CELGENE CORP /DE/
Form PRE 14A
April 18, 2014
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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 þ
Filed by a Party other than the Registrant ¨
Check the appropriate box:
þ Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
o Definitive Proxy Statement
o Definitive Additional Materials
o 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):
þ No fee required.
o Fee computed on the table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) 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):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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CELGENE CORPORATION
86 Morris Avenue
Summit, New Jersey 07901
April 28, 2014
Dear Stockholders:
On behalf of the Board of Directors, you are cordially invited to attend the 2014 Annual Meeting of Stockholders of Celgene Corporation. The Annual Meeting will be held on Wednesday, June 18, 2014, 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 believe 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 17, 2014. 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
Chairman and Chief Executive Officer

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CELGENE CORPORATION
86 Morris Avenue
Summit, New Jersey 07901

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The 2014 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 18, 2014, beginning at 1:00 p.m. Eastern Time for the following purposes:

1. to elect nine directors;
2. to ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014;
3. to vote upon a proposal to amend Article Fourth of the Company's Certificate of Incorporation, as amended, to increase the authorized number of shares of common stock from 575,000,000 shares, par value of $.01 per share, to 1,150,000,000 shares, par value of $.01 per share, and to effect a split of the issued common stock of the Company by changing each issued share of common stock into two shares of common stock;
4. to approve an amendment of our 2008 Stock Incentive Plan;
5. to hold an advisory vote on 2013 named executive officer compensation;
6. to consider a stockholder proposal, 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 21, 2014 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,

Lawrence V. Stein
Executive Vice President, General Counsel and Corporate Secretary
April 28, 2014

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.

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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 2014 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 18, 2014, 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 2013, and accompanying proxy are being mailed to holders of our common stock, par value $0.01 per share (Common Stock), on or about April 28, 2014. 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 21, 2014 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 an admission ticket or proof of ownership of Celgene Common Stock, as well as a valid government-issued photo identification, to be admitted to the Annual Meeting.
Admission Ticket or Proof of Ownership
If you hold your shares in your name as a stockholder of record, you will need an admission ticket or proof of ownership of Celgene stock. An admission ticket is attached to your proxy card or to the Notice of Internet Availability of Proxy Materials. If you plan to attend the Annual Meeting, please vote your shares but keep the admission ticket and bring it with you to the Meeting.
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. An admission ticket must be requested by the stockholder but will be issued in the name of the authorized representative. Any individual holding an admission ticket that is not issued in his/her name will not be admitted to the Annual Meeting.
To request an admission ticket, 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.
2. Who is entitled to vote at the Annual Meeting?
Holders of Celgene Common Stock at the close of business on April 21, 2014 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 21, 2014, there were [ ] shares of Celgene Common Stock outstanding and entitled to be voted at the Annual Meeting.

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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 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 2014, 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 17, 2014.

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 the voting instructions in the materials you receive.

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.

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 instructions have been properly recorded. If you vote on the Internet, you also can request electronic delivery of future proxy materials.

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.

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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, 2014, we mailed a “Notice of Internet Availability of Proxy Materials” to participating 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.

8. Can I access the proxy materials and the fiscal 2013 Annual Report on the Internet?

This Notice of Annual Meeting and Proxy Statement and the fiscal 2013 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 producing 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 specific authorization is required under the rules of the New York Stock Exchange (NYSE).

If you are a beneficial owner whose shares are held of record by a broker, your broker has discretionary voting authority under NYSE 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, the proposal to amend the Certificate of Incorporation and effect the stock split, approval of the amendment of our 2008 Stock Incentive Plan, the advisory approval of executive compensation, or on any stockholder proposal, 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.

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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 of our Certificate of Incorporation to increase the authorized number of shares of common stock and to effect a stock split	Majority of Outstanding Stock entitled to Vote	No
Amendment of our 2008 Stock Incentive Plan	Majority of Votes Cast	No
Advisory Approval of Executive Compensation (non-binding)	Majority of Votes Cast	No
Stockholder Proposal (non-binding)	Majority of Votes Cast	No

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. If you abstain from voting or there is a broker non-vote on the proposal to amend our Certificate of Incorporation and effect a stock split, your abstention or the broker non-vote will count as a vote against the proposal because a majority of the outstanding shares entitled to vote at the Annual Meeting is required to approve the proposal.

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 of our Certificate of Incorporation to increase the authorized number of shares of common stock and to effect a stock split

The shares of Common Stock voted "for" the amendment to our Certificate of Incorporation and to effect a split of our common stock must equal or exceed a majority of the outstanding shares entitled to vote thereon. Abstentions and broker non-votes are counted as votes "against" this proposal. All references to numbers of shares of Common Stock in this Proxy Statement do not give effect to the proposed stock split, except as otherwise indicated.

Amendment of 2008 Stock Incentive Plan

The votes cast "for" must exceed the votes cast "against" to approve an amendment to our 2008 Stock Incentive Plan. Abstentions and broker non-votes are not counted as votes "for" or "against" this proposal.

Advisory Approval of Executive 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.

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.

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12. How will my shares be voted at the Annual Meeting?

At the Meeting, the Board of Directors (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 2014;
- FOR the amendment of our Certificate of Incorporation to increase the authorized number of shares of common stock and to effect a stock split;
- FOR the approval of the amendment of our 2008 Stock Incentive Plan;
- FOR the approval, on an advisory basis, of the compensation of our Named Executive Officers; and
- AGAINST the stockholder proposal.

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.

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 [______________] to assist with the solicitation of proxies (which may include solicitation by mail, electronically, facsimile, telephone and personal contact) for a fee of $[____________] plus expenses.

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MATTERS TO COME BEFORE THE ANNUAL MEETING
PROPOSAL ONE:
Election of Directors
Nominees

At the Annual Meeting, nine directors, who have been nominated by 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 were elected by the stockholders at the 2013 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, or, if no substitute is selected by the Board of Directors prior to or at the Annual Meeting, for a motion to reduce the membership of the Board of Directors to the number of nominees available. 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 are 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	59	Chairman of the Board and Chief Executive Officer
Richard W. Barker, D.Phil.	65	Director
Michael D. Casey	68	Director
Carrie S. Cox	56	Director
Rodman L. Drake	71	Director
Michael A. Friedman, M.D.	70	Director
Gilla Kaplan, Ph.D.	67	Director
James J. Loughlin	71	Director
Ernest Mario, Ph.D.	76	Director

(1) As of June 18, 2014

Robert J. Hugin was elected as Chairman by our Board of Directors in June 2011, and has served as our Chief Executive Officer since June 16, 2010 and as President since May 1, 2006. He also served as our Chief Operating Officer from May 1, 2006 until June 16, 2010 and Senior Vice President and Chief Financial Officer from June 1999 until 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.

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 Operating Officer and Chief Financial Officer and his current roles as our Chief Executive Officer and President 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

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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.

Richard 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, and chairman of International Health Partners, a UK charity providing donated medicines to crisis situations.

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 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 in developing products for vascular disease and for therapeutic filling and soft tissue repair. 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 has been appointed to the Board of Directors of Cardinal Health, Inc. and the Board of Overseers of the University of Pennsylvania Museum of Archaeology and Anthropology. 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.

Rodman L. Drake has served as one of our directors since April 2006, has been Chairman of the Compensation Committee since June 2007 and a member of the Nominating Committee since April 2006. From January 2002 to December 2012, Mr. Drake was Managing Director of Baringo Capital, LLC, a private equity group he co-founded. From November 1997 to January 2002, Mr. Drake was president of Continuation Investments Group Inc., a private equity firm. Prior to that, Mr. Drake was co-chairman of the KMR Power Company and Chief Executive Officer and Managing Director of Cresap McCormick & Paget, a leading management consulting firm, and served as President of the Mandrake Group, a consulting firm specializing in strategy and organizational design. Mr. Drake is a member of the Board of Directors of Chimerix Inc. and The Animal Medical Center of New York. He is also the Chairman of the Brookfield Investment Management Funds and the

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Columbia Atlantic Funds. Mr. Drake served as a member of the Board of Directors of Jackson Hewitt Tax Service, Inc. from 2004 to 2011. From 2007 to 2009, Mr. Drake served as a member of the Board of Directors of Apex Silver Mines Limited; from 2005 to 2010, he served as a member of the Board of Directors of Student Loan Corporation; and from 2005 to 2010, he served as a member of the Board of Directors of Crystal River Capital, a NYSE listed company which was sold in 2010, where he also served as Chairman, President and CEO from 2009 through 2010.

Mr. Drake brings to his service as a director his breadth of experience in corporate governance, finance, strategy and organizational design as a senior executive of investment and management consulting firms, as well as his extensive experience as a member of various boards of directors.

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 previously 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.

Gilla Kaplan, Ph.D. has served as one of our directors since April 1998 and is 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 the Audit Committee of Edge Therapeutics, Inc., a privately-held biopharmaceutical company, and InspireMD, 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 and the Executive Committee since June 2008. 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 currently is the Chairman of Capnia, Inc., a privately-held specialty pharmaceutical company in Palo Alto, California.

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Dr. Mario serves as a director of publicly-traded healthcare companies: Boston Scientific Corporation, Chimerix Inc., Kindred Biosciences Inc., XenoPort Inc. and Tonix Pharmaceuticals Holding Corp. He is Chairman of 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

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Security Ownership of Certain Beneficial Owners and Management

The table below sets forth the beneficial ownership of Common Stock as of April 21, 2014 (except as otherwise noted) by (i) each director, (ii) each Named Executive Officer for fiscal 2013 (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 currently exercisable or exercisable within 60 days of April 21, 2014 and restricted stock units (RSUs) that will vest within 60 days of April 21, 2014 are deemed outstanding 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. Upon vesting, RSUs are included as Common Stock. As of April 21, 2014, there were [ ] 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	2,066,600	(1)	*
Jacqualyn A. Fouse, Ph.D.	329,329	(2)	*
Mark J. Alles	192,752	(3)	*
Thomas O. Daniel, M.D.	178,518	(4)	*
Perry A. Karsen	200,076	(5)	*
Richard W. Barker, D.Phil.	41,699	(6)	*
Michael D. Casey	192,749	(7)	*
Carrie S. Cox	40,865	(8)	*
Rodman L. Drake	134,604	(9)	*
Michael A. Friedman, M.D.	49,757	(10)	*
Gilla Kaplan, Ph.D.	207,195	(11)	*
James J. Loughlin	118,100	(12)	*
Ernest Mario, Ph.D.	145,970	(13)	*
All directors and executive officers as a group (14 persons)	3,949,950	(1)-(13)	1.0%
BlackRock, Inc. 40 East 52nd Street New York, New York 10022	25,732,210	(14)	6.2%

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* Less than one percent (1%)

(1) Consists of 524,879 shares of Common Stock, 1,475,200 shares of Common Stock underlying stock options, 13,589 shares of Common Stock held in our 401(k) Plan for the benefit of Mr. Hugin and 48,132 shares of Common Stock held by a family foundation of which Mr. Hugin is a trustee and 4,800 shares of Common Stock owned by Mr. Hugin's children.

