

CELGENE CORP /DE/  
Form DEF 14A  
April 23, 2009

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

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

CELGENE CORPORATION

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (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:

(5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(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**  
May 4, 2009

Dear Stockholder:

On behalf of the Board of Directors, I cordially invite you to attend the 2009 Annual Meeting of Stockholders, or the Annual Meeting, of Celgene Corporation. The Annual Meeting will be held on June 17, 2009, beginning 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 meeting are described in the attached Proxy Statement. During the meeting, stockholders will have the opportunity to ask questions and comment on our business operations.

We are pleased this year once again to take advantage of the Securities and Exchange Commission rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing to our stockholders a Notice of Internet Availability of Proxy Materials instead of a paper copy of the attached Proxy Statement and a proxy card. The notice contains instructions on how to access those documents over the Internet. The notice also contains instructions on how each of our stockholders can receive a paper copy of our proxy materials, including the attached Proxy Statement and a form of proxy card. By furnishing the notice, we are lowering the costs and reducing the environmental impact of the Annual Meeting.

It is important that your views be represented whether or not you are able to be present at the Annual Meeting. You may cast your vote by signing and dating the enclosed proxy card and promptly returning it in the provided return envelope. No postage is required if this envelope is mailed in the United States. You have the option to cast your vote in person at the Annual Meeting on June 17, 2009. You also have the option of voting your proxy via the Internet at [www.proxyvote.com](http://www.proxyvote.com) or by calling toll free via a touch-tone phone at 800-690-6903. You may vote via telephone or the Internet up until 11:59 p.m. Eastern Time on June 16, 2009.

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

Sincerely,

Sol J. Barer, Ph.D.  
*Chairman of the Board and  
Chief Executive Officer*

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**CELGENE CORPORATION**  
**86 Morris Avenue**  
**Summit, New Jersey 07901**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

The Annual Meeting of Stockholders, or the Annual Meeting, of CELGENE CORPORATION will be held at the offices of Celgene Corporation, 86 Morris Avenue, Summit, New Jersey 07901 on June 17, 2009, 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, 2009;
3. to approve an amendment and restatement of our 2008 Stock Incentive Plan;
4. to act on one stockholder proposal, if the proposal is properly presented at the Annual Meeting; and
5. to transact any 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, 2009 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,

Sol J. Barer, Ph.D.  
*Chairman of the Board and  
Chief Executive Officer*

May 4, 2009

**YOUR VOTE IS IMPORTANT**  
**Please vote via the Internet or telephone.**

Internet: [www.proxyvote.com](http://www.proxyvote.com)

Phone: 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**

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors for the annual meeting of stockholders (which we refer to as the Annual Meeting) of Celgene Corporation, a Delaware corporation ( Celgene, the Company, we, our or us ), to be held on June 17, 2009, and at any adjournment or postponement thereof. The proxy materials include this proxy statement for the Annual Meeting and a form of proxy card. When we refer to our fiscal year, we mean the 12-month period ending December 31 of the stated year (for example, fiscal 2008 is January 1, 2008 through December 31, 2008).

**Electronic Notice and Mailing**

Pursuant to the rules promulgated by the Securities and Exchange Commission, or the SEC, we are making our proxy materials available to you on the Internet. Accordingly, we will mail a Notice of Internet Availability of proxy materials (which we refer to as the Notice of Internet Availability) to the beneficial owners of our common stock, par value \$0.01 per share, or Common Stock, on or about May 4, 2009. From the date of the mailing of the Notice of Internet Availability until the conclusion of the Annual Meeting, all beneficial owners will have the ability to access all of the proxy materials at [www.proxyvote.com](http://www.proxyvote.com). All stockholders will have an opportunity to request a paper or e-mail delivery of these proxy materials.

The Notice of Internet Availability will contain:

- the date, time and location of the Annual Meeting, the matters to be acted upon at the Annual Meeting and the Board of Directors' recommendation with regard to each matter;
- the Internet address that will enable access to the proxy materials;
- a comprehensive listing of all proxy materials available on the website;
- a toll-free phone number, e-mail address and Internet address for requesting either paper or e-mail delivery of proxy materials;
- the last reasonable date a stockholder can request materials and expect them to be delivered prior to the meeting; and
- instructions on how to access the proxy card.

You may also request a 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 your future mailings.

**Record Date and Voting Securities**

Only stockholders of record at the close of business on April 21, 2009, the record date for the Annual Meeting, or the Record Date, will be entitled to notice of and to vote at the Annual Meeting. On the Record Date we had outstanding 460,283,597 shares of Common Stock, which are our only securities entitled to vote at the Annual Meeting, each share being entitled to one vote.

**How to Vote**

Stockholders of record (that is, stockholders who hold their shares in their own name) can vote any one of four ways:

- (1) *By Internet:* Go to the website [www.proxyvote.com](http://www.proxyvote.com) to vote via the Internet. You will need to follow the instructions on your proxy card and the website. If you vote via the Internet, you may incur telephone and Internet access charges.
- (2) *By Telephone:* Call the toll-free number 1-800-690-6903 to vote by telephone. You will need to follow the instructions on your proxy card and the recorded instructions.

(3) *By Mail*: If you prefer, you can contact us to obtain copies of all proxy materials, including proxy cards, by calling 1-800-579-1639, or by mail: Celgene Corporation, 86 Morris Avenue, Summit, New Jersey 07901, Attention: Corporate Secretary. If you contact us to request a proxy card, please mark, sign and date the proxy card and return it promptly in the self-addressed, stamped envelope, that we will provide. If you sign and return your proxy card but do not give voting instructions, the shares represented by that proxy will be voted as recommended by the Board of Directors.

(4) *In Person*: You can attend the Annual Meeting, or send a personal representative with an appropriate proxy, to vote by ballot. Only record or beneficial owners of Common Stock or their proxies may attend the Annual Meeting in person. When you arrive at the Annual Meeting, you must present photo identification, such as a driver's license. Beneficial owners also must provide evidence of stock holdings, such as a recent brokerage account or bank statement.

If you vote via the Internet or by telephone, your electronic vote authorizes the named proxies in the same manner as if you signed, dated and returned your proxy card. **If you vote via the Internet or by telephone, do not mail a proxy card.**

If your shares are held in the name of a bank, broker or other holder of record (that is, street name), you will receive instructions from the holder of record that you must follow in order for your shares to be voted. Internet and telephone voting also will be offered to stockholders owning shares through most banks and brokers.

#### **Revocability of Proxies**

Stockholders who execute proxies may revoke them by giving written notice to our Chief Executive Officer at any time before such proxies are voted. Attendance at the Annual Meeting shall not have the effect of revoking a proxy unless the stockholder so attending shall, in writing, so notify the Secretary of the Annual Meeting at any time prior to the voting of the proxy at the Annual Meeting.

#### **Other Matters**

The Board of Directors does not know of any matter that is expected to be presented for consideration at the Annual Meeting, other than the election of directors; the ratification of the appointment of our independent registered public accounting firm for fiscal 2009; the adoption of the amended and restated 2008 Stock Incentive Plan; and one stockholder proposal, if the proposal is properly presented at the Annual Meeting. However, if other matters properly come before the Annual Meeting, the persons named in the accompanying proxy intend to vote thereon in accordance with their judgment.

#### **Solicitation Expenses**

We will bear the cost of the Annual Meeting and the cost of soliciting proxies, including the cost of mailing the proxy material. 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 material to their principals, and we will reimburse them for their expenses. In addition, we have retained Broadridge Financial Solutions, or Broadridge, to assist in the mailing, collection and administration of the proxy. Broadridge's fee is estimated to be \$350,000 plus reasonable out-of-pocket expenses.

#### **Voting Procedures; Abstentions**

All proxies received pursuant to this solicitation will be voted except as to matters where authority to vote is specifically withheld and, where a choice is specified as to the proposal, they will be voted in accordance with such specification. If no instruction is given, the persons named in the proxy solicited by our Board of Directors intend to vote FOR the nominees for election of our directors listed herein, FOR the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for fiscal 2009, FOR the amendment and restatement of our 2008 Stock Incentive Plan and AGAINST the stockholder proposal (Proposal Four).

A majority of the outstanding shares of Common Stock entitled to vote on the Record Date, whether present in person or represented by proxy, will constitute a quorum for the transaction of business at the Annual Meeting and any adjournment or postponement thereof. Abstentions and broker non-votes (i.e., proxies from brokers or nominees indicating that such persons have not received instructions from the beneficial owner or other persons eligible to vote shares as to a matter with respect to which the brokers or nominees do not have discretionary power to vote) will be counted as present or represented for purposes of establishing a quorum for the transaction of business.

Abstentions and broker non-votes will have no effect on the election of directors, which is by plurality of the votes cast in person or by proxy.

Abstentions and broker non-votes will have no effect on the proposed (i) ratification of the appointment of KPMG LLP as our independent registered public accounting firm, (ii) amendment and restatement of our 2008 Stock Incentive Plan and (iii) the stockholder proposal (Proposal Four), as each of these items requires the affirmative vote of a majority of shares of Common Stock cast in person or by proxy.

All shares of Common Stock as set forth in this proxy statement have been adjusted to reflect the three-for-one-split we declared and paid on April 14, 2000, or the 2000 Split; the two-for-one-split we declared and paid on October 22, 2004, or the 2004 Split; and the two-for-one-split we declared on February 17, 2006 and paid on February 24, 2006, or the 2006 Split. The 2000 Split, the 2004 Split and the 2006 Split are collectively referred to as the Splits.

**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 and Governance Committee (referred to as the Nominating Committee), are to be elected, each to hold office (subject to our Bylaws) 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 2008 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 plurality 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.

Name	Age	Position
Sol J. Barer, Ph.D.	62	Chief Executive Officer and Chairman of the Board
Robert J. Hugin	54	President, Chief Operating Officer and Director
Michael D. Casey	63	Director
Rodman L. Drake	66	Director
Arthur Hull Hayes, Jr., M.D.	75	Director
Gilla Kaplan, Ph.D.	62	Director
James J. Loughlin	66	Director
Ernest Mario, Ph.D.	71	Director
Walter L. Robb, Ph.D.	81	Director

*Sol J. Barer, Ph.D.* has served as our Chief Executive Officer since May 1, 2006. Immediately prior, Dr. Barer served as our President, an office he held since October 1993, and as our Chief Operating Officer, an office he held since March 1994. Dr. Barer has served as the Chairman of our Board of Directors since January 2, 2007 and, since March 1994, has served as one of our directors. He is also the Chairman of the Executive Committee of our Board of Directors. Dr. Barer was Senior Vice President Science and Technology and Vice President/General Manager Chiral Products from October 1990 to October 1993 and our Vice President Technology from September 1987 to October 1990. Dr. Barer received a Ph.D. in organic chemistry from Rutgers University and is on the Rutgers Board of Trustees, Rutgers Graduate School Dean's Advisory Council (Founding Chair) and the Rutgers Bioscience Commercialization Advisory Board. Dr. Barer is also a director of Amicus Therapeutics and serves on the Board of Trustees of BioNJ and the Board of the Brooklyn College Foundation. Dr. Barer previously served as Commissioner of the New Jersey Commission on Science and Technology.

*Robert J. Hugin* has served as our Chief Operating Officer and President since May 1, 2006. He served as our 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.



*Michael D. Casey* has served as one of our directors since August 2002, is Chairman of the Nominating Committee and a member of the Executive Committee (since December 2006) and the Management Compensation and Development Committee (referred to as the Compensation Committee) (since April 2006) of our Board of Directors. He became our lead independent director in June 2007. 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. 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 Allos Therapeutics, Inc., Durect Corp. and AVI BioPharma.

*Rodman L. Drake* has served as one of our directors since April 2006, is Chairman of the Compensation Committee since June 2007 and a member of the Nominating Committee of our Board of Directors. Since January 2002, Mr. Drake has been 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 and Paget, a leading management consulting firm, and served as President of the Mandrake Group, a consulting firm specializing in strategy and organizational design. He is a member of the boards of directors of The Student Loan Corporation, Jackson Hewitt Tax Service, Inc., Crystal River Capital, Inc. and The Animal Medical Center of New York. He is the Chairman of the Helios Funds and a Trustee of the Columbia Atlantic Funds.

*Arthur Hull Hayes, Jr., M.D.* has served as one of our directors since 1995 and is a member of the Audit Committee of our Board of Directors. Dr. Hayes was President and Chief Operating Officer of MediScience Associates, a consulting organization that works with pharmaceutical firms, biomedical companies and foreign governments, from July 1991 through December 2005, and clinical professor of medicine and pharmacology at the Pennsylvania State University College of Medicine from 1981 to 2004. From 1986 to 1990, Dr. Hayes was President and Chief Executive Officer of E.M. Pharmaceuticals, a unit of E. Merck AG, and from 1981 to 1983 was Commissioner of the U.S. Food and Drug Administration. Dr. Hayes is also a director of QuantRx Biomedical Corporation.

*Gilla Kaplan, Ph.D.* has served as one of our directors since April 1998 and is a member of the Audit Committee of our Board of Directors. Dr. Kaplan is head of the Laboratory of Mycobacterial Immunity and Pathogenesis at The Public Health Research Institute Center at the University of Medicine and Dentistry of New Jersey in Newark, New Jersey, where she was appointed full Member in 2002. Dr. Kaplan also was appointed, in 2005, Professor of Medicine at the University of Medicine and Dentistry of New Jersey. Previously, 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.

*James J. Loughlin* has served as one of our directors since January 2007, is Chairman of the Audit Committee (since June 2008) and a member of the Compensation Committee (since June 2008) of our Board of Directors. Mr. Loughlin served as the National Director of the Pharmaceuticals Practice at KPMG, including a five-year term as member of the Board of Directors of KPMG LLP. 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.

*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) of our Board of Directors. 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 has been a Director of Boston Scientific since October 2001 and currently is Chairman of Pharmaceutical Product Development. From 2003 to 2007, he was Chairman and Chief Executive of Reliant Pharmaceuticals. Dr. Mario currently is the Chief Executive Officer and Chairman of Capnia, Inc., a privately held specialty pharmaceutical company in Palo Alto, CA. A former Trustee of Duke University, he serves on the Board of the Duke University Health System. He is a past Chairman of the American Foundation for Pharmaceutical Education and serves as an advisor to the pharmacy schools at the University of Maryland, the University of Rhode Island and The Ernest Mario School of Pharmacy at Rutgers University. Dr. Mario is the recipient of the 2007 Remington Honor Medal, which is the highest recognition given by the American Pharmacists Association.

*Walter L. Robb, Ph.D.* has served as one of our directors since 1992 and is a member of the Audit Committee of our Board of Directors. He has been a private consultant and President of Vantage Management Inc., a consulting and investor services company, since January 1993. Dr. Robb was Senior Vice President for Corporate Research and Development of General Electric Company, and a member of its Corporate Executive Council from 1986 to December 1992. Dr. Robb is Chairman of the Board of Directors of Capital District Sports. He also is a director of Mechanical Technology, Inc., a public company, and several private companies.

**RECOMMENDATION OF THE BOARD OF DIRECTORS**

**THE BOARD OF DIRECTORS UNANIMOUSLY**

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

**Security Ownership of Certain Beneficial Owners and Management**

The table below sets forth the beneficial ownership of Common Stock as of March 17, 2009 by (i) each director, (ii) each Named Executive Officer (as defined below), (iii) all of our directors and Named 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 warrants and/or options that are currently exercisable or exercisable within 60 days of March 17, 2009 are deemed outstanding for computing the ownership percentage of the stockholder holding such warrants and/or options, but are not deemed outstanding for computing the ownership percentage of any other stockholder. Unless otherwise noted, the address of each stockholder is Celgene Corporation, 86 Morris Avenue, Summit, New Jersey 07901.

Name and Address	Amount and Nature of Beneficial Ownership	Percent of Class
<b>of Beneficial Ownership</b>		
Sol J. Barer, Ph.D.	3,397,650(1)(2)(3)	*
Robert J. Hugin	2,498,688(1)(2)(4)	*
David W. Gryska	203,213(1)(2)	*
Aart Brouwer	511,500(1)	*
Graham Burton, MBBS, FRCP	410,968(1)(2)	*
Michael D. Casey	161,000(1)	*
Rodman L. Drake	46,205(1)	*
Arthur Hull Hayes, Jr., M.D.	161,000(1)	*
Gilla Kaplan, Ph.D.	301,000(1)(5)	*
James J. Loughlin	28,250(1)	*
Ernest Mario, Ph.D.	30,125(1)	*
Walter L. Robb, Ph.D.	91,148(1)	*
All our directors and current executive officers as a group (12 persons)	7,840,747(6)	1.7%
FMR LLC ( FMR ) 82 Devonshire Street Boston, MA 02109	31,607,169(7)	6.9%
Janus Capital Management LLC ( Janus Capital ) 151 Detroit Street Denver, CO 80206	34,985,929(8)	7.6%

\* Less than one percent (1%)

(1) Includes shares of Common Stock that the directors and executive officers have the right to acquire through the exercise of warrants and/or options within

60 days of  
March 17, 2009  
as follows: Sol  
J. Barer  
2,773,234  
(2,736,874  
through the  
exercise of  
options and  
36,360 through  
the exercise of  
warrants);  
Robert J. Hugin  
1,922,574;  
David W.  
Gryski  
202,986; Aart  
Brouwer  
411,500;  
Graham Burton  
316,772;  
Michael D.  
Casey 161,000;  
Rodman L.  
Drake 43,500;  
Arthur Hull  
Hayes, Jr.  
161,000; Gilla  
Kaplan  
278,232; James  
J. Loughlin  
27,250; Ernest  
Mario 20,125;  
and Walter L.  
Robb 78,500.  
Shares of  
Common Stock  
underlying  
options and/or  
warrants are  
deemed  
outstanding and  
beneficially  
owned by such  
director or  
executive  
officer if such  
options and/or  
warrants may be  
exercised within  
60 days of

March 17, 2009,  
regardless of  
whether such  
exercise is  
actually  
effected.

Does not  
include shares  
of Common  
Stock that the  
directors and  
executive  
officers have the  
right to acquire  
through the  
exercise of  
options not  
exercisable  
within 60 days  
of March 17,  
2009, as  
follows: Sol J.  
Barer -0; Robert  
J. Hugin -0;  
David W.  
Gryski -0; Aart  
Brouwer -0;  
Graham Burton  
-0; Michael D.  
Casey 13,875;  
Rodman L.  
Drake 23,875;  
Arthur Hull  
Hayes, Jr.  
13,875; Gilla  
Kaplan 13,875;  
James J.  
Loughlin  
28,875; Ernest  
Mario 32,625;  
and Walter L.  
Robb 13,875.

Pursuant to our current 2008 Stock Incentive Plan, options granted to employees (including executive officers) are immediately exercisable, whether or not they are subject to a vesting schedule (with the shares of Common Stock acquired upon exercise to be held until fully vested); thus executive officers have the right to exercise all options granted within 60 days of March 17, 2009 (and shares underlying all such options are included in the executive officer s beneficial ownership reported in the above table). Options granted to non-employee directors under the 1995 Non-Employee Directors Incentive Plan, as amended and restated as of June 22, 2000 and as further amended

(referred herein as the Directors Incentive Plan) are not immediately exercisable; thus certain options as indicated above that are subject to vesting may not be exercised within 60 days of March 17, 2009 (and shares underlying such options are not included in the applicable director s beneficial ownership amount).

- (2) Includes shares of Common Stock held under our 401(k) Plan as follows: Sol J. Barer 60,758; Robert J. Hugin 12,243; David W. Gryska 227; and Graham Burton 2,768.
- (3) Includes with respect to Dr. Barer
  - (i) 19,774 shares of Common Stock owned by a family foundation of which Dr. Barer is a trustee, (ii) 408,337 shares of Common Stock underlying options that are exercisable within 60 days of

March 17, 2009 held by the Sol Barer 2008 Grantor Retained Annuity Trust, and (iii) 398,523 shares of Common Stock underlying options that are exercisable within 60 days of March 17, 2009 held by the Meryl Barer 2008 Grantor Retained Annuity Trust. Meryl Barer is Dr. Barer s spouse. Dr. Barer disclaims beneficial ownership over shares of Common Stock underlying options held by Meryl Barer s 2008 Grantor Retained Annuity Trust.

(4) Includes with respect to Mr. Hugin 143,857 shares of Common Stock owned by a family foundation of which Mr. Hugin is a trustee and an aggregate of 4,800 shares of Common Stock owned by Mr. Hugin s children.

(5) Includes 22,768 shares of



Common Stock underlying the options that are exercisable within 60 days of March 17, 2009 held by Dr. Kaplan's family trusts. The trustee of the trusts is Dr. Kaplan's brother-in-law and the beneficiaries of the trusts are Dr. Kaplan's immediate family members. Dr. Kaplan disclaims beneficial ownership over the shares of Common Stock underlying options held by the trusts.

- (6) Includes or excludes, as the case may be, shares of Common Stock as indicated in the preceding footnotes and shares of Common Stock subject to options that are currently exercisable or exercisable within 60 days of March 17, 2009.
- (7) Information regarding FMR was obtained from a Schedule 13G/A,

filed by FMR with the SEC on February 17, 2009. Fidelity Management & Research Company ( Fidelity ), a wholly owned subsidiary of FMR and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940 ( Section 203 ), is the beneficial owner of 30,778,171 shares of Common Stock, as a result of acting as an investment adviser to various investment companies. Each of Edward C. Johnson III, FMR s Chairman, and FMR, through its control of Fidelity, and the investment companies has sole power to dispose of 30,778,171 shares of Common Stock. Strategic Advisers, Inc., a wholly-owned subsidiary of FMR and an investment adviser registered

under Section 203, is the beneficial owner of 2,883 shares of Common Stock, as a result of its service as an investment advisor to individuals.

Pyramis Global Advisors, LLC, an indirect wholly-owned subsidiary of FMR and an investment adviser registered under

Section 203, is the beneficial owner of 102,150 shares of Common Stock, as a result of its service as an investment advisor to various institutional accounts, non-U.S. mutual funds or investment companies.

Pyramis Global Advisors Trust Company, an indirect wholly-owned subsidiary of FMR and a bank as defined in Section 3(a)(6) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, is the beneficial owner of 415,804 shares of

Common Stock,  
as a result of its  
serving as  
investment  
manager of  
institutional  
accounts owning  
such shares.

Fidelity  
International  
Limited ( FIL ), an  
investment  
advisor and  
manager to  
various non-U.S.  
investment  
companies and  
institutional  
investors, is the  
beneficial owner  
of 308,161 shares  
of Common  
Stock.

Mr. Johnson is  
the Chairman of  
FIL, and through  
partnerships  
controlled  
predominantly by  
members of his  
family or trusts  
for their benefit,  
has the power to  
vote  
approximately  
47% of FIL  
voting stock. As a  
result of such  
relationships,  
FMR beneficially  
owns 31,607,169  
shares of  
Common Stock,  
and has sole  
dispositive power  
over all  
31,607,169  
shares and sole  
voting power  
over 822,158 of  
such shares.



- (8) Information regarding Janus Capital was obtained from a Schedule 13G/A, filed by Janus Capital with the SEC on February 17, 2009. Such Schedule 13G/A reflects that Janus Capital has an indirect 89.9% ownership stake in INTECH Investment Management ( INTECH ) and an indirect 78.4% ownership stake in Perkins Investment Management LLC ( Perkins ). Due to the above ownership structure, holdings for Janus Capital, INTECH and Perkins were aggregated for purposes of the Janus Capital Schedule 13G/A. Janus Capital, INTECH and Perkins are registered investment advisers, each furnishing investment advice to various investment companies registered under

the Investment Company Act of 1940 and to individual and institutional clients (collectively referred to herein as Managed Portfolios ). As a result of its role as an investment adviser or sub-adviser to the Managed Portfolios, Janus Capital may be deemed to be the beneficial owner of 30,764,355 shares of Common Stock held by such Managed Portfolios. As a result of its role as investment adviser or sub-adviser to the Managed Portfolios, INTECH may be deemed to be the beneficial owner of 4,221,368 shares of Common Stock held by such Managed Portfolios. As a result of its role as investment adviser or sub-adviser to the Managed Portfolios, Perkins may be deemed to be the beneficial owner of 206 shares of Common Stock

held by such  
Managed  
Portfolios. Janus  
Capital has sole  
voting power and  
dispositive power  
over 30,764,355  
shares of  
Common Stock  
and shared voting  
and dispositive  
power over  
4,221,368 shares  
of Common  
Stock with  
INTECH and 206  
shares of  
Common Stock  
with Perkins.

#### **Board Independence**

No director will be deemed to be independent unless the Board of Directors affirmatively determines that the director has no material relationship with us, directly or as an officer, stockholder or partner of an organization that has such a relationship. The Board of Directors observes all criteria for independence established by the Nasdaq Stock Market, or Nasdaq, under its applicable Marketplace Rules. In its annual review of director independence, the Board of Directors has determined that all of our non-employee directors, constituting a majority of all of our directors, may be classified as independent within the meaning of Rule 4200 of the Nasdaq Marketplace Rules. Executive sessions of our independent directors are convened in conjunction with each regularly scheduled Board of Directors meetings.

#### **Board Meetings; Committees and Membership**

The Board of Directors held seven meetings during fiscal 2008. During fiscal 2008, 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 meeting of stockholders. All of our directors attended the 2008 Annual Meeting of stockholders.

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 may be classified as independent within the meaning of Rule 4200 of the Nasdaq Marketplace 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 Audit Committee Charter, the Compensation Committee Charter and the Nominating Committee Charter are available on our website at <http://www.celgene.com> by choosing the Investor Relations link then clicking on the Corporate Governance section.

#### *The Executive Committee*

The Executive Committee's current members are Dr. Sol J. Barer, (Chairman), Michael D. Casey and Ernest Mario, Ph.D. (since June 2008). The Executive Committee did not meet in fiscal 2008. The Executive Committee has and may exercise all of the powers and authority of our full Board of Directors, subject to certain exceptions.



*The Compensation Committee*

The Compensation Committee's current members are Rodman L. Drake (Chairman), Michael D. Casey and James J. Loughlin (since June 2008). The Compensation Committee held five formal meetings and a series of informal meetings during fiscal 2008. The Compensation Committee annually reviews the total compensation package for all executive officers, including the Chief Executive Officer, considers modification of existing compensation and benefit programs and the adoption of new plans and administers the plans and reviews the compensation of non-employee members of the Board of Directors. The Compensation Committee has (i) the full power and authority to interpret the provisions and supervise the administration of our 1986 Stock Option Plan, 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 2000 Stock Incentive Plan, (ii) the full power and authority to administer and interpret the Celgene Corporation 2005 Deferred Compensation Plan, or the Nonqualified Plan, and (iii) the authority to review all matters relating to our personnel.

*The Nominating Committee*

The Nominating Committee's current members are Michael D. Casey (Chairman), Rodman L. Drake and Ernest Mario. The Nominating Committee held five meetings in fiscal 2008. The Nominating Committee determines the criteria for nominating new directors, recommends to the Board of Directors candidates for nomination to the Board of Directors and oversees the evaluation of the Board of Directors. 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 Bylaws and under the section of this proxy statement entitled "Stockholder Nominations." In considering and evaluating such stockholder proposals that have been properly submitted, the Nominating Committee will apply substantially the same criteria that the Nominating Committee believes must be met by a Nominating Committee-recommended nominee as described below. To date, we have not received any recommendation from stockholders requesting that the Nominating Committee consider a candidate for inclusion among the Nominating Committee's slate of nominees in our proxy statement.

In addition, certain identification and disclosure rules apply to director candidate proposals submitted to the Nominating Committee by any single stockholder or group of stockholders that has beneficially owned more than five percent of Common Stock for at least one year, referred to as a Qualified Stockholder Proposal. If the Nominating Committee receives a Qualified Stockholder Proposal with the necessary notice, information and consent provisions as referenced above, the proxy statement to which the Qualified Stock Proposal referred will disclose the name of the proposed candidate and the stockholder (or stockholder group) who recommended the candidate and will also disclose whether or not the Nominating Committee chose to nominate the proposed candidate. However, no such disclosure will be made without the written consent of both the stockholder (or stockholder group) and the proposed candidate to be so identified. The procedures described in this paragraph are meant to establish additional requirements and are not meant to replace or limit stockholders' general nomination rights in any way.

