied by such statements. No forward-looking statement can be guaranteed. Risks and uncertainties include risks associated with current or pending research and development activities, actions by the U.S. Food and Drug Administration and other regulatory authorities, and those other factors detailed in our filings with the SEC.

Equity Compensation

Pursuant to the philosophy and approach described elsewhere in this proxy statement, for fiscal 2015, Radford recommended, and the Compensation Committee approved, the following equity awards for our NEOs:

PSUs(3)

Name	Stock Options(1)	RSUs(2)	Threshold	Target	Max
Robert J. Hugin	201,600(4)	16,300(5)	14,700	29,400	58,800(5)
Peter Kellogg	36,050(6)	11,536(8)(9)	3,100	6,200	12,400(8)
Mark J. Alles	36,050(6)	12,429(8)(9)	3,100	6,200	12,400(8)
Thomas O. Daniel, M.D.	36,050(6)	10,643(8)(9)	3,100	6,200	12,400(8)
Jacquelyn A. Fouse, Ph.D.	36,050(6)	11,982(8)(9)	3,100	6,200	12,400(8)
Scott A. Smith	30,875(7)	11,536(8)(9)	3,100	6,200	12,400(8)

(1)

Stock options are awarded in equal amounts on a quarterly basis, vest 25% per year over four years from the date of grant and have an exercise price equal to the fair market value of our Common Stock on the date of grant. In the event of death, permanent disability or involuntary termination without cause during the two year period commencing on a change in control, vesting of stock options will accelerate. In the event of retirement as defined under the 2008 Stock Incentive Plan, stock options will continue to vest for three years from the NEO’s retirement date (except for Mr. Hugin, the details of which are described under “Agreements with our Named Executive Officers — Employment Agreement with Mr. Hugin”).

(2)

RSUs are subject to three-year, service-based cliff vesting. In the event of death, permanent disability or involuntary termination without cause during the two year period commencing on a change in control, vesting of RSUs will accelerate. In the event of retirement as defined under the 2008 Stock Incentive Plan, RSUs granted on or after April 29, 2013 will vest on retirement, but will be payable on the earlier of death, permanent disability or the originally scheduled vesting dates following the NEO's retirement date (except for Mr. Hugin, the details of which are described under "Agreements with our Named Executive Officers — Employment Agreement with Mr. Hugin").

(3)

PSUs are subject to three-year, performance-based cliff vesting. In the event of death, permanent disability or involuntary termination without cause during the two year period commencing on a change in control, vesting of PSUs will accelerate and shares will be payable upon the vest date based

36

TABLE OF CONTENTS

on actual plan performance as of the last day of the calendar quarter preceding the date of death, disability or termination without cause during the two year period commencing on a change in control. In the event of retirement as defined under the 2008 Stock Incentive Plan, a pro-rata portion of PSUs will vest and be payable based on actual performance at the end of the performance period.

(4)

In fiscal 2015, Mr. Hugin was granted 79,500 stock options in the first quarter and 40,700 stock options in each of the next three quarters.

(5)

Mr. Hugin was granted 29,400 PSUs in February 2015 and 16,300 RSUs in May 2015.

(6)

In fiscal 2015, Messrs. Alles and Kellogg, Dr. Daniel, and Ms. Fouse were granted 10,175 stock options in the first quarter, and 8,625 stock options in each of the next three quarters.

(7)

In fiscal 2015, Mr. Smith was granted 5,000 stock options in the first quarter and 8,625 stock options in each of the next three quarters.

(8)

Messrs. Alles, Kellogg and Smith, Dr. Daniel, and Ms. Fouse were each granted 6,200 PSUs in February 2015 and 3,500 RSUs in May 2015.

(9)

In December 2015, the Compensation Committee awarded one-time grants to Ms. Fouse of 8,482 RSUs, Mr. Alles of 8,929 RSUs, Dr. Daniel of 7,143 RSUs, Mr. Kellogg of 8,036 RSUs and Mr. Smith of 8,036 RSUs, to recognize their contributions in fiscal 2015 and their expected future value creation.