(2) Consists of 21,911 shares of Common Stock, 306,850 shares of Common Stock underlying stock options, and 568 shares of Common Stock held in our 401(k) Plan for the benefit of Ms. Fouse.

(3) Consists of 33,071 shares of Common Stock, 156,951 shares of Common Stock underlying stock options, and 2,730 shares of Common Stock held in our 401(k) Plan for the benefit of Mr. Alles.

(4) Consists of 22,700 shares of Common Stock, 154,307 shares of Common Stock underlying stock options, and 1,511 shares of Common Stock held in our 401(k) Plan for the benefit of Dr. Daniel.

(5) Consists of 25,087 shares of Common Stock, 174,259 shares of Common Stock underlying stock options, and 730 shares of Common Stock held in our 401(k) Plan for the benefit of Mr. Karsen.

(6) Consists of 3,099 shares of Common Stock and 38,600 shares of Common Stock underlying stock options.

(7) Consists of 25,308 shares of Common Stock held by a family trust of which Mr. Casey is a trustee and 167,441 shares of Common Stock underlying stock options. Mr. Casey disclaims beneficial ownership over the shares of Common Stock held by the family trust.

(8) Consists of 6,715 shares of Common Stock and 34,150 shares of Common Stock underlying stock options.

(9) Consists of 24,663 shares of Common Stock, of which 4,705 shares are pledged in a margin account, and 109,941 shares of Common Stock underlying stock options.

(10) Consists of 3,099 shares of Common Stock and 46,658 shares of Common Stock underlying stock options.

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(11) Consists of 39,754 shares of Common Stock, 144,673 shares of Common Stock underlying stock options, and 22,768 shares of Common Stock underlying options held by Dr. Kaplan's family trusts (the trustee of which is Dr. Kaplan's brother-in-law and the beneficiaries of which are Dr. Kaplan's immediate family members). Dr. Kaplan disclaims beneficial ownership over the shares of Common Stock underlying options held by the family trusts.

(12) Consists of 8,509 shares of Common Stock, 108,691 shares of Common Stock underlying stock options and 900 shares of Common Stock owned by family trusts of which Mr. Loughlin's spouse is a trustee.

(13) Consists of 108,737 shares of Common Stock, 34,233 shares of Common Stock underlying stock options and 3,000 shares of Common Stock owned by Dr. Mario's spouse.

(14) Information regarding BlackRock, Inc., as of December 31, 2013, was obtained from an amendment to Schedule 13G filed by BlackRock, Inc. with the SEC on February 4, 2014.

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 the Nasdaq Stock Market (Nasdaq) under its applicable Listing Rules. The Board of Directors has determined that all of our non-employee directors, constituting all but one 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 six meetings during fiscal 2013, five of which meetings were held over a period of two consecutive days. During fiscal 2013, 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 directors attended the 2013 Annual Meeting.

We maintain the following 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 Amended and Restated 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 did not meet during fiscal 2013. 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 Development and Compensation Committee (the "Compensation Committee")

The Compensation Committee's current members are Rodman L. Drake (Chairman), Michael D. Casey and James J. Loughlin. The Compensation Committee held seven formal meetings and a number of informal meetings during fiscal 2013. The Compensation Committee annually reviews and approves the total compensation packages for all executive officers, including 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 the compensation of non-employee members of the Board of Directors and reviews periodically with the Chief Executive Officer 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 the Anthrogenesis Corporation Qualified Employee Incentive Stock Option Plan, the Signal Pharmaceuticals, Inc. 2000 Equity Incentive Plan, our 1992 Long-Term Incentive Plan, our 2008 Stock Incentive Plan and the Pharmion Corporation (Pharmion) 2000 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.

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Compensation Committee Consultant

The Compensation Committee has retained Radford, an Aon Hewitt Company, which we refer to as "Radford," as its outside compensation consultant since 2004. Radford was retained by the Compensation Committee as a result of a competitive bidding process conducted by the Compensation Committee. 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 director compensation (including amounts and forms of compensation);
- provides market data and performs competitive market analyses;
- advises the Compensation Committee as to best practices; and
- assists in the preparation 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 2013, the cost of Radford's executive compensation and director compensation consulting services was $155,024.

In addition, in fiscal 2013: (i) Aon Consulting, an affiliate of Radford, was retained by us to provide global employee benefits 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 2013, the aggregate cost of such other consulting services was $107,946.

The Compensation Committee regularly evaluates the nature and scope of the services provided by Radford. The Compensation Committee approved the fiscal 2013 executive and 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 only engaged by, takes direction from, and reports to, 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")

The Nominating Committee's current members are Michael D. Casey (Chairman), Rodman L. Drake, Ernest Mario, Ph.D. and Michael A. Friedman, M.D. The Nominating Committee held five meetings in fiscal 2013. 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

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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., Gilla Kaplan, Ph.D. and Carrie S. Cox. The Audit Committee held nine meetings in fiscal 2013. Mr. Loughlin is an "audit committee financial expert" within the meaning of the rules of the SEC and, as such, he satisfies 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 (as defined herein). 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 of concerns on questionable 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 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.

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 was no interlock 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.

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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.

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 Securities Exchange Act of 1934, as amended (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

The Board of Directors has concluded that, consistent with past practice and in our best interests and the interests of our stockholders, the positions of Chairman and Chief Executive Officer should be combined.

Accordingly, assuming that the director nominees are elected to the Board at the Annual Meeting, Mr. Hugin will continue to hold the positions of both Chairman and Chief Executive Officer.

The independent directors believe that each of the possible leadership structures for a board has its particular pros and cons, which must be considered in the context of the specific circumstances, culture and challenges facing a company. The independent directors believe that our current model of the combined Chairman/CEO role in conjunction with the independent Lead Director position is the appropriate leadership structure that has served our stockholders well in the past and will continue to do so in the future. Additionally, given the abilities and strengths of each of our Board members, their varied organizational backgrounds and wide range of leadership and management experience, we believe that the concentration of functions will continue to promote a culture of transparency and accountability that has guided, and will continue to guide, our successful performance.

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Our leadership structure is periodically reviewed to ensure that it is appropriate for us given the facts and circumstances at the time of review. The independent directors believe that the combined Chairman/CEO position, together with the independent Lead Director, has certain advantages over other board leadership structures and continue to best meet our current needs, including:

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

As Chief Executive Officer and President, Mr. Hugin is accountable directly to the full Board of Directors and has day-to-day responsibility for our business operations and for general oversight over our business and the various management teams that are responsible for our day-to-day operations.

We believe that the combined Chairman/CEO leadership structure is appropriate for us as it enhances our Board's oversight by leveraging the knowledge of our Chief Executive Officer who has also served, in the past, as our Chief Financial Officer and Chief Operating Officer.

Independent Lead Director

In June 2007, Michael D. Casey was designated independent Lead Director. In accordance with our corporate governance guidelines, as adopted by the Board of Directors on December 16, 2010, 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 Chairman/CEO after each executive session of the independent directors to provide feedback and to effectuate the decisions and recommendations of the independent directors, acts as intermediary liaison between the independent directors and management on a regular basis and when communication out of the ordinary course is appropriate.

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 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 operating subsidiaries, reviews and monitors the identification, assessment and mitigation of the material risks affecting our operations.

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 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 SEC. We believe that all applicable acquisitions and dispositions of Common Stock, including grants of options under our 2008 Stock Incentive Plan, were filed on a timely basis for fiscal 2013, except the Form 4 report of Rodman L. Drake relating to the exercise of stock options on August 7, 2013, which was filed with the SEC on August 12, 2013.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis (CD&A) provides an overview and analysis of the compensation philosophy of the Company, the roles and responsibilities of our Compensation Committee, our CEO and compensation consultant, our compensation plans and programs, and the decisions we have made under our plans and programs. Elsewhere in this CD&A, under the heading “Additional Information Regarding Executive Officers,” we include a series of tables containing specific information about the compensation earned by the following individuals, who we refer to as our Named Executive Officers (NEOs) for fiscal 2013:

- Robert J. Hugin, Chairman and Chief Executive Officer;
- Jacqualyn A. Fouse, Ph.D., Executive Vice President and Chief Financial Officer;
- Mark J. Alles, Executive Vice President and Global Head of Hematology and Oncology;
- Thomas O. Daniel, M.D., Executive Vice President and President, Research and Early Development; and
- Perry A. Karsen, Executive Vice President and Chief Operations Officer and Chief Executive Officer of Celgene Cellular Therapeutics.

Each of our NEOs is fully engaged in company-wide strategic planning and decision-making aimed at ensuring our long-term success. The full biographies for Ms. Fouse, Dr. Daniel and Messrs. Alles and Karsen are provided elsewhere in this proxy statement under “Additional Information Regarding Executive Officers — Executive Officers.”

Introduction

Across the metrics that determine performance under our compensation plans and programs, fiscal 2013 was an outstanding year for us. We generated non-GAAP (i.e., generally accepted accounting principles) total revenue of \$6.494 billion, an 18% increase year over year, and non-GAAP diluted earnings per share of \$5.96, a 21% increase year over year. Full year REVLIMID® sales were \$4.280 billion, an increase of 14%; VIDAZA® sales were \$803 million, a decrease of 2%; ABRAXANE® sales were \$649 million, an increase of 52%; POMALYST®/IMNOVID® sales were \$305 million and THALOMID® sales were \$245 million, a decrease of 19%. Our stock price reflected our strong performance, increasing over 115% in fiscal 2013. These strong results were achieved with continued significant investment and progress in all stages of our research and development pipeline, the commercial launch of POMALYST®/IMNOVID® and expenses related to the planned launch of OTEZLA® in 2014. For more information about non-GAAP financial achievements, please see the description of non-GAAP financial achievements in “Key 2013 Compensation Actions and Program Highlights — Annual Bonus (MIP) Payout for Fiscal 2013.”

We believe the design of our executive pay programs will lead to continued stockholder support of our executive compensation programs. Our fiscal 2013 compensation programs were designed based on our compensation philosophy and guiding principles that focus on aligning competitive pay to performance. Our fiscal 2013 performance and consequent incentive payouts for our NEOs clearly demonstrate this alignment. In fiscal 2013, our executive compensation programs were structured such that 92% 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 and objectives.

Advisory Vote on Executive Compensation

We conducted our third non-binding advisory vote on executive compensation last year at our 2013 Annual Meeting of Stockholders, which our stockholders voted should be held annually. At the 2013 Annual Meeting of Stockholders, 93.9% of the votes cast on the advisory vote on executive compensation proposal were in favor of our NEO compensation as described in the 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. Despite the affirmative vote, however, the Compensation Committee believes that continual review of our executive compensation programs and their alignment to Company and stock price performance is in the best interests of our stockholders. In fiscal 2013, the Compensation Committee deemed that the changes made in fiscal 2011 that further aligned our executive compensation to the interests of our stockholders continue to be appropriate and should be continued. 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. 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.