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;
- the knowledge, skills and background of nominees, including experience in relevant functional areas, in light of prevailing business conditions and the knowledge, skills, background and experience already possessed by other members of our Board of Directors;
- familiarity with our business and businesses similar or analogous to ours; and
- financial acumen and corporate governance experience.

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), Walter L. Robb, Arthur Hull Hayes, Jr. and Gilla Kaplan. The Audit Committee held nine meetings in fiscal 2008. Each of Dr. Robb and Mr. Loughlin is an audit committee financial expert within the meaning of the rules of the SEC and, as such, Dr. Robb and Mr. Loughlin satisfy the requirements of Rule 4350 of the Nasdaq Marketplace Rules. The Audit Committee oversees our financial reporting process on behalf of the Board of Directors. In fulfilling its responsibility, the Audit Committee pre-approves, subject to Board approval and stockholder ratification, the selection of 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 controls over financial reporting and disclosure controls and procedures, the overall quality of our financial reporting and our critical accounting policies and to approve any related-party transactions. The Audit Committee's responsibility is to monitor and oversee these processes, including the activities of the 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 of concerns on questionable accounting and auditing matters.

### **Review and Approval of Transactions with Related Persons**

During fiscal 2008, we did not engage in any related person transaction, or series of similar such transactions, which are required to be disclosed pursuant to Regulation S-K, Item 404.

### *Related Person Transaction Policies and Procedures*

At the beginning of each calendar year, each member of our Board of Directors and each company 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 party transactions, it serves two purposes; first, to remind each executive officer and director of their obligation to disclose any related party transaction entered into between themselves (or family members or entities in which they hold an interest) and Celgene that in the aggregate exceeds \$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 during 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**

The current members of the Compensation Committee are Rodman L. Drake, Chairman, Michael D. Casey and James L. Loughlin. Each member is an independent director within the meaning of the Nasdaq listing requirements. There was no interlock among any of the members of the Compensation Committee and any of our executive officers.

### **Code of Ethics**

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

### **Stockholder Nominations**

Our Bylaws 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, however, 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 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 chair persons of any Committee of the Board of Directors, as appropriate.

### **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 Directors' Incentive Plan and the 2008 Stock Incentive Plan, were filed on a timely basis for fiscal 2008, with the following exceptions: (i) Form 4 reports filed on June 24, 2008 with respect to grants of stock options pursuant to our Directors' Incentive Plan to Michael D. Casey, Rodman L. Drake, Arthur Hull Hayes, Jr., Gilla Kaplan, James J. Loughlin, Ernest Mario and Walter L. Robb; (ii) Form 4 report filed on June 25, 2008 with respect to a grant of stock options to Andre Van Hoek; (iii) Form 4 report filed on August 8, 2008 with respect to a termination of a prepaid variable forward arrangements of Richard C.E. Morgan; and (iv) Form 4 report filed on January 5, 2009 with respect to a sale of shares of our Common Stock by Rodman L. Drake.



**EXECUTIVE COMPENSATION**  
**Compensation Discussion and Analysis**

Our Compensation Discussion and Analysis provides an overview and analysis of our compensation programs, the compensation decisions we have made under those programs and the factors we considered in making those decisions. Later in this section, under the heading *Additional Information Regarding Executive Compensation*, we include a series of tables containing specific information about the compensation earned by the following individuals in fiscal 2008, whom we refer to as our Named Executive Officers:

Sol J. Barer, Ph.D., Chief Executive Officer, who joined the Company in September 1987 and assumed this office effective May 1, 2006;

Robert J. Hugin, President and Chief Operating Officer, who joined the Company in June 1999 and assumed this office effective May 1, 2006;

David W. Gryska, Chief Financial Officer, who joined the Company in December 2006 and assumed this office effective December 6, 2006;

Aart Brouwer, Chairman International and Senior Advisor to Celgene Chairman and Chief Executive Officer, who joined the Company in November 2005 and assumed this office effective January 1, 2009; and Graham Burton, MBBS, FRCP, Senior Vice President Global Regulatory Affairs, Pharmacovigilance, Corporate Quality and Compliance, who joined the Company in July 2003 and assumed this office effective July 1, 2003.

This discussion is intended to help you understand the detailed information provided in the tables and to put that information into the context of our overall compensation program.

**Executive Summary**

Our overall compensation goal is to reward our executive officers in a manner that supports our strong pay-for-performance philosophy while maintaining an overall level of compensation that we believe is reasonable, responsible and competitive. We believe this is accomplished through the following principles and processes that we follow in establishing executive compensation:

1. *Benchmarking.* We benchmark executive officer compensation annually against a set of peer group companies that the Compensation Committee reviews each year in order to ensure that our compensation programs are within the competitive range of comparative norms. Our peer group is selected on the basis of employee headcount, industry, revenue, stage of development, complexity and market capitalization.
2. *Target Compensation.* We strive to establish our target total direct compensation (defined as base salary, annual short-term incentive bonus, long-term incentive bonus and equity awards) at the 60<sup>th</sup> percentile of our peer group with the potential to achieve at the 75<sup>th</sup> percentile based upon delivery of corporate and individual performance objectives.
3. *Fiscal 2008 Corporate Performance.* Our fiscal 2008 corporate performance remained strong despite a very challenging external environment and challenges within the healthcare industry. We achieved the following results for fiscal 2008:
  - a. *Total Revenue.* Non-GAAP total revenue increased 59% to \$2.238 billion; GAAP total revenue for fiscal 2008 was \$2.255 billion.
  - b. *Revenue by Product.* REVLIMID<sup>®</sup> net product sales increased 71% to \$1.325 billion; THALOMID<sup>®</sup> (inclusive of Thalidomide Pharmion<sup>™</sup> subsequent to the acquisition of Pharmion Corporation, or Pharmion, on March 7, 2008) net product sales were \$505 million; and VIDAZA<sup>®</sup> net product sales since the acquisition of Pharmion in March 2008 were \$207 million.

- c. *Net Income/Net Loss.* Non-GAAP net income increased to \$719 million; GAAP net loss for fiscal 2008 was \$1.534 billion.
- d. *EPS.* Non-GAAP diluted earnings per share increased to \$1.56; GAAP loss for fiscal 2008 was \$3.46 per diluted share.

On the basis of these performance factors and other corporate and individual performance assessments made by our Compensation Committee, the actual bonus amounts awarded to our Named Executive Officers for fiscal 2008 ranged from 119.5% to 130% of target.

In addition to being viewed as metrics to assess the performance of our Named Executive Officers, non-GAAP financial measures 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. See *Cash Bonus/Performance-Based Incentive Compensation Management Incentive Plan* for more information regarding non-GAAP financial measures.

4. *Performance-Based Compensation.* A significant portion of total direct compensation is in the form of variable performance-based cash and stock-based compensation linked directly to company performance and increasing stockholder value. This structure ensures that there is an appropriate balance between our long- and short-term performance as well as a balance between annual operating objectives and long-term delivery of stockholder return. For fiscal 2008, our variable, short-term compensation comprised 13% of the total compensation target for the Named Executive Officers while long-term compensation ranged between 64% to 71% of their total compensation.
5. *Risk Mitigation.* We do not believe that the performance-based nature of our executive compensation program encourages excessive risk-taking by our Named Executive Officers that would potentially threaten the economic viability the Company. Each component of variable performance-based compensation, both short- and long-term, is subject to a cap. As noted above, a significant portion of the Named Executive Officers' compensation is designed to focus on long-term growth, which ensures focus on the health of our business, the development of a sustainable product pipeline, and the delivery of key performance metrics that will deliver stockholder value over time. Further, effective in fiscal 2009, we added restricted stock units, or RSUs, to our equity program in order to provide an effective incentive award with a strong retention component. Equity awards will be divided between stock options and RSUs based on a two-thirds and one-third mix (respectively) using a three to one ratio of stock options to RSUs in calculating the number of RSUs. In connection with the addition of RSUs, we instituted stock ownership guidelines that encourage our Named Executive Officers to maintain a substantial ownership interest in Celgene, further aligning their interests to those of our stockholders while mitigating the chance of excessive risk-taking.
6. *Employee Benefits.* We do not offer guaranteed retirement, pension benefits or other significant requisite benefits. Instead, we provide our Named Executive Officers with the opportunity to accumulate retirement income through equity awards, the deferral of current compensation into our Nonqualified Plan and participation in our 401(k) plan.

For fiscal 2008, the actual total compensation for our Named Executive Officers ranged from below the 50<sup>th</sup> percentile up to the 75<sup>th</sup> percentile of our peer group. Fifty-six percent of our short-term management incentive plan (MIP) is tied to achievement of financial measures (revenue and diluted earnings per share) while the remaining 44% is tied to achievement of key strategic, research and development and organizational objectives. Our long-term, multi-year incentive plan (LTIP) is tied 100% to achievement of financial measures and as such is focused on maximizing long-term stockholder value. Given our strong company performance and performance relative to industry peers, we believe the level of compensation in effect for fiscal 2008 for the Named Executive Officers was reasonable and appropriate.





### **Compensation Philosophy**

Our overall executive compensation philosophy is set by the Compensation Committee of our Board of Directors and links executive pay primarily to the achievement of short- and long-term financial and strategic corporate performance objectives that are directly related to the achievement of our long-term strategic business plan. Within our philosophy, we seek to be competitive with our peer companies, ensure internal equity and be closely aligned with the interests of our stockholders as described below.

Our executive compensation arrangements, which represent a portion of our corporate-wide total rewards program covering all employees including our Named Executive Officers, are designed to:

- link compensation with corporate performance and stockholder returns over the long-term;
- enable us to compete for talented executives;
- attract, motivate and retain executives who are critical to our long-term success; and
- provide equity compensation to build executive ownership and align financial incentives focused on the achievement of long-term strategic goals (both financial and non-financial). This ensures the long-term health of our business plan in delivering for patients in the area of unmet medical needs as well as ensuring an alignment of executive interests with stockholder interests.

As described below, the components of our executive compensation program are base salary, an annual bonus component linked to key annual (short-term) performance targets (both financial and strategic), a long-term bonus component linked to key three-year performance targets (financial only) and an equity component that aligns our Named Executive Officers' interests with those of our stockholders. In fiscal 2008, we granted equity compensation to our Named Executive Officers in the form of stock options that vest over time, subject to the Named Executive Officer's continued service with us. In addition, certain eligible Named Executive Officers received Company matching contributions under our 401(k) plan, as well as, matching contributions on deferred salary.

Our long-term performance program is directly linked to our long-term strategic plan and is designed to focus our Named Executive Officers on key financial metrics that drive long-term stockholder growth. We deliver compensation only if those financial metrics are met. Corporate and individual performance and compensation levels are evaluated and approved by the Compensation Committee annually to ensure that we maintain a focus on delivering results and stockholder value. In fiscal 2009, the equity compensation provided to our Named Executive Officers will include a mix of stock options that are subject to service-based vesting over the first four years, i.e., 25% on each anniversary, and RSUs that are subject to a three-year, service-based cliff vesting schedule. Both the stock options and RSUs are subject to accelerated vesting in certain limited circumstances.

As further described below, our compensation decisions with respect to the components of executive compensation provided to our Named Executive Officers (including base salary, annual incentives and long-term incentives such as stock options and RSUs) are influenced by:

- the Named Executive Officer's individual role, scope of responsibility and performance during the year;
- corporate performance as measured against our corporate objectives; and
- our assessment of the competitive marketplace, including peer companies.

### **Overview of Compensation Committee**

The Compensation Committee is responsible for overseeing our executive compensation and benefit programs, which include the following plans:

- Our 2008 Stock Incentive Plan;
- The Anthrogenesis Corporation Qualified Employee Incentive Stock Option Plan (no future grant);
- The Signal Pharmaceuticals, Inc. 2000 Equity Incentive Plan (no future grant);

The Pharmion Corporation 2000 Stock Incentive Plan (no future grant);  
Our 1992 Long-Term Incentive Plan (no future grant); and  
Our Nonqualified Plan.

The Compensation Committee's responsibilities include, among others, establishment of the base salary, incentive compensation, equity awards and any other compensation for Named Executive Officers, including our Chief Executive Officer, and the review and approval of the Chief Executive Officer's recommendations for the compensation of certain Named Executive Officers reporting to him. The Compensation Committee relies on the judgment of the Chief Executive Officer regarding setting Named Executive Officers' performance objectives, evaluating the actual performance of each Named Executive Officer against those objectives through the performance review process and recommending appropriate salary and incentive awards through the compensation review process. The Chief Executive Officer participates in Compensation Committee meetings at the request of the Compensation Committee, and provides relevant assessment and explanation supporting his recommendations. Other members of our management as well as certain advisors, including an independent compensation consultant, attend many Compensation Committee meetings at the request of the Compensation Committee. The Compensation Committee ensures that the total compensation paid to our Named Executive Officers is reasonable, competitive and consistent with market practice and the goal of delivering results to our stockholders.

#### **Overview of Compensation Program**

Our short- and long-term executive compensation programs incorporate a pay-for-performance approach that is designed to align the interests of our Named Executive Officers to those of our stockholders. Other than our base salary program, all of our executive cash and stock compensation programs for fiscal 2008 were directly dependent upon the achievement of our performance goals, whether financial, strategic or both.

The compensation package provided to our Named Executive Officers includes:

*Base Salary*, which provides fixed compensation based on competitive market practice.

*Performance-Based Short-Term Incentive Compensation*, which focuses our Named Executive Officers on meeting annual goals that contribute to the overall long-term health of our business. Our short-term incentive program, known as our MIP, is an annual bonus plan that provides variable compensation based on attainment of annual corporate, division functional and individual goals. Payments under our MIP are made in cash.

*Performance-Based Long-Term Incentive Compensation*, is a three-year performance plan whose metrics are solely financial. The LTIP provides a long-term focus and trajectory against business planning and goal achievement and is aligned to stockholder interests in focusing on longer-term financial health and results. Payments under the LTIP may be made in cash or stock, as determined by the Compensation Committee.

*Equity Compensation*, which is designed to reward and motivate our Named Executive Officers by aligning their interests to those of our stockholders and provide them with an opportunity to acquire a proprietary interest in us. Historically, the equity compensation plan has been solely in the form of stock options.

Beginning in fiscal 2009, the award will be granted as a mix of stock options that are subject to service-based vesting over the first four years, i.e., 25% on each anniversary, and RSUs that are subject to a three-year, service-based cliff vesting schedule. Both the stock options and RSUs are subject to accelerated vesting in certain limited circumstances. This change is accompanied by the introduction of stock ownership requirements for all Named Executive Officers.

*401(k) Plan*, to which we make matching contributions in the form of shares of our Common Stock to the accounts of our Named Executive Officers as well as other eligible employees who participate in the plan.

*Deferred Compensation Plan*, which is a nonqualified deferred compensation plan intended to provide competitive market-based retirement benefits. We make matching cash contributions to the accounts of our Chief Executive Officer and President and Chief Operating Officer.

*Perquisites and Other Benefits*, which primarily include health and welfare benefits, professional tax and financial counseling and umbrella insurance premiums.

**Chief Executive Officer**  
**Other Named Executive Officers**

**Determination of Appropriate Pay Levels (Competitive Positioning)**

To establish appropriate pay levels for our Named Executive Officers, we utilize market-based benchmarking. Benchmarking entails comparing compensation paid to key executives at companies that have financial profiles similar to ours (including projected employee headcount, revenues and market value) to help establish our own compensation levels. Market information regarding pay practices at other companies is compiled, reviewed and considered in assessing the reasonableness and competitiveness of the compensation we award to our Named Executive Officers for their contributions.

With the assistance of an independent compensation consultant, Radford Surveys + Consulting, a business unit of Aon Corporation, which we refer to as Radford, we analyze competitive market data every year. Data sources include public company proxy statements and third-party industry compensation surveys. The benchmarking information we obtain is used to determine our competitive position among similarly situated companies in the marketplace and to set our targeted pay at a competitive range relative to our peers.

Radford recommended and the Compensation Committee approved a comparison group of companies that we believe best represents the companies in our industry that compete with us for executive talent. In February 2008, Radford completed a competitive market analysis of the compensation levels of all Named Executive Officers relative to the market based on the compensation paid by the following 12 companies: Allergan, Amgen, Amylin Pharmaceuticals, Biogen Idec, Cephalon, Forest Labs, Genentech, Genzyme, Gilead Sciences, Millennium Pharmaceuticals, Sepracor and Vertex. However, in October 2008, as a result of changes in our profile and stage of product development activities, Radford, in collaboration with management, recommended certain changes to the peer group which included the removal of Millennium Pharmaceuticals (due to its acquisition) and the addition of OSI Pharmaceuticals to replace Forest Labs which better reflected our high-growth profile. Based upon Radford's recommendation, this revised peer group was approved by the Compensation Committee at its October 2008 meeting. Our peer group currently consists of the following companies, which were selected on the basis of employee headcount, industry, revenue, stage of development, complexity and market capitalization:

- Allergan
- Amgen
- Amylin Pharmaceuticals
- Biogen Idec
- Cephalon
- Genentech
- Genzyme
- Gilead Sciences
- OSI Pharmaceuticals
- Sepracor
- Vertex

In December 2008, this peer group was used in the evaluation of fiscal 2008 cash and equity compensation for the Chief Executive Officer and the other Named Executive Officers, relying on 2008 public filings for specific peers. In addition, the Compensation Committee also considered information in the following surveys: 2008 Radford Global Life Sciences Survey, 2008 Towers Perrin U.S. CBD Pharmaceutical Executive Database, and 2008 SIRS Executive Compensation Survey. Beginning with the December 2008 analysis, we placed greater emphasis on pharmaceutical industry surveys rather than biotechnology industry surveys when reviewing and analyzing our market data, given (among other criteria) the growth of our market capitalization, headcount, revenue and our staffing profile.

Based on Radford's peer group analysis, the compensation levels of the Named Executive Officers relative to those of the executives of each of the companies in the peer group for fiscal 2008 were as follows:

Elements of Compensation	Peer Group Benchmarks (Market Percentile)				
	Sol J. Barer	Robert J. Hugin	David W. Gryska	Aart Brouwer	Graham Burton
Target Total Cash Compensation (base salary plus target bonus opportunity)	Below 50th percentile <i>(adjusted to 60th percentile in 2009)</i>	Above 75th percentile	At 60th percentile	Below 50th percentile	At 60th percentile
Target Total Direct Compensation (includes base salary, target bonus opportunity and annual long-term incentives)	Below 50th percentile <i>(adjusted to 60th percentile in 2009)</i>	Above 75th percentile	At 60th percentile	Below 60th percentile	At 60th percentile

The Compensation Committee generally intends that the target compensation for each Named Executive Officer will be at the 60<sup>th</sup> percentile of the competitive market with the potential to be at the market 75<sup>th</sup> percentile for outstanding performance. Based on Radford's peer group analysis completed in December 2008, the cash compensation levels for our Named Executive Officers are generally aligned with the market 60<sup>th</sup> percentile while equity values approximate the market 75<sup>th</sup> percentile. The exception was Dr. Barer, whose total direct compensation approximated less than the market 50<sup>th</sup> percentile.

The Compensation Committee generally seeks to align our Named Executive Officers' compensation with the competitive market while recognizing corporate and individual performance. In order to better align Dr. Barer's compensation with the market, his performance as reflected in our corporate results, including revenue growth, earnings per share, or EPS, and total stockholder value, the following adjustments to Dr. Barer's compensation have been made for fiscal 2009:

A base salary increase of \$130,000 to bring his base salary just below the 60<sup>th</sup> percentile;

An increase in his short-term MIP bonus target to 120% of his base salary; and

An increase in his LTIP bonus target to 125% of his base salary.

However, with respect to both variable components of Dr. Barer's pay under the MIP and the LTIP, the maximum payout was not increased, so that neither his total MIP bonus nor his total LTIP payout can exceed 200% of target or base salary, respectively. Consistent with the analysis and market comparables, Dr. Barer's fiscal 2009 equity grant will be 176,667 stock options and 29,444 RSUs. This award reflects the pre-established split adopted in fiscal 2009 by the Compensation Committee under our 2008 Stock Incentive Plan, where a Named Executive Officer will receive his annual award two-thirds in stock options and one-third in RSUs. While Dr. Barer's base salary still remains below the 60<sup>th</sup> percentile, this adjustment better aligns his pay to the corporate performance he has delivered. The Compensation Committee preferred to further reflect adjustment to his total direct compensation in his variable components to align exclusively to corporate performance achievement. The other Named Executive Officers have received base salary adjustments for fiscal 2009 reflecting the achievement of fiscal 2008 corporate objectives, individual performance and changes in their roles and responsibilities.

The Compensation Committee reviews each element of compensation as well as the overall compensation package in a manner designed to enable us to compete for key talent, to motivate and retain our Named Executive Officers and to reward them for their achievement of key short- and long-term corporate financial and strategic objectives. Importantly, our compensation program is designed to deliver compensation that is commensurate with the level of performance achieved and is intended to ensure that the interests of our stockholders are reflected in our overall compensation philosophy. The Compensation Committee considers the following factors in determining the level of compensation awarded to each Named Executive Officer:

- Overall performance, including performance against corporate, functional and individual objectives;
- Overall job responsibilities, including organizational scope and impact as well as unique competencies and experience necessary to support our long-term performance;
- Performance of general management responsibilities, global objectives and execution of company financial and strategic objectives and contributions to our continuing success; and
- Our overall financial performance and position.

In December 2008, the Compensation Committee, based on Radford's competitive market analysis and recommendations, made adjustments to the Named Executive Officers' compensation in order to align their overall compensation with the market 60<sup>th</sup> percentile. This generally included increases to base salaries, bonus targets and target stock option awards as follows:

Sol J. Barer, Ph.D.: Dr. Barer's base salary has been increased by \$130,000 to \$1,101,000 to bring his compensation to the market 60<sup>th</sup> percentile. In addition, Dr. Barer's target bonus under the MIP has been increased to 120% of base salary in order to bring his target bonus to the market 60<sup>th</sup> percentile. Dr. Barer's compensation increases align his pay closer to our stated pay philosophy and is justified by competitive market data. Additionally, Dr. Barer's LTIP target has been increased to 125%. In addition, his equity award is 176,667 stock options and 29,444 RSUs beginning with the April 14, 2009 grant.

Robert J. Hugin: Mr. Hugin's base salary has been increased by \$30,000 to \$780,000 even though his base salary approximated the market 75<sup>th</sup> percentile. This adjustment reflects Mr. Hugin's broad organizational role and significant impact within our structure and strategic direction. However, because Mr. Hugin's target bonus approximates the market 75<sup>th</sup> percentile, no adjustment to his target bonus under the MIP or the LTIP has been made. In addition, his equity award is 100,000 stock options and 16,667 RSUs beginning with the April 14, 2009 grant.

David W. Gryska: Mr. Gryska's base salary has been increased by \$50,000 to \$530,000 to bring his compensation to the market 60<sup>th</sup> percentile. However, because Mr. Gryska's target bonus approximates the market 60<sup>th</sup> percentile, no adjustment to his target bonus has been made. In addition, his equity award is 43,333 stock options and 7,222 RSUs beginning with the April 14, 2009 grant.

Aart Brouwer: Mr. Brouwer's base salary has been decreased by 128,949 Swiss francs to 500,000 Swiss francs (or \$462,963 based on the 2008 average exchange rate of approximately 1.08 Swiss francs per U.S. dollar) to reflect his new job responsibilities discussed below. Mr. Brouwer's target bonus has been set at 340,000 Swiss francs (or \$314,815 based on the 2008 average exchange rate of approximately 1.08 Swiss francs per U.S. dollar). In addition, his equity award is 16,667 stock options and 2,778 RSUs beginning with the April 14, 2009 grant.

Graham Burton, MBBS, FRCP: Dr. Burton's base salary has been increased by \$25,000 to \$475,000 which reflects both a merit and market adjustment to bring his compensation to the market 60<sup>th</sup> percentile. In addition, Dr. Burton's target bonus under the MIP has been increased to 55% of base salary in order to bring his target bonus to the market 60<sup>th</sup> percentile. These adjustments reflect not only a merit-based adjustment based on individual performance, but also Dr. Burton's responsibility for global regulatory affairs, pharmacovigilance, corporate quality and compliance. In addition, his equity award is 33,333 stock options and 5,556 RSUs beginning with the April 14, 2009 grant.

Despite the current economic environment, the Compensation Committee determined that these changes were appropriate in light of our strong performance and the relevant market data. In addition, for our Named Executive Officers, the mix of compensation generally is weighted toward at-risk pay (annual incentives and long-term

incentives). Maintaining this pay mix results in a pay-for-performance orientation for our Named Executive Officers, which is aligned to our stated compensation philosophy of providing compensation commensurate with overall delivery of corporate performance.

### **Timing of Compensation**

As discussed elsewhere, compensation for our Named Executive Officers, including base salary adjustments, incentive plan eligibility, incentive plan goal specifications and incentive plan payments, is established annually (usually in the first quarter) and is reviewed periodically throughout the year. Awards of options to purchase shares of our Common Stock currently are granted under our 2008 Stock Incentive Plan on a quarterly basis. Beginning in fiscal 2009, RSUs will be granted annually and are subject to a three-year, service-based cliff vesting schedule to certain employees, including our Named Executive Officers. To derive the number of RSUs granted, the target number of stock options is divided between a mix of stock options and RSUs based on a two-thirds and one-third mix (respectively) using a three to one ratio of stock options to RSUs in calculating the number of RSUs. The actual grant of stock options is based on Company's and the individual's performance during the prior year. All stock option grant dates are approved by the Compensation Committee for the Named Executive Officers in December of the year preceding the year the grants are awarded; grant dates are scheduled in advance without regard to any anticipated earnings or other major announcement by the Company. These dates are set forth for fiscal 2008 in the Grants of Plan-Based Awards Table. The exercise price of each stock option granted under our 2008 Stock Incentive Plan is the closing price of our Common Stock on the date of quarterly grant. Our matching contributions under our 401(k) Plan and Nonqualified Plan are pre-established, as further discussed under the headings "2008 Executive Compensation Components-Matching 401(k) Plan Benefits" and "2008 Executive Compensation Components-Matching Nonqualified Deferred Compensation Plan" and are usually granted in the first quarter of each year for services rendered in the preceding year (for the 401(k) Plan) and bimonthly (for the Nonqualified Plan).

### **Stock Ownership Requirements**

In connection with the Compensation Committee's decision to change the mix of equity awards by adding RSUs in fiscal 2009, we have also implemented minimum stock ownership guidelines to be achieved within a five-year period of our adoption of the guidelines. These guidelines provide for target stockholdings in an amount equal to three times base salary for Dr. Barer and Mr. Hugin and one times base salary for Messrs. Gryska and Brouwer and Dr. Burton. Such guidelines will be deemed satisfied if the Named Executive Officer 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 Named Executive Officer becomes subject to the guidelines. In determining whether a Named Executive Officer meets the guidelines, we consider owned shares, vested restricted or deferred stock units and vested shares held in the Named Executive Officer's 401(k) plan account, but we do not consider stock options. Although not yet required, as of April 14, 2009, Dr. Barer and Mr. Hugin met such stock ownership guidelines.

In addition, we maintain a comprehensive securities trading policy which provides, among other things, that Celgene employees who obtain material, non-public information regarding Celgene may not: disclose or trade on such information, transact in derivative securities of Celgene without prior written consent of the Chief Executive Officer, short sell Celgene securities, buy or sell Celgene securities during any blackout period, or hold Celgene stock in a margin account or pledge Celgene stock as collateral for a loan without consulting the Treasurer or the Chief Financial Officer of the Company. Individuals classified as "insiders" (which include the Named Executive Officers) and their family members generally may not buy or sell Celgene securities without our prior approval, except under approved 10b5-1 trading plans. To our knowledge, our Named Executive Officers comply with the policy, and none of our Named Executive Officers currently holds our stock in a margin account or has used our stock as collateral for a loan.