LTIP

During fiscal 2015, our eligible NEOs received an award for the 2012–2014 performance cycle, based on overall achievement under the plan of 161.5% of target, the details of which have been disclosed in other public filings, with the exception of Mr. Smith who was paid in cash. We have not disclosed the specific performance targets under the LTIP because these targets represent confidential business information that could place us at a competitive disadvantage by providing insight into our long-term performance and financial goals. After the conclusion of the 2013–2015 performance cycle, the Compensation Committee approved the performance in relation to the pre-established measures, consisting of three financial performance objectives: (1) non-GAAP total revenue (weighting of 37.5%), (2) non-GAAP EPS (weighting of 37.5%), and (3) R-TSR (weighting of 25%). With the exception of Mr. Smith, who was paid in cash, the 2013–2015 LTIP payouts were made in restricted shares of common stock based on achievement of 156.9% of performance objectives as determined by the Compensation Committee. Our NEOs are also eligible to receive an award for the remaining three-year 2014–2016 performance cycle and it is the intention of the Compensation Committee to settle these awards through the issuance of shares (except for Mr. Smith, who will be paid in cash), which will be subject to a holding period of one year and one day from the day after the conclusion of the applicable performance cycle. The 2013–2015 LTIP cycle completed at the end of 2015 and our NEOs received shares of our Common Stock based on overall achievement under the plan (except for Mr. Smith, who was paid in cash) as discussed below. As previously discussed, our NEOs do not participate in the 2015–2017 and 2016–2018 LTIP cycles. The targets under the LTIP are expressed as a percentage of the NEO's annual base salary at the time his or her participation was approved by the Compensation Committee.

2013–2015 Performance Period

The actual payouts under the LTIP for the 2013–2015 performance period, reflecting the June 2014 two-for-one stock split, were as follows:

Name	2013–2015 Payout(1)(2)
Robert J. Hugin	49,922 shares
Peter N. Kellogg	7,822 shares
Mark J. Alles	25,840 shares
Thomas O. Daniel, M.D.	25,045 shares
Jacquelyn A. Fouse, Ph.D.	29,219 shares
Scott A. Smith	\$ 372,566

37

TABLE OF CONTENTS

(1)

The shares actually received were based on a percentage of achievement of performance (156.9%) as approved by the Compensation Committee multiplied by the target payouts as determined by the Compensation Committee based on a percentage of each NEO's December, 2012 base salary, except for Mr. Kellogg, whose target payout was based on a percentage of his July 1, 2014 base salary and was prorated for the number of full months of participation in the performance cycle.

(2)

Share-based payouts for our NEOs (except Mr. Kellogg) were determined using the average closing price of our Common Stock for the 30 trading days immediately prior to the commencement of the performance cycle which began on January 1, 2013. For Mr. Kellogg, the share-based payout was determined using the average closing price of our Common Stock for the 30 trading days preceding his hire date of July 1, 2014. Mr. Smith did not have a share-based target and was paid in cash.

2014–2016 Performance Period

The potential payouts (in either cash or shares, as determined by the Compensation Committee), expressed as the NEO's base salary multiplied by the applicable percentage (threshold, target or maximum), under the LTIP for the 2014–2016 performance period are reflective of the June 2014 two-for-one stock split and are as follows:

Name	Threshold(1)(4)	Target(2)(4)	Maximum(3)(4)
Robert J. Hugin	\$ 640,000 7,810 shares	\$ 1,600,000 19,526 shares	\$ 2,560,000 31,240 shares
Peter N. Kellogg	\$ 333,333 4,155 shares	\$ 666,667 8,310 shares	\$ 1,333,333 16,621 shares
Mark J. Alles	\$ 335,000 4,088 shares	\$ 670,000 8,176 shares	\$ 1,340,000 16,352 shares
Thomas O. Daniel, M.D.	\$ 324,500 3,960 shares	\$ 649,000 7,920 shares	\$ 1,298,000 15,840 shares
Jacquelyn A. Fouse, Ph.D.	\$ 378,500 4,618 shares	\$ 757,000 9,238 shares	\$ 1,514,000 18,476 shares