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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 making compensation decisions and setting target pay, 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.
- 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 periodically reviews our peer group and with the input of Radford, makes changes based on factors such as market capitalization, complexity, global presence and those in our industry with whom we compete for talent. Throughout fiscal 2013, our peer group consisted of the following ten companies: AbbVie Inc., Allergan, Inc., Amgen Inc., Baxter International Inc., Biogen Idec Inc., Bristol-Myers Squibb Company, Eli Lilly and Company, Forest Laboratories, Inc., Gilead Sciences Inc., and Valeant Pharmaceuticals International, Inc. 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.

Highlights of Best Practices of Our Compensation Programs

We believe that our compensation plans and programs not only reflect our philosophy with regard to compensation for our NEOs, but are also aligned with best practices with regard to corporate governance. Below is a list that highlights certain features and key decisions with respect to our compensation plans and programs.

- Recoupment of incentive compensation: 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) 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. This provision applied to our CEO effective in fiscal 2013 and will apply to our other NEOs (and any other executive officer designated by the Compensation Committee) effective in fiscal 2014.
- 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;
  - three year holding requirement on shares earned under our Long-Term Incentive Plan (LTIP)
  - ownership guidelines for our NEOs (described below).
-

Ownership and holding requirements: In order to ensure that NEOs continue to have a significant stake in our long-term performance and in order to align executives' compensation to the interest of stockholders, our NEOs have share ownership and holding requirements. As CEO, Mr. Hugin's ownership requirement is six times his annual base salary. The guidelines also provide for target stockholdings in an amount equal to three times annual

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base salary for Ms. Fouse, Dr. Daniel and Messrs. Alles and Karsen. Such guidelines will be deemed satisfied if the NEO holds, by the end of the applicable five-year period, at least that 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 are not. All of our NEOs met and exceeded their stock ownership guidelines ahead of the required time frame.

- Increased weighting on equity compensation: For each of our current LTIP performance cycles, the Compensation Committee has expressed its intention to settle each three-year plan in shares of Celgene Common Stock to be granted under the 2008 Stock Incentive Plan, rather than in cash payments for all NEOs. This, coupled with the three-year trading restriction on any shares granted under the LTIP, will further tie compensation and value delivered to such NEOs to stock performance and long-term value to our stockholders.
- Vesting of equity upon change in control: We amended the 2008 Stock Incentive Plan in fiscal 2011 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, equity awards granted on or after July 1, 2011 vest upon an involuntary termination without cause that occurs within two years following a change in control (i.e., a “double trigger”).
- No repricing/exchanges without stockholder approval: Our 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, unless such action is approved by our stockholders.
- Securities trading policy: 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.
- Golden parachutes: In April 2014, at Mr. Hugin's suggestion, his employment agreement was amended to eliminate his golden parachute excise tax gross-up provision. Accordingly, none of our NEO's currently has 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 IRC Section 280G.
- Relative total stockholder return (R-TSR): All of our current LTIP performance cycles include R-TSR as a key performance metric. R-TSR is calculated as the percent change in our stock price at the beginning and the end of a measurement period compared to companies in the biopharmaceutical industry, which is expressed as an industry percentile.
- 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’ variable compensation in relation to the variable 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 & Responsibilities

Overview of the Compensation Committee

The Compensation Committee is responsible for, among other things, overseeing our executive compensation and benefit programs, establishing the base salary, incentive compensation, equity awards and any other compensation for NEOs, including reviewing and approving the CEO’s recommendations for the compensation of NEOs reporting to him. In addition, the Compensation Committee, in conjunction with the Board, reviews and approves the CEO’s performance and compensation levels. The Compensation Committee also ensures that the total compensation paid to our NEOs is reasonable, competitive and achieves the goal of delivering results to our stockholders.

Role of the CEO

The CEO provides his insights, judgment and recommendations to the Compensation Committee regarding the setting of performance objectives for the NEOs and other leadership positions reporting to him. At the beginning of each year, the

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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. The Compensation Committee then reviews each NEO's performance goals and objectives to further ensure they are aligned with corporate goals and the interests of our stockholders.

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 our outside compensation consultant, may also attend Compensation Committee meetings at our request.

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 data, independent analyses, advice and industry expertise on plan design as well as proposed 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 other 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 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."

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 taking responsible, appropriate and balanced risk. To achieve these goals, we have designed our compensation programs to include the components described below.

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 earned to the overall delivery of corporate performance and stockholder value. These goals for fiscal 2013 are reflected in the charts below.

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Fixed Compensation includes base salary;
Performance-Based Compensation includes bonus, LTIP and equity awards.

Short-Term Compensation includes annual bonus;
Long-Term Compensation includes the value of LTIP and equity awards.

Cash Compensation includes base salary and bonus for fiscal 2013; Equity Compensation includes all equity grants awarded in fiscal 2013 and LTIP awards payable in shares for fiscal 2013.

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;
- 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 overall long-term health of our business. The Compensation Committee reviews and approves each plan year's targets and metrics under the MIP to ensure that they are challenging and commensurate with our short- and long-term business plan.

The performance goals for each NEO other than the CEO are set annually by the executive in collaboration with the CEO and are reviewed and approved by the Compensation Committee. The goals for the CEO are set annually and are reviewed and approved by the Compensation Committee. Bonus targets for our NEOs are expressed as a percentage of eligible base salary earnings. 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 2013 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.

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Long-Term Incentives

Equity Grants

The Compensation Committee’s policy on equity awards for NEOs is that they should be awarded to align the interests of our NEOs with those of our stockholders and should reward achievement of exceptional corporate performance over time. As such, the 2008 Stock Incentive Plan is an important component of our total compensation strategy. The equity pool is approved each year by the Compensation Committee, subject to the overall maximum amount of shares of our stock available under the 2008 Stock Incentive Plan.

Long-term, equity-based compensation may be awarded to our NEOs in the form of stock options, RSUs or performance-based equity (through our Long-Term Incentive Plan, as described below). This deliberate mix of equity ensures that wealth creation is tied to stock performance (via stock options) and our financial performance (via performance-based equity that may be issued under the Long-Term Incentive Plan as described below). The Compensation Committee decides on targets and actual award amounts based upon relative contribution to our performance, individual performance and demonstrated leadership, and expected future contribution.

Each year, the Compensation Committee establishes equity awards and also determines, based in part on recommendations from Radford, the appropriate mix of stock options and RSUs for our NEOs. In fiscal 2013, annual awards granted (based on the value of such awards) were a mix of 2/3 stock options that are subject to service-based vesting over four years, (i.e., 25% on each of the first four anniversaries of the grant date) and generally remain exercisable for ten years after the grant date, and 1/3 RSUs that are subject to a three-year, service-based cliff vesting schedule. Time-based RSUs vest 100% on the third anniversary of the award date provided that the NEO is employed by the Company as of the vesting date, except in the event of death, permanent disability or termination as a result of a change in control (as defined in the 2008 Stock Incentive Plan), upon which vesting of RSUs will accelerate. If the NEO participant attains retirement as defined in the Celgene 2008 Stock Incentive Plan and has given at least six months’ notice of the intent to retire, as of the date of retirement, options will continue to vest and will remain exercisable until the earlier of three years after retirement or the original expiration date (except with respect to our CEO, whose equity awards will immediately vest in accordance with his employment agreement). RSUs granted on or after April 29, 2013 will vest on retirement, but will be payable on the earlier of death or the originally scheduled vesting date following retirement (except with respect to our CEO, whose equity awards will immediately vest in accordance with his employment agreement); unvested RSUs granted prior to April 29, 2013 cancel upon retirement unless a prior alternative arrangement has been approved by the Compensation Committee.

The Compensation Committee has weighted the awards more toward stock options as these awards accrue value only when the market price of our Common Stock is above the exercise price, placing an emphasis on stock performance which aligns our executives’ interests to those of our stockholders. Additionally, the smaller weighting of RSUs allows the Compensation Committee to deliver equivalent value while using fewer authorized shares for awards under our 2008 Stock Incentive Plan. 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 vehicles depending on the Compensation Committee’s assessment of the total compensation package being offered.

Long-Term Incentive Plan (LTIP)

The LTIP is a three-year plan designed to focus executives on achievement of longer-term objectives that are intended to ensure strength in our long-term financial, commercial and research and development positions. An additional objective of the LTIP is to promote management continuity in key functional areas. Prior to the commencement of each three-year plan (each called 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 of the objectives in relation to these weighted objectives.

The threshold, target and maximum cash payout levels under the three current LTIP performance cycles are 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 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. More information is provided below under "Key 2013 Compensation Actions and Program Highlights."

We have three separate performance cycles running concurrently for 2012–2014, 2013–2015, and 2014–2016 that will end December 31, 2014, 2015 and 2016, respectively. For each performance cycle, there are three performance measures: non-GAAP EPS (37.5% weighting), non-GAAP total revenue (37.5% weighting) and R-TSR (25% weighting). For purposes of

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the LTIP, R-TSR is calculated as the percent change in our stock price at the beginning and the end of the measurement period compared to the total stockholder return of the top 35 companies in the biopharmaceutical industry (defined by market capitalization prior to the commencement of the applicable performance cycle, as suggested by Radford and approved by the Compensation Committee) and expressed as a percentile. For the 2012–2014 and 2013–2015 performance cycles, the threshold, target and maximum levels for R-TSR are at the 50th, 70th and 90th percentiles, respectively. If our R-TSR is below the 50th percentile, there will be no payout associated with this measure. For the 2014–2016 performance cycle, the threshold, target and maximum levels for R-TSR have been adjusted to reflect prevailing industry measures and are at the 35th, 50th and 80th percentiles, respectively. If our R-TSR is below the 35th percentile, there will be no payout associated with this measure.The Compensation Committee believes that these three performance measures properly align executive pay with the interests of our stockholders while achieving a balanced approach to performance-based long-term incentives by focusing executive pay on internal financial measures, as well as on the external measurement of stock performance in relation to industry peers.

Payments under the LTIP may be made in cash or stock, or a combination thereof, as determined by the Compensation Committee in its sole discretion at the end of the relevant performance cycle. Payments, if made, are deferrable for our U.S.-based plan participants. For our NEOs participating in the three current LTIP performance cycles, it is the intention of the Compensation Committee to settle in shares. If the LTIP settles in shares, such shares will be subject to a three-year trading restriction. Specific data pertaining to performance targets, individual targets and resulting payments under the LTIP can be found elsewhere in this proxy statement under the “Key 2013 Compensation Actions and Program Highlights” section.