### **2008 Executive Compensation Components**

For fiscal 2008 the principal components of compensation for our Named Executive Officers were:

- base salary;
- cash bonus/performance-based incentive compensation;
- equity grants under our 2008 Stock Incentive Plan;
- matching contributions to the accounts of the Named Executive Officers who participated in our 401(k) Plan;
- matching contributions to accounts of our Chief Executive Officer and President and Chief Operating Officer who participate in our Nonqualified Plan; and



other benefits, which primarily include health and welfare benefits, professional tax and financial counseling and umbrella insurance premiums.

*Base Salary*

Salaries are intended to be competitive relative to the biotechnology and pharmaceutical industries, industries in which we compete for our highly skilled talent. Requisite breadth and depth of experience and performance achievement are considered when setting salary ranges for each position. Annual reviews are held and adjustments are made based on attainment of individual goals and market-wide changes in salaries for comparable positions and qualifications.

During the review of fiscal 2008 base salaries for our Named Executive Officers, the following factors were considered by the Compensation Committee:

- market data provided by compensation surveys;
- review of each Named Executive Officer's compensation relative both to our other Named Executive Officers and to executive officers of peer companies; and
- individual performance of each Named Executive Officer.

We have entered into employment contracts with each of Dr. Barer and Mr. Hugin, effective May 1, 2006, which were further 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. We have also entered into a letter agreement with Dr. Burton effective June 2, 2003, further amended April 2, 2008, and an employment agreement with Mr. Brouwer effective November 1, 2008 and a letter agreement with Mr. Gryska effective December 6, 2006, further amended April 2, 2008. Mr. Brouwer's employment agreement was updated to reflect his new position, the cash compensation provisions of which were effective on January 1, 2009, the effective date of his change in responsibilities. These employment and letter agreements specify an annual base salary for each of the Named Executive Officers. Other than the changes concerning Mr. Brouwer's new position, no material modification was made to any of the employment agreements with the Named Executive Officers since January 1, 2008. Other than with respect to Dr. Barer and Mr. Hugin, none of our Named Executive Officers is entitled to a golden parachute (280G) excise tax gross-up. Although Dr. Barer and Mr. Hugin are entitled to a modified tax gross-up (*i.e.*, only if amounts paid in connection with a change in control is in excess of 105% of the greater amount that could be paid without triggering the excise tax), neither would have received an excise tax gross-up had a change in control occurred on December 31, 2008. We discuss the terms and conditions of these agreements elsewhere in this proxy statement under the heading *Additional Information Regarding Executive Compensation-Employment Agreements*.

*Cash Bonus/Performance-Based Incentive Compensation*

General

In addition to base salaries, the total cash compensation for our Named Executive Officers in fiscal 2008 included an annual bonus payable under our MIP and our LTIP.

Under the MIP, each of Dr. Barer, Messrs. Hugin and Gryska and Dr. Burton was eligible to receive an annual target incentive bonus for fiscal 2008 of 100%, 75%, 60% and 50%, respectively, and is eligible to receive an annual target incentive bonus for fiscal 2009 of 120%, 75%, 60% and 55%, respectively, of his annual base salary, all of which was approved by the Compensation Committee. As discussed above, the target bonus percentages for Dr. Barer and Dr. Burton were increased as a result of our benchmarking process in fiscal 2009. The annual target incentive bonus for Mr. Brouwer was 50% of base salary for fiscal 2008 and is \$314,815 for fiscal 2009.

Under the LTIP, each of Dr. Barer, Messrs. Hugin and Gryska and Dr. Burton is eligible to receive a target incentive bonus for each of the three separate three-year performance cycles (*i.e.*, 2007-2009, 2008-2010 and 2009-2011) described below. Mr. Brouwer is eligible to receive a target incentive bonus for the 2007-2009 and 2008-2010 performance cycles. These bonus targets are expressed as a percentage of the Named Executive Officer's annual base salary, in each case as approved by the Compensation Committee, and are as follows:

<b>Named Executive Officer</b>	<b>2007</b>	<b>2009</b>	<b>2008</b>	<b>2010</b>	<b>2009</b>	<b>2011</b>
Sol J. Barer, Ph.D.		100%		100%		125%
Robert J. Hugin		100%		100%		100%
David W. Gryska		50%		100%		100%
Aart Brouwer (1)		50%		50%	Not	Eligible
Graham Burton, MBBS, FRCP		50%		50%		50%

(1) It is anticipated that Mr. Brouwer will retire at the end of fiscal 2010 and therefore is not a participant in the 2009-2011 LTIP, given his reduced responsibilities.

The differences among the bonus targets reflect plan design, each of the Named Executive Officer's organizational impact and responsibility and are consistent with our benchmarking process and analysis described above. The maximum payout under the LTIP ranges from 100% to 200% of annual base salary at the time of plan approval and the minimum payout is zero.

Based on an analysis prepared by Radford, we are positioned in the top two quartiles of our peer group for financial performance in one- and three-year revenue growth and in total stockholder return. In addition, we are generally positioned in the top quartile for diluted earnings per share three-year growth. As described more fully below, the performance targets for our short- and long-term incentive compensation plans were exceeded as a result of this growth and achievement.

#### Management Incentive Plan

The MIP is designed to provide variable short-term cash compensation to our Named Executive Officers and certain other employees upon attainment of annual corporate, division and individual goals. Each Named Executive Officer's goals are set annually by the Compensation Committee and are based upon our business plan for that year. Awards granted under the MIP may be higher or lower than the executive officer's annual bonus target for each year and are based on achievement of corporate objectives and achievement of individual performance objectives. The maximum total bonus payout under the MIP is 200% of the annual bonus target and the minimum total bonus payout is zero. Dr. Barer's total bonus payout under the MIP cannot exceed 200% of his annual earned base salary.

Awards generally are payable on the last payroll payment date in February. If a Named Executive Officer retires, has any extended period of absence (such as sick leave or personal leave) or dies, the MIP award will be pro-rated based on the Named Executive Officer's earned annual base salary.

For fiscal 2008, Dr. Barer and Messrs. Hugin and Gryska received a cash bonus payment entirely determined by the achievement of corporate goals. Mr. Brouwer and Dr. Burton received a cash bonus payment determined 80% on the achievement of corporate goals and 20% on the achievement of individual goals, as evaluated by the Compensation

Committee in its sole discretion. For fiscal 2008, as a result of our significant growth and achievements in the past year, the Compensation Committee determined that the MIP was satisfied at 119.5% of target (revised in mid-2008 to reflect the acquisition of Pharmion).

Performance measures for fiscal 2008 were based on the following components, which were weighted as follows:

- 28% on non-GAAP diluted EPS of \$1.56;

- 28% on non-GAAP total revenue of \$2.238 billion; and

- 44% on non-financial objective milestones, which were weighted as follows:

  - 14% on the clinical advancement of REVLIMID® (partially achieved);

  - 7% on further clinical development of other product candidates (achieved);

  - 7% on research and development findings (achieved);

  - 7% on further regulatory advancement of REVLIMID®, apremilast and VIDAZA® (achieved); and

  - 9% on specific milestones related to further international and corporate developments important to support our successful long-term health and growth (achieved).

Our total results achieved as compared to target (revised in mid-2008 to reflect the acquisition of Pharmion) for fiscal 2008 were 119.5%, which includes financial performance of 133.9% and non-financial performance of 101%, with weighted scores of 75% and 44.5%, respectively. Past year financial achievements include non-GAAP diluted EPS of \$1.56 (a score of 121% achieved) and non-GAAP total revenue of \$2.238 billion (a score of 146% achieved). Among the achievements in the clinical area are multiple patient accruals on key strategic studies, both domestically and internationally, clinical pipeline advancements in key products, and the advancement of multiple clinical compounds. Our regulatory function obtained label expansion for VIDAZA<sup>®</sup> in the United States and in December 2008 VIDAZA<sup>®</sup> was granted full marketing authorization by the European Commission for the treatment of adult patients with myelodysplastic syndromes, or MDS. In the area of research, we defined a rationale for REVLIMID<sup>®</sup> efficacy in two additional indications and advanced four out of seven discovery projects. In addition, under corporate and international objectives, we met all key financial and non-financial deliverables of the Pharmion integration. Financial measures that are not defined by generally accepted accounting principles (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. Certain unusual or non-recurring items that management does not believe affect our basic operations 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 \$2.238 billion vs. GAAP total revenue of \$2.255 billion in fiscal 2008.* The difference between the two figures is attributable to sales related to former non-core products of our wholly-owned subsidiary, Pharmion LLC, which are to be divested. Such sales are excluded from the non-GAAP figure, but included in the GAAP figure.

*Non-GAAP net income of \$719 million vs. GAAP net loss of \$1.534 billion in fiscal 2008.* The difference between the two figures is primarily attributable to (i) the in-process research and development charge related to our acquisition of Pharmion on March 7, 2008, (ii) the purchase of VIDAZA<sup>®</sup> royalty obligations related to unapproved forms, (iii) the Pharmion inventory step-up adjustment to fair value expensed during the period, (iv) the effects of charges for share-based employee compensation expense associated with the application of the Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123 (revised 2004), Share Based Payment (SFAS No. 123R), (v) research charges related to certain collaborative arrangements and (vi) adjustments to the income tax provision for the tax effect of these items. Each of the items (i) through (vi) are excluded from the non-GAAP figure, but included in the GAAP figure.

*Non-GAAP diluted earnings per share of \$1.56 vs. GAAP loss of \$3.46 per diluted share in fiscal 2008.* The difference between the two figures is primarily attributable to the effect of items (i) through (vi) listed above on the numerator and the effect of increasing the diluted weighted average shares as a result of the change from a net loss to net income on the denominator of the diluted earnings per share calculation. Each of the 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 2008, see Appendix B.

Under the MIP, the Compensation Committee is required to 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 generally accepted accounting principles.

In December 2007, the Compensation Committee preliminarily determined that the non-GAAP diluted EPS, non-GAAP total revenue and certain non-financial measures were appropriate measures for use in the fiscal 2008 MIP as each provides management focus on and an incentive to increase revenues, while meeting a non-GAAP diluted EPS objective. This balanced with our long-term objective of maintaining a significant research and development reinvestment rate fuels our long-term growth. At its February 2008 meeting, the Compensation Committee approved these targets for the 2008 MIP.

In setting these objectives, we considered our fiscal 2007 performance and established the fiscal 2008 targets considering our long-term strategic plan and our commitment to deliver strong financial results to our stockholders.

In determining the MIP bonuses, each of the Named Executive Officer's actual target modifier was calculated by adding the Named Executive Officer's corporate target and the individual target (if applicable) as follows:

Named Executive Officer	Corporate	Individual	Actual Target Modifier
	Weighting X Corporate Score	Weighting X Individual Score	
Sol J. Barer, Ph.D.	100% x 119.5		119.5%
Robert J. Hugin	100% x 119.5		119.5%
David W. Gryska	100% x 119.5		119.5%
Aart Brouwer	80% x 119.5	20% x 130	121.6%
Graham Burton, MBBS, FRCP	80% x 119.5	20% x 100	115.6%

We have disclosed the annual target incentive bonus for the fiscal 2009 MIP as a percentage of annual base compensation for each Named Executive Officer. Additionally, below are the financial and several of the non-financial targets for the fiscal 2009 annual MIP:

56% Financial Objectives

28% on non-GAAP total revenue Range of \$2.6 billion to \$2.7 billion<sup>(1)</sup>

28% on non-GAAP diluted EPS Range of \$2.05 to \$2.15 per share<sup>(1)</sup>

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

Advancement of marketed products REVLIMID<sup>®</sup> in myeloma and MDS and VIDAZA<sup>®</sup> in MDS

Advancement of late stage products

Clinical advancement of early stage products

Advancement of preclinical and translational development of drug candidates and marketed products REVLIMID<sup>®</sup> and VIDAZA<sup>®</sup>

Advancement of specific milestones related to furthering international and corporate developments and key organizational development initiatives

- (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 FDA and other regulatory authorities, and those other factors detailed in our filings with the SEC such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

We have not disclosed all of the non-financial performance targets for the fiscal 2009 MIP performance period because we believe that disclosing certain performance targets for the plan will result in competitive harm to us. Such information represents confidential business information that could place us at a competitive disadvantage because it provides insight into our strategic long-term and financial goals including, the development of our proprietary pipeline and research strategies, our clinical development plans, our regulatory strategies and our international expansion plans. The Compensation Committee approves each plan year's cycle metric under the MIP to ensure an accelerated and ongoing degree of difficulty commensurate with our short and long-term business plan.

#### Long-Term Incentive Plan

The LTIP is designed to provide our Named Executive Officers and other key employees with long-term performance-based incentive opportunities contingent upon achievement of pre-established corporate performance objectives. Another goal of the LTIP is to create focus on key long-term objectives while creating a retention vehicle to promote management continuity in key functional areas. To qualify for an award under the LTIP, our Named Executive Officers must work each year of a three-year period which we refer to as a performance cycle. However, if a Named Executive Officer's employment is terminated during the performance period due to the Named Executive Officer's death, permanent disability or retirement (subject to the approval by the Compensation Committee), then the Named Executive Officer is entitled to receive a pro rata LTIP amount upon termination solely based on actual LTIP performance of each performance cycle. In addition, if we have a change in control participants are entitled to an immediate payment equal to their target award, or if higher, an award based on actual performance through the date of the change in control for each performance cycle.

At the end of a three-year performance cycle, the Compensation Committee evaluates the performance of our Named Executive Officers during the last year of the three-year performance cycle against the plan targets. To the extent established targets under the LTIP are not achieved, no LTIP payment will be awarded for such performance cycle. Awards for the 2006-2008 performance cycle were paid in cash to each of our Named Executive Officers in the first quarter of fiscal 2009 based on our achievement of 161%, as a result of our significant achievements over the performance cycle.

We currently have three separate three-year performance cycles running concurrently ending December 31, 2009, 2010 and 2011, for the performance periods 2007-2009, 2008-2010 and 2009-2011, respectively. Performance measures for each of these cycles are based on performance delivered against the following plan components achieved over the last year of the three-year cycle and culminating in the achievement of the final plan year forecasted target of: 25% on non-GAAP EPS, 25% on non-GAAP net income and 50% on non-GAAP revenue. For purposes of the 2006-2008 performance period, non-GAAP EPS, non-GAAP net income and non-GAAP revenue have the same meanings as defined above.

We have disclosed the LTIP compensation targets for the 2006-2008, 2007-2009, 2008-2010 and 2009-2011 performance cycles below, and we have disclosed the results achieved for 2006 through 2008 below and in our public filings. However, we have not disclosed the specific performance targets under the LTIP because we believe that disclosing performance targets will result in competitive harm to us. Such information represents confidential business information that could place us at a competitive disadvantage because it provides insight into our long-term performance and financial goals. The LTIP is unique among our peers and provides a competitive retention vehicle with a focus on delivery of long-term corporate performance. As a result, we believe that disclosing the targets will give our competitors insight into the plan and thus an unfair advantage in potentially enticing and recruiting our leadership talent. The Compensation Committee approves each plan year's cycle metric under the LTIP to ensure an accelerated and ongoing degree of difficulty commensurate with our long-term business plan.



For each of the above-described performance cycles, awards are expressed in the range of 0% to 200% of the Named Executive Officer's individual annual base salary, and bonus targets within the range are adopted by the Compensation Committee. The potential payouts under the LTIP for the 2006-2008 performance period were as follows:

<b>Name (1)</b>	<b>Threshold (2)</b>	<b>Target (3)</b>	<b>Maximum (4)</b>
Sol J. Barer, Ph.D.	\$ 324,500	\$ 649,000	\$ 1,298,000
Robert J. Hugin	\$ 284,000	\$ 568,000	\$ 1,136,000
Aart Brouwer	\$ 112,500	\$ 225,000	\$ 450,000
Graham Burton, MBBS, FRCP	\$ 100,048	\$ 200,095	\$ 400,190

- (1) Mr. Gryska was not eligible to participate in the LTIP for the 2006-2008 performance period because he was not employed by us until December 2006.
- (2) The threshold payout was 50% of base salary for Dr. Barer and Mr. Hugin and 25% of base salary for Mr. Brouwer and Dr. Burton.
- (3) The target payout was 100% of base salary for Dr. Barer and Mr. Hugin and 50% of base salary for Mr. Brouwer and Dr. Burton.
- (4) The maximum payout was 200% of base salary for Dr. Barer and

Mr. Hugin and  
100% of base  
salary for  
Mr. Brouwer and  
Dr. Burton.

These amounts were based on the Named Executive Officers' base salaries in effect on February 1, 2006 as follows: Dr. Barer, \$649,000; Mr. Hugin, \$568,000; and Dr. Burton, \$400,190. Pursuant to our 2008 Stock Incentive Plan, LTIP awards are payable, at the discretion of the Compensation Committee, either in cash or shares of Common Stock (the number of shares would be based on the cash amount divided by the fair market value of our Common Stock at the time of payment).

The potential payouts, expressed as the Named Executive Officer's base salary multiplied by the applicable percentage (threshold, target or maximum), under the LTIP for the 2007-2009 performance period are as follows:

<b>Name</b>	<b>Threshold (1)</b>	<b>Target (2)</b>	<b>Maximum (3)</b>
Sol J. Barer, Ph.D.	\$ 375,000	\$ 750,000	\$ 1,500,000
Robert J. Hugin	\$ 313,000	\$ 626,000	\$ 1,252,000
David W. Gryska	\$ 112,500	\$ 225,000	\$ 450,000
Aart Brouwer	\$ 112,500	\$ 225,000	\$ 450,000
Graham Burton, MBBS, FRCP	\$ 104,050	\$ 208,100	\$ 416,200

(1) The threshold payout is 50% of base salary for Dr. Barer and Mr. Hugin and 25% of base salary for Messrs. Gryska and Brouwer and Dr. Burton.

(2) The target payout is 100% of base salary for Dr. Barer and Mr. Hugin and 50% of base salary for Messrs. Gryska and Brouwer and Dr. Burton.

(3) The maximum payout is 200% of base salary for Dr. Barer and Mr. Hugin and 100% of base salary for Messrs. Gryska

and Brouwer  
and Dr. Burton.

The potential payouts, expressed as the Named Executive Officer's base salary multiplied by the applicable percentage (threshold, target or maximum), under the LTIP for the 2008-2010 performance period are as follows:

<b>Name</b>	<b>Threshold (1)</b>	<b>Target (2)</b>	<b>Maximum (3)</b>
Sol J. Barer, Ph.D.	\$ 437,500	\$ 875,000	\$ 1,750,000
Robert J. Hugin	\$ 350,000	\$ 700,000	\$ 1,400,000
David W. Gryska	\$ 225,000	\$ 450,000	\$ 900,000
Aart Brouwer	\$ 137,624	\$ 275,248	\$ 550,496
Graham Burton, MBBS, FRCP	\$ 108,212	\$ 216,423	\$ 432,846

(1) The threshold payout is 50% of base salary for Dr. Barer and Messrs. Hugin and Gryska and 25% of base salary for Mr. Brouwer and Dr. Burton.

(2) The target payout is 100% of base salary for Dr. Barer and Messrs. Hugin and Gryska and 50% of base salary for Mr. Brouwer and Dr. Burton.

(3) The maximum payout is 200% of base salary for Dr. Barer and Messrs. Hugin and Gryska and 100% of base salary for Mr. Brouwer and Dr. Burton.

The potential payouts, expressed as the Named Executive Officer's base salary multiplied by the applicable percentage (threshold, target or maximum), under the LTIP for the 2009-2011 performance period are as follows:

<b>Name (1)</b>	<b>Threshold (2)</b>	<b>Target (3)</b>	<b>Maximum (4)</b>
Sol J. Barer, Ph.D.	\$ 485,500	\$ 1,213,750	\$ 1,942,000
Robert J. Hugin	\$ 375,000	\$ 750,000	\$ 1,500,000
David W. Gryska	\$ 253,500	\$ 507,000	\$ 1,014,000
Graham Burton, MBBS, FRCP	\$ 112,500	\$ 225,000	\$ 450,000

(1) Due to his anticipated retirement at the end of fiscal 2010 and his reduced responsibilities, Mr. Brouwer is not eligible for the 2009-2011 LTIP cycle.

(2) The threshold payout is 50% of base salary for Dr. Barer and Messrs. Hugin and Gryska and 25% of base salary for Dr. Burton.

(3) The target payout is 125% of base salary for Dr. Barer, 100% of base salary for Messrs. Hugin and Gryska and 50% of base salary for Dr. Burton.

(4) The maximum payout is 200% of base salary for Dr. Barer and Messrs.

Hugin and  
 Gryska and  
 100% of base  
 salary for  
 Dr. Burton.

In December 2005, the Compensation Committee determined that the non-GAAP diluted EPS, non-GAAP net income and non-GAAP total revenue were appropriate measures for the LTIP three-year cycle which ended on December 31, 2008, as each financial measurement provides management focus and incentive to increase non-GAAP revenues and non-GAAP net income while meeting the non-GAAP EPS objective. See Cash Bonus/Performance-Based Incentive Compensation Management Incentive Plan for more information regarding non-GAAP financial measures.

Accordingly, the Compensation Committee approved the performance measures of the 2006-2008 LTIP, consisting of three financial performance objectives: (1) a pre-established non-GAAP diluted EPS target, (2) a pre-established non-GAAP net income target and (3) a pre-established non-GAAP revenue target. At the time the Compensation Committee established the 2006-2008 LTIP performance measures and targets, these targets represented a significant increase over our 2005 results. These targets were designed to be aligned with our long-term strategic plan and our ongoing commitment to deliver superior financial results to our stockholders.

Performance results for 2006-2008 LTIP were as follows:

- weighting of 25% on non-GAAP diluted EPS (achieved 104% of target);
- weighting of 25% on non-GAAP net income (achieved 111% of target); and
- weighting of 50% on non-GAAP total revenue (achieved 149% of target).

<b>Measure</b>	<b>Results</b>	<b>Total</b>
Non-GAAP diluted EPS	\$ 1.56	28%
Non-GAAP net income	\$ 718,761	33%
Non-GAAP total revenue	\$ 2,237,816	100%
	<b>Total Score</b>	<b>161%</b>

2008 MIP and LTIP Payments

The goals of the MIP are both financial and strategic; the goals of the LTIP are financial. Both the MIP and LTIP are designed to promote short- and long-term achievement of key corporate objectives and milestones that focus on stockholder return and link a significant portion of compensation to variable and equity-based awards. Achievement of these goals is substantially uncertain at the time such goals are established.

The following payouts of the aggregate incentive awards for the fiscal 2008 MIP and the 2006 2008 LTIP performance cycle were approved by the Compensation Committee on February 18, 2009:

Name	MIP Payments (Overall 119.5%	LTIP Payments (161%	Total
	Achievement)	Achievement)	Payments (1)
Sol J. Barer, Ph.D.	\$ 1,122,105	\$ 1,044,890	\$ 2,166,995
Robert J. Hugin	\$ 657,250	\$ 914,480	\$ 1,571,730
David W. Gryska	\$ 350,925		\$ 350,925
Aart Brouwer (2)	\$ 352,079	\$ 392,783	\$ 744,862
Graham Burton, MBBS, FRCP	\$ 258,448	\$ 322,153	\$ 580,601

- (1) The MIP and LTIP payment amounts listed are included in the Summary Compensation Table, column (g), which is included elsewhere in this proxy statement.
- (2) The amount reflects the value of the payment to Mr. Brouwer in Swiss francs as converted to the U.S. dollar using the 2008 average exchange ratio of approximately 1.08 Swiss francs per U.S. dollar.

*Equity Grants under our 2008 Stock Incentive Plan*

A portion of our Named Executive Officers' and other employees' compensation relates to the granting of equity awards, and such grants are based on the successful attainment of corporate and individual goals. Our stock incentive plan is an important component of our total compensation strategy. It promotes focus on short- and long-term financial and strategic goals, enabling us to attract and retain the talented employees necessary to achieve long-term success.

In determining awards to our Named Executive Officers, the Compensation Committee reviews both the value of equity compensation and the average percentage of stock options granted to comparable executive officers at the peer group level as well as factors in total corporate performance. The Compensation Committee's policy on equity awards is designed to align the interests of our Named Executive Officers with those of our stockholders to achieve exceptional corporate performance over time. The stock option pool is approved each year by the Compensation Committee. Awards of options to purchase shares of our Common Stock currently are granted pursuant to our 2008 Stock Incentive Plan on a quarterly basis to our Named Executive Officers and certain other employees. Such grants vest over a four-year period in equal installments, subject to the Named Executive Officer's continued service with us or our subsidiaries and his performance through each applicable vesting date, thereby encouraging retention. Stock options are subject to accelerated vesting in certain limited circumstances. In addition, the 2008 Stock Incentive Plan allows for the immediate exercise of stock options whereby shares of Common Stock acquired on exercise of the stock option are subject to the same vesting schedule as the stock option.

Based on the recommendations by our compensation consultant, which among other things, considered equity changes made by other peer companies, we introduced RSUs to our equity incentive program in fiscal 2009. In early fiscal 2009, the Compensation Committee approved the use of time-based RSUs with 100% vesting on the third year after the date of grant. Equity awards will be divided between stock options and RSUs based on a two-thirds and one-third mix (respectively) using a three to one ratio of stock options to RSUs in calculating the number of RSUs. The introduction of RSUs as part of the annual equity incentive program for Named Executive Officers provides a competitive profile within our peer group using a mix of both options and RSUs. Supplementing our stock option grants with RSUs enables us to use fewer shares while continuing to provide a long-term incentive award that serves as an effective retention tool. The number of equity grants awarded to our Named Executive Officers is tied to the practices of comparable companies in the biotechnology and pharmaceutical industries. To determine such comparative data, we rely on outside compensation consultants and third-party industry surveys. Because some of our stock option awards currently are underwater, the retentive value as well as the incentive value of the RSU awards are significant. As expressly provided in our 2008 Stock Incentive Plan, we are prohibited from any repricing of stock options unless we seek to obtain stockholder approval of any such repricing, which we do not currently anticipate seeking.

Stock options granted to our Named Executive Officers and other executives at the vice president level and above between September 19, 2000 and October 1, 2004 contained a reload feature which provides that if (1) the optionee exercises all or any portion of the stock option (a) at least six months prior to the expiration of the stock option, (b) while employed by us or one of our affiliates and (c) prior to the expiration date of the 1998 Stock Incentive Plan (subsequently renamed the 2008 Stock Incentive Plan) and (2) the optionee pays the exercise price for the portion of the stock option so exercised or pays applicable withholding taxes by using Common Stock owned by the optionee for at least six months prior to the date of exercise, the optionee shall be granted a new stock option under the 2008 Stock Incentive Plan on the date all or any portion of the stock option is exercised to purchase the number of shares of Common Stock equal to the number of shares of Common Stock exchanged by the optionee to exercise the stock option or to pay withholding taxes thereon.

The reload stock option will be exercisable on the same terms and conditions as apply to the original stock option except that (1) the reload stock option will become exercisable in full on the day that is six months after the date the original stock option is exercised, (2) the exercise price shall be the fair market value (as defined in the 1998 Stock Incentive Plan (subsequently renamed the 2008 Stock Incentive Plan)) of Common Stock on the date the reload stock option is issued and (3) the expiration of the reload stock option will be the date of expiration of the original stock option. An optionee may not reload the reload stock option unless otherwise permitted by the Compensation Committee. The reload feature was removed from the 2008 Stock Incentive Plan and stock options granted after October 1, 2004 do not contain any reload feature.

*Matching 401(k) Plan Benefits*

Our 401(k) Plan is a tax-qualified retirement savings plan available to all of our eligible employees, which include certain Named Executive Officers. Under the 401(k) Plan, we make discretionary matching contributions to participants (including certain Named Executive Officers) 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.

Eligible Named Executive Officers participated in the 401(k) Plan in fiscal 2008 and received matching contributions under the 401(k) Plan for fiscal 2008 valued as follows:

<b>Name</b>	<b>Matching Contributions under the 401(k) Plan (1)</b>
Sol J. Barer, Ph.D.	225.69 shares of Common Stock (fair value of \$12,476)
Robert J. Hugin	225.69 shares of Common Stock (fair value of \$12,476)
David W. Gryska	225.69 shares of Common Stock (fair value of \$12,476)
Aart Brouwer (2)	N/A
Graham Burton, MBBS, FRCP	225.69 shares of Common Stock (fair value of \$12,476)

(1) The matching 401(k) amounts are included in the Summary Compensation Table, column (i), which is included elsewhere in this proxy statement.

(2) Aart Brouwer is not covered under our



401(k) Plan; however because Mr. Brouwer is a resident of Switzerland, we were required to make a matching payment of \$45,122 for fiscal 2008 (which reflects the value of the payment in Swiss francs as converted to the U.S. dollar using the 2008 average exchange ratio of approximately 1.08 Swiss francs per U.S. dollar) into a pension plan pursuant to the mandatory requirements of Swiss Law.

*Matching Nonqualified Deferred Compensation Plan*

The Nonqualified Plan is an unfunded nonqualified deferred compensation plan to which certain U.S. management level employees and certain Named Executive Officers may elect to defer up to 90% of their base salary and up to 100% of annual bonus. We make a cash matching contribution to the Nonqualified Plan on behalf of certain Named Executive Officers in the plan at a rate specified by the Compensation Committee (this rate mirrors the investment returns in the funds held by our 401(k) Plan). For further discussion of the Nonqualified Plan, see Additional Information Regarding Executive Compensation- Nonqualified Deferred Compensation Table elsewhere in this proxy statement.

Eligible Named Executive Officers participated in our Nonqualified Plan and received matching cash contributions from us for fiscal 2008 under the Nonqualified Plan as follows:

<b>Name</b>	<b>Matching Contributions under the Nonqualified Plan (1)</b>
Sol J. Barer, Ph.D.	\$ 186,200
Robert J. Hugin	\$ 109,375
David W. Gryska (2)	
Aart Brouwer (2)	
Graham Burton, MBBS, FRCP(2)	

(1) The matching cash contributions are included in the Summary Compensation Table, column (i), which is included elsewhere in this proxy statement.

(2) Messrs. Gryska and Brouwer and Dr. Burton are not eligible to receive matching contributions under the Nonqualified Plan.

*Perquisites and Other Benefits*

Each of the Named Executive Officers receives medical, dental, disability and life insurance coverage on the same terms as other employees. Our executive compensation program also includes limited perquisites and other benefits. We reimburse Dr. Barer and Messrs. Hugin, Gryska and Brouwer for reasonable expenses incurred in obtaining professional tax and financial counseling up to a maximum of \$15,000 annually with respect to Dr. Barer and Messrs. Hugin and Gryska and 17,000 Swiss francs (or \$15,741 based on the 2008 average exchange rate of approximately 1.08 Swiss francs per U.S. dollar) with respect to Mr. Brouwer. We believe such reimbursements allow

them to focus on managing our business and assist them in optimizing the value received from the various compensation and benefit programs offered. In fiscal 2008, reimbursements of \$15,000 were made to Dr. Barer, \$8,527 to Mr. Gryska, none to Mr. Hugin and \$6,564 to Mr. Brouwer. In connection with hiring Mr. Gryska in December 2006, we reimbursed Mr. Gryska an aggregate of \$271,500 for certain relocation costs (of which \$81,500 is reported in the Summary Compensation Table with respect to fiscal 2007). All transactions were facilitated through our relocation service provider to manage costs and avoid unnecessary taxes on such costs. In addition, we provide umbrella insurance and pay the applicable insurance premiums for such insurance for Dr. Barer, Mr. Hugin and Dr. Burton. These premium payments are taxable to each of Dr. Barer, Mr. Hugin and Dr. Burton. For fiscal 2008, we made premium payments as follows: \$2,875 for each of Dr. Barer and Mr. Hugin and \$1,150 for Dr. Burton. Mr. Hugin also received Company contributions to a health savings account in fiscal 2008, equal to \$2,250. Attributed costs of the perquisites and other personal benefits described above for our Named Executive Officers for fiscal 2007 and fiscal 2008 are included in column (i) of the Summary Compensation Table.

We have entered into certain employment agreements with our Named Executive Officers as discussed elsewhere in this proxy statement which provide for, in part, termination benefits and, in certain cases, change of control benefits that are designed to promote stability and continuity of senior management. Information regarding applicable payments under such agreements for the Named Executive Officers is provided under the heading **Additional Information Regarding Executive Compensation-Employment Agreements** and **Additional Information Regarding Executive Compensation-Potential Payments Upon Termination or Change in Control** elsewhere in this proxy statement.

*Accounting and Tax Considerations*

*SFAS No. 123R.* We have adopted SFAS No. 123R using the modified prospective application method on January 1, 2006. Our estimate of future stock-based compensation expense is affected by our stock price, the number of stock-based awards our Board of Directors may grant in fiscal 2009 and subsequent years, as well as a number of complex and subjective valuation assumptions and the related tax impact. These valuation assumptions include, but are not limited to, the volatility of our stock price and employee stock option exercise behaviors.

*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. However, 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.

COMPENSATION COMMITTEE REPORT

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

**ADDITIONAL INFORMATION REGARDING EXECUTIVE COMPENSATION****Executive Officers**

Our executive officers and their ages and positions:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Sol J. Barer, Ph.D.	62	Chief Executive Officer and Chairman of the Board
Robert J. Hugin	54	President, Chief Operating Officer and Director
David W. Gryska	53	Chief Financial Officer
Aart Brouwer	69	Chairman International and Senior Advisor to the Celgene Chairman and Chief Executive Officer
Graham Burton, MBBS, FRCP	58	Senior Vice President, Global Regulatory Affairs, Pharmacovigilance and Corporate Quality Assurance and Compliance

*Sol J. Barer, Ph.D.* is our Chief Executive Officer and Chairman of the Board of Directors. See Proposal One: Election of Directors Nominees for a discussion of Dr. Barer's business experience.

*Robert J. Hugin* is our President, Chief Operating Officer and Director. See Proposal One: Election of Directors Nominees for a discussion of Mr. Hugin's business experience.

*David W. Gryska* joined us as Senior Vice President and Chief Financial Officer effective December 6, 2006. Mr. Gryska most recently has held several Board positions of biotechnology companies and is currently on the Board of SeattleGenetics. Previously, Mr. Gryska served at Scios, Inc., a biopharmaceutical company, as Senior Vice President and Chief Financial Officer from November 2000 to October 2004, and as Vice President of Finance and Chief Financial Officer from December 1998 to November 2000. From 1993 to December 1998, he served as Vice President, Finance and Chief Financial Officer at Cardiac Pathways Corporation, a medical device company. Prior to Cardiac Pathways, Mr. Gryska served as a partner at Ernst & Young LLP, an accounting firm, for eleven years where he focused on technology industries, with an emphasis on biotechnology and healthcare companies. Mr. Gryska holds a B.A. in accounting and finance from Loyola University and an M.B.A. from Golden Gate University.

*Aart Brouwer* has served as our Chairman International and Senior Advisor to the Chairman and Chief Executive Officer since January 1, 2009. Mr. Brouwer joined us as President of Celgene International in November 2005. Prior to Celgene, Mr. Brouwer served as a director of IsoTis S.A., a publicly owned medical device company specializing in orthobiologics since 2002 and director of IsoTis, Inc. since 2006. Until 2002, Mr. Brouwer was Vice President of Europe for Amgen Inc. Prior to Amgen, Mr. Brouwer served in a range of senior marketing and management roles in the global pharmaceutical and biotech industries.

*Dr. Graham Burton* has served as our Senior Vice President, Global Regulatory Affairs, Pharmacovigilance and Corporate Quality Assurance and Compliance from July 2003. Since then, his responsibilities have increased to the extent where he has become one of our executive officers, even though his title remains the same. Previously, Dr. Burton had been Senior Vice President Global Regulatory Affairs and Quality Assurance at Johnson & Johnson Pharmaceutical Research & Development, LLC from 1997 to 2003. Dr. Burton received his medical degree in 1975 from St. George's Hospital Medical School, London and became a Fellow of the Royal College of Physicians in 1997. He was a practicing physician specializing in internal medicine and cardio-pulmonary disorders from 1975 to 1984 followed by four years as a Senior Medical Officer with the Medicines Control Agency of the UK's Department of Health. He was the Medical Director for Upjohn UK from 1988 to 1995 and then for two years was Vice President Global Regulatory Affairs in the US with Pharmacia & Upjohn.

**SUMMARY COMPENSATION TABLE**

The following table sets forth information regarding compensation earned by our Named Executive Officers for the fiscal years ended December 31, 2008, 2007 and 2006.

Name and Principal Position (a)	Year (b)	Salary (c)	Bonus (d)	Stock Awards (e)	Option Awards (f)	Non-Equity Incentive Compensation (g)	Change in Pension Value and Nonqualified Deferred Compensation (h)	Other Compensation (i)	Total (j)
Sol J. Barer, Ph.D. Chief Executive Officer and Chairman of the Board (6)	2008	\$ 939,000			\$ 5,202,543	\$ 2,166,995		\$ 216,551	\$ 8,525,089
	2007	\$ 833,333			\$ 6,392,992	\$ 2,248,000		\$ 191,898	\$ 9,666,223
	2006	\$ 716,333			\$ 13,248,101	\$ 1,959,600		\$ 160,295	\$ 16,084,329
Robert J. Hugin President, Chief Operating Officer and Director (7)	2008	\$ 733,333			\$ 2,726,361	\$ 1,571,730		\$ 126,976	\$ 5,158,400
	2007	\$ 675,333			\$ 3,202,056	\$ 1,699,800		\$ 115,694	\$ 5,692,883
	2006	\$ 606,667			\$ 5,592,865	\$ 1,470,100		\$ 108,028	\$ 7,777,660
David W. Gryska Chief Financial Officer	2008	\$ 489,435			\$ 1,277,135	\$ 350,925		\$ 21,003	\$ 2,138,498
	2007	\$ 450,000			\$ 1,161,996	\$ 270,000		\$ 97,548	\$ 1,979,544
	2006	\$ 32,596			\$ 41,134			\$ 190,000	\$ 263,730
Aart Brouwer Chairman Int 1 and Senior Advisor to Celgene Chairman and Chief Executive Officer	2008	\$ 579,078			\$ 329,484	\$ 744,862		\$ 51,686	\$ 1,705,110(8)
	2007	\$ 503,250			\$ 76,872	\$ 305,976		\$ 43,477	\$ 929,575(8)
	2006	\$ 466,879				\$ 368,368		\$	\$ 835,247(8)
Graham Burton, FRCP MBBS, Sr. Vice President GRA&P	2008	\$ 447,141			\$ 2,029,530	\$ 580,601		\$ 13,626	\$ 3,070,898
	2007	\$ 430,071			\$ 435,507	\$ 590,278		\$ 12,031	\$ 1,467,887
	2006	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

in column (g) represent the aggregate cash awards paid in fiscal 2008, fiscal 2007 and fiscal 2006 to the Named Executive Officers as Non-Equity Incentive Plan Compensation under the MIP and the LTIP, which are discussed in further detail under the heading 2008 Executive Compensation Components Cash Bonus/Performance-Based Incentive Compensation.

- (2) The amounts in column (f) represent the amount attributable to each Named Executive Officer of the total fair value of stock options recognized by us as an expense in fiscal 2008, fiscal 2007 and fiscal 2006 for financial accounting purposes, disregarding for this purpose the estimate of forfeitures related to service-based vesting conditions. The fair values of these awards and the amounts expensed in fiscal 2008, fiscal 2007 and fiscal 2006 were determined in accordance with SFAS No. 123R. Of the amounts reported in column (f), \$977,328 represents the fair value of the reload option awards in fiscal 2008 for Dr. Burton. Of the amounts reported in column (f), \$2,021,245, \$2,366,498 and \$153,527 for each of Dr. Barer, Mr. Hugin and Dr. Burton, respectively, represent the fair value of the reload option awards in fiscal 2007. Of the amounts reported in column (f), \$12,602,242 and \$5,162,289 for each Dr. Barer and Mr. Hugin, respectively, represent the fair value of the reload option awards in fiscal 2006. Awards of reload options do not result in any greater dilutive effect on the ownership interest of existing stockholders than awards of non-reload options. The amount of the



option awards for which compensation expense is identified in column (f) in this Summary

Compensation Table for fiscal 2008 is comprised of: (a) the amount of the grant date fair value of the option awards granted in fiscal 2008 identified in column (l) in the Grants of Plan-Based Awards Table included elsewhere in this section and (b) the pro rata amount of the grant date fair value of option awards granted in each of the three years preceding fiscal 2008 for which we continue to recognize option expense. We amortize option expense over the requisite service period. We have calculated option expense since January 1, 2006 pursuant to SFAS No. 123R. The assumptions used in determining the grant date fair values of these option awards for their respective years are set forth in note 15 to our consolidated financial statements included in our Annual Report on Form 10-K for fiscal 2008, filed with the SEC.

- (3) The amounts in column (g) reflect the aggregate cash awards to the Named Executive Officers under the fiscal 2008, fiscal 2007 and fiscal 2006 MIP and the 2006-2008, 2005-2007 and 2004-2006 performance periods under the LTIP. The payouts of the cash compensation awards under the fiscal

2008 MIP and the 2006  
2008 performance period  
under the LTIP were  
approved by the  
Compensation Committee  
on February 18, 2009 and  
paid shortly thereafter. The  
MIP and the LTIP are  
discussed in further detail  
under the heading 2008  
Executive Compensation  
Components Cash  
Bonus/Performance-Based  
Incentive Compensation  
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 Named  
Executive Officers. Under  
our Nonqualified Plan,  
there are no above-market  
or preferential earnings.

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

Name	Year	Value of Matching Contributions	Value of Matching Contributions	Value of Matching Contributions	Value of Matching Contributions	Value of Matching Contributions	Value of Matching Contributions	Value of Matching Contributions	Total
		To a Nonqualified Plan	To a 401(k) Plan in Shares of Common Stock **	To a Pension Plan Pursuant to Swiss Federal Law	Professional Tax and Financial Counseling	Umbrella Insurance Premiums	Health Savings Account	Reimbursed Relocation Expenses	
Sol J. Barer, Ph.D.	2008	\$ 186,200	\$ 12,476		\$ 15,000	\$ 2,875			\$ 216,551
	2007	\$ 163,542	\$ 10,481		\$ 15,000	\$ 2,875			\$ 191,898
	2006	\$ 143,267	\$ 17,028						\$ 160,295
Robert J. Hugin	2008	\$ 109,375	\$ 12,476			\$ 2,875	\$ 2,250		\$ 126,976
	2007	\$ 100,838	\$ 10,481			\$ 2,875	\$ 1,500		\$ 115,694
	2006	\$ 91,000	\$ 17,028						\$ 108,028
David W. Gyska	2008		\$ 12,476		\$ 8,527				\$ 21,003
	2007		\$ 10,481		\$ 5,567		\$ 81,500*		\$ 97,548
	2006						\$ 190,000*		\$ 190,000
Aart Brouwer	2008			\$ 45,122	\$ 6,564				\$ 51,686
	2007			\$ 43,477					\$ 43,477
	2006								\$
Graham Burton, MBBS, FRCP	2008		\$ 12,476			\$ 1,150			\$ 13,626
	2007		\$ 10,481			\$ 1,550			\$ 12,031
	2006	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* Mr. Gyska's relocation expenses exceeded the original fiscal

2006 estimate of \$190,000 by \$81,500 and have been reported herein as compensation for fiscal 2007. All relocation expense reimbursements were paid in fiscal 2007.

\*\* The value of the matching contributions is based on the number of shares of Common Stock multiplied by the closing price of our Common Stock on December 31, 2008.

(6) Dr. Barer also serves as Chairman of the Board of Directors but does not receive any compensation in such capacity.

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

(8) The amounts of compensation paid to Mr. Brouwer

reflect the value of such compensation paid in Swiss francs as converted to the U.S. dollar using the 2008, 2007 and 2006 average exchange rates of approximately 1.08, 1.20 and 1.25 Swiss francs per U.S. dollar, respectively.

## Employment Agreements

### *Dr. Barer and Mr. Hugin*

Effective as of May 1, 2006, we entered into new employment contracts with Dr. Barer and Mr. Hugin, which were subsequently amended effective December 31, 2008 solely for the purpose of addressing the deferred compensation requirements under Section 409A of the Code. The employment agreements have an initial term of three years, which automatically extends for successive one-year terms unless either we or the executive 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 the executive's employment at the end of such term, unless terminated sooner as provided in the employment agreements. Effective as of May 1, 2008, the employment agreements provided for an annual base salary of \$971,000 and \$750,000 and an annual MIP target bonus of 100% and 75% of annual base salary, respectively, for each of Dr. Barer and Mr. Hugin. By action of the Compensation Committee, consistent with their employment agreements, in February 2009, Dr. Barer's base salary was approved to be increased effective May 1, 2009 to \$1,101,000, his MIP target bonus increased to 120% and his annual LTIP bonus established with a threshold, target and maximum bonus of 50%, 125% and 200%, respectively, for the three-year performance cycle 2009–2011. Also in February 2009, Mr. Hugin's base salary was approved to be increased effective May 1, 2009 to \$780,000, although his MIP target bonus remained at 75% and he remains eligible to earn an annual LTIP bonus with the threshold, target and maximum bonuses equal to 50%, 100% and 200% of base salary, respectively, for the three-year performance cycle 2009–2011. In addition, Dr. Barer's and Mr. Hugin's annual option target grant was increased to 265,000 and 150,000 shares of Common Stock, respectively, by action of the Compensation Committee. The employment agreements also provide that Dr. Barer and Mr. Hugin are entitled to reimbursement for reasonable expenses incurred in obtaining professional tax and financial counseling, up to a maximum of \$15,000 annually, payment of umbrella insurance premiums, and participation in all group health and insurance programs and all other fringe benefit or retirement plans which are generally available to our employees.

The employment agreements provide that if Dr. Barer's or 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, the executive is entitled to receive a lump sum payment equal to the executive's then annual base salary, a pro rata share of the executive's annual target bonus (based on the assumption that all performance or other criteria had been met) and certain accrued benefits. Further, if Dr. Barer's or Mr. Hugin's employment is terminated by us without cause or because of disability or incapacitation or by the executive for good reason at any time during the two-year period following a change in control or if their employment is terminated by us without cause or by the executive for good reason during the 90-day period prior to a change in control, the executive is entitled to receive a lump sum payment equal to three times the executive's then annual base salary plus three times the executive'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 the executive 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, however, that such payment will be reduced by any payment made to the executive prior to the change in control on account of the executive's termination.

Dr. Barer and Mr. Hugin may also be entitled to receive a gross-up payment in certain circumstances if payments or benefits provided trigger an excise tax under Section 4999 of the Code, but only if the payments and benefits provided exceed 105% of the greatest amount that could be paid without triggering the excise tax. If the payments and benefits provided do not exceed 105% of the greatest amount that could be paid without triggering the excise tax, then the payments and benefits will be reduced to the greatest amount that could be paid without triggering the excise tax. As described under the section entitled Potential Payments Upon Termination or Change in Control, no excise tax gross-up would have been paid to either Dr. Barer or Mr. Hugin if a change in control occurred on December 31, 2008, 2007 or 2006.

Dr. Barer and Mr. Hugin are subject to a non-competition provision which applies during the period they are employed by us and until the first anniversary of the date their employment terminates (or, if change in control payments and benefits are paid, generally the second anniversary of the later of the date their employment terminates or the change in control date). In addition, their agreements contain a patent/inventions provision and a perpetual

confidentiality provision.

For purposes of Dr. Barer's and Mr. Hugin's employment agreements, *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 Dr. Barer's and Mr. Hugin's employment agreements, *good reason* generally means, without Dr. Barer's or Mr. Hugin's consent:

- the failure to elect or appoint the executive to, or reelect or reappoint the executive to, or removal of the executive 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 the executive's position;
- a determination by the executive 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 the executive is participating immediately prior to a change in control, unless the executive is provided substantially comparable benefits at no greater after-tax cost or the Company's taking any action which adversely affects the executive's participation in or which reduces the executive's benefits under any such plan; or
- the failure of a successor to assume the agreement.

For purposes of Dr. Barer's and Mr. Hugin's employment agreements, *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 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.

However, the definition of *change in control* that applies if Dr. Barer or Mr. Hugin is terminated by the Company without cause or by them 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.

*Messrs. Gryska and Brouwer and Dr. Burton*

Effective as of December 6, 2006, we entered into an employment letter agreement with Mr. Gryska. The letter agreement provides for an initial annual base salary of \$450,000 and a target incentive under the MIP equal to 50% of annual base salary (up to a maximum of 200%) and a target LTIP of 50% of annual base salary (up to a maximum of 100%). In February 2008, by action of the Compensation Committee, Mr. Gryska's base salary was increased to \$480,000, his target incentive under the MIP was increased to 60% of annual base salary and his target incentive under LTIP was increased to 100% of annual base salary (up to a maximum of 200%). In February 2009, Mr. Gryska's base salary was increased to \$530,000 effective March 1, 2009 and his annual option target grant was increased to 65,000 shares of Common Stock by action of the Compensation Committee. Mr. Gryska is also entitled to reimbursement for reasonable expenses incurred in obtaining professional tax and financial counseling, up to a maximum of \$15,000 annually, and payment of umbrella insurance premiums (which Mr. Gryska waived for fiscal 2008). The letter agreement also provides that Mr. Gryska is entitled to participate in all group health and insurance programs and all other fringe benefit or retirement plans which are generally available to our





employees. In addition, pursuant to the letter agreement, Mr. Gryska is entitled to a grant of an option to purchase 100,000 shares of the Company's Common Stock and certain relocation benefits which were paid to him in fiscal 2007. The letter agreement also provides that if Mr. Gryska's employment is terminated by us for any reason other than for cause or as a result of a change in control, he is entitled to receive a lump sum payment equal to 12 months' base salary and bonus, less applicable taxes. We amended Mr. Gryska's employment agreement effective April 28, 2008 as follows: (i) to define the term "cause" as such term is defined in Dr. Barer's employment agreement; (ii) to define "change in control" as such term is defined in the 2008 Stock Incentive Plan; and (iii) to include 12 months of Company-paid benefit coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, or COBRA, for health and dental insurance, subject to Mr. Gryska's payment of premiums at the applicable active rate (at a coverage level equal to or below elected coverage on the day before the termination date) if he is terminated by the Company without cause or if he is terminated by the Company for any reason on or following a change in control. We do not have any separate change in control agreements or arrangements with Mr. Gryska.

Effective as of November 2, 2005, we entered into an employment letter agreement with Mr. Brouwer. The letter agreement provided for an initial annual base salary of 585,000 Swiss francs (or \$466,641 based on the 2006 average exchange rate of approximately 1.25 Swiss francs per U.S. dollar), an annual target bonus of 50% of annual base salary and a grant of a fully vested option to purchase 150,000 shares of our Common Stock. In February 2008, by action of the Compensation Committee, Mr. Brouwer's base salary was increased to 607,680 Swiss francs (or \$562,667 based on the 2008 average exchange rate of approximately 1.08 Swiss francs per U.S. dollar). We entered into an updated employment agreement with Mr. Brouwer effective November 1, 2008 in connection with the change in his responsibilities and appointment to Senior Advisor to the Chairman & Chief Executive Officer and Chairman, International which provides that, effective January 1, 2009 (i) his base salary is 500,000 Swiss francs (or \$462,963 based on the 2008 average exchange rate of approximately 1.08 Swiss francs per U.S. dollar); (ii) his bonus target is 340,000 Swiss francs (or \$314,815 based on the 2008 average exchange rate of approximately 1.08 Swiss francs per U.S. dollar) and 200,000 Swiss francs (or \$185,185 based on the 2008 average exchange rate of approximately 1.08 Swiss francs per U.S. dollar) for 2009 and 2010, respectively; (iii) he will receive financial planning assistance up to 17,000 Swiss francs (or \$15,741 based on the 2008 average exchange rate of approximately 1.08 Swiss francs per U.S. dollar); and (iv) his annual option target grant will be 25,000 shares of Common Stock. In addition, Mr. Brouwer is authorized to use a Company-paid car when commuting for business, and he will no longer participate in the LTIP. Mr. Brouwer is entitled to participate in all employee benefit programs offered by our subsidiary, Celgene International Sarl. The agreement also contains provisions for duties of loyalty, confidentiality, inventions and non-competition (which applies during the period he is employed by us and until the first anniversary of the date his employment terminates). We do not have any change in control agreements or arrangements with Mr. Brouwer. We also make contributions into a non-company sponsored pension plan as required pursuant to the laws of Switzerland.

Effective as of June 2, 2003, we entered into an employment letter agreement with Dr. Burton. The letter agreement provides for an initial annual base salary of \$375,000 and an annual target bonus of 40% of annual base salary. In addition, pursuant to his letter agreement, Dr. Burton received an initial grant of an option to purchase 50,000 shares of our Common Stock (at the fair market value of our Common Stock on the grant date) and is entitled to receive an annual grant to purchase 20,000 shares of our Common Stock (at the fair market value of our Common Stock on the grant date). In February 2008, by action of the Compensation Committee, Dr. Burton's base salary was increased to \$450,000, his target incentive under the MIP was increased to 50% of annual base salary, his target LTIP was increased to 50% (with a maximum of 100%), and his annual option grant target to purchase up to 20,000 shares of Common Stock was increased to 25,000 shares of Common Stock. In February 2009, by action of the Compensation Committee, Dr. Burton's base salary was increased to \$475,000 effective March 1, 2009, his annual target bonus was increased to 55% of annual base salary, and his annual option grant target was increased to 50,000 shares of Common Stock. The letter agreement also provides that Dr. Burton is entitled to participate in all group health and insurance programs and all other fringe benefit or retirement plans which are generally available to our employees. In addition, the letter agreement provides that if Dr. Burton's employment is terminated by us without cause, he is entitled to receive a lump sum payment equal to 12 months' base salary, less applicable taxes. We have amended Dr. Burton's employment agreement effective April 28, 2008 as follows: (i) to define the term "cause" as such term is defined in Dr.

Barer's employment agreement; (ii) to include bonus in the severance calculation; (iii) to include 12 months of Company-paid COBRA benefit coverage for health and dental insurance, subject to Dr. Burton's payment of premiums at the applicable active rate (at a coverage level equal to or below elected coverage on the day before the termination date) in the event he is terminated by the Company other than for cause and (iv) to provide that if Dr. Burton is terminated by the Company for any reason on or following a change in control (as defined in the 2008 Stock Incentive Plan) he will receive the same severance payable if he is terminated by the Company other than for cause. We do not have any separate change in control agreements or arrangements with Dr. Burton.

**GRANTS OF PLAN-BASED AWARDS TABLE**

The following table provides information about equity and non-equity awards granted to Named Executive Officers eligible to participate in fiscal 2008: (a) the name; (b) the grant date; (c), (d) and (e) the estimated potential/future payouts under: (1) our LTIP non-equity incentive plan awards, which consist of estimated future payouts under the LTIP for the fiscal 2008-2010 performance period granted in fiscal 2008 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 2008; (j) all stock option awards, which consist of the number of shares underlying stock options awarded to Named Executive Officers in fiscal 2008; (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 under SFAS No. 123R.