Other Elements of Compensation

Retirement Benefits

We do not offer pension benefits to our NEOs. Instead, we provide the opportunity to accumulate retirement income through:

- Equity Awards (described elsewhere in this proxy statement).
- Nonqualified Plan: The Nonqualified Plan is 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 fiscal 2013, we made semi-monthly cash matching contributions to the Nonqualified Plan on behalf of Mr. Hugin at a rate of up to 15% of his gross base salary earnings. Ms. Fouse, Dr. Daniel and Messrs. Alles and Karsen are not eligible to receive matching contributions under the Nonqualified Plan. For further discussion of the Nonqualified Plan, see “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 who participate in the 401(k) Plan, including our NEOs.

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 the 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 premiums to our NEOs consistent with those offered to other senior-level employees.

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. We also entered into letter agreements with each of Ms. Fouse, Dr. Daniel and Messrs. Alles and Karsen. 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"). Our other NEOs are not entitled to golden parachute (Code Section 280G) excise tax gross-ups. If Ms. Fouse or Mr. Karsen becomes 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.”

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Key 2013 Compensation Actions and Program Highlights

In fiscal 2013, the Compensation Committee approved certain adjustments to compensation and awards and 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. The table below outlines the salary adjustments determined for our NEOs in fiscal 2013 (for fiscal 2012 performance) and fiscal 2014 (for fiscal 2013 performance).

NEO	2012 Salary	2013 Salary	Effective Date of Salary Adjustment	2014 Salary	Effective Date of Salary Adjustment
Robert J. Hugin	$1,175,000	$1,280,000	3/1/2013	$1,400,000	3/1/2014
Jacqualyn A. Fouse, Ph.D.	$735,000	$757,000	3/1/2013	$800,000	3/1/2014
Mark J. Alles	$650,000	$670,000	3/1/2013	$725,000	3/1/2014
Thomas O. Daniel, M.D.	$630,000	$649,000	3/1/2013	$700,000	3/1/2014
Perry A. Karsen	$630,000	$649,000	3/1/2013	$670,000	3/1/2014

Annual Bonus (MIP) Payout for Fiscal 2013

At its December 2012 meeting, the Compensation Committee determined that non-GAAP diluted EPS, non-GAAP total revenue and certain non-financial measures were appropriate measures for use in connection with the fiscal 2013 MIP and approved these targets for the fiscal 2013 MIP. The Compensation Committee believes that these measurements reflect management's focus and true operating performance. We believe these measures, balanced with our long-term objective of maintaining a significant research and development reinvestment rate, fuel our long-term growth.

In setting these objectives, we considered our fiscal 2012 performance and established the fiscal 2013 targets considering our long-term strategic plan and our commitment to deliver strong financial results to our stockholders. The corporate performance measures for fiscal 2013 were based on the following components, which were weighted as follows:

56% Financial Objectives

- 28% on non-GAAP total revenue —Target of $6.0 billion; and
- 28% on non-GAAP diluted EPS — Range of $5.40 to $5.60 per share.

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

- advancement of our hematology clinical & regulatory pipeline: REVLIMID® in multiple myeloma and lymphoma; POMALYST® in multiple myeloma;
- advancement of our oncology clinical & regulatory pipeline: ABRAXANE® in pancreatic cancer and melanoma;
- advancement of our immune & inflammation clinical & regulatory pipeline: apremilast in psoriatic arthritis, psoriasis and ankylosing spondylitis; and
- clinical advancement of early stage product candidates.

For fiscal 2013, all of our NEOs received cash bonus payments entirely determined by the achievement of corporate goals, as evaluated by the Compensation Committee in its sole discretion.

We have not disclosed all of the non-financial targets or performance in relation to those targets for the fiscal 2013 MIP performance period because we believe that disclosing certain non-financial performance targets for the plan would result in competitive harm to us. Such information represents confidential business information that could place us at a competitive disadvantage by providing detailed insight into our strategic and financial goals.

Based on our full year financial results, the Compensation Committee determined that the MIP for fiscal 2013 was 160.75%, which includes both financial and non-financial performance, with weighted scores of 108% and 52.75%, respectively. These fiscal 2013 financial achievements include non-GAAP diluted EPS of $5.96 and non-GAAP total revenue (which was the same as GAAP total revenue) of $6.494 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.

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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 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. Non-GAAP total revenue, non-GAAP net income and 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 non-GAAP financial measure included in this proxy statement with the most comparable financial measure calculated and presented in accordance with GAAP:

- Non-GAAP total revenue of $6.494 billion was the same as GAAP total revenue in fiscal 2013.
- Non-GAAP net income of $2.563 billion vs. GAAP net income of $1.450 billion in fiscal 2013. The difference between the two figures is primarily attributable to (i) the effects of charges for share-based employee compensation expense, (ii) amortization of intangible assets and other charges resulting from the acquisitions of Abraxis BioScience Inc. (Abraxis), Pharmion, Gloucester Pharmaceuticals, Inc. (Gloucester) and Celgene Avilomics Research, Inc. (formerly known as Avila Therapeutics) (Avila), (iii) research charges related to certain collaborative arrangements, (iv) expense recorded for the net increase in the fair value of contingent consideration issued as part of the Abraxis, Gloucester and Avila acquisitions, (v) impairment expense related to a royalty receivable asset that was received in 2011 as partial consideration in the sale of non-core assets obtained by Celgene in the acquisition of Abraxis, and (vi) the estimated tax effect of the above adjustments and the impact of certain other non-operating tax adjustments, including one-time effects of acquisition related matters, adjustments to the amount of unrecognized tax benefits and deferred taxes on unremitted foreign earnings. Each of items (i) through (vi) are excluded from the non-GAAP figure, but included in the GAAP figure.
- Non-GAAP diluted earnings per share of $5.96 vs. GAAP diluted earnings per share of $3.37 in fiscal 2013. The difference between the two figures is primarily attributable to the effect of net income items (i) through (vi) listed above. Each of such items (i) through (vi) are excluded from the non-GAAP figure but included in the GAAP figure.

For a reconciliation of the non-GAAP financial measures to the most comparable financial measure calculated and presented in accordance with GAAP for fiscal 2013, see Appendix A to this proxy statement.

Under the MIP, the Compensation Committee may adjust, modify or amend 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 2013 MIP

MIP Payouts for NEOs for Fiscal 2013 Performance

NEO	Bonus Target for Fiscal 2013	Corporate Weighting X Corporate Score	Bonus Paid 2/28/2014	2014 Target
Robert J. Hugin	145%	100% x 160.75%	$2,942,730	150%
Jacqualyn A. Fouse, Ph.D.	70%	100% x 160.75%	$847,688	70%
Mark J. Alles	70%	100% x 160.75%	$750,167	70%
Thomas O. Daniel, M.D.	70%	100% x 160.75%	$726,724	70%
Perry A. Karsen	70%	100% x 160.75%	$726,724	70%

Fiscal 2014 MIP

The annual short-term incentive bonus for the fiscal 2014 MIP is based on a percentage of annual base salary earnings for each NEO. Upon reviewing competitive positioning of total direct compensation as provided and recommended by Radford, the Compensation Committee approved an increase to the MIP target for Mr. Hugin from 145% to 150% of eligible base salary earnings. Below are the financial and several selected nonfinancial targets for the fiscal 2014 MIP:

56% Financial Objectives[1]

- 28% on non-GAAP total revenue — $7.5 billion to (+/-2%); and
- 28% on non-GAAP diluted EPS — Range of $7.00 to $7.20 per share.

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

- advancement of our hematology clinical & regulatory pipeline: REVLIMID® in newly diagnosed multiple myeloma; POMALYST®/IMNOVID® in relapsed refractory multiple myeloma;
- advancement of our oncology clinical & regulatory pipeline: ABRAXANE® in pancreatic cancer and lung cancer;
- advancement of our immune & inflammation clinical & regulatory pipeline: apremilast in psoriasis, ankylosing spondylitis, and Behçet's disease; and
- clinical advancement of early stage product candidates, both internally and through external collaborations.

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(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 2013, Radford recommended, and the Compensation Committee approved, the following equity awards for our NEOs:

Name	Stock Options(1)		RSUs(2)	
Robert J. Hugin	224,750	(3)	30,000	(4)
Jacqualyn A. Fouse, Ph.D.	53,800	(5)(8)	8,000	(7)(8)
Mark J. Alles	56,925	(6)(8)	8,780	(7)(8)
Thomas O. Daniel, M.D.	53,800	(6)(8)	8,000	(7)(8)
Perry A. Karsen	52,550	(6)(8)	7,690	(7)(8)

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(1) Stock option awards are awarded in equal amounts on a quarterly basis and 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, 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 and 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) Mr. Hugin was granted 48,500 stock options for the first quarter of fiscal 2013 and 58,750 stock options each quarter thereafter.

(4) Mr. Hugin was granted 30,000 RSUs on April 29, 2013.

(5) Ms. Fouse was granted 8,325 stock options for the first quarter of fiscal 2013 and 11,825 stock options each quarter thereafter.

(6) Dr. Daniel and Messrs. Alles and Karsen were each granted 8,325 stock options for the first quarter of fiscal 2013 and and 11,825 stock options each quarter thereafter.

(7) Ms. Fouse, Dr. Daniel and Messrs. Alles and Karsen were granted 5,500 RSUs on April 29, 2013.

(8) In November 2013, the Compensation Committee approved a one-time grant to Mr. Alles of 13,125 stock options and 3,280 RSUs, 10,000 stock options and 2,500 RSUs to Ms. Fouse and Dr. Daniel, and 8,750 stock options and

2,190 RSUs to Mr. Karsen, to recognize their strong contributions in fiscal 2013 and their expected future value creation to Celgene. These grants were awarded on December 2, 2013.

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LTIP Plan

During fiscal 2013, our eligible NEOs received an award for the 2010–2012 performance cycle, based on overall achievement under the plan of 200% of target, the details of which have been disclosed in other public filings. Due to her September 27, 2010 date of hire, Ms. Fouse was not eligible to participate in the 2010–2012 LTIP and consequently did not receive a payout for that performance cycle.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. Additionally, the LTIP is unique among our peers and as a result, we believe that disclosing the targets will give our competitors insight into the plan and thus an unfair advantage in potentially recruiting our leadership talent.

The threshold, target and maximum payout levels for the 2011–2013 LTIP plan, as well as performance and resultant payouts are discussed elsewhere in this proxy statement.