Name	Grant Date	Comm Action	Incentive Plan Awards			All Other Stock Awards			Grant Date	Fair Value of Stock and Option Awards		
			Threshold	Target	Maximum	Number of Awards	Exercise Price	Number of Awards				
(a)	(b)	(1)	(c)	(d)	(e)	(#)(f)	(#)(g)	(#)(h)	(#)(i)	(#)(j)	(\$/Sh)(k)	(l)
Sol J. Barer, Ph.D.	02/04/08(5)		\$ 437,500	\$ 875,000	\$ 1,750,000							
	02/04/08(6)			\$ 971,000	\$ 1,942,000							
	01/08/08	12/18/07						60,000	\$ 49.61		\$ 1,284,150	
	04/08/08	02/04/08						45,000	\$ 62.42		\$ 1,167,300	
	07/08/08	02/04/08						45,000	\$ 71.82		\$ 1,270,530	
	10/14/08	02/04/08						45,000	\$ 57.80		\$ 1,152,851	
Robert J. Hugin	02/04/08(5)		\$ 350,000	\$ 700,000	\$ 1,400,000							
	02/04/08(6)			\$ 562,500	\$ 1,125,000							
	01/08/08	12/18/07						30,000	\$ 49.61		\$ 642,075	
	04/08/08	02/04/08						30,000	\$ 62.42		\$ 778,200	
	07/08/08	02/04/08						30,000	\$ 71.82		\$ 847,020	
	10/14/08	02/04/08						30,000	\$ 57.80		\$ 768,567	
David W. Gryska	02/04/08(5)		\$ 225,000	\$ 450,000	\$ 900,000							
	02/04/08(6)			\$ 304,200	\$ 608,400							
	01/08/08	12/18/07						15,000	\$ 49.61		\$ 321,038	

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04/08/08	02/04/08				15,000	\$ 62.42	\$	389,100
07/08/08	02/04/08				15,000	\$ 71.82	\$	423,510
10/14/08	02/04/08				15,000	\$ 57.80	\$	384,284

Aart

Brouwer(7)	02/04/08(5)		\$ 137,624	\$ 275,248	\$	550,496		
	02/04/08(6)			\$ 291,180	\$	582,360		
	01/08/08	12/18/07				6,188	\$ 49.61	\$ 132,439
	04/08/08	02/04/08				8,250	\$ 62.42	\$ 214,005
	07/08/08	02/04/08				8,250	\$ 71.82	\$ 232,931
	10/14/08	02/04/08				8,250	\$ 57.80	\$ 211,356

Graham

Burton,	02/04/08(5)		\$ 108,212	\$ 216,423	\$	432,846		
MBBS,								
FRCP	02/04/08(6)			\$ 225,000	\$	450,000		
	01/08/08	12/18/07				10,313	\$ 49.61	\$ 220,724
	03/14/08(8)					27,599	\$ 56.30	\$ 551,356
	04/08/08	02/04/08				8,250	\$ 62.42	\$ 214,005
	07/08/08	02/04/08				8,250	\$ 71.82	\$ 232,931
	10/14/08	02/04/08				8,250	\$ 57.80	\$ 211,356
	11/03/08(8)					44,143	\$ 65.23	\$ 1,329,326

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

- (2) All options granted in fiscal 2008 were granted pursuant to our 2008 Stock Incentive Plan. The reload option grants vest six months after the grant date. All other option grants vest in annual increments of 25% of each total grant. All options were granted at the fair market value of Common Stock on the effective date of grant.
- (3) This column reflects the exercise price for the stock options granted, which was the closing price of the shares of our Common Stock on the date of grant.
- (4) This column reflects the full grant date fair value of stock options under SFAS No. 123R granted to the Named Executive Officers in fiscal 2008. We use the Black-Scholes option pricing model to estimate the fair value of options on the date of grant which requires certain estimates to be made by management including the expected forfeiture rate and expected term of the options. The actual value, if any, that a Named Executive Officer 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 Named Executive Officer will be at or near the value estimated by the Black-Scholes model. The

assumptions used in determining the grant date fair values of these awards are set forth in note 15 to our consolidated financial statements, which are included in our Annual Report on Form 10-K for fiscal 2008 filed with the SEC.

- (5) The amounts reflected in columns (c), (d) and (e) represent the estimated target range of the future payout for the LTIP for each Named Executive Officer, which was established by the Compensation Committee on February 4, 2008. These amounts may be earned after completion of the 2008 - 2010 LTIP performance cycle, due to the Named Executive Officer's status as an eligible participant in 2008 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 2008-2010 cycle are payable in cash or shares (the number of shares would be based on the cash amount divided by the fair market value of our Common Stock at the time of payment) at the discretion of the Compensation Committee. (We anticipate at this time that payment will be in cash rather than shares; thus the estimated payments are reflected in the non-equity

awards column rather than the equity awards column. For additional information regarding LTIP awards, see Cash Bonus/Performance-Based Incentive Compensation Long-Term Incentive 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 February 18, 2009 and paid to the Named Executive Officers shortly thereafter under the LTIP. The maximum LTIP is 200% of the Named Executive Officer's individual annual base salary.

- (6) The amounts reflected in columns (c), (d) and (e) represent the potential target and maximum payouts of the awards granted in fiscal 2008 to each Named Executive Officer under the MIP, which were established by the Compensation Committee on February 4, 2008. See Cash Bonus/Performance-Based Incentive Compensation Management Incentive Plan under the Compensation Discussion and Analysis heading 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 February 18, 2009 and paid to the Named Executive Officers shortly thereafter under the MIP. The maximum MIP is 200% of the annual bonus target.

- (7) The amounts reflect the value of Mr. Brouwer's compensation to be paid in Swiss francs as converted to the U.S. dollar using the 2008 average exchange rate of approximately 1.08 Swiss francs per U.S. dollar. The LTIP amounts for Mr. Brouwer were established by the Compensation Committee on February 4, 2008 in U.S. dollars.
- (8) These options are reload options, granted following the exercise of options with a reload feature. We amended the 2008 Stock Incentive Plan to eliminate the reload feature for all stock options granted on or after October 1, 2004.

**OUTSTANDING EQUITY AWARDS VALUE AT FISCAL YEAR-END TABLE**

The following tables provide information on the current holdings of stock option awards by our Named Executive Officers. Each equity grant is shown separately for each Named Executive Officer. For additional information about the option awards, see Stock Option Grants under our Stock Incentive Plan under Compensation Discussion and Analysis elsewhere in this proxy statement.

**Sol J. Barer, Ph.D.**

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (2) (#) Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) (d)	Exercise Price (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (g)	Market Value of Shares or Units of Stock That Have Not Vested (h)	Shares or Other Rights That Have Not Vested (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (j)
Sol J. Barer, Ph.D. (3)	15,000			\$ 73.55	10/9/2017				
		30,000		\$ 73.55	10/9/2017				
			33,750	\$ 71.82	7/8/2018				
			11,250	\$ 71.82	7/8/2018				
			33,750	\$ 62.42	4/8/2018				
			11,250	\$ 62.42	4/8/2018				
		102,749		\$ 59.01	9/19/2010				
		11,845		\$ 59.01	7/6/2014				
		15,000	45,000	\$ 58.53	7/10/2017				
		15,000	45,000	\$ 58.04	4/10/2017				
			45,000	\$ 57.80	10/14/2018				
			3,646	\$ 54.85	1/9/2017				
		6,250	15,104	\$ 54.85	1/9/2017				
		2,015	\$ 49.61	1/8/2018					
		12,985	\$ 49.61	1/8/2018					
		45,000	\$ 49.61	1/8/2018					

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26,325		\$ 42.39	6/20/2016
36,373		\$ 42.39	9/15/2013
36,320		\$ 42.39	12/15/2013
25,709		\$ 42.39	7/6/2014
221,171		\$ 42.39	6/10/2013
139,600		\$ 42.39	1/21/2014
37,752		\$ 42.39	4/6/2014
169,016		\$ 42.39	9/19/2010
64,152		\$ 35.67	12/29/2015
200,000		\$ 34.05	12/29/2015
22,500	7,500	\$ 26.74	10/4/2015
108,534		\$ 26.35	1/17/2011
111,488		\$ 26.35	1/25/2012
27,666		\$ 26.35	6/18/2012
27,686		\$ 26.35	10/22/2012
28,674		\$ 26.35	12/31/2012
40,490		\$ 26.35	6/10/2013
22,500	7,500	\$ 20.61	7/5/2015
22,500	7,500	\$ 17.12	4/5/2015
60,000		\$ 15.49	10/5/2014
89,216	29,608	\$ 14.25	2/15/2015
7,500		\$ 12.59	1/4/2015
600,000		\$ 6.45	2/3/2010

## Robert J. Hugin

Name (a)	Option Awards				Stock Awards				
	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unearned Options (#) (d)	Option Exercise Price (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (g)	Market Value of Shares or Units of Stock That Have Not Vested (h)	Equity Incentive Plan Awards: Number of Shares, or Other Rights That Have Not Vested (i)	Equity Incentive Plan Awards: Market Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (j)
Robert J. Hugin	7,500	22,500	\$ 73.55	10/9/2017					
		22,500	\$ 71.82	7/8/2018					
		7,500	\$ 71.82	7/8/2018					
		30,000	\$ 62.42	4/8/2018					
	7,897		\$ 59.01	7/6/2014					
	1,694		\$ 59.01	6/10/2013					
	1,694		\$ 59.01	1/21/2014					
	119,495		\$ 59.01	9/19/2010					
	1,694		\$ 59.01	1/17/2011					
	1,694		\$ 59.01	1/25/2012					
	7,500	22,500	\$ 58.53	7/10/2017					
	7,500	22,500	\$ 58.04	4/10/2017					
		22,500	\$ 57.80	10/14/2018					
		7,500	\$ 57.80	10/14/2018					
	3,750	7,604	\$ 54.85	1/9/2017					
		3,646	\$ 54.85	1/9/2017					
		27,985	\$ 49.61	1/8/2018					
		2,015	\$ 49.61	1/8/2018					
	70,235		\$ 42.39	9/19/2010					
	24,249		\$ 42.39	9/15/2013					
	24,213		\$ 42.39	12/15/2013					

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68,716		\$ 42.39	1/21/2014
25,168		\$ 42.39	4/6/2014
17,139		\$ 42.39	7/6/2014
120,000		\$ 35.67	12/29/2015
120,000		\$ 34.05	12/29/2015
15,000	5,000	\$ 26.74	10/4/2015
73,538		\$ 25.68	1/17/2011
75,838		\$ 25.68	1/25/2012
19,448		\$ 25.68	6/18/2012
19,464		\$ 25.68	10/22/2012
20,172		\$ 25.68	12/31/2012
47,934		\$ 25.68	6/10/2013
184,134		\$ 25.68	6/10/2013
25,958		\$ 25.68	1/21/2014
15,000	5,000	\$ 20.61	7/5/2015
15,000	5,000	\$ 17.12	4/5/2015
40,000		\$ 15.49	10/5/2014
54,800	17,400	\$ 14.25	2/15/2015
5,000		\$ 12.59	1/4/2015
420,000		\$ 6.45	2/3/2010

## David W. Gryska and Aart Brouwer

Name (a)	Option Awards				Stock Awards				
	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) (d)	Option Exercise Price (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (g)	Market Value of Shares or Units of Stock That Have Not Vested (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Other Rights That Have Not Vested (i)	Equity Incentive Plan Awards: or Payout Value of Unearned Shares, Other Rights That Have Not Vested (j)
David W. Gryska	3,750	11,250		\$ 73.55	10/9/2017				
		15,000		\$ 71.82	7/8/2018				
		25,000		\$ 66.59	9/6/2017				
		15,000		\$ 62.42	4/8/2018				
		25,000		\$ 60.67	6/6/2017				
	3,750	11,250		\$ 58.53	7/10/2017				
	246	736		\$ 58.04	4/10/2017				
	3,504	10,514		\$ 58.04	4/10/2017				
		15,000		\$ 57.80	10/14/2018				
	1,736			\$ 57.58	12/6/2016				
	1,562	4,688		\$ 54.85	1/9/2017				
	25,000			\$ 51.24	3/6/2017				
		2,017		\$ 49.61	1/8/2018				
	12,983		\$ 49.61	1/8/2018					
Aart Brouwer	1,547	4,641		\$ 73.55	10/9/2017				
		8,250		\$ 71.82	7/8/2018				
		8,250		\$ 62.42	4/8/2018				
	1,546	4,641		\$ 58.53	7/10/2017				
	1,546	4,641		\$ 58.04	4/10/2017				

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	8,250	\$ 57.80	10/14/2018
937	2,813	\$ 54.85	1/9/2017
	6,188	\$ 49.61	1/8/2018
25,000		\$ 35.67	12/29/2015
25,000		\$ 34.05	12/29/2015
3,466		\$ 28.85	11/2/2015
296,534		\$ 28.85	11/2/2015

## Graham Burton, MBBS, FRCP

Name (a)	Option Awards				Stock Awards				
	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Number of Securities Underlying Unexercised Options (#) (2)	Exercise Price (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested (\$) (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Other Rights That Have Not Vested (#) (i)	Equity Incentive Plan Awards: or Payout Value of Unearned Shares, Other Rights That Have Not Vested (\$) (j)
Graham Burton, MBBS, FRCP	2,578	5,156		\$ 73.55	10/9/2017				
		2,579		\$ 73.55	10/9/2017				
		6,187		\$ 71.82	7/8/2018				
		2,063		\$ 71.82	7/8/2018				
		35,809		\$ 65.23	7/3/2013				
		8,334		\$ 65.23	12/15/2013				
		6,187		\$ 62.42	4/8/2018				
		2,063		\$ 62.42	4/8/2018				
	2,578	7,734		\$ 58.53	7/10/2017				
		1,672		\$ 58.04	4/10/2017				
	2,578	6,062		\$ 58.04	4/10/2017				
		6,187		\$ 57.80	10/14/2018				
		2,063		\$ 57.80	10/14/2018				
	27,599			\$ 56.30	7/3/2013				
	1,292			\$ 55.00	11/10/2016				
		1,876		\$ 54.85	1/9/2017				
	937	937		\$ 54.85	1/9/2017				
	7,383			\$ 51.30	7/3/2013				
		2,015		\$ 49.61	1/8/2018				
		563		\$ 49.61	1/8/2018				



	7,735	\$ 49.61	1/8/2018
4,811		\$ 41.53	7/3/2013
20,000		\$ 35.67	12/29/2015
20,000		\$ 34.05	12/29/2015
	210	\$ 26.74	10/4/2015
5,624	1,666	\$ 26.74	10/4/2015
	1,876	\$ 20.61	7/5/2015
5,624		\$ 20.61	7/5/2015
	1,876	\$ 17.12	4/5/2015
5,624		\$ 17.12	4/5/2015
15,000		\$ 15.49	10/5/2014
3,592		\$ 14.16	7/6/2014
11,408		\$ 14.16	7/6/2014
3,752		\$ 13.09	4/6/2014
11,248		\$ 13.09	4/6/2014
	1,876	\$ 12.59	1/4/2015
5,624		\$ 12.59	1/4/2015
38,544		\$ 7.78	7/3/2013

(1) Represents vested options under the 1992 Long-Term Incentive Plan and the 2008 Stock Incentive Plan.

- (2) Pursuant to the 2008 Stock Incentive Plan, options granted to employees (including the Named Executive Officers) are immediately exercisable. However, the shares of Common Stock acquired upon exercise would be subject to the same vesting schedule as the underlying options (*i.e.*, in four equal annual installments beginning on the first anniversary of the grant date).
- (3) Includes options held by the Sol Barer 2006 Grantor Retained Annuity Trust, the Sol Barer 2008 Grantor Retained Annuity Trust and the Meryl Barer 2008 Grantor Retained Annuity Trust. Meryl Barer is Dr. Barer's spouse. Dr. Barer

disclaims  
beneficial  
ownership over  
shares of  
Common Stock  
underlying  
options held by  
Meryl Barer s  
2008 Grantor  
Retained  
Annuity Trust.

**OPTION EXERCISES AND STOCK VESTED TABLE**

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise(1)	Number of Shares Acquired on Vesting	Value Realized on Vesting(2)
(a)	(b)	(c)	(d)	(e)
Sol J. Barer, Ph.D.	1,038,640	\$ 55,973,573	225.69	\$ 12,476
Robert J. Hugin	1,069,200	\$ 72,149,530	225.69	\$ 12,476
David W. Gryska	23,264	\$ 160,987	225.69	\$ 12,476
Aart Brouwer				
Graham Burton, MBBS, FRCP	135,571	\$ 7,266,345	225.69	\$ 12,476

(1) Stock options granted under the 2008 Stock Incentive Plan vest in four equal annual installments beginning on the first anniversary of the grant date. The value realized when the stock options become vested represents the excess of the fair market value of the shares at the time of exercise

over the exercise price of the stock options.

- (2) Value realized on vesting represents the number of shares acquired on vesting multiplied by the market value of the shares of Common Stock on the vesting date, which is the closing price of the shares on December 31, 2008.

#### NONQUALIFIED DEFERRED COMPENSATION TABLE

Name	Executive	Company	Aggregate	Aggregate	Aggregate
	Contributions	Contributions	Earnings		Withdrawals/
(a)	in Last	in Last	(Loss)	Distributions	Last
	Fiscal	Fiscal	In Last Fiscal		Fiscal Year
	Year(1)	Year(2)	Year(3)		End(4)
	(b)	(c)	(d)	(e)	(f)
Sol J. Barer, Ph.D.	\$ 2,846,134	\$ 186,200	\$ 392,591		\$ 8,764,192
Robert J. Hugin	\$ 110,625	\$ 109,375	\$ 100,799		\$ 2,244,269
David W. Gryska	\$ 299,950		\$ (44,486)		\$ 346,415
Aart Brouwer					
Graham Burton, MBBS, FRCP			\$ (20,419)		\$ 36,830

- (1) The amounts reported in column (b) reflect deferrals under the Nonqualified Plan of base salary and/or bonus earned by and paid to the applicable Named

Executive Officers in fiscal 2008. A portion of the amounts reported as salary and/or bonus in the Summary Compensation Table, column (c) and/or (g), respectively were deferred by Dr. Barer and Messrs. Hugin and Gryska in fiscal 2008 as follows: with respect to Dr. Barer \$630,730 of salary and \$2,215,404 of bonus; with respect to Mr. Hugin \$110,625 of salary; and with respect to Mr. Gryska \$97,450 of salary and \$202,500 of bonus.

- (2) The amounts reported in column (c) for the applicable Named Executive Officers are also reported and included within all other compensation in the Summary Compensation Table, column (i).
- (3) With respect to Mr. Gryska and Dr. Burton, the amounts in this column reflect losses incurred by deemed investments in mutual funds chosen by them under the Nonqualified Plan. None of the amounts reported in column (d) for the applicable Named Executive Officers is reported as compensation in the Summary Compensation Table.
- (4) The amounts reported in column (f) for the applicable Named Executive

Officers include previously earned, but deferred, salary and bonus and the value of Company matching contributions that were reported in our Summary Compensation Table in previous years as follows: (i) \$1,416,892 in fiscal 2007 and \$322,350 in fiscal 2006 with respect to Dr. Barer; (ii) \$201,676 in fiscal 2007 and \$602,500 in fiscal 2006 with respect to Mr. Hugin; and (iii) \$90,000 in fiscal 2007 and \$0 in fiscal 2006 with respect to Mr. Gryska. The total in this column reflects the cumulative value of each Named Executive Officer's deferrals, Company matching contributions and investment experience. The amounts reported in column (f) above are also disclosed as

Nonqualified  
Plan payments  
in the tables  
included in the  
section entitled,  
Potential  
Payments Upon  
Termination or  
Change in  
Control for each  
applicable  
Named  
Executive  
Officer.

The Nonqualified Plan is an unfunded nonqualified deferred compensation plan to which our U.S. Named Executive Officers may elect to defer up to 90% of their base salary and up to 100% of other types of compensation (i.e., LTIP awards, MIP awards, and retention and new hire deferred bonuses). Generally, a deferral election must be made no later than December 31 of the previous year, and is irrevocable. Deferrals with respect to salary are deducted from the participant's salary in equal installments for the period of January 1 to December 31 of each year. These deferral elections are for the salary earned by the participant for the particular salary pay period during that year, which would otherwise be payable to the participant in such pay period. The election to defer salary under the Nonqualified Plan is in addition to any deferral election made by the participant under our 401(k) Plan. Deferrals for performance-based annual bonuses are for those bonuses earned during the year in question, which are payable the following year. The performance-based annual bonus deferral elections may be modified or revoked before June 30 of the year in question. The Nonqualified Plan authorizes us to make a matching contribution at our sole discretion, currently ranging from 10% to 20%. The Nonqualified Plan provides for matching contributions of 20% and 15% of deferred base salary of Dr. Barer and Mr. Hugin, respectively. The participant is 100% vested at all times in his deferred cash account, and matching contributions vest in accordance with the vesting schedule specified by the committee at the time the contribution is made.



The Nonqualified Plan credits earnings to deferral amounts based upon deemed investments in mutual funds investing in equity instruments or debt securities chosen by each participant (which the participant may change at any time) from a menu of fund options provided by us. The investment returns credited to participants' accounts in the Nonqualified Plan correspond to actual returns of the chosen funds. The performance of the mutual funds fluctuates with the conditions of the capital markets and the economy generally, and is affected by prevailing interest rates and credit risks. The investment options under the Nonqualified Plan include:

<b>Fund</b>	<b>2008 Rate of Return</b>
Celgene 30 Year Treasury + 100 bpts	5.35%
Celgene Prime + 100 bpts	4.99%
T. Rowe Price Retirement 2010	-26.88%
T. Rowe Price Retirement 2020	-33.62%
T. Rowe Price Retirement 2030	-38.01%
T. Rowe Price Retirement 2040	-39.02%
Fidelity Retirement Money Market Portfolio	2.93%
Federated Capital Preservation	4.64%
BlackRock Intermediate Bond Portfolio	-2.67%
BlackRock High Yield Bond Portfolio	-28.03%
American Funds Balanced	-25.75%
American Century Equity Income	-20.05%
MFS Value	-32.85%
Federated Max-Cap Index	-37.24%
Janus Advisor Forty	-44.02%
AIM Mid Cap Core Equity	-27.45%
Fidelity Advisor Mid Cap	-52.33%
American Century Small Cap Value	-27.63%
Royce Premier	-28.41%
AIM Small Cap Growth	-38.77%
American Funds EuroPacific Growth	-40.56%

The Nonqualified Plan provides for payment of deferred compensation and earnings thereon. A distribution is made upon a participant's separation from service with us or his or her retirement (*i.e.*, a participant's attainment of age 55), a date specified by the participant in his or her compensation deferral agreement, the death of a participant (in such a case, to the designated beneficiary) or a change in control. Distributions upon a separation from service may be made in a lump sum or in annual installments of two to 15 years, as elected by the participant. A participant may elect to receive up to three in-service distribution dates in a lump sum or two to five annual installments. Payment made on a participant's separation from service will begin on the first day of the seventh month following the date of separation from service. If a participant dies before installment payments have commenced, a lump sum will be distributed to the participant's beneficiary as soon as administratively feasible thereafter, to the extent no adverse tax consequences are triggered under Section 409A of the Code. If a participant dies after the date distributions have commenced, then installment payments shall continue to be distributed to such participant's beneficiary in accordance with the participant's election. Loans are not permitted under the Nonqualified Plan, although emergency distributions are permitted in the case of certain emergencies.

The Nonqualified Plan is intended to provide participants with a tax deferral opportunity for compensation paid by us. The deferred amounts are not subject to income tax or income tax withholding when earned and deferred, but are fully taxable (and withheld appropriately) when distributed.



**Potential Payments Upon Termination or Change in Control**

The following tables summarize the value of the termination payments and benefits that Dr. Barer, Messrs. Hugin, Gryska and Brouwer and Dr. Burton would receive if they had terminated employment or a change in control of the Company occurred on December 31, 2008 under the circumstances shown. For further description of the employment agreements governing these payments, see Additional Information Regarding Executive Compensation-Employment Agreements. The tables exclude (i) amounts accrued through December 31, 2008 that would be paid in the normal course of continued employment, such as accrued but unpaid salary and earned annual bonus for fiscal 2008, (ii) vested account balances under our 401(k) Plan that is generally available to all of our employees and (iii) any post-employment benefit that is available to all of our salaried employees and does not discriminate in favor of the Named Executive Officers.

**Sol J. Barer, Ph.D.**

<b>Benefit (a)</b>	<b>Retirement (b)</b>	<b>Death (c)</b>	<b>Disability (d)</b>	<b>Termination by Company without cause (e)</b>	<b>Termination in connection with a change in control (f)</b>
Cash Severance		\$ 1,942,000(1)	\$ 1,942,000(1)	\$ 1,942,000(1)	\$ 6,091,800(2)(3)
Acceleration of Stock Options	\$ 2,323,466(4)	\$ 2,323,466(4)	\$ 2,323,466(4)		\$ 2,323,466(4)
MIP Payment	\$ 971,000(5)	(5)			
LTIP Payment	\$ 1,836,557(6)	\$ 1,836,557(6)	\$ 1,836,557(6)		\$ 2,669,890(7)
Nonqualified Plan Health & Welfare Benefits	\$ 8,764,192(8)	\$ 8,764,192(8)	\$ 8,764,192(8)	\$ 8,764,192(8)	\$ 72,149(9)
280G Tax Gross-Up					
<b>TOTAL</b>	<b>\$ 13,895,215</b>	<b>\$ 14,866,215</b>	<b>\$ 14,866,215</b>	<b>\$ 10,706,192</b>	<b>\$ 19,921,497</b>

(1) Executive is entitled to receive a lump sum payment equal to the executive's then annual base salary and a pro rata share of the executive's annual (MIP) target bonus (based on the assumption that all performance or

other criteria  
had been met)  
which equals  
the total MIP  
award,  
assuming the  
executive's  
termination of  
employment on  
December 31,  
2008.

- (2) Executive is entitled to receive the payments and benefits set forth in this section if his employment is terminated:
- (i) by us without cause, by the executive for good reason or due to the executive's disability within two years following a change in control or
  - (ii) by us without cause or by the executive for good reason within 90 days prior to a change in control.
- (3) Executive is entitled to receive a lump sum payment equal to three times the executive's then annual base salary plus three times the

executive's highest annual (MIP) bonus paid within the three years prior to the change in control.

- (4) Reflects the excess of the fair market value of the underlying shares over the exercise price of all unvested options as of December 31, 2008. In connection with a change in control, stock options will become fully vested without regard to whether there is a termination of employment. For this purpose, retirement generally means termination of the executive by us without cause on or after the executive's attainment of age 55, except with respect to stock options granted after June 18, 2002, retirement generally means the executive's voluntary resignation on or after the executive's

attainment of age 55 and the completion of five years of service.

(5) The MIP provides for a pro rata award payable on the executive's retirement or death. The MIP payment in the table reflects the total MIP award, assuming the executive's termination of employment on December 31, 2008. Pursuant to his employment agreement, the executive is entitled to a MIP payment upon his death which has been included in the Cash Severance section of the table.

(6) The LTIP provides for a pro rata award payable on the executive's retirement (subject to the approval of the Compensation Committee), death or disability. The LTIP payment in the table reflects the total

LTIP award, assuming the executive's termination of employment on December 31, 2008.

- (7) Upon a change in control, the executive is entitled to his target award for each plan cycle in effect or, if higher, an award based on actual performance through the date of the change in control. The LTIP payment in the table reflects the total LTIP award, assuming a change in control occurred on December 31, 2008.

- (8) The Nonqualified Plan provides for payment of deferred compensation (based upon contributions made by Dr. Barer in the form of payroll deductions and matching company contributions) and earnings thereon. Amounts payable under the Nonqualified Plan are described and quantified in the Nonqualified Deferred Compensation Table (column f) included elsewhere in this proxy statement. For purposes of the Nonqualified Plan, retirement generally means executive s attainment of age 55.
- (9) Executive is entitled to payment of health and welfare premiums on a tax grossed-up basis for the



executive and his dependents for three years where the first 18 months are continuation coverage under COBRA.

**Robert J. Hugin**

<b>Benefit (a)</b>	<b>Retirement (b)</b>	<b>Death (c)</b>	<b>Disability (d)</b>	<b>Termination by Company without cause (e)</b>	<b>Termination in connection with a change in control (f)</b>
Cash Severance		\$ 1,312,500(1)	\$ 1,312,500(1)	\$ 1,312,500(1)	\$ 4,297,680(2)(3)
Acceleration of Stock Options	\$ 1,395,785(4)	\$ 1,395,785(4)	\$ 1,395,785(4)		\$ 1,395,785(4)
MIP Payment	\$ 562,500(5)	(5)			
LTIP Payment	\$ 1,565,147(6)	\$ 1,565,147(6)	\$ 1,565,147(6)		\$ 2,240,480(7)
Nonqualified Plan	\$ 2,244,269(8)	\$ 2,244,269(8)	\$ 2,244,269(8)	\$ 2,244,269(8)	\$ 2,244,269(8)
Health & Welfare Benefits					\$ 58,639(9)
280G Tax Gross-Up					
<b>TOTAL</b>	<b>\$ 5,767,701</b>	<b>\$ 6,517,701</b>	<b>\$ 6,517,701</b>	<b>\$ 3,556,769</b>	<b>\$ 10,236,853</b>

- (1) Executive is entitled to receive a lump sum payment equal to the executive's then annual base salary and a pro rata share of the executive's annual (MIP) target bonus (based on the assumption that all performance or other criteria had been met) which equals the total MIP

award,  
assuming the  
executive's  
termination of  
employment on  
December 31,  
2008.

- (2) Executive is entitled to receive the payments and benefits set forth in this section if his employment is terminated:
- (i) by the us without cause, by the executive for good reason or due to the executive's disability within two years following a change in control or
  - (ii) by us without cause or by the executive for good reason within 90 days prior to a change in control.
- (3) Executive is entitled to receive a lump sum payment equal to three times the executive's then annual base salary plus three times the executive's highest annual (MIP) bonus paid within the

three years prior to the change in control.

- (4) Reflects the excess of the fair market value of the underlying shares over the exercise price of all unvested options as of December 31, 2008. In connection with a change in control, stock options will become fully vested without regard to whether there is a termination of employment. For this purpose, retirement generally means termination of the executive by us without cause on or after the executive's attainment of age 55, except with respect to stock options granted after June 18, 2002, retirement generally means the executive's voluntary resignation on or after the executive's attainment of age 55 and the completion of five years of

service.

- (5) The MIP provides for a pro rata award payable on the executive's retirement or death. The MIP payment in the table reflects the total MIP award, assuming the executive's termination of employment on December 31, 2008. Pursuant to his employment agreement, the executive is entitled to a MIP payment upon his death which has been included in the Cash Severance section of the table.
- (6) The LTIP provides for a pro rata award payable on the executive's retirement (subject to the approval of the Compensation Committee), death or disability. The LTIP payment in the table reflects the total LTIP award, assuming the executive's termination of

employment on  
December 31,  
2008.

- (7) Upon a change in control, the executive is entitled to his target award for each plan cycle in effect or, if higher, an award based on actual performance through the date of the change in control. The LTIP payment in the table reflects the total LTIP award, assuming a change in control occurred on December 31, 2008.

- (8) The Nonqualified Plan provides for payment of deferred compensation (based upon contributions made by Mr. Hugin in the form of payroll deductions and matching company contributions) and earnings thereon. Amounts payable under the Nonqualified Plan are described and quantified in the Nonqualified Deferred Compensation Table (column f) included elsewhere in this proxy statement. For purposes of the Nonqualified Plan, retirement generally means executive s attainment of age 55.
- (9) Executive is entitled to payment of health and welfare premiums on a tax grossed-up

basis for the executive and his dependents for three years where the first 18 months are continuation coverage under COBRA.

**David W. Gryska**

<b>Benefit (a)</b>	<b>Retirement (b)</b>	<b>Death (c)</b>	<b>Disability (d)</b>	<b>Termination by Company without cause (e)</b>	<b>Termination in connection with a change in control (f)</b>
Cash Severance				\$ 824,705(1)	\$ 824,705(2)
Acceleration of Stock Options					\$ 87,066(3)
MIP Payment	\$ 304,200(4)	\$ 304,200(4)			
LTIP Payment	\$ 300,000(5)	\$ 300,000(5)	\$ 300,000(5)		\$ 675,000(6)
Nonqualified Plan	\$ 346,415(7)	\$ 346,415(7)	\$ 346,415(7)	\$ 346,415(7)	\$ 346,415(7)
<b>TOTAL</b>	<b>\$ 950,615</b>	<b>\$ 950,615</b>	<b>\$ 646,415</b>	<b>\$ 1,171,120</b>	<b>\$ 1,933,186</b>

- (1) Executive is entitled to receive (i) a lump sum payment equal to the executive's then annual base salary, and the executive's annual (MIP) target bonus (based on the assumption that all performance or other criteria had been met); and (ii) 12 months of Company-paid COBRA coverage subject

to Mr. Gryska's payments of the premiums at the applicable active rate.

- (2) Executive is entitled to receive the same payments and benefits set forth in footnote (1) if his employment is terminated by the Company for any reason on or following a change in control.
- (3) Reflects the excess of the fair market value of the underlying shares over the exercise price of all unvested options as of December 31, 2008. In connection with a change in control, stock options will become fully vested without regard to whether there is a termination of employment.
- (4) The MIP provides for a pro rata award payable on the executive's retirement or death. The MIP payment in the



table reflects the total MIP award, assuming the executive's termination of employment on December 31, 2008.

- (5) The LTIP provides for a pro rata award payable on the executive's retirement (subject to the approval of the Compensation Committee), death or disability. The LTIP payment in the table reflects the total LTIP award, assuming the executive's termination of employment on December 31, 2008.
- (6) Upon a change in control, the executive is entitled to his target award for each plan cycle in effect or, if higher, an award based on actual performance through the date of the change in control. The LTIP payment in the table reflects the total LTIP award, assuming a

change in  
control occurred  
on  
December 31,  
2008.

- (7) The Nonqualified Plan provides for payment of deferred compensation (based upon contributions made by Mr. Gryska in the form of payroll deductions) and earnings thereon. Amounts payable under the Nonqualified Plan are described and quantified in the Nonqualified Deferred Compensation Table (column f) included elsewhere in this proxy statement. For purposes of the Nonqualified Plan, retirement generally means executive s attainment of age 55.

**Aart Brouwer**

<b>Benefit (a)</b>	<b>Retirement (b)</b>	<b>Death (c)</b>	<b>Disability (d)</b>	<b>Termination by Company without cause (e)</b>	<b>Termination in connection with a change in control (f)</b>
Cash Severance					
Acceleration of Stock Options					\$ 36,296(1)
MIP Payment	\$ 291,180(2)	\$ 291,180(2)			
LTIP Payment Nonqualified Plan	\$ 634,532(3)	\$ 634,532(3)	\$ 634,532(3)		\$ 893,031(4)
<b>TOTAL</b>	<b>\$ 925,712</b>	<b>\$ 925,712</b>	<b>\$ 634,532</b>	<b>\$</b>	<b>\$ 929,327</b>

(1) Reflects the excess of the fair market value of the underlying shares over the exercise price of all unvested options as of December 31, 2008. In connection with a change in control, stock options will become fully vested without regard to whether there is a termination of employment.

(2) The MIP provides for a pro rata award payable on the executive's retirement or death. The MIP payment in the

table reflects the total MIP award, assuming the executive's termination of employment on December 31, 2008.

- (3) The LTIP provides for a pro rata award payable on the executive's retirement (subject to the approval of the Compensation Committee), death or disability. The LTIP payment in the table reflects the total LTIP award, assuming the executive's termination of employment on December 31, 2008.
- (4) Upon a change in control, the executive is entitled to his target award for each plan cycle in effect or, if higher, an award based on actual performance through the date of the change in control. The LTIP payment in the table reflects the total LTIP award, assuming a

change in  
control occurred  
on  
December 31,  
2008.

**Graham Burton, MBBS, FRCP**

<b>Benefit (a)</b>	<b>Retirement (b)</b>	<b>Death (c)</b>	<b>Disability (d)</b>	<b>Termination by Company without cause (e)</b>	<b>Termination in connection with a change in control (f)</b>
Cash Severance				\$ 693,096(1)	\$ 693,096(2)
Acceleration of Stock Options					\$ 329,978(3)
MIP Payment	\$ 225,000(4)	\$ 225,000(4)			
LTIP Payment	\$ 533,027(5)	\$ 533,027(5)	\$ 533,027(5)		\$ 746,676(6)
Nonqualified Plan	\$ 36,830(7)	\$ 36,830(7)	\$ 36,830(7)	\$ 36,830(7)	\$ 36,830(7)
<b>TOTAL</b>	<b>\$ 794,857</b>	<b>\$ 794,857</b>	<b>\$ 569,857</b>	<b>\$ 729,926</b>	<b>\$ 1,806,580</b>

- (1) Executive is entitled to receive (i) a lump sum payment equal to the executive's then annual base salary, and the executive's annual (MIP) target bonus (based on the assumption that all performance or other criteria had been met); and (ii) 12 months of Company-paid COBRA coverage subject to Dr. Burton's payments of the premiums at the applicable

active rate.

- (2) Executive is entitled to receive the same payments and benefits set forth in footnote (1) if his employment is terminated by the Company for any reason on or following a change in control.
  
- (3) Reflects the excess of the fair market value of the underlying shares over the exercise price of all unvested options as of December 31, 2008. In connection with a change in control, stock options will become fully vested without regard to whether there is a termination of employment.
  
- (4) The MIP provides for a pro rata award payable on the executive's retirement or death. The MIP payment in the table reflects the total MIP award,

assuming the executive's termination of employment on December 31, 2008.

- (5) The LTIP provides for a pro rata award payable on the executive's retirement (subject to the approval of the Compensation Committee), death or disability. The LTIP payment in the table reflects the total LTIP award, assuming the executive's termination of employment on December 31, 2008.
- (6) Upon a change in control, the executive is entitled to his target award for each plan cycle in effect or, if higher, an award based on actual performance through the date of the change in control. The LTIP payment in the table reflects the total LTIP award, assuming a change in control occurred on



December 31,  
2008.

- (7) The Nonqualified Plan provides for payment of deferred compensation (based upon contributions made by Dr. Burton in the form of payroll deductions) and earnings thereon. Amounts payable under the Nonqualified Plan are described and quantified in the Nonqualified Deferred Compensation Table (column f) included elsewhere in this proxy statement. For purposes of the Nonqualified Plan, retirement generally means executive s attainment of age 55.

#### **DIRECTOR COMPENSATION**

All members of the Board of Directors who are not our employees, or the Non-Employee Directors, currently receive an annual retainer of \$55,000 per year, payable quarterly in arrears. In addition, all Non-Employee Directors are eligible to receive stock options pursuant to the Directors Incentive Plan as described below.

Currently, the Chairman of the Audit Committee receives \$28,000, the Chairman of the Compensation Committee receives \$14,000, the Chairman of the Nominating Committee receives \$10,000 and the Chairman of the Executive Committee receives \$10,000 in annual cash compensation. Each member of the Audit Committee (other than the Chairman) receives \$12,000, each member of the Compensation Committee (other than the Chairman) receives \$8,000, each member of the Nominating Committee (other than the Chairman) receives \$5,000 and each non-employee member of the Executive Committee receives \$5,000 in annual cash compensation.

In April 2009, Radford recommended, and we approved, certain increases in the annual compensation of the Non-Employee Directors. The Non-Employee Directors' annual retainer will be increased by \$5,000 from \$55,000 to \$60,000 per year, and the lead independent Non-Employee Director's annual retainer will be increased by \$20,000 per year. In addition, we approved the following increases in annual compensation for the committee chairs: (i) an increase in the Chairman of the Audit Committee's annual fee by \$2,000 from \$28,000 to \$30,000 per year; (ii) an increase in the Chairman of the Compensation Committee's annual fee by \$4,000 from \$14,000 to \$18,000 per year; and (iii) an increase in the Chairman of the Nominating Committee's annual fee by \$4,000 from \$10,000 to \$14,000 per year. We also approved the following increases in the annual compensation for committee members: (i) an increase in the annual fee for members of the Audit Committee by \$3,000 from \$12,000 to \$15,000 per year; (ii) an increase in the annual fee for members of the Compensation Committee by \$2,000 from \$8,000 to \$10,000 per year; and (iii) an increase in the annual fee for members of the Nominating Committee by \$1,000 from \$5,000 to \$6,000 per year.

**DIRECTOR COMPENSATION TABLE**

As described more fully below, the following table summarizes the annual cash compensation for the Non-Employee Directors serving as members of our Board of Directors during fiscal 2008.

Name	Fees Earned		Option Awards (1) (d)	Non-Equity Incentive Plan Compensation (e)	Change in Pension Value and Nonqualified Deferred Compensation (2) (f)	All Other Compensation (g)	Total (h)
	or Paid in Cash (b)	Stock Awards (c)					
Michael D. Casey	\$ 78,000		\$ 506,023				\$ 584,023
Rodman L. Drake	\$ 74,000		\$ 592,293				\$ 666,293
Arthur Hull Hayes, Jr., M.D.	\$ 67,000		\$ 506,023				\$ 573,023
Gilla Kaplan, Ph.D.	\$ 67,000		\$ 506,023				\$ 573,023
James J. Loughlin	\$ 91,000		\$ 622,500				\$ 713,500
Ernest Mario, Ph.D.	\$ 65,000		\$ 589,249				\$ 654,249
Walter L. Robb, Ph.D.	\$ 67,000		\$ 506,023				\$ 573,023
Richard C.E. Morgan (3)	\$ 41,250		\$ 346,697				\$ 387,947

(1) The amounts in column (d) represent the proportionate amount of the total fair value of stock options recognized by us as an expense in fiscal 2008 for financial accounting purposes, disregarding for this purpose the estimate of forfeitures related to service-based vesting conditions. The fair values of these awards and the amounts expensed in fiscal 2008 were determined in accordance with SFAS No. 123R. The assumptions used in determining

the grant date fair values of these awards are set forth in note 15 to our consolidated financial statements included in our Annual Report on Form 10-K for fiscal 2008 filed with the SEC. The grant date fair value of the stock option awards reflected in column (d) was \$7,608,095, computed in accordance with SFAS No. 123R.

At December 31, 2008, the aggregate number of outstanding stock option awards held by each Non-Employee Director was:

Mr. Casey	174,875
shares;	
Mr. Drake	67,375
shares;	
Dr. Hayes	174,875
shares; Dr.	
Kaplan	334,875
shares;	
Mr. Loughlin	56,125
shares;	
Dr. Mario	52,750
shares;	
Dr. Robb	144,875
shares; and	
Mr. Morgan	56,000
shares.	

- (2) We do not have a pension plan or a nonqualified deferred compensation plan for our Non-Employee

Directors.

- (3) Mr. Morgan did not stand for re-election at the 2008 annual meeting.

All of the stock options issued to our Non-Employee Directors were granted under the Directors Incentive Plan. The Directors Incentive Plan was adopted by the Board of Directors on April 5, 1995, and approved by our stockholders at the 1995 Annual Meeting of stockholders. At our Annual Meeting held in 1997, the Directors Incentive Plan was amended to increase the number of shares of our Common Stock that may be issued upon exercise of options granted thereunder from 3,000,000 shares to 4,200,000 shares, as adjusted for the Splits. At our Annual Meeting held in 1999, the Directors Incentive Plan was amended to increase the number of shares of our Common Stock that may be issued upon exercise of options granted thereunder from 4,200,000 shares to 7,200,000 shares, as adjusted for the Splits. At our Annual Meeting in 2005, the Directors Incentive Plan was amended to increase the number of shares of our Common Stock that may be issued upon exercise of options granted thereunder from 7,200,000 to 7,700,000 shares, as adjusted for the 2006 Split. The Directors Incentive Plan currently provides for the granting to Non-Employee Directors of nonqualified options to purchase an aggregate of not more than 7,700,000 shares (subject to adjustment to reflect changes in capitalization) of Common Stock.

Under the Directors Incentive Plan, each new Non-Employee Director upon the date of his or her election or appointment will be granted a nonqualified option to purchase 25,000 shares of Common Stock. These initial options vest in four equal annual installments commencing on the first anniversary of the date of grant, assuming the Non-Employee Director remains a member of our Board of Directors. Each Non-Employee Director who has been elected at the annual meeting to continue as a director receives nonqualified options to purchase 18,500 shares of Common Stock annually granted at the annual stockholders meeting. These options vest in full on the first anniversary of the date of the grant, assuming the Non-Employee Director is a member of our Board of Directors on that date. All options granted pursuant to the Directors Incentive Plan will expire no later than 10 years from the date of grant and, under the current terms of the Directors Incentive Plan, no option may be granted after June 30, 2015. If a Non-Employee Director terminates his or her service on the Board of Directors for any reason, options that were exercisable on the date of termination and that have not expired may be exercised at any time until the date of expiration of such options. In addition, if there is a change of control and within two years after such change of control a director ceases to be a Non-Employee Director for any reason, or is not nominated for election by our stockholders, all unvested portions of a stock option will automatically vest.

If the amendment and restatement of our 2008 Stock Incentive Plan is approved by stockholders, Non-Employee Directors will receive awards as follows:

- upon initial election or appointment to the Board of Directors, an award of a nonqualified stock option to purchase 25,000 shares of Common Stock (this award is consistent with the current initial grant under the Directors Incentive Plan); and

- upon election as a continuing member of the Board of Directors, an award of a nonqualified stock option to purchase 12,333 shares of Common Stock and 2,055 RSUs, in each case, prorated for partial years (this award will be in lieu of the current annual award under the Directors Incentive Plan of an option to purchase 18,500 shares of Common Stock). The foregoing split between stock options and RSUs is based on a two-thirds and one-third mix of stock options to RSUs, respectively, using a three to one ratio of stock options to RSUs in calculating the number of RSUs.

If the amendment and restatement of our 2008 Stock Incentive Plan is approved by stockholders, no further awards will be granted under the Directors Incentive Plan. For more information regarding the terms and conditions of awards for Non-Employee Directors under the 2008 Stock Incentive Plan, as amended and restated, see Proposal 3 Approval of the Amendment and Restatement of our 2008 Stock Incentive Plan below.

In addition, in fiscal 2009, we have implemented minimum stock ownership guidelines to be achieved within a five-year period of the date of the Annual Meeting on June 17, 2009. These guidelines provide for target stockholdings in an amount equal to three times a Non-Employee Director's then-annual cash retainer. Such guidelines will be deemed satisfied if the Non-Employee Director 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 of the 2009 Annual Meeting. In determining whether a Non-Employee Director meets the guidelines, we consider owned shares and vested restricted or deferred stock units, but we do not consider stock options.

**EQUITY COMPENSATION PLAN INFORMATION**

The following table summarizes shares of our Common Stock to be issued upon exercise of options and warrants, the weighted-average exercise price of outstanding options and warrants and options available for future issuance pursuant to our equity compensation plans as of December 31, 2008:

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</b>	<b>Weighted Average Exercise Price of Outstanding Options, Warrants and Rights</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans</b>
Equity compensation plans approved by security holders	32,326,528	\$ 41.84	16,938,083
Equity compensation plans not approved by security holders	1,857,734	\$ 7.55	
<b>Total</b>	<b>34,184,262</b>	<b>\$ 39.98</b>	<b>16,938,083</b>

The Anthrogenesis Corporation Qualified Employee Incentive Stock Option Plan, or the Qualified Plan, has not been approved by our stockholders. As a result of our acquisition of Anthrogenesis on December 31, 2002, we acquired the Qualified Plan and the Anthrogenesis Nonqualified Recruiting and Retention Stock Option Plan, or the Anthrogenesis Nonqualified Plan. No future awards will be granted under the Anthrogenesis Nonqualified Plan. The Qualified Plan authorizes the award of incentive stock options, which are stock options that qualify for special federal income tax treatment. The exercise price of any stock option granted under the Qualified Plan may not be less than the fair market value of Common Stock on the date of grant. In general, each option granted under the Qualified Plan vests evenly over a four-year period and expires ten years from the date of grant, subject to earlier expiration in case of termination of employment. The vesting period is subject to certain acceleration provisions if a change in control occurs. No award will be granted under the Qualified Plan on or after December 31, 2007.

In connection with our acquisition of Pharmion Corporation on March 7, 2008, we assumed the Pharmion Corporation 2000 Stock Incentive Plan and the outstanding, unvested stock options to purchase shares of Pharmion common stock granted thereunder. Such outstanding, unvested stock options were converted in the acquisition transaction into equivalent stock options to purchase shares of our common stock on the same general terms and conditions as the original awards. There will be no new awards issued under the Pharmion Corporation 2000 Stock Incentive Plan.

**Audit Committee Report**

*Pursuant to rules adopted by the SEC designed to improve disclosures related to the functioning of corporate audit committees and to enhance the reliability and credibility of financial statements of public companies, the Audit Committee of our Board of Directors submits the following report:*

**Audit Committee Report to Stockholders**

The Audit Committee of the Board of Directors is responsible for providing independent, objective oversight of the Company's accounting functions and internal controls. The Audit Committee is composed of four directors, each of

whom is independent as defined by the Nasdaq Marketplace Rules. The Audit Committee operates under a written charter approved by the Board of Directors and held nine meetings in fiscal 2008. A copy of the charter has been filed as Appendix A to our proxy statement for our 2004 Annual Meeting filed on April 29, 2004 and is available on the Company's website at <http://www.celgene.com> by choosing the Investor Relations link then clicking on the Corporate Governance section.

Management is responsible for the Company's internal controls over financial reporting, disclosure controls and procedures and the financial reporting process. The independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements and the effectiveness of the Company's internal control over financial reporting in accordance with Public Company Accounting Oversight Board (PCAOB) standards and to issue reports thereon. The Audit Committee's responsibility is to monitor and oversee these processes, including the activities of the Internal Audit function. The Audit Committee has established a mechanism to receive, retain and process complaints on auditing, accounting and internal control issues, including the confidential, anonymous submission by employees of concerns on questionable accounting and auditing matters.



In connection with these responsibilities, the Audit Committee met with management and the independent registered public accounting firm to review and discuss the December 31, 2008 audited consolidated financial statements. The Audit Committee also discussed with the independent registered public accounting firm the matters required by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the PCAOB in Rule 3200T. In addition, the Audit Committee received the written disclosures from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent accountant's communications with the Audit Committee concerning independence, and the Audit Committee has discussed the independent registered public accounting firm's independence from the Company and its management.

Based upon the Audit Committee's discussions with management and the independent registered public accounting firm, and the Audit Committee's review of the representations of management and the independent registered public accounting firm, the Audit Committee recommended that the Board of Directors include the audited consolidated financial statements in the Company's Annual Report on Form 10-K for fiscal 2008 filed with the SEC.

The Audit Committee also recommended to the Board of Directors, and the Board has approved, subject to stockholder ratification, the selection of KPMG LLP as the Company's independent auditors for fiscal 2009.

Respectfully submitted,

THE AUDIT COMMITTEE

James J. Loughlin, Chairman  
Arthur Hull Hayes, Jr., M.D.  
Gilla Kaplan, Ph.D.  
Walter L. Robb, Ph.D.

**PROPOSAL TWO:  
Registered Public Accounting Firm**

The Board of Directors, upon the recommendation of its Audit Committee, has appointed KPMG LLP, to serve as our independent registered public accounting firm, to audit our consolidated financial statements and the effectiveness of our internal control over financial reporting for the current year. Representatives of KPMG LLP are expected to be present at the meeting of stockholders and will be given an opportunity to make a statement if they so desire. They are expected to be available to respond to appropriate questions.

We are asking our stockholders to ratify the selection of KPMG LLP as our independent registered public accounting firm. Although ratification is not required by our By-laws or otherwise, the Board is submitting the selection of KPMG LLP to our stockholders for ratification because we value our stockholders' views on our independent registered public accounting firm and as a matter of good corporate practice. In the event that our stockholders fail to ratify the selection, it will be considered as a direction to the Board of Directors and the Audit Committee to consider the selection of a different firm. Even if the selection is ratified, the Audit Committee in its discretion may select a different independent registered public accounting firm, subject to ratification by the Board, at any time during the year if it determines that such a change would be in our best interests and the best interests of our stockholders.

**Principal Accountant Fees and Services**

The following table summarizes fees billed to us by our independent registered public accounting firm, which were pre-approved, for fiscal 2007 and fiscal 2008.

	<b>2007</b>	<b>2008</b>
Audit Fees	\$ 2,615,000	\$ 4,208,000
Audit-Related Fees	\$ 255,000	\$ 35,000
Tax Fees	\$ 530,000	
Other		

*Audit Fees:* include fees for professional services rendered for the audits of the consolidated financial statements and effectiveness of internal control over financial reporting of the Company, quarterly reviews, statutory audits, consents and assistance with and review of documents filed with the SEC.

*Audit-Related Fees:* include fees for audit-related services consisting of employee benefit plan audits and due diligence services performed in fiscal 2007 pertaining to the Pharmion acquisition.

*Tax Fees:* include fees for tax services, including tax compliance, tax advice and tax planning.

**Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm**

The Audit Committee pre-approves all audit and permissible non-audit services provided by our independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services.

The proposal to ratify the Audit Committee's selection of KPMG LLP will require the affirmative vote of the holders of a majority of the shares of Common Stock cast in person or by proxy.

**RECOMMENDATION OF THE BOARD OF DIRECTORS  
THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS  
A VOTE FOR THE ADOPTION OF PROPOSAL TWO.**

**PROPOSAL THREE:**

**Approval of the Amendment and Restatement of our 2008 Stock Incentive Plan**

Our stockholders are being asked to approve an amendment and restatement of our 2008 Stock Incentive Plan (which we refer to in this Proposal as the Plan ), which was approved by the Board of Directors on April 15, 2009, effective upon and subject to stockholders approval. The amendment and restatement of the Plan incorporates the provisions of the Plan as currently in effect and includes the following key modifications:

Adoption of an aggregate share reserve of 70,781,641 shares of our Common Stock. This number includes our current share reserve of 52,372,191 shares of our Common Stock, 18,100,000 additional amount of new shares of our Common Stock and 309,450 shares of Common Stock reserved but not yet granted under the Directors Incentive Plan, that will be transferred to the Plan as of the date of stockholder approval of the Plan. We continue to maintain a fungible share limit where each share of our Common Stock subject to full value awards (e.g., restricted stock, other stock-based awards or performance awards denominated in Common Stock) will be counted as 1.6 shares against the aggregate share reserve under the Plan. If the Plan, as amended and restated, is approved by stockholders no further awards will be granted under the Directors Incentive Plan;

In lieu of the current awards under the Directors Incentive Plan an automatic grant to Non-Employee Directors as follows (subject to adjustment in accordance with the Plan):

upon initial election or appointment to the Board of Directors, an award a nonqualified stock option to purchase 25,000 shares of Common Stock (this award is consistent with the current initial award under the Directors Incentive Plan); and

upon election as a continuing member of the Board of Directors, an award of a nonqualified stock option to purchase 12,333 shares of Common Stock and 2,055 RSUs, in each case, pro rated for partial years (this award will be in lieu of the current annual award under the Directors Incentive Plan of an option to purchase 18,500 shares of Common Stock). The foregoing split between stock options and RSUs is based on a two-thirds and one-third mix of stock options to RSUs, respectively, using a three to one ratio of stock options to RSUs in calculating the number of RSUs. No discretionary award is permitted to be granted to Non-Employee Directors, and the Compensation Committee will administer the Plan with respect to awards for Non-Employee Directors (rather than the Board of Directors as currently provided under the Directors Incentive Plan);

Specifying that the maximum amount of shares of Common Stock subject to any award under the Plan that may become subject to accelerated vesting will not be greater than 5% of the total shares reserved for awards under the Plan, except that, with respect to any participant other than a named executive officer, such 5% limit will not apply to any accelerated vesting as a result of a change in control or a participant s retirement, disability, death, layoff pursuant to a reduction in workforce or termination of employment due to a business acquisition;

Clarification that the total number of shares of Common Stock available for awards will be reduced by (i) the total number of stock options or stock appreciation rights exercised, regardless of whether any of the shares of Common Stock underlying such awards are not actually issued to the participant as the result of a net settlement and (ii) any shares of Common Stock used to pay any exercise price or tax withholding obligation with respect to any stock option or stock appreciation right. Shares of Common Stock repurchased by us on the open market with the proceeds of a stock option exercise price will not be added to the aggregate share reserve; and

Extension of the term of the Plan through April 15, 2019 (currently the Plan is scheduled to expire after April 16, 2018).