Our NEOs are also eligible to receive an award for each of the three separate three-year performance cycles that have not been completed (i.e., 2012–2014, 2013–2015, and 2014–2016). For our NEOs participating in the three current LTIP performance cycles, it is the intention of the Compensation Committee to settle in shares. If the LTIP settles in shares, such shares will be subject to a three-year trading restriction. The targets under the LTIPs are expressed as a percentage of the NEO’s annual base salary at the time the LTIP was approved by the Compensation Committee, as follows:

2012–2014 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 2012–2014 performance period are as follows:

Name	Threshold(1)(4)	Target(2)(4)	Maximum(3)(4)
Robert J. Hugin	$537,500	$1,343,750	$2,150,000
	8,433 shares	21,082 shares	33,731 shares
Jacqualyn A. Fouse, Ph.D.	$350,000	$700,000	$1,400,000
	5,491 shares	10,982 shares	21,964 shares
Mark J. Alles	$300,000	$600,000	$1,200,000
	4,707 shares	9,413 shares	18,826 shares
Thomas O. Daniel, M.D.	$300,000	$600,000	$1,200,000
	4,707 shares	9,413 shares	18,826 shares
Perry A. Karsen	$300,000	$600,000	$1,200,000
	4,707 shares	9,413 shares	18,826 shares

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(1) The threshold cash payout is 50% of 2011 base salary for all of our NEOs.

(2) The target cash payout is 125% of 2011 base salary for Mr. Hugin and 100% for Ms. Fouse, Dr. Daniel and Messrs. Alles and Karsen.

(3) The maximum cash payout is 200% of 2011 base salary for all of our NEOs.

(4) Share-based threshold, target and maximum payout levels for all of our NEOs are determined using the average closing price of our Common Stock for the 30 trading days immediately prior to the commencement of the measurement period which began on January 1, 2012.

2013–2015 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 2013–2015 performance period are as follows:

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Name	Threshold(1)(4)	Target(2)(4)	Maximum(3)(4)
Robert J. Hugin	$587,500	$1,468,750	$2,350,000
	7,444 shares	18,611 shares	29,777 shares
Jacqualyn A. Fouse, Ph.D.	$367,500	$735,000	$1,470,000
	4,657 shares	9,313 shares	18,626 shares
Mark J. Alles	$325,000	$650,000	$1,300,000
	4,118 shares	8,236 shares	16,472 shares
Thomas O. Daniel, M.D.	$315,000	$630,000	$1,260,000
	3,991 shares	7,983 shares	15,966 shares
Perry A. Karsen	$315,000	$630,000	$1,260,000
	3,991 shares	7,983 shares	15,966 shares

(1) The threshold cash payout is 50% of 2012 base salary for all of our NEOs.

(2) The target cash payout is 125% of 2012 base salary for Mr. Hugin and 100% for Dr. Daniel, Ms. Fouse and Messrs. Alles and Karsen.

(3) The maximum cash payout is 200% of 2012 base salary for all of our NEOs.

(4) Share-based threshold, target and maximum payout levels for all of our NEOs are determined using the average closing price of our Common Stock for the 30 trading days immediately prior to the commencement of the measurement period which began on January 1, 2013.

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 as follows:

Name	Threshold(1)(4)	Target(2)(4)	Maximum(3)(4)
Robert J. Hugin	$640,000	$1,600,000	$2,560,000
	3,905 shares	9,763 shares	15,620 shares
Jacqualyn A. Fouse, Ph.D.	$378,500	$757,000	$1,514,000
	2,309 shares	4,619 shares	9,238 shares
Mark J. Alles	$335,000	$670,000	$1,340,000
	2,044 shares	4,088 shares	8,176 shares
Thomas O. Daniel, M.D.	$324,500	$649,000	$1,298,000
	1,980 shares	3,960 shares	7,920 shares
Perry A. Karsen	$324,500	$649,000	$1,298,000
	1,980 shares	3,960 shares	7,920 shares

(1) The threshold cash payout is 50% of 2013 base salary for all of our NEOs.

(2) The target cash payout is 125% of 2013 base salary for Mr. Hugin and 100% for Dr. Daniel, Ms. Fouse and Messrs. Alles and Karsen.

(3) The maximum cash payout is 200% of 2013 base salary for all of our NEOs.

(4) Share-based threshold, target and maximum payout levels for all of our NEOs are determined using the average closing price of our Common Stock for the 30 trading days immediately prior to the commencement of the measurement period which began on January 1, 2014.

At the conclusion of the 2011–2013 performance cycle, the Compensation Committee approved the performance in relation to the pre-established measures, consisting of three financial performance objectives: (1) non-GAAP diluted EPS target (weighting of 25%), (2) non-GAAP net income target (weighting of 25%), and (3) non-GAAP total revenue target (weighting of 50%). The 2011–2013 LTIP payouts were made in restricted shares of common stock based on achievement of 149.8% of performance objectives as determined by the Compensation Committee.

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Matching Contributions

Our 401(k) Plan is a tax-qualified retirement savings plan available to all of our eligible employees, including our NEOs. Under the 401(k) Plan, we make discretionary matching contributions to participants (including our NEOs) in the form of shares of our Common Stock to such participant's plan account of up to 6% of their eligible earnings or the maximum permitted by law. For fiscal 2013, we made matching contributions to our NEOs under the 401(k) Plan as follows:

Name	Matching Contributions under the 401(k) Plan(1)
Robert J. Hugin	115.9765 shares of Common Stock (fair value of $19,597)
Jacqualyn A. Fouse, Ph.D.	115.9765 shares of Common Stock (fair value of $19,597)
Mark J. Alles	115.9765 shares of Common Stock (fair value of $19,597)
Thomas O. Daniel, M.D	115.9765 shares of Common Stock (fair value of $19,597)
Perry A. Karsen	115.9765 shares of Common Stock (fair value of $19,597)

(1) The matching 401(k) Plan amounts reflect the fair value of the shares as of December 31, 2013 and are included in the Summary Compensation Table, column (i), which is included elsewhere in this proxy statement.

Employer Contributions to the Nonqualified Deferred Compensation Plan

For fiscal 2013, we made semi-monthly cash matching contributions to the Nonqualified Plan on behalf of Mr. Hugin in the amount of 15% of gross base salary earnings for an aggregate annual contribution of $189,375. Ms. Fouse, Messrs. Alles and Karsen and Dr. Daniel were not eligible to receive matching contributions under the Nonqualified Plan. For further discussion of the Nonqualified Plan, see "Additional Information Regarding Executive Officers — Nonqualified Deferred Compensation Table" elsewhere in this proxy statement.

Other Benefits

Each of the NEOs is eligible for medical, dental, vision, disability and life insurance coverage on the same terms as other employees. Our executive compensation program also includes limited perquisites and other benefits. Each of our NEOs is eligible for reimbursement of reasonable expenses incurred in obtaining professional tax and financial counseling up to a maximum of $15,000 annually.

In addition, we provide an excess liability insurance policy to certain senior-level eligible employees. The premiums for such policies are taxable income for Mr. Hugin, Ms. Fouse, Dr. Daniel and Messrs. Alles and Karsen. For fiscal 2013, we made premium payments of $2,232 on behalf of Messrs. Hugin and Karsen, Ms. Fouse and Dr. Daniel and $914 on behalf of Mr. Alles.

Mr. Hugin also received Company contributions to a health savings account in fiscal 2013 equal to $1,650 at the same rate as other employees who enroll in this plan. Attributed costs of the perquisites and other personal benefits described above for our NEOs for fiscal 2011, fiscal 2012 and fiscal 2013 are included in column (i) of the Summary Compensation Table.

Policy with respect to Compensation Deductibility

Our policy with respect to the deductibility limit of Section 162(m) of the Code generally is to preserve the federal income tax deductibility of compensation paid when it is appropriate and is in our best interest. We reserve the right to authorize the payment of non-deductible compensation if we deem that it is appropriate to do so under the circumstances.

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COMPENSATION COMMITTEE REPORT TO STOCKHOLDERS

The Compensation Committee of our Board of Directors has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Respectfully submitted,

THE COMPENSATION COMMITTEE

Rodman L. Drake, Chairman
Michael D. Casey
James J. Loughlin

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ADDITIONAL INFORMATION REGARDING EXECUTIVE OFFICERS

Executive Officers

Our current executive officers are set forth in the table below along with their ages and positions. Each executive officer holds the offices set forth opposite his or her name until his or her successor is chosen and qualified at the regular meeting of the Board of Directors to be held on the date of the Annual Meeting.

Name	Age(1)	Position
Robert J. Hugin	59	Chief Executive Officer, President and Chairman of the Board
Jacqualyn A. Fouse, Ph.D.	53	Executive Vice President and Chief Financial Officer
Mark J. Alles	55	Executive Vice President and Global Head, Hematology and Oncology
Thomas O. Daniel, M.D.	60	Executive Vice President and President, Research and Early Development
Perry A. Karsen	59	Executive Vice President and Chief Operations Officer and Chief Executive Officer of Celgene Cellular Therapeutics
Lawrence V. Stein	64	Executive Vice President, General Counsel and Corporate Secretary

(1) As of June 18, 2014

Robert J. Hugin is our Chief Executive Officer, President and Chairman of the Board of Directors. See "Proposal One: Election of Directors — Nominees" for a discussion of Mr. Hugin's business experience.

Jacqualyn A. Fouse, Ph.D. is our Executive Vice President and Chief Financial Officer, who 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. 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 and Perrigo Company, both NYSE-listed companies.

Mark J. Alles became Executive Vice President and Global Head of Hematology and Oncology in December 2012 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 started his 27-year career in the pharmaceutical industry at Bayer and worked at Centocor before its acquisition by Johnson & Johnson. Mr. Alles currently serves as a Director for Gilda's Club NYC, a not-for-profit organization helping people with cancer, and as a trustee of The Healthcare Institute of New Jersey.

Thomas O. Daniel, M.D. has been President, Research and Early Development since December 2006 and was appointed Executive Vice President and President, Research and Early Development, effective February 15, 2012. He served as the Chief Scientific Officer and Director at Ambrx Inc., a biotechnology company focused on discovering and developing protein-based therapeutics since September 2003. Dr. Daniel served as Vice President, Research at Amgen Inc., where he was Research Site Head of Amgen Washington and Therapeutic Area Head of Inflammation. Prior to Amgen's acquisition of Immunex, Dr. Daniel served as Senior Vice President of Discovery Research at Immunex. Dr. Daniel has been a member of the Therapeutic Advisory Board of aTyr Pharma, Inc. since March 1, 2011, is a director of Ferrumax, a privately-held biotechnology company, and Epizyme, Inc., a publicly traded biotechnology company. Dr. Daniel serves as a member of the Biomedical Science Advisory Board of Vanderbilt University Medical Center and the Biomedical Advisory Council of PhRMA. A nephrologist and former academic investigator, Dr. Daniel was previously the K.M. Hakim Professor of Medicine and Cell Biology at Vanderbilt University, and Director of the Vanderbilt Center for Vascular Biology. He formerly conducted research in the Howard Hughes Medical Institute at UC San Francisco, earned an M.D. from the University of Texas, Southwestern, and completed medical residency at Massachusetts General Hospital.

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Perry A. Karsen serves as Chief Operations Officer and has served in this capacity since July 2010. Mr. Karsen became Executive Vice President and Chief Operations Officer on February 15, 2012. He was appointed Chief Executive Officer of Celgene Cellular Therapeutics (CCT), the placental stem cell research and development division of the Company in May 2013. Mr. Karsen is accountable for several operations functions, including corporate and business development, technical operations, quality operations and our CCT division. Mr. Karsen served as President and Chief Executive Officer at Pearl Therapeutics, a privately-held biotechnology company, from February 2009 until July 2010. From 2004 to 2009, Mr. Karsen was Senior Vice President and Head of Worldwide Business Development for us and was also responsible for emerging businesses as President, Asia/Pacific Region. Prior to his tenure with us, Mr. Karsen held executive positions at Human Genome Sciences, Bristol-Myers-Squibb, Genentech and Abbott Laboratories. In addition, Mr. Karsen served as a General Partner at Pequot Ventures. Mr. Karsen serves as a member of the Board of Directors of the Biotechnology Industry Organization (BIO); a member of the Board of Directors of BayBio; and a member of the Board of Directors for the Life Sciences Foundation. In addition, Mr. Karsen is a member of the Board of Directors of Agios Pharmaceuticals, a publicly-held biotechnology company, Alliqua Biomedical, a publicly-held advanced wound management company, and Navidea Biopharmaceuticals, a publicly-held precision diagnostics company. Mr. Karsen has a Masters of Management degree from Northwestern University’s Kellogg Graduate School of Management, a Masters in Teaching of Biology from Duke University, and a B.S. in Biological Sciences from the University of Illinois, Urbana-Champaign.

Lawrence V. Stein joined us as Executive Vice President, General Counsel and Corporate Secretary on November 26, 2012. Mr. Stein serves on our Management Committee. From March 2010 through March 2011, Mr. Stein served as Counsel to Reed Smith LLP. He joined Wyeth’s legal team in 1997 and served as Senior Vice President and General Counsel from 2003 until its merger with Pfizer, Inc. in 2009. While at Wyeth, he served on the Board of Directors of Immunex Corporation and until December 2012 served on the Board of Trustees of the Wistar Institute. Prior to joining Wyeth, he was Senior Vice President, General Counsel and Secretary of Genetics Institute, Inc. Mr. Stein started his legal career with the law firm of Arnold & Porter where he specialized in the representation of pharmaceutical and medical device companies with respect to regulatory matters and product liability litigation. He received his J.D. from the University of Pennsylvania Law School, an A.B. from Columbia College and an M.A. from Cornell University.

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SUMMARY COMPENSATION TABLE

The following table sets forth information regarding compensation earned by our NEOs for the fiscal years ended December 31, 2013, 2012 and 2011.

Name and Principal Position	Year	Salary	Bonus(1)	Stock Awards(2)	Option Awards(2)	Non-Equity Incentive Plan Compensation(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings(4)	All Other Compensation(5	Total
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Robert J. Hugin	2013	$1,262,500	—	$3,554,100	$8,729,638	$7,236,693	—	$212,854	$20,9
Chief Executive Officer,	2012	$1,158,333	—	$2,333,760	$3,658,941	$3,229,303	—	$193,685	$10,5
President and Chairman of the Board(6)	2011	$1,041,667	—	$1,793,400	$2,935,608	$2,968,698	—	$178,626	$8,91
Jacqualyn A. Fouse, Ph.D.	2013	$753,333	—	$1,059,360	$2,269,123	$3,692,296	—	$21,829	$7,79
Executive Vice President	2012	$729,167	—	$1,018,083	$1,178,617	$505,951	—	$18,285	$3,45
and Chief Financial Officer	2011	$700,000	—	$466,284	$760,973	$589,225	—	$18,551	$2,53
Mark J. Alles	2013	$666,667	—	$1,186,586	$2,440,484	$3,188,449	—	$20,511	$7,50
Executive Vice President and Global Head, Hematology and Oncology	2012	$641,667	—	$1,185,800	$1,088,350	$770,988	—	$18,285	$3,70
Thomas O. Daniel, M.D	2013	$645,833	—	$1,059,360	$2,269,123	$3,165,006	—	$100,434	$7,23
Executive Vice President and President, Research and Early Development	2012	$625,000	—	$1,018,083	$957,823	$859,993	—	$97,685	$3,55
Perry A. Karsen	2013	$645,833	—	$1,008,796	$2,200,579	$3,165,006	—	$31,129	$7,05
Executive Vice President and Chief Operations Officer	2012	$625,000	—	$1,018,083	$957,823	$1,224,969	—	$18,285	$3,84

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(1) No bonuses are reportable under column (d) but rather are included as non-equity incentive plan compensation under column (g).

(2) The value of RSU awards in column (e) and stock options in column (f) equals the fair value at date of grant, disregarding for this purpose the estimate of forfeitures related to service-based vesting conditions. The value is calculated in accordance with FASB ASC 718. Amounts reflected in columns (e) and (f) of the Summary Compensation Table include awards with time-based vesting. The assumption used in determining the grant date fair values of these RSU and option awards for their respective years are set forth in note 14 to our consolidated financial statements included in our Annual Report on Form 10-K for fiscal 2013 filed with the SEC.

(3) The amounts in column (g) reflect the aggregate cash awards to the NEOs under the fiscal 2013, fiscal 2012 and fiscal 2011 MIP and the 2011–2013, 2010–2012 and 2009–2011 performance cycles under the LTIP. The 2011-2013 LTIP was paid in shares of our Common Stock with a three-year hold and the dollar value of that stock award on the share delivery date is reflected in this amount. The payouts of the cash compensation awards under the fiscal 2013 MIP and the 2011–2013 performance cycle under the LTIP were approved by the Compensation Committee on January 29, 2014 and paid shortly thereafter. The MIP and the LTIP are discussed in further detail under the heading “Key 2013 Compensation Actions and Program Highlights” and which, for purposes of this Summary Compensation Table, have been characterized as “Non-Equity Incentive Plan Compensation” under this column (g) rather than “Bonus” under column (d).

(4) We do not have a pension plan for our NEOs. Under our Nonqualified Plan, there are no above-market or preferential earnings.

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(5) The amounts in column (i) reflect the following:

Name	Year	Value of Employer Contributions to the Nonqualified Plan*	Value of Matching Contributions To the 401(k) Plan in Shares of Common Stock**	Professional Tax and Financial Counseling	Excess Liability Insurance Premiums	Contributions to Health Savings Account	Other***	Total
Robert J. Hugin	2013	$ 189,375	$ 19,597		$2,232	$ 1,650		$212,854
	2012	$ 173,750	$ 16,064	—	$2,221	$ 1,650	—	$193,685
	2011	$ 155,000	$ 16,685	—	$1,866	$ 1,600	$3,475	$178,626
Jacqualyn A. Fouse, Ph.D	2013	—	$ 19,597		$2,232	—	—	$21,829
	2012	—	$ 16,064	—	$2,221	—	—	$18,285
	2011	—	$ 16,685	—	$1,866	—	—	$18,551
Mark J. Alles	2013	—	$ 19,597		$914	—	—	$20,511
	2012	—	$ 16,064	—	$2,221	—	—	$18,285
Thomas O. Daniel, M.D	2013	—	$ 19,597		$2,232	—	$78,605	$100,434
	2012	—	$ 16,064	—	$2,221	—	$79,400	$97,685
Perry A. Karsen	2013	—	$ 19,597	$ 9,300	$2,232	—	—	$31,129
	2012	—	$ 16,064	—	$2,221	—	—	$18,285

* Reflects company matching contributions for Mr. Hugin.

** The value of the matching contributions to the 401(k) Plan is based on the number of shares of Common Stock multiplied by the closing price of our Common Stock on December 31 of the respective year.

*** With respect to Dr. Daniel, reflects Company-paid costs in the amount of $51,918.89 and a tax gross-up in the amount of $26,686.51 provided to Dr. Daniel in fiscal 2013 in conjunction with housing accommodations in New Jersey. In fiscal 2012, reflects Company paid costs in the amount of $50,276 and a tax gross-up in the amount of $29,124 provided to Dr. Daniel in conjunction with housing accommodations in New Jersey in fiscal 2012. With respect to Mr. Hugin, reflects the value of an honorarium given to a retired employee by Mr. Hugin that was paid for by the Company and that was included in Mr. Hugin's compensation in fiscal 2011.

(6) Mr. Hugin serves as a member of the Board of Directors but does not receive any compensation in such capacity.

Agreements with our Named Executive Officers

Employment Agreement with Mr. Hugin

Effective as of May 1, 2006, we entered into a new employment contract with Mr. Hugin, which was subsequently amended effective December 31, 2008 solely for the purpose of addressing the deferred compensation requirements under Section 409A of the Code, and effective on June 16, 2010 in connection with Mr. Hugin's becoming 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

The employment agreement had an initial term of three years. Mr. Hugin's employment agreement will automatically extend for successive one-year terms unless either we or Mr. Hugin provide written notice to the other, at least six months prior to the expiration of the then term, of such party's intention to terminate his employment at the end of such term, unless terminated sooner as provided in Mr. Hugin’s employment agreement.

The following is a summary of other provisions of Mr. Hugin's employment agreement, which is qualified in its entirety by reference to the full employment agreement:

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- If Mr. Hugin's employment is terminated due to his disability or incapacitation or for any reason other than by us for "cause," or due to his death, Mr. Hugin is entitled to receive a lump sum payment equal to Mr. Hugin's then annual base salary, a pro rata share of Mr. Hugin's annual target bonus (based on the assumption that all performance or other criteria had been met) and certain accrued benefits. Further, if Mr. Hugin's employment is terminated by us without "cause" or because of disability or incapacitation or by Mr. Hugin for "good reason" at any time during the two-year period following a "change in control" or if Mr. Hugin's employment is terminated by us without "cause" or by Mr. Hugin for "good reason" during the 90-day period prior to a "change in control," Mr. Hugin is entitled to receive a lump sum payment equal to three times Mr. Hugin's then annual base salary plus three times Mr. Hugin's highest annual bonus paid within the three years prior to the change in control, certain accrued benefits, payment of health and welfare premiums for Mr. Hugin and his dependents for three years or, in certain instances, substitute arrangements on a similar tax basis and, upon the occurrence of a "change in control," full and immediate vesting of all stock options and equity awards; provided that such payment will be reduced by any payment made to Mr. Hugin prior to the "change in control" on account of Mr. Hugin's termination.

- Mr. Hugin is subject to a non-competition provision which applies during the period he is employed by us and until the first anniversary of the date his employment terminates (or, if change in control payments and benefits are paid, generally the second anniversary of the later of the date his employment terminates or the change in control date). In addition, the employment agreement contains a patent/inventions provision and a perpetual confidentiality provision.

For purposes of Mr. Hugin's employment agreement, "cause" generally means:

- the conviction of a crime involving moral turpitude or a felony;
- acts or omissions taken in bad faith and to the detriment of the Company; or
- a breach of any material term of such agreement.