In addition to the foregoing, our stockholders are being asked to approve the Section 162(m) performance goals under the Plan so that certain incentive awards granted under the Plan to executive officers of the Company may qualify as exempt performance-based compensation under Section 162(m) of the Code. Otherwise, Section 162(m) of the Code generally disallows the corporate tax deduction for certain compensation paid in excess of \$1,000,000 annually to each of the chief executive officer and certain other named executive officers. Section 162(m) of the Code generally

requires such performance goals to be approved by stockholders every five years.

We anticipate filing a Registration Statement on Form S-8 with the SEC to register the additional amount of new shares of our Common Stock to be included in the aggregate share reserve under the Plan, as amended and restated, effective upon and subject to stockholders' approval, as soon as practicable upon such stockholders' approval.

**Background of the Proposal to Approve the Amendment and Restatement of the Plan**

As of March 17, 2009, the closing price of shares of our Common Stock as reported on Nasdaq, was \$48.42 per share. In addition, as of March 17, 2009, stock options outstanding and shares available for grant under all of our equity compensation plans are as follows:

	Total
Stock options outstanding, all plans (1)	34,933,859
Full-value awards outstanding, all plans	
Shares available for awards, all plans (2)	15,683,698

(1) As of March 17, 2009, the range of the exercise prices of stock options outstanding under all of our equity compensation plans was \$.0375 to \$73.92, with a weighted-average exercise price of \$41.42. The closing price of a share of our Common Stock on such date was \$48.42. The weighted-average remaining contractual life of stock options outstanding under all of our equity compensation plans as of March 17, 2009 was 6.6 years.

(2) Represents shares of our Common Stock reserved for issuance under all of our equity compensation plans as of March 17, 2009. Of these, 309,450 shares will be

transferred to the Plan from the Directors Incentive Plan as of the date of stockholder approval of the Plan, and 1,094,250 shares are subject to outstanding awards under the Directors Incentive Plan and will not be transferred to the Plan.

The Board of Directors believes that stock ownership by employees provides performance incentives and fosters long-term commitment to our benefit and the benefit of our stockholders and that the proposed increase in the share reserve will provide an adequate reserve of shares of Common Stock under the Plan to allow us to compete successfully with other companies in attracting and retaining valuable employees.

The Board of Directors recommends that stockholders approve the amendment and restatement of the Plan. If the requisite stockholder approval of the amendment and restatement of the Plan is not obtained, the amendment and restatement of our Plan will not take effect. If such approval is not obtained, we may continue to grant awards separately under the Plan and the Directors Incentive Plan in accordance with the terms and the current share reserve under the Plan and the Directors Incentive Plan, as the case may be. However, we will not be able grant Non-Employee Directors RSUs.

The following is a brief summary of the principal provisions of the Plan, as amended and restated. This summary does not purport to be complete and is qualified in its entirety by reference to the text of the Plan, as amended and restated, a copy of which is annexed to this proxy statement as Appendix A.

**Summary of the Plan (as amended and restated)**

*Purpose; Eligibility.* The purpose of the Plan is to enable us and our affiliates to attract, retain and motivate key employees and Non-Employee Directors who are important to our success and growth, and to strengthen the mutuality of interests between such individuals and our stockholders by granting such individuals stock-based incentives and other equity interests in us.

*Administration.* The Plan is administered by the Compensation Committee or such other committee or subcommittee appointed from time to time by the Board of Directors (referred to as the Committee), which is intended to consist of two or more non-employee directors, each of whom will be, to the extent required by Rule 16b-3 under the Exchange Act, Section 162(m) of the Code and the rules of the Financial Industry Regulatory Authority, a non-employee director as defined in Rule 16b-3, an outside director as defined under Section 162(m) of the Code and an independent director as defined under NASD Rule 4200(a)(15) of the Financial Industry Regulatory Authority rulebook. If for any reason the appointed Committee does not meet the requirements of Rule 16b-3 of the Exchange Act or Section 162(m) of the Code, the validity of the awards, grants, interpretation or other actions of the Committee will not be affected. The Committee has the full authority to select those individuals eligible to receive awards and the amount and type of awards.

*Types of Awards.* The Plan provides for the grant of any or all of the following types of awards: (i) stock options, including incentive stock options and nonqualified stock options; (ii) stock appreciation rights ( SARs ), in tandem with stock options or freestanding; (iii) restricted stock; (iv) other stock-based awards, including RSUs; and (v) performance-based awards. Non-Employee Directors are eligible to receive only automatic awards of nonqualified stock options or a combination of nonqualified stock options and RSUs in accordance with the Plan and will not be eligible for discretionary awards.

*Stock Options.* Options may be in the form of incentive stock options or nonqualified stock options. The Committee will, with regard to each stock option, determine the number of shares subject to the option, the term of the option (which shall not exceed ten years, provided, however, that the term of an incentive stock option granted to a 10% stockholder shall not exceed five years), the exercise price per share of stock subject to the option, the vesting schedule and the other material terms of the option. Stock options will be subject to a minimum vesting schedule of one year, except that, with respect to participants other than named executive officers on the grant date, unvested stock options may become vested prior to the completion of such one-year period upon a change in control or a participant's retirement, disability, death, layoff pursuant to a reduction in workforce or termination of employment pursuant to a business acquisition, in each case, to the extent provided in the applicable award agreement. However, awards with respect to up to 5% of the total number of shares reserved for awards under the Plan may be granted to any participant (including a named executive officer) without regard to any limit on accelerated vesting. No stock option may have an exercise price less than the fair market value (as defined in the Plan) of the Common Stock at the time of grant (or, in the case of an incentive stock option granted to a 10% stockholder, 110% of the fair market value of the Common Stock).

The exercise price upon exercise may be paid in cash, shares of Common Stock for which the recipient has good title free and clear of any lien or encumbrance or, if the Common Stock is traded on a national securities exchange, to the extent permitted by law, through the delivery of irrevocable instructions to a broker to deliver to us an amount equal to the exercise price. The Committee also may provide, at the time of grant, that the shares to be issued upon the exercise of a stock option be in the form of restricted stock or may reserve a right to do so after the time of grant.

The Plan contains express prohibition against repricing stock options and SARs. Without stockholder approval we are prohibited from either (i) reducing the exercise price of an outstanding stock option or SAR or (ii) simultaneously canceling stock options or SARs for which the exercise price exceeds the then current fair market value of the underlying Common Stock and granting a new stock option or SAR with an exercise price equal to the then current fair market value of the underlying Common Stock.

*Stock Appreciation Rights or SARs.* The Committee may grant SARs either with a stock option, referred to as Tandem SARs, or independent of a stock option, referred to as Non-Tandem SARs. A SAR is a right to receive a payment in Common Stock, equal in value to the excess of the fair market value of a share of Common Stock on the date of exercise over the reference price per share of Common Stock established in connection with the grant of the SAR. The reference price per share covered by a SAR will be the per share exercise price of the related option in the case of a Tandem SAR and will be the per share fair market value of Common Stock on the date of the grant in the case of a Non-Tandem SAR. The Committee also may grant limited SARs, either as Tandem SARs or Non-Tandem SARs, which may become exercisable only upon the occurrence of a change in control (as defined in the Plan) or such other event as the Committee may, in its sole discretion, designate at the time of grant or thereafter. SARs will be subject to a minimum vesting schedule of one year, except that, with respect to participants other than named executive officers on the grant date, unvested SARs may become vested prior to the completion of such one-year period upon a change in control or a participant's retirement, disability, death, layoff pursuant to a reduction in workforce or termination of employment pursuant to a business acquisition, in each case, to the extent provided in the applicable award agreement. However, awards with respect to up to 5% of the total number of shares reserved for awards under the Plan may be granted to any participant (including a named executive officer) without regard to any limit on accelerated vesting.

*Restricted Stock.* The Committee may award shares of restricted stock. Upon the award of restricted stock, the recipient has all rights of a stockholder with respect to the shares, including, without limitation, the right to receive dividends, the right to vote such shares and, subject to and conditioned upon the full vesting of the shares of restricted stock, the right to tender such shares. Unless otherwise determined by the Committee at grant, the payment of

dividends, if any, shall be deferred until the date that the relevant share of restricted stock vests.



Recipients of restricted stock are required to enter into a restricted stock award agreement with us which states the restrictions to which the shares are subject and the criteria or date or dates on which such restrictions will lapse. Within these limits, based on service, attainment of performance goals and such other factors as the Committee may determine in its sole discretion, or a combination thereof, the Committee may provide for the lapse of such restrictions in installments in whole or in part or may accelerate or waive such restrictions at any time. If the lapse of the relevant restriction is based on the attainment of performance goals, the Committee shall establish the goals, formulae or standards and the applicable vesting percentage for the restricted stock awards applicable to recipients. Restricted stock is subject to a minimum vesting schedule of three years (with no more than one-third of the shares of Common Stock subject thereto vesting on each of the first three anniversaries of the date of grant), except that, with respect to participants other than named executive officers on the grant date, unvested restricted stock may become vested prior to the completion of such three-year period upon a change in control or a participant's retirement, disability, death, layoff pursuant to a reduction in workforce or termination of employment pursuant to a business acquisition, in each case, to the extent provided in the applicable award agreement. However, awards with respect to up to 5% of the total number of shares reserved for awards under the Plan may be granted to any participant (including a named executive officer) without regard to any limit on accelerated vesting.

*Other Stock-Based Awards.* The Committee may, subject to limitations under applicable law, make a grant of such other stock-based awards (including, without limitation, performance units, dividend equivalent units, stock equivalent units, RSUs and deferred stock units) under the Plan that are payable in cash or denominated or payable in or valued by shares of Common Stock or factors that influence the value of such shares. The Committee shall determine the terms and conditions of any such other award, which may include the achievement of certain minimum performance goals for purposes of compliance with Section 162(m) of the Code and/or a minimum vesting period. Other stock-based awards are subject to a minimum vesting schedule of three years (with no more than one-third of the shares of Common Stock subject thereto vesting on each of the first three anniversaries of the date of grant), except that, with respect to participants other than named executive officers on the grant date, unvested RSUs may become vested prior to the completion of such three-year period upon a change in control or a participant's retirement, disability, death, layoff pursuant to a reduction in workforce or termination of employment pursuant to a business acquisition, in each case, to the extent provided in the applicable award agreement. However, awards with respect to up to 5% of the total number of shares reserved for awards under the Plan may be granted to any participant (including a named executive officer) without regard to any limit on accelerated vesting. The performance goals for such other stock-based awards will be based on one or more of the objective criteria set forth on Exhibit A to the Plan and discussed in general below.

*Performance-Based Awards.* The Committee may award Common Stock and other awards (including awards of cash) that are valued in whole or in part by reference to, or are payable in or otherwise based on, Common Stock or the attainment of pre-established performance goals ( Performance Awards ). Performance Awards are subject to a minimum vesting schedule of three years (with no more than one-third of the shares of Common Stock subject thereto vesting on each of the first three anniversaries of the date of grant), except that, with respect to participants other than named executive officers on the grant date, unvested Performance Awards may become vested prior to the completion of such three-year period upon a change in control or a participant's retirement, disability, death, layoff pursuant to a reduction in workforce or termination of employment pursuant to a business acquisition, in each case, to the extent provided in the applicable award agreement. However, awards with respect to up to 5% of the total number of shares reserved for awards under the Plan may be granted to any participant (including a named executive officer) without regard to any limit on accelerated vesting.

Performance Awards may be granted either alone or in addition to or in tandem with stock options, SARs, or restricted stock. Performance Awards may be paid in Common Stock, restricted stock or cash as the Committee may determine at grant and they will be subject to such other terms and conditions as the Committee may prescribe, including the attainment of performance goals established by the Committee for a specified performance period (which period may not exceed three years). These awards may be designed to comply with Section 162(m) of the Code so as to preserve the tax deductibility of such awards.



If the awards are intended to comply with Section 162(m) of the Code, the performance goals will be based on one or more of the following criteria: (i) revenues, earnings, income before income taxes and extraordinary items, net income, operating income, earnings before income tax, earnings before interest, taxes, depreciation and amortization or a combination of any or all of the foregoing; (ii) after-tax or pre-tax profits; (iii) operational cash flow; (iv) level of, reduction of or other specified objectives with regard to our bank debt or other long-term or short-term public or private debt or other similar financial obligations; (v) earnings per share or earnings per share from continuing operations; (vi) return on capital employed or return on invested capital; (vii) after-tax or pre-tax return on stockholders' equity; (viii) economic value-added targets; (ix) fair market value of the shares of Common Stock; (x) the growth in the value of an investment in Common Stock assuming the reinvestment of dividends; (xi) filing of a new drug application or the approval of such application by the U.S. Food and Drug Administration; (xii) launch of a new drug; (xiii) research and development milestones; (xiv) successful completion of clinical trial phases or (xv) level of, reduction of, or other specified objectives with regard to limiting the level in or increase in all or a portion of controllable expense or costs or other expenses or costs; (xvi) gross or net sales, revenue and growth of sales revenue (either before or after cost of goods, selling and general administrative expenses, research and development expenses and any other expense or interest); (xvii) total stockholder return; (xviii) return on assets or net assets; (xix) return on sales; (xx) operating profit or net operating profit; (xxi) operating margin; (xxii) gross or net profit margin; (xxiii) cost reductions or savings; (xxiv) productivity; (xxv) operating efficiency; (xxvi) customer satisfaction; (xxvii) working capital; or (xxviii) market share. In addition, such performance goals may be based upon the attainment of specified levels of our (or our subsidiary, division or other operational unit) performance under one or more of the measures described above relative to the performance of other corporations. To the extent permitted under the Code, the Committee may: (i) designate additional business criteria on which the performance goals may be based; or (ii) adjust, modify or amend the aforementioned business criteria.

*Awards for Non-Employee Directors.* Subject to adjustment in accordance with the Plan, Non-Employee Directors will receive the following automatic grants:

- (i) with respect to Non-Employee Directors who are newly elected or appointed to the Board of Directors, a stock option to purchase 25,000 shares of Common Stock (the *Initial Grant*); and
- (ii) with respect to Non-Employee Directors who are elected to continue as a member of the Board of Directors, a nonqualified stock option to purchase 12,333 shares of Common Stock and 2,055 RSUs, in each case, prorated for partial years (the *Annual Grant*).

Stock options granted to Non-Employee Directors will vest as follows: (i) with respect to the Initial Grant, in four equal annual installments with the first installment vesting on the first anniversary of the date of grant and (ii) with respect to the Annual Grant, on the earlier of the day preceding the date of the first annual meeting held following the date of grant and the first anniversary of the date of grant of the award provided that, in each case, the holder thereof has been a Non-Employee Director of the Company at all times through such date. One-third of the restricted stock units granted to Non-Employee Directors will vest on each of the first, second and third anniversaries of the date of grant, provided that the holder thereof has been a Non-Employee Director of the Company at all times through such date. Unvested restricted stock units may become vested prior to the completion of such three-year period upon a change in control or the Non-Employee Director's retirement, disability or death. Awards for Non-Employee Directors will be subject to all other terms and conditions of the Plan. In addition, a Non-Employee Director may elect to defer the payment of RSUs in a manner specified in the Plan and in a manner intended to comply with Section 409A of the Code.

Upon a Non-Employee Director's termination for any reason, all unvested awards will terminate and expire as of the date of termination, provided that stock options that were exercisable on the date of termination and that have not expired may be exercised at any time until the date of expiration of such stock options. In addition, upon a change in control (as defined in the Plan), all Non-Employee Directors' outstanding awards will be fully vested and any stock option will become immediately exercisable in its entirety.

*Term.* Awards under the Plan may not be made on or after the tenth anniversary of the earlier of the date the Plan is adopted by the Board of Directors and the date of stockholder approval of the Plan (which term will be extended to April 15, 2019 if this Proposal is approved by stockholders), but awards granted prior to such date may extend beyond

that date. Awards (other than stock options and stock appreciation rights) that are intended to be performance-based under Section 162(m) of the Code will not be made on or after the fifth anniversary of the date of the last stockholder approval of the performance goals in the Plan as described above (*i.e.*, June 17, 2014, assuming the Plan and the Section 162(m) performance goals described above are approved by stockholders).

*Amendment and Termination.* The Plan provides that it may be amended, in whole or in part, suspended or terminated by the Board of Directors, except that no such amendment, suspension or termination will be made without stockholder approval to the extent such approval is required by any exchange or system on which our securities are then listed or traded, applicable state law, the exception for performance-based compensation under Section 162(m) of the Code or Section 422 of the Code (with respect to incentive stock options).

*Share and Other Limitations.* If this Proposal is approved by stockholders, a maximum of 70,781,641 shares of Common Stock may be issued or used for reference purposes under the Plan, subject to adjustment as provided in the Plan. This number includes our current share reserve of 52,372,191 shares of Common Stock in effect prior to the amendment and restatement of the Plan, 18,100,000 additional amount of new shares of our Common Stock and 309,450 shares of Common Stock reserved but not yet granted under the Directors Incentive Plan that will be transferred to the Plan as of the date of stockholder approval of the Plan. In general, if awards under the Plan are for any reason cancelled, or expire or terminate unexercised, the shares covered by such awards will again be available for the grant of awards under the Plan. Each share of our Common Stock subject to awards of restricted stock, other stock-based awards or Performance Awards denominated in Common Stock under the Plan will be counted as 1.6 shares against the aggregate share reserve under the Plan. The number of shares of Common Stock available for the purpose of awards under the Plan are reduced by (i) the total number of stock options or SARs exercised, regardless of whether any of the shares of Common Stock underlying such awards are not actually issued to the participant as the result of a net settlement and (ii) any shares of Common Stock used to pay any exercise price or tax withholding obligation with respect to any stock option or stock appreciation right. Shares of Common Stock repurchased by us on the open market with the proceeds of a stock option exercise price will not be added to the aggregate share reserve.

Subject to adjustment in accordance with the Plan, the maximum number of shares of Common Stock subject to stock options, SARs, other stock-based awards or Performance Awards denominated in shares of Common Stock that may be granted to any eligible employee under the Plan shall be 1,500,000 for any fiscal year (or, with respect to Performance Awards, pro-rated if the performance period (which is generally three consecutive fiscal years) is less than three consecutive fiscal years) during the term of the Plan. The maximum payment under any Performance Award denominated in cash shall be \$4,000,000 for any fiscal year (pro-rated if the performance period is less than three consecutive fiscal years). There will be no sublimit on the number of shares of our Common Stock that may be issued or used for reference purposes for awards of restricted stock denominated in Common Stock.

The Committee will make appropriate adjustments in a manner that it deems equitable to the number of shares available for awards and the terms of outstanding awards under the Plan to reflect any change in our capital structure or business, stock dividend, stock split, recapitalization, reorganization, merger, consolidation or sale of all or substantially all of our assets.

*Change in Control.* In general, unless determined otherwise by the Committee at the time of grant, upon a change in control (as defined in the Plan), all vesting and forfeiture conditions, restrictions and limitations in effect with respect to any outstanding award will immediately lapse and any unvested awards will automatically become 100% vested.

*Transferability.* Although awards will generally be nontransferable (except by will or the laws of descent and distribution), the Committee may determine at the time of grant or thereafter that a nonqualified stock option is transferable in whole or in part and in such circumstances, and under such conditions, as specified by the Committee. If a nonqualified stock option is transferable, it is anticipated that the options may be transferred solely to immediate family members or trusts, partnerships or other family entities and, to the extent permitted by the Committee, to charitable organizations.

#### **Certain U.S. Federal Income Tax Consequences**

The rules concerning the federal income tax consequences with respect to stock options granted pursuant to the Plan are highly technical. In addition, the applicable statutory provisions are subject to change and their application may vary in individual circumstances. Therefore, the following is designed to provide a general understanding of the federal income tax consequences; it does not set forth any state or local income tax or estate tax consequences that may be applicable.

*Incentive Stock Options.* Options granted under the Plan may be incentive stock options as defined in the Code, provided that such options satisfy the requirements under the Code. In general, neither the grant nor the exercise of an incentive stock option will result in taxable income to the optionee or a deduction to us. The sale of Common Stock received pursuant to the exercise of an option which satisfied all the requirements of an incentive stock option, as well as the holding period requirement described below, will result in a long-term capital gain or loss to the optionee equal to the difference between the amount realized on the sale and the exercise price and will not result in a tax deduction

to us. To receive incentive stock option treatment, the optionee must not dispose of the Common Stock purchased pursuant to the exercise of an option either (i) within two years after the option is granted or (ii) within one year after the date of exercise.

If all requirements for incentive stock option treatment other than the holding period rules are satisfied, the recognition of income by the optionee is deferred until disposition of the Common Stock, but, in general, any gain (in an amount equal to the lesser of (i) the fair market value of the Common Stock on the date of exercise (or, with respect to officers, the date that sale of such stock would not create liability, referred to as Section 16(b) liability, under Section 16(b) of the Exchange Act) minus the exercise price or (ii) the amount realized on the disposition minus the exercise price) is treated as ordinary income. Any remaining gain is treated as long-term or short-term capital gain depending on the optionee's holding period for the stock disposed of. We generally will be entitled to a deduction at that time equal to the amount of ordinary income realized by the optionee.

The Plan provides that an optionee may pay for Common Stock received upon the exercise of an option (including an incentive stock option) with other shares of Common Stock for which the optionee has good title free and clear of any lien or encumbrance. In general, an optionee's transfer of stock acquired pursuant to the exercise of an incentive stock option, to acquire other stock in connection with the exercise of an incentive stock option may result in ordinary income if the transferred stock has not met the minimum statutory holding period necessary for favorable tax treatment as an incentive stock option. For example, if an optionee exercises an incentive stock option and uses the stock so acquired to exercise another incentive stock option within the two-year or one-year holding periods discussed above, the optionee may realize ordinary income under the rules summarized above.

*Nonqualified Stock Options.* An optionee will realize no taxable income at the time he or she is granted a nonqualified stock option. Such conclusion is predicated on the assumption that, under existing U.S. Treasury Department regulations, a nonqualified stock option, at the time of its grant, has no readily ascertainable fair market value. Ordinary income will be realized when a nonqualified stock option is exercised, provided the Common Stock issued is not restricted stock. The amount of such income will be equal to the excess of the fair market value on the exercise date of the shares of Common Stock issued to an optionee over the exercise price. The optionee's holding period with respect to the shares acquired will begin on the date of exercise.

The tax basis of the stock acquired upon the exercise of any option will be equal to the sum of (i) the exercise price of such option and (ii) the amount included in income with respect to such option. Any gain or loss on a subsequent sale of the stock will be either a long-term or short-term capital gain or loss, depending on the optionee's holding period for the stock disposed of. If the Common Stock issued is restricted stock, different rules may apply. Subject to the limitations under Sections 162(m) and 280G of the Code (as described below), we generally will be entitled to a deduction for federal income tax purposes at the same time and in the same amount as the optionee is considered to have realized ordinary income in connection with the exercise of the option.

*Certain Other Tax Issues.* In addition, (i) any of our officers subject to Section 16(b) liability may be subject to special rules regarding the income tax consequences concerning their awards; (ii) any entitlement to a tax deduction on our part is subject to the applicable federal tax rules (including, without limitation, Section 162(m) of the Code regarding the \$1 million limitation on deductible compensation); (iii) in the event that the exercisability or vesting of any award is accelerated because of a change in control, payments relating to the awards (or a portion thereof), either alone or together with certain other payments, may constitute parachute payments under Section 280G of the Code, which excess amounts may be subject to excise taxes and may be nondeductible by us; and (iv) the exercise of an incentive stock option may have implications in the computation of alternative minimum taxable income.

In general, Section 162(m) of the Code denies a publicly held corporation a deduction for federal income tax purposes for compensation in excess of \$1 million per year per person to its chief executive officer and certain of its other named executive officers, subject to certain exceptions. Options will generally qualify under one of these exceptions if they are granted under a plan that states the maximum number of shares with respect to which options may be granted to any employee during a specified period and the plan under which the options are granted is approved by stockholders and is administered by a compensation committee comprised of outside directors. The Plan is intended to satisfy these requirements with respect to options, SARs, certain Performance Awards and other stock based awards. Awards of restricted stock and RSUs under the Plan generally do not satisfy, and certain other Performance Awards may not satisfy, the exception for performance-based compensation under Section 162(m) of the Code.





Code Section 409A provides that all amounts deferred under a nonqualified deferred compensation plan are includible in a participant's gross income to the extent such amounts are not subject to a substantial risk of forfeiture, unless certain requirements are satisfied. If the requirements are not satisfied, in addition to current income inclusion, interest at the underpayment rate plus 1% will be imposed on the participant's underpayments that would have occurred had the deferred compensation been includible in gross income for the taxable year in which first deferred or, if later, the first taxable year in which such deferred compensation is not subject to a substantial risk of forfeiture. The amount required to be included in income is also subject to an additional 20% tax. While most awards under the Plan are anticipated to be exempt from the requirements of Code Section 409A, awards not exempt from Code Section 409A are intended to comply with Code Section 409A.

The Plan is not, nor is it intended to be, qualified under Section 401(a) of the Code.

#### **New Plan Benefits**

The following table sets forth: (i) awards that were granted under the Plan to the Named Executive Officers, all executive officers as a group and all other employees during fiscal 2008; and (ii) awards that will be received by non-executive directors if the Plan, as amended and restated, is approved by stockholders.

<b>Name and Position</b>	<b>Number of Shares Underlying Options</b>	<b>Weighted Average Exercise Price of Options</b>	<b>Number of Shares Underlying Restricted Stock or Stock Units or Performance Awards</b>
Sol J. Barer, Ph.D., Chief Executive Officer	195,000	\$ 59.58	
Robert J. Hugin, President and Chief Operating Officer	120,000	\$ 60.41	
David W. Gryska, Chief Financial Officer	60,000	\$ 60.41	
Aart Brouwer, Chairman Int'l and Senior Advisor to Celgene Chairman and Chief Executive Officer	30,938	\$ 61.13	
Dr. Graham Burton, MBBS, FRCP, Sr. Vice President Global Regulatory Affairs, Pharmacovigilance and Corp. Quality Assurance and Compliance	106,805	\$ 61.13	
All Named Executive Officers as a Group	512,743	\$ 60.29	
Non-Executive Director Group (1)	86,331	\$ 58.46	14,385
Executive Group	386,014	\$ 55.01	
Non-Executive Officer Employee Group	9,725,073	\$ 57.38	

(1) Subject to stockholder approval of the Plan, as amended and restated, Non-Employee Directors will receive their Annual Grant of 2,055 RSUs and a nonqualified stock option to

purchase 12,333  
shares of  
Common Stock.

The awards that will be granted to Non-Employee Directors automatically under the amended and restated Plan are disclosed in the table above. However, the terms and number of options or other awards to be granted to our executive officers and other eligible employees in the future under the Plan are to be determined in the discretion of the Committee. Since no such determination regarding awards or grants has yet been made, the benefits or amounts that will be received by or allocated to our executive officers and other eligible employees cannot be determined at this time.

The proposal to approve the amendment and restatement of our 2008 Stock Incentive Plan will require the affirmative vote of the holders of a majority of the shares of Common Stock cast in person or by proxy.

**RECOMMENDATION OF THE BOARD OF DIRECTORS**  
**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS**  
**A VOTE FOR THE ADOPTION OF THE**  
**AMENDMENT AND RESTATEMENT OF OUR 2008 STOCK INCENTIVE PLAN**

**PROPOSAL FOUR:**

**To approve a change in the voting standard for Director elections**

In accordance with the rules of the Securities and Exchange Commission, we have set forth below a stockholder proposal submitted on behalf of the United Brotherhood of Carpenters Pension Fund, 101 Constitution Avenue, N.W., Washington, D.C. 20001 (the stockholder proponent), the beneficial owner of 7,274 shares, along with the supporting statement of the stockholder proponent, for which the Company and the Board of Directors accept no responsibility. The stockholder proposal is required to be voted upon at the annual meeting only if properly presented at the annual meeting by or on behalf of the stockholder proponent.

As explained below, the Board of Directors recommends that you vote **AGAINST** the stockholder proposal.

**Director Election Majority Vote Standard Proposal**

**Resolved:** That the shareholders of Celgene Corporation ( Company ) hereby request that the Board of Directors initiate the appropriate process to amend the Company's bylaws to provide that director nominees shall be elected by the affirmative vote of the majority of votes cast at an annual meeting of shareholders, with a plurality vote standard retained for contested director elections, that is, when the number of director nominees exceeds the number of board seats.