For purposes of Mr. Hugin's employment agreement, "good reason" generally means, without Mr. Hugin's consent:

- the failure to elect or appoint Mr. Hugin to, or re-elect or reappoint Mr. Hugin to, or removal of Mr. Hugin from, his position with the Company or as a member of the Board of Directors;
- a significant change in the nature or scope of the authorities, powers, functions, duties or responsibilities normally attached to Mr. Hugin's position;
- a determination by Mr. Hugin made in good faith that, as a result of a change in control, he is unable effectively to carry out the authorities, powers, functions, duties or responsibilities attached to his position;
- a breach by the Company of any material provision of the agreement;
- a reduction in annual base salary;
- a 50-mile or greater relocation of the Company's principal office;
- the failure of the Company to continue any health or welfare plan, employee benefit plan, pension plan, fringe benefit plan or compensation plan in which Mr. Hugin is participating immediately prior to a change in control, unless Mr. Hugin is provided substantially comparable benefits at no greater after-tax cost or the Company's taking any action which adversely affects Mr. Hugin's participation in or which reduces Mr. Hugin's benefits under any such plan; or
- the failure of a successor to assume the agreement.

For purposes of Mr. Hugin's employment agreement, "change in control" generally means:

- any person becomes the beneficial owner of Company securities which represent 30% of the total combined voting power of the Company's then outstanding securities;
- a merger, consolidation or other business combination of the Company;
- the persons who are members of the Board of Directors during any consecutive two year period cease to constitute at least a majority of the Board of Directors; or
- the approval by the stockholders of the Company of any plan of complete liquidation of the Company or an agreement for the sale of all or substantially all of the Company's assets.

The definition of "change in control" that applies if Mr. Hugin is terminated by the Company without cause or by Mr. Hugin for good reason during the 90-day period prior to a "change in control" is the definition provided in the

Treasury regulations under Section 409A of the Code, which eliminates, among other things, the approval by the Company's stockholders of any plan of complete liquidation.

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Letter Agreement with Ms. Fouse

On August 18, 2010, effective September 27, 2010, we entered into an employment letter agreement with Ms. Fouse. The letter agreement provides for an initial base salary of $700,000 and a target incentive under the MIP equal to 65% of eligible base salary earnings (as defined in the MIP) (up to a maximum of 200%). The letter agreement provided that Ms. Fouse would receive a one-time grant of options to purchase 125,000 shares of Common Stock and 16,500 RSUs and an annual grant of options to purchase 45,000 shares of Common Stock and 7,800 RSUs. The stock options are subject to service-based vesting over four years and the RSUs are subject to a three year service-based cliff vesting schedule. Ms. Fouse is entitled to participate in our Deferred Compensation Plan and she received a one-time cash contribution into her non-qualified deferred compensation account of $1,000,000 with a three-year ratable vesting schedule. Ms. Fouse also is entitled to reimbursement for reasonable expenses incurred in obtaining professional tax and financial counseling up to a maximum of $15,000 annually. The letter agreement also provides that Ms. Fouse is entitled to participate in our U.S. comprehensive health and welfare benefit programs. The letter agreement also provides that if Ms. Fouse’s employment is terminated by us for any reason other than for cause, she would be entitled to receive a lump sum payment equal to 12 months’ base salary and bonus plus continuation of benefits, less applicable taxes. Further, the letter agreement provides that in the event of a change in control Ms. Fouse would be entitled to receive a lump sum payment equal to 18 months’ base salary and bonus plus continuation of benefits, less applicable taxes, and that her unvested stock options and RSUs would become fully vested if her employment is terminated in connection with a change in control. If Ms. Fouse becomes entitled to any amounts subject to the excise tax under Code Section 4999 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 payment amount to Ms. Fouse. We do not have any separate change in control agreements or arrangements with Ms. Fouse.

Letter Agreement with Mr. Alles

During 2012, Mr. Alles was elevated to the roles of Executive Vice President and Chief Commercial Officer (and later in 2012 to Executive Vice President and Global Head, Hematology and Oncology) responsible for the commercial operations of the Company. Commensurate with that promotion, we amended the terms of an earlier employment letter agreement with Mr. Alles. Under the amended terms, Mr. Alles is entitled to an annual base salary of $650,000 and a target incentive under the MIP equal to 60% of eligible base salary earnings (as defined in the MIP) (up to a maximum of 200% of target). The amended terms also provide that Mr. Alles would receive on March 1, 2012 a one-time grant of options to purchase 12,500 shares of Common Stock and a grant of 4,167 RSUs, and a fiscal 2012 grant of options to purchase 33,300 shares of Common Stock and a grant of 5,600 RSUs. The stock options are subject to service-based vesting over four years and the RSUs are subject to three-year service-based cliff vesting. Mr. Alles is also entitled to participate in our Deferred Compensation Plan. If Mr. Alles’ employment is terminated by us for any reason other than for cause, he would be entitled to receive a lump sum payment equal to 12 months’ base salary, less applicable taxes, and per the terms of the MIP, if his employment is terminated by us for reasons other than cause, he would be entitled to a prorated MIP bonus at target. The letter agreement also provides that Mr. Alles is entitled to participate in our employee benefit programs. We do not have any separate change in control agreements or arrangements with Mr. Alles.

Letter Agreement with Dr. Daniel

During 2012, Dr. Daniel was elevated to the roles of Executive Vice President and President, Research and Early Development. Commensurate with that promotion, we amended the terms of an earlier employment letter agreement with Dr. Daniel. Under the amended terms, Dr. Daniel is entitled to an annual base salary of $630,000 and a target incentive under the MIP equal to 60% of eligible base salary earnings (as defined in the MIP) (up to a maximum of 200% of target). The amended terms also provide that Dr. Daniel would receive on March 1, 2012 a one-time grant of options to purchase 12,500 shares of Common Stock and a grant of 4,167 RSUs, and a fiscal 2012 grant of options to purchase 33,300 shares of Common Stock and a grant of 5,600 RSUs. The stock options are subject to service-based vesting over four years and the RSUs are subject to three-year service-based cliff vesting. Dr. Daniel is also entitled to participate in our Deferred Compensation Plan. If Dr. Daniel’s employment is terminated by us for any reason other than for cause, he would be entitled to receive a lump sum payment equal to 12 months’ base salary and bonus, less applicable taxes. The letter agreement also provides that Dr. Daniel is entitled to participate in our employee benefit programs. We do not have any separate change in control agreements or arrangements with Dr. Daniel.

Letter Agreement with Mr. Karsen

During 2012, Mr. Karsen was elevated to the roles of Executive Vice President and Chief Operations Officer. Commensurate with that promotion, we amended the terms of an earlier employment letter agreement with Mr. Karsen. Under the amended terms, Mr. Karsen is entitled to an annual base salary of $630,000 and a target incentive under the MIP equal to 60% of eligible base salary earnings (as defined in the MIP) (up to a maximum of 200% of target). The amended terms also

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provide that Mr. Karsen would receive on March 1, 2012 a one-time grant of options to purchase 12,500 shares of Common Stock and a grant of 4,167 RSUs, and a 2012 grant of options to purchase 33,300 shares of Common Stock and a grant of 5,600 RSUs. The stock options are subject to service-based vesting over four years and the RSUs are subject to three-year service-based cliff vesting. Mr. Karsen is also entitled to participate in our Deferred Compensation Plan and, for the LTIP 2010–2012 performance cycle was entitled to a target of 100% of base salary with a maximum payout of 200% of base salary. If Mr. Karsen’s employment is terminated as a result of a change of control or by us for any reason other than for cause, he would be entitled to receive a lump sum payment equal to 12 months’ base salary and 12 months’ bonus at target plus continuation of benefits, less applicable taxes. In the event of a change of control, if Mr. Karsen becomes entitled to any amounts subject to the excise tax under Code Section 4999 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 payment amount to Mr. Karsen. The letter agreement also provides that Mr. Karsen is entitled to participate in our employee benefit programs. We do not have any separate change in control agreements or arrangements with Mr. Karsen.

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GRANTS OF PLAN-BASED AWARDS TABLE

The following table provides information about equity and non-equity awards granted to NEOs eligible to participate in fiscal 2013: (a) the name; (b) the grant date; (c), (d) and (e) the estimated future potential payouts under: (1) our LTIP non-equity incentive plan awards, which consist of estimated future payouts under the LTIP for the fiscal 2013–2015 performance period granted in fiscal 2013 and payable after the three-year performance period if either the threshold, target or maximum goal is satisfied and (2) the target and maximum potential MIP payouts that could have been earned in fiscal 2013; (i) all stock awards, which consist of RSUs awarded to NEOs in fiscal 2013; (j) all stock option awards, which consist of the number of shares underlying stock options awarded to NEOs in fiscal 2013; (k) the exercise price of the stock option awards, which reflects the closing price of the shares of our Common Stock on the date of grant; and (l) the grant date fair value of each equity award, computed in accordance with FASB ASC 718. Columns (f), (g) and (h) relating to estimated future payouts under equity incentive plan awards have been omitted because no such awards have been granted for the periods presented.

Name	Grant Date	Comm Action(1)	Estimated Potential/Future Payouts Under Non-Equity Incentive Plan Awards(2)(3)			Stock Awards Number of Shares of Stock or Units(4)	Awards Number of Securities Underlying Options (#)(4)	Exercise or Base Price of Option Awards ($/Sh)(5)	Grant Date Fair Value of Stock and Options Awards(6)
			Threshold	Target	Maximum				
(a)	(b)		(c)	(d)	(e)	(i)	(j)	(k)	(l)
Robert J. Hugin	12/12/2012	(2)	$587,500	$1,468,750	$2,350,000				
	2/12/2013	(3)	$—	$1,856,000	$3,712,000				
	1/28/2013	12/14/2011					48,500	$98.95	$1,225,318
	4/29/2013	2/12/2013					58,750	$118.47	$1,918,752
	4/29/2013	2/12/2013				30,000	—	$118.47	$3,554,100
	7/29/2013	2/12/2013					58,750	$142.66	$2,650,935
	10/28/2013	2/12/2013					58,750	$156.23	$2,934,633
Jacqualyn A. Fouse, Ph.D.	12/12/2012	(2)	$367,500	$735,000	$1,470,000				
	2/12/2013	(3)	$—	$529,900	$1,059,800				
	1/28/2013	12/14/2011					8,325	$98.95	$210,325
	4/29/2013	2/12/2013					11,825	$118.47	$386,200
	4/29/2013	2/12/2013				5,500	—	$118.47	$651,585
	7/29/2013	2/12/2013					11,825	$142.66	$533,571
	10/28/2013	2/12/2013					11,825	$156.23	$590,673
	12/2/2013	11/27/2013					10,000	$163.11	$548,354
	12/2/2013	11/27/2013				2,500	—	$163.11	$407,775
Mark J. Alles	12/12/2012	(2)	$325,000	$650,000	$1,300,000				
	2/12/2013	(3)	$—	$469,000	$938,000				
	1/28/2013	12/14/2011					8,325	$98.95	$210,325
	4/29/2013	2/12/2013					11,825	$118.47	$386,200
	4/29/2013	2/12/2013				5,500	—	$118.47	$651,585
	7/29/2013	2/12/2013					11,825	$142.66	$533,571
	10/28/2013	2/12/2013					11,825	$156.23	$590,673

	12/2/2013	11/27/2013					13,125	$163.11	$719,715
	12/2/2013	11/27/2013				3,280	—	$163.11	$535,001
Thomas O. Daniel, M.D.	12/12/2012	(2)	$315,000	$630,000	$1,260,000				
	2/12/2013	(3)	$—	$454,300	$908,600				
	1/28/2013	12/14/2011					8,325	$98.95	$210,325

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	4/29/2013	2/12/2013					11,825	$118.47	$386,200
	4/29/2013	2/12/2013				5,500	—	$118.47	$651,585
	7/29/2013	2/12/2013					11,825	$142.66	$533,571
	10/28/2013	2/12/2013					11,825	$156.23	$590,673
	12/2/2013	11/27/2013					10,000	$163.11	$548,354
	12/2/2013	11/27/2013				2,500	—	$163.11	$407,775
Perry A. Karsen	12/12/2012 (2)		$315,000	$630,000	$1,260,000				
	2/12/2013 (3)		$—	$454,300	$908,600				
	1/28/2013	12/14/2011					8,325	$98.95	$210,325
	4/29/2013	2/12/2013					11,825	$118.47	$386,200
	4/29/2013	2/12/2013				5,500	—	$118.47	$651,585
	7/29/2013	2/12/2013					11,825	$142.66	$533,571
	10/28/2013	2/12/2013					11,825	$156.23	$590,673
	12/2/2013	11/27/2013					8,750	$163.11	$479,810
	12/2/2013	11/27/2013				2,190	—	$163.11	$357,211

(1) "Comm Action" refers to the date the Compensation Committee voted to approve the fiscal 2013 stock option and RSU grants listed in column (b) with respect to stock options and RSUs granted under the 2008 Stock Incentive Plan.

(2) The amounts reflected in columns (c), (d) and (e) represent the estimated target range of the future payout for the LTIP for each NEO, which was established by the Compensation Committee on December 12, 2012. These amounts may be earned after completion of the 2013–2015 LTIP performance cycle, due to the NEO's status as an eligible participant in 2013 if the threshold, target or maximum goals are satisfied for at least one performance measure. The potential payouts are performance-driven and therefore completely at risk. Awards under the 2013–2015 cycle are payable in cash or shares at the discretion of the Compensation Committee. For additional information regarding LTIP awards, see "Key 2013 Compensation Actions and Program Highlights — LTIP Plan" under the "Compensation Discussion and Analysis." See footnote 3 to the Summary Compensation Table for the actual amounts that were approved by the Compensation Committee on January 29, 2014 and paid to the NEOs shortly thereafter under the 2011–2013 LTIP performance cycle.

(3) The amounts reflected in columns (c), (d) and (e) include the potential target and maximum payouts of the awards granted in fiscal 2013 to each NEO under the MIP, which were established by the Compensation Committee on February 12, 2013. See "Key 2013 Compensation Actions and Program Highlights — Annual Bonus (MIP) Payout for Fiscal 2013" under the heading "Compensation Discussion and Analysis" for more information regarding the bonus targets under the MIP. See footnote 3 to the Summary Compensation Table for the actual amounts that were approved by the Compensation Committee on January 29, 2014 and paid to the NEO shortly thereafter under the MIP. The maximum MIP for each of our NEOs is 200% of the annual bonus target.

(4) All stock options and RSUs granted in fiscal 2013 were granted pursuant to our 2008 Stock Incentive Plan. All options were granted at the fair market value of Common Stock on the effective date of grant. All RSUs vest in full on the third anniversary of the grant date.

(5) This column reflects the closing price of the shares of our Common Stock on the date of the grant, which equals the exercise price for the stock options granted and the grant date fair value per share of RSUs granted.

(6) This column reflects the full grant date fair value of stock options and RSUs computed in accordance with FASB ASC 718, disregarding for this purpose the estimate of forfeitures related to service-based vesting conditions, granted to the NEO in fiscal 2013. The actual value, if any, that a NEO may realize upon exercise of stock options will depend on the excess of the stock price over the base value on the date of exercise, so there is no assurance that the value realized by a NEO will be at or near the value computed in accordance with FASB ASC 718. The assumptions used in determining the grant date fair values of these

awards are set forth in note 14 to our consolidated financial statements, which are included in our Annual Report on Form 10-K for fiscal 2013 filed with the SEC.

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OUTSTANDING EQUITY AWARDS VALUE AT FISCAL YEAR-END TABLE

The following tables provide information on holdings of stock options and stock awards as of December 31, 2013, by our Named Executive Officers. Each equity grant is shown separately for each NEO. For additional information about the option awards, see "Compensation Discussion and Analysis — Equity Grants under our 2008 Stock Incentive Plan" elsewhere in this proxy statement.

Robert J. Hugin

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable(1)	Number of Securities Underlying Unexercised Options (#) Unexercis-able(2)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(3)	Market Value of Shares or Units of Stock That Have Not Vested ($)(4)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Robert J. Hugin						32,000	$5,407,040		
						30,000	$5,069,100		
						30,000	$5,069,100		
	—	58,750		$156.23	10/28/2023				
	—	58,750		$142.66	7/29/2023				
	—	58,750		$118.47	4/29/2023				
	—	1,010		$98.95	1/28/2023				
	—	47,490		$98.95	1/28/2023				
	30,000	—		$73.55	10/9/2017				
	12,125	36,375		$73.35	10/31/2022				
	12,125	36,375		$72.93	4/30/2022				
	—	1,375		$72.72	1/30/2022				
	11,250	32,375		$72.72	1/30/2022				
	22,500	—		$71.82	7/8/2018				
	7,500	—		$71.82	7/8/2018				
	12,125	36,375		$69.40	7/30/2022				
	22,500	22,500		$64.83	10/31/2021				
	30,000	—		$62.42	4/8/2018				
	18,750	6,250		$61.48	4/13/2020				
	22,500	22,500		$59.78	5/2/2021				
	7,897	—		$59.01	7/6/2014				
	30,000	—		$58.53	7/10/2017				
	22,500	22,500		$58.47	8/1/2021				
	30,000	—		$58.04	4/10/2017				
	28,500	9,500		$57.88	10/12/2020				
	22,500	—		$57.80	10/14/2018				
	7,500	—		$57.80	10/14/2018				

—	1,754	$56.99	1/12/2020
18,750	4,496	$56.99	1/12/2020
11,354	—	$54.85	1/9/2017
3,646	—	$54.85	1/9/2017
25,000	—	$54.55	10/13/2019
28,500	9,500	$52.34	7/13/2020
—	1,940	$51.53	1/31/2021
19,000	17,060	$51.53	1/31/2021

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	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable(1)	Number of Securities Underlying Unexercised Options (#) Unexercis-able(2)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(3)	Market Value of Shares or Units of Stock That Have Not Vested ($)(4)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	1,985	—		$50.36	1/13/2019				
	28,015	—		$50.36	1/13/2019				
	2,015	—		$49.61	1/8/2018				
	27,985	—		$49.61	1/8/2018				
	25,000	—		$46.02	7/14/2019				
	25,168	—		$42.39	4/6/2014				
	17,139	—		$42.39	7/6/2014				
	18,750	—		$39.01	4/14/2019				
	6,250	—		$39.01	4/14/2019				
	120,000	—		$35.67	12/29/2015				
	120,000	—		$34.05	12/29/2015				
	20,000	—		$26.74	10/4/2015				
	20,000	—		$20.61	7/5/2015				
	20,000	—		$17.12	4/5/2015				
	40,000	—		$15.49	10/5/2014				
	72,200	—		$14.25	2/15/2015				
	5,000	—		$12.59	1/4/2015				

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Jacqualyn A. Fouse, Ph.D.

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable(1)	Number of Securities Underlying Unexercised Options (#) Unexercisable(2)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(3)	Market Value of Shares or Units of Stock That Have Not Vested ($)(4)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Jacqualyn A. Fouse, Ph.D.						7,800	$1,317,966		
						5,600	$946,232		
						5,500	$929,335		
						4,167	$704,098		
						3,750	$633,638		
						2,500	$422,425		
	—	10,000		$163.11	12/2/2023				
	—	11,825		$156.23	10/28/2023				
	—	11,825		$142.66	7/29/2023				
	—	11,825		$118.47	4/29/2023				
	—	1,010		$98.95	1/28/2023				
	—	7,315		$98.95	1/28/2023				
	2,812	8,438		$80.44	12/17/2022				
	3,125	9,375		$73.92	3/1/2022				
	2,081	6,244		$73.35	10/31/2022				
	2,081	6,244		$72.93	4/30/2022				
	—	1,375		$72.72	1/30/2022				
	2,812	7,063		$72.72	1/30/2022				
	2,081	6,244		$69.40	7/30/2022				
	5,624	5,626		$64.83	10/31/2021				
	5,624	5,626		$59.78	5/2/2021				
	5,624	5,626		$58.47	8/1/2021				
	5,163	1,721		$58.10	10/1/2020				
	88,587	29,529		$58.10	10/1/2020				
	8,437	2,813		$57.88	10/12/2020				
	—	1,940		$51.53	1/31/2021				
	5,624	3,686		$51.53	1/31/2021				

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Mark J. Alles

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable(1)	Number of Securities Underlying Unexercised Options (#) Unexercisable(2)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(3)	Market Value of Shares or Units of Stock That Have Not Vested ($)(4)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Mark J. Alles						5,835	$985,940		
						5,600	$946,232		
						5,500	$929,335		
						4,167	$704,098		
						3,280	$554,222		
	—	9,843		$163.11	12/2/2023				
	—	3,282		$163.11	12/2/2023				
	—	8,868		$156.23	10/28/2023				
	—	2,957		$156.23	10/28/2023				
	—	8,868		$142.66	7/29/2023				
	—	2,957		$142.66	7/29/2023				
	—	11,825		$118.47	4/29/2023				
	—	1,010		$98.95	1/28/2023				
	—	7,315		$98.95	1/28/2023				
	4,375	13,125		$80.44	12/17/2022				
	—	2,105		$73.92	3/1/2022				
	—	7,270		$73.92	3/1/2022				
	2,081	6,244		$73.35	10/31/2022				
	—	6,244		$72.93	4/30/2022				
	2,081	6,244		$69.40	7/30/2022				
	633	—		$62.42	4/8/2018				
	—	564		$61.48	4/13/2020				
	—	296		$61.48	4/13/2020				
	11,667	11,667							