**Supporting Statement:** In order to provide shareholders a meaningful role in director elections, the Company's director election vote standard should be changed to a majority vote standard. A majority vote standard would require that a nominee receive a majority of the votes cast in order to be elected. The standard is particularly well-suited for the vast majority of director elections in which only board nominated candidates are on the ballot. We believe that a majority vote standard in board elections would establish a challenging vote standard for board nominees and improve the performance of individual directors and entire boards. The Company presently uses a plurality vote standard in all director elections. Under the plurality vote standard, a nominee can be elected with as little as a single affirmative vote, even if a substantial majority of the votes cast are withheld from the nominee.

In response to strong shareholder support for a majority vote standard, a strong majority of the nation's leading companies, including Intel, General Electric, Motorola, Hewlett Packard, Morgan Stanley, Home Depot, Gannett, Marathon Oil, and Pfizer, have adopted a majority vote standard in company bylaws or articles of incorporation. Additionally, these companies have adopted director resignation policies in their bylaws or corporate governance policies to address post-election issues related to the status of director nominees that fail to win election. Other companies have responded only partially to the call for change by simply adopting post election director resignation policies that set procedures for addressing the status of director nominees that receive more withhold votes than for votes. At the time of this proposal submission, our Company and its board had not taken either action.

We believe that a post election director resignation policy without a majority vote standard in company governance documents is an inadequate reform. The critical first step in establishing a meaningful majority vote policy is the adoption of a majority vote standard. With a majority vote standard in place, the board can then take action to develop a post election procedure to address the status of directors that fail to win election. A majority vote standard combined with a post election director resignation policy would establish a meaningful right for shareholders to elect directors, and reserve for the board an important post election role in determining the continued status of an unelected director. We urge the Board to take this important step of establishing a majority vote standard in the Company's governance documents.

**RECOMMENDATION OF THE BOARD OF DIRECTORS**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE AGAINST PROPOSAL FOUR FOR THE FOLLOWING REASONS:**

The Board of Directors has carefully considered this proposal and, for the reasons described below, does not believe that it is in the best interests of the Company and its stockholders to amend the Company's bylaws to provide for the election of directors by a majority of the votes cast.

**Plurality voting for directors, the Company's current standard, is a broadly accepted and efficient voting standard.** Like many other public companies, our company uses the plurality voting standard to elect directors. Under that standard, which is authorized under Delaware law, nominees who receive the most affirmative votes are elected to the board of directors. Plurality voting ensures that all open positions are filled at each election and therefore avoids the destabilizing risk of failed elections in which one or more director nominees fail to receive a majority of the votes cast that is required for election under a majority vote standard. Moving to a majority vote standard would potentially jeopardize the certainty and efficiency that we currently have with our plurality-based director elections.

**To our knowledge, majority voting would not have changed the outcome of any election of directors by our stockholders.** After a review of our records for the past ten years and to our knowledge, our directors have been elected by a majority of the votes cast. In other words, this proposal would not have had an impact on the outcomes of the Company's director elections in at least the last decade.

**A majority voting standard has significant disadvantages.** The Board of Directors believes that the majority voting standard contemplated by this proposal has the following significant disadvantages.

***Disruption of Board Functioning.*** If this proposal were adopted, and in the future one or more directors who failed to receive a majority vote were terminated as directors, those unplanned departures and resulting board vacancies could be disruptive and interfere with the functioning of the Board of Directors and the Board committees that the terminated directors were members of and/or chaired. Both Delaware law and our bylaws permit the Board of Directors to elect a director to fill a vacancy, but a search for a suitable and qualified replacement director could be lengthy. During the interim, the Board of Directors may have difficulty complying with The Nasdaq Stock Market requirements relating to the independence and financial literacy of directors and SEC requirements relating to audit committee financial experts, and otherwise meeting its obligation to oversee the Company's business and affairs.

***Increased Influence of special interest stockholder groups.*** Implementation of this proposal would significantly increase the influence of certain special interest stockholder groups whose interests and agenda may differ from those of our stockholders generally. Majority voting, particularly when so-called "empty voting" and stock borrowing is employed, presents the potential for such special interest stockholder groups to destabilize the Board of Directors. Under the Company's current plurality voting standard, a "withhold vote" campaign allows our stockholders to express their views about one or more directors in a way that does not unduly disrupt the Company's fundamental corporate governance structure, and without generating the potential undesirable side effects described above.

**The qualifications of and the performance by directors would not be affected by a new voting standard.** The Board of Directors believes that the quality of the Company's directors has a far greater impact on our governance than the voting standard used to elect them. The Nominating and Governance Committee of our Board of Directors, which is composed entirely of independent directors, and our Board of Directors thoroughly evaluate each director nominee's skills, experience and independence through a rigorous evaluation process.

This review process affirms the Company's commitment to strong corporate governance policies and practices by ensuring that the Company is governed and managed by highly qualified directors from diverse business and other relevant backgrounds with the highest standards of responsibility, ethics and integrity, coupled with a commitment to the Company's long-term success.

**This proposal is premature.** The Board of Directors recognizes that majority voting in director elections is an issue that has recently received, and continues to receive, attention. However, it has also been the subject of significant public debate and the Board of Directors does not believe a clear consensus has emerged on this issue yet. The Board of Directors, with the assistance of its counsel, will continue to follow this debate and monitor new developments and, if appropriate and in the best interests of the Company's stockholders, will take further action to maintain its commitment to high standards of corporate governance.

At the present time, however, the Board of Directors believes it would be unwise to alter its plurality-based director election process, which the Board believes has served the Company well to date. Simply put, the Board of Directors does not believe that there is anything about our current voting standard that requires a rush to change.

The approval of the stockholder proposal will require the affirmative vote of the holders of a majority of the shares of Common Stock cast in person or by proxy.



### **STOCKHOLDER PROPOSALS**

Stockholders wishing to include proposals in the proxy material in relation to our Annual Meeting to be held on or about June 17, 2010 must submit the same in writing to Celgene Corporation, 86 Morris Avenue, Summit, New Jersey 07901, Attention: Corporate Secretary, so as to be received at our executive office on or before January 4, 2010. Such proposals must also meet the other requirements and procedures prescribed by Rule 14a-8 under the Exchange Act relating to stockholders' proposals.

Stockholders who intend to present a proposal at the 2010 Annual Meeting, without including such proposal in our proxy statement, must provide our Secretary with written notice of such proposal no later than April 17, 2010. If the stockholder does not also comply with the requirements of Rule 14a-4 under the Exchange Act, we may exercise discretionary voting authority under proxies we solicit to vote in accordance with our best judgment on any such stockholder proposal or nomination.

### **DELIVERY OF DOCUMENTS TO STOCKHOLDERS SHARING AN ADDRESS**

To the extent we deliver a paper copy of the proxy materials to stockholders, the SEC rules allow us to deliver a single copy of proxy materials to any household at which two or more stockholders reside, if we believe the stockholders are members of the same family.

We will promptly deliver, upon oral or written request, a separate copy of the proxy materials to any stockholder residing at the same address as another stockholder and currently receiving only one copy of the proxy materials who wishes to receive his or her own copy. Requests should be directed to our Corporate Secretary by phone at (908) 673-9000 or by mail to Celgene Corporation, 86 Morris Avenue, Summit, New Jersey 07901.

### **OTHER MATTERS**

Upon written request addressed to our Corporate Secretary at 86 Morris Avenue, Summit, New Jersey 07901 from any person solicited herein, we will provide, at no cost, a copy of our fiscal 2008 Annual Report on Form 10-K filed with the SEC.

Our Board of Directors does not know of any matter to be brought before the Annual Meeting other than the matters set forth in the Notice of Annual Meeting of Stockholders and matters incident to the conduct of the Annual Meeting. However, if any other matter should properly come before the Annual Meeting, the persons named in the enclosed proxy card will have discretionary authority to vote all proxies with respect thereto in accordance with their best judgment.

By Order of the Board of Directors,

Sol J. Barer, Ph.D.  
*Chairman of the Board*  
*Chief Executive Officer*

May 4, 2009

**YOU HAVE THE OPTION OF VOTING YOUR PROXY VIA THE INTERNET AT WWW.PROXYVOTE.COM OR TOLL FREE VIA TOUCH-TONE PHONE AT 800-690-6903. YOU MAY VOTE UP UNTIL 11:59 P.M. EASTERN TIME ON JUNE 16, 2009.**

**ALTERNATIVELY, STOCKHOLDERS MAY CHOSE TO VOTE BY MAIL VIA PROXY. IF YOU WISH TO VOTE BY PROXY, WE WILL PROMPTLY DELIVER, UPON ORAL OR WRITTEN REQUEST, A COPY OF THE PROXY MATERIALS TO ANY STOCKHOLDER WHO WISHES TO RECEIVE HIS OR HER OWN WRITTEN COPY. WE WILL FILL YOUR REQUEST IN THREE BUSINESS DAYS. YOU MAY REQUEST PAPER OR E-MAIL DELIVERY BY CALLING 800-579-1639 OR BY MAIL TO CELGENE CORPORATION, 86 MORRIS AVENUE, SUMMIT, NEW JERSEY 07901.**

**UPON RECEIPT OF A PROXY CARD, YOU ARE REQUESTED TO DATE AND SIGN THE PROXY AND RETURN IT IN THE SELF-ADDRESSED ENVELOPE WE PROVIDED. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES. YOUR PROMPT RESPONSE WILL BE HELPFUL, AND YOUR COOPERATION WILL BE APPRECIATED.**

**Celgene Corporation**  
**2008 Stock Incentive Plan**  
**(Amended and Restated as of June 17, 2009)**

Article 1.

PURPOSE

The purpose of this Celgene Corporation 2008 Stock Incentive Plan (Amended and Restated as of June 17, 2009), subject to stockholder approval at the 2009 annual meeting of stockholders on June 17, 2009 (the Plan) (formerly known as the 1998 Stock Incentive Plan, and, prior to April 23, 2003, as the 1998 Long-Term Incentive Plan), is to enhance the profitability and value of the Company and its Affiliates for the benefit of its stockholders by enabling the Company to offer selected management and other employees of the Company and its Affiliates and Non-Employee Directors of the Company, stock based incentives and other equity interests in the Company, thereby creating a means to raise the level of stock ownership by employees and directors in order to attract, retain and reward such individuals and strengthen the mutuality of interests between such individuals and the Company's stockholders.

Article 2.

DEFINITIONS

For purposes of this Plan, the following terms shall have the following meanings:

2.1 **Affiliate** shall mean other than the Company, (i) any Subsidiary, (ii) any corporation in an unbroken chain of corporations ending with the Company which owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain, (iii) any corporation, trade or business (including, without limitation, a partnership or limited liability company) which is controlled 50% or more (whether by ownership of stock, assets or an equivalent ownership interest or voting interest) by the Company or one of its Affiliates, or (iv) any other entity, approved by the Committee as an Affiliate under the Plan, in which the Company or any of its Affiliates has a material equity interest and which is designated as an Affiliate by resolution of the Committee; provided that the Common Stock subject to any Award constitutes service recipient stock for purposes of Section 409A of the Code or otherwise does not subject the Award to Section 409A of the Code.

2.2 **Award** shall mean any award under this Plan of any Stock Option, Restricted Stock, Stock Appreciation Right, Other Stock-Based Award or Performance-Based Award. All Awards, shall be granted by, confirmed by, and subject to the terms of, a written agreement executed by the Company and the Participant.

2.3 **Board** or **Board of Directors** shall mean the Board of Directors of the Company.



2.4 Cause shall mean, with respect to a Participant's Termination of Employment: (i) in the case where there is no employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the relevant grant or Award, or where there is an employment agreement, consulting agreement, change in control agreement or similar agreement in effect at the time of the relevant grant or Award but such agreement does not define cause (or words of like import), termination due to a Participant's dishonesty, fraud, insubordination, willful misconduct, refusal to perform services (for any reason other than illness or incapacity) or materially unsatisfactory performance of his or her duties for the Company or an Affiliate or (ii) in the case where there is an employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the relevant grant or Award that defines cause (or words of like import) and a cause termination would be permitted under such agreement at that time, termination that is or would be deemed to be for cause (or words of like import) as defined under such agreement; provided, that with regard to any agreement that conditions cause on occurrence of a change in control, such definition of cause shall not apply until a change in control actually takes place and then only with regard to a termination thereafter.

2.5 Change in Control shall have the meaning set forth in Article 13.

2.6 Code shall mean the Internal Revenue Code of 1986, as amended.

2.7 Committee shall mean the Compensation Committee of the Board or such other committee or subcommittee appointed from time to time by the Board, which shall be intended to consist of two (2) or more non-employee directors, each of whom shall be, to the extent required by Rule 16b-3 (as defined herein), a non-employee director as defined in Rule 16b-3 and, to the extent required by Section 162(m) of the Code and any regulations thereunder, an outside director as defined under Section 162(m) of the Code and to the extent required by NASD Rule 4200(a)(15) of the Financial Industry Regulatory Authority Rulebook or such other applicable stock exchange rule, an independent director. Notwithstanding the foregoing, if and to the extent that no Committee exists which has the authority to administer the Plan, the functions of the Committee shall be exercised by the Board. If for any reason the appointed Committee does not meet the requirements of Rule 16b-3 or Section 162(m) of the Code, such noncompliance with the requirements of Rule 16b-3 or Section 162(m) of the Code shall not affect the validity of the Awards, grants, interpretations or other actions of the Committee.

2.8 Common Stock means the common stock, \$.01 par value per share, of the Company.

2.9 Company means Celgene Corporation, a Delaware corporation, and its successors by merger, consolidation or otherwise.

2.10 Disability shall mean, with respect to a Participant, a permanent and total disability as defined in Section 22(e)(3) of the Code. A Disability shall only be deemed to occur at the time of the determination by the Committee or the Board, as the case may be, of the Disability. Notwithstanding the foregoing, for Awards that are subject to Section 409A of the Code, Disability shall mean that a Participant is disabled under Section 409A(a)(2)(C)(i) or (ii) of the Code.

- 2.11 **Effective Date** shall mean the date of stockholder approval of the amended and restated Plan at the Company's 2009 annual meeting of stockholders (i.e., June 17, 2009), subject to Article 17.
- 2.12 **Eligible Employees** shall mean the employees of the Company and its Affiliates who are eligible pursuant to Article 5 to be granted Awards under this Plan.
- 2.13 **Exchange Act** shall mean the Securities Exchange Act of 1934.
- 2.14 **Fair Market Value** for purposes of this Plan, unless otherwise required by any applicable provision of the Code or any regulations issued thereunder, shall mean, as of any date the last sales price reported for the Common Stock on the applicable date (i) as reported by the principal national securities exchange in the United States on which it is then traded, or (ii) if not traded on any such national securities exchange, as quoted on an automated quotation system sponsored by the Financial Industry Regulatory Authority. For purposes of the exercise of any Award, the applicable date shall be the date a notice of exercise is received by the Committee or, if not a day on which the applicable market is open, the next day that it is open.
- 2.15 **Family Member**, shall mean, with respect to any Participant, any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Participant's household (other than a tenant or employee), a trust in which these persons have more than 50% of the beneficial interest, a foundation in which these persons (or the Participant) control the management of assets, and any other entity in which these persons (or the Participant) own more than 50% of the voting interests.
- 2.16 **Incentive Stock Option** shall mean any Stock Option awarded under this Plan intended to be and designated as an Incentive Stock Option within the meaning of Section 422 of the Code.
- 2.17 **Limited Stock Appreciation Right** shall mean an Award made pursuant to Section 8.5 of the Plan which may be a Tandem Stock Appreciation Right or a Non-Tandem Stock Appreciation Right.
- 2.18 **Named Executive Officer** shall mean a named executive officer (as such term is defined under the Securities Act of 1933) of the Company listed in the Company's most recent proxy statement for its annual meeting of stockholders.
- 2.19 **Non-Employee Director** shall mean a director of the Company who is not an active employee of the Company or an Affiliate.
- 2.20 **Non-Qualified Stock Option** shall mean any Stock Option awarded under this Plan that is not an Incentive Stock Option.

2.21 **Other Stock-Based Award** means an Award under Article 9 of this Plan that is valued in whole or in part by reference to, or is payable in or otherwise based on, Common Stock, including, without limitation, a Restricted Stock Unit.

2.22 **Participant** shall mean an Eligible Employee or Non-Employee Director to whom an Award has been made pursuant to this Plan.

2.23 **Performance-Based Award** shall mean an Award made pursuant to Article 10 of this Plan of a right to receive awards of Common Stock and other Awards (including awards of cash) that are valued in whole or in part by reference to, or are payable in or otherwise based on, Common Stock or attainment of pre-established performance goals.

2.24 **Performance Criteria** has the meaning set forth in Exhibit A.

2.25 **Performance Goal** means the objective performance goals established by the Committee and, if desirable for purposes of Section 162(m) of the Code, based on one or more Performance Criteria.

2.26 **Performance Period** means three consecutive fiscal years of the Company, or such shorter period as determined by the Committee in its discretion.

2.27 **Restricted Stock** shall mean an award of shares of Common Stock under this Plan that is subject to restrictions under Article 7.

2.28 **Restricted Stock Unit** shall mean a type of Other Stock-Based Award granted under Article 9 which represents the right to receive cash, shares of Common Stock or a combination thereof as determined by the Committee in its sole discretion.

2.29 **Restriction Period** shall have the meaning set forth in Subsection 7.3(a) with respect to Restricted Stock for Eligible Employees.

2.30 **Retirement** shall mean an Eligible Employee's Termination of Employment by the Company without Cause at or after age fifty-five (55). Notwithstanding the foregoing, with respect to any Stock Option outstanding on June 18, 2002, with an exercise price greater than the Fair Market Value of a share of Common Stock on such date or any Stock Option granted on or after June 18, 2002, Retirement shall also mean an Eligible Employee's Termination of Employment due to a voluntary resignation at or after the attainment of age fifty-five (55) and the completion of five (5) years of service as determined by the Committee in its sole discretion (after taking into account any breaks in service). With respect to a Non-Employee Director's Termination of Directorship, Retirement means the Non-Employee Director's failure to stand for reelection or the failure to be reelected.

2.31 **Rule 16b-3** shall mean Rule 16b-3 under Section 16(b) of the Exchange Act as then in effect or any successor provisions.

2.32 Section 162(m) of the Code shall mean the exception for performance-based compensation under Section 162(m) of the Code and any Treasury regulations thereunder.

2.33 Stock Appreciation Right shall mean the right (pursuant to an Award granted under Article 8). A Tandem Stock Appreciation Right shall mean the right to surrender to the Company all (or a portion) of a Stock Option in exchange for an amount in Common Stock equal to the excess of (i) the Fair Market Value, on the date such Stock Option (or such portion thereof) is surrendered, of the Common Stock covered by such Stock Option (or such portion thereof), over (ii) the aggregate exercise price of such Stock Option (or such portion thereof). A Non-Tandem Stock Appreciation Right shall mean the right to receive an amount in Common Stock equal to the excess of (x) the Fair Market Value of a share of Common Stock on the date such right is exercised, over (y) the aggregate exercise price of such right, otherwise than on surrender of a Stock Option.

2.34 Stock Option or Option shall mean any option to purchase shares of Common Stock granted to Eligible Employees pursuant to Article 6 and to Non-Employee Directors pursuant to Article 11.

2.35 Subsidiary shall mean any subsidiary corporation of the Company within the meaning of Section 424(f) of the Code.

2.36 Ten Percent Stockholder shall mean a person owning stock of the Company possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or its Subsidiaries or its parent corporations, as defined in Section 424(e) of the Code.

2.37 Termination of Directorship means that the Non-Employee Director has ceased to be a director of the Company. Notwithstanding the foregoing, the Committee may, in its sole discretion, otherwise define Termination of Directorship in the Award agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Directorship thereafter.

2.38 Termination of Employment shall mean (i) a termination of service (for reasons other than a military or personal leave of absence granted by the Company) of a Participant from the Company and its Affiliates or (ii) when an entity which is employing a Participant ceases to be an Affiliate, unless the Participant thereupon becomes employed by the Company or another Affiliate.

2.39 Transfer or Transferred or Transferable shall mean anticipate, alienate, attach, sell, assign, pledge, encumber, charge, hypothecate or otherwise transfer.

Article 3.

ADMINISTRATION

3.1 The Committee. The Plan shall be administered and interpreted by the Committee.

3.2 Awards. The Committee shall have full authority to grant to Eligible Employees, pursuant to the terms of this Plan: (i) Stock Options, (ii) Restricted Stock, (iii) Stock Appreciation Rights, (iv) Other Stock-Based Awards and (v) Performance-Based Awards. In addition, the Committee shall have full authority to grant to Non-Employee Directors, pursuant to the terms of this Plan: (i) Non-Qualified Stock Options and (ii) Restricted Stock Units in accordance with Article 11. In particular, the Committee shall have the authority:

(a) to select the Eligible Employees to whom Stock Options, Restricted Stock, Stock Appreciation Rights, Other Stock-Based Awards and Performance-Based Awards may from time to time be granted hereunder;

(b) to determine whether and to what extent Stock Options, Restricted Stock, Stock Appreciation Rights, Other Stock-Based Awards and Performance-Based Awards or any combination thereof, are to be granted hereunder to one or more Eligible Employees;

(c) to select the Non-Employee Directors to whom Non-Qualified Stock Options and Restricted Stock Units may from time to time be granted hereunder and determine whether and to what extent Non-Qualified Stock Options and Restricted Stock Units or any combination thereof, are to be granted hereunder to Non-Employee Directors;

(d) to determine, in accordance with the terms of this Plan, the number of shares of Common Stock to be covered by each Award to an Eligible Employee or Non-Employee Director granted hereunder;

(e) to determine the terms and conditions, not inconsistent with the terms of this Plan, of any Award granted hereunder to an Eligible Employee or Non-Employee Director (including, but not limited to, the exercise or purchase price, any restriction or limitation, any vesting schedule or acceleration thereof, or any forfeiture restrictions or waiver thereof, regarding any Stock Option or other Award, and the shares of Common Stock relating thereto, based on such factors, if any, as the Committee shall determine, in its sole discretion);

(f) to determine whether and under what circumstances a Stock Option may be settled in cash and/or Common Stock under Section 6.3(d);

(g) to the extent permitted by applicable law, to determine whether, to what extent and under what circumstances to provide loans (which may be on a recourse basis and shall bear interest at the rate the Committee shall provide) to Eligible Employees in order to exercise Options under this Plan;

(h) to determine whether to require an Eligible Employee or Non-Employee Director, as a condition of the granting of any Award, to not sell or otherwise dispose of shares acquired pursuant to the exercise of an Option or as an Award for a period of time as determined by the Committee, in its sole discretion, following the date of the acquisition of such Option or Award; and

(i) to determine whether a Stock Appreciation Right is a Tandem Stock Appreciation Right or Non-Tandem Stock Appreciation Right.

3.3 Guidelines. Subject to Article 14 hereof, the Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing this Plan and perform all acts, including the delegation of its administrative responsibilities, as it shall, from time to time, deem advisable; to construe and interpret the terms and provisions of this Plan and any Award issued under this Plan (and any agreements relating thereto); and to otherwise supervise the administration of this Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in this Plan or in any agreement relating thereto in the manner and to the extent it shall deem necessary to carry this Plan into effect but only to the extent any such action would be permitted under the applicable provisions of Rule 16b-3 and Section 162(m) of the Code. The Committee may adopt special guidelines and provisions for persons who are residing in, or subject to, the taxes of, countries other than the United States to comply with applicable tax and securities laws and may impose any limitations and restrictions that they deem necessary to comply with the applicable tax and securities laws of such countries other than the United States. Without limiting the generality of the foregoing, the French Addendum to the Plan previously adopted by the Committee for purposes of the grant of Stock Options to Participants who reside in, or are subject to taxation in, France, continues to be in full force and effect under the Plan as amended and restated herein. To the extent applicable, the Plan is intended to comply with the applicable requirements of Rule 16b-3 and the exception for performance-based compensation under Section 162(m) of the Code with regard to Options, Stock Appreciation Rights and certain awards of Other Stock-Based Awards and Performance-Based Awards and shall be limited, construed and interpreted in a manner so as to comply therewith.

3.4 Decisions Final. Any decision, interpretation or other action made or taken in good faith by or at the direction of the Company, the Board, or the Committee (or any of its members) arising out of or in connection with the Plan shall be within the absolute discretion of all and each of them, as the case may be, and shall be final, binding and conclusive on the Company and all employees and Participants and their respective heirs, executors, administrators, successors and assigns.

3.5 Reliance on Counsel. The Company, the Board or the Committee may consult with legal counsel, who may be counsel for the Company or other counsel, with respect to its obligations or duties hereunder, or with respect to any action or proceeding or any question of law, and shall not be liable with respect to any action taken or omitted by it in good faith pursuant to the advice of such counsel.

3.6 Procedures. If the Committee is appointed, the Board shall designate one of the members of the Committee as chairman and the Committee shall hold meetings, subject to the By-Laws of the Company, at such times and places as it shall deem advisable. A majority of the Committee members shall constitute a quorum. All determinations of the Committee shall be made by a majority of the members present. Any decision or determination reduced to writing and signed by all the Committee members in accordance with the By-Laws of the Company, shall be fully as effective as if it had been made by a vote at a meeting duly called and held. The Committee shall keep minutes of its meetings and shall make such rules and regulations for the conduct of its business as it shall deem advisable.

3.7 Designation of Consultants/Liability.

(a) The Committee may designate employees of the Company and professional advisors to assist the Committee in the administration of the Plan and may grant authority to employees to execute agreements or other documents on behalf of the Committee.

(b) The Committee may employ such legal counsel, consultants, appraisers and agents as it may deem desirable for the administration of the Plan and may rely upon any opinion received from any such counsel, appraiser or consultant and any computation received from any such consultant, appraiser or agent. Expenses incurred by the Committee in the engagement of any such counsel, consultant or agent shall be paid by the Company. The Board, the Committee, its members and any employee of the Company designated pursuant to paragraph (a) above shall not be liable for any action or determination made in good faith with respect to the Plan. To the maximum extent permitted by applicable law, no officer or employee of the Company or member or former member of the Committee or of the Board shall be liable for any action or determination made in good faith with respect to the Plan or any Award granted under it. To the maximum extent permitted by applicable law and the Certificate of Incorporation and By-Laws of the Company and to the extent not covered by insurance, each officer, employee of the Company and member or former member of the Committee or of the Board shall be indemnified and held harmless by the Company against any cost or expense (including reasonable fees of counsel reasonably acceptable to the Company) or liability (including any sum paid in settlement of a claim with the approval of the Company), and advanced amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with the Plan, except to the extent arising out of such officer's, employee's, member's or former member's own fraud or bad faith. Such indemnification shall be in addition to any rights of indemnification the officers, employees, directors or members or former officers, directors or members may have under applicable law or under the Certificate of Incorporation or By-Laws of the Company or Affiliates. Notwithstanding anything else herein, this indemnification will not apply to the actions or determinations made by an individual with regard to Awards granted to him or her under this Plan.

Article 4.

SHARE AND OTHER LIMITATIONS

4.1 Shares.

(a) General Limitation. The aggregate number of shares of Common Stock which may be issued or used for reference purposes under this Plan or with respect to which all Awards may be granted shall not exceed 70,781,641 shares (subject to any increase or decrease pursuant to Section 4.2). The foregoing aggregate share reserve reflects: (i) the aggregate share reserve of 52,372,191 shares of Common Stock under the Plan prior to its amendment and restatement as of June 17, 2009; (ii) 18,100,000 additional shares of Common Stock that will be added to the aggregate share reserve as the date the stockholders of the Company approve the amendment and restatement of the Plan; and (iii) 309,450 shares of Common Stock reserved but not yet granted under the Company's 1995 Non-Employee Directors Incentive Plan, as amended and restated as of June 22, 2000 and as further amended that will be transferred to the Plan as the date the stockholders of the Company approve the amendment and restatement of the Plan. Any shares of Common Stock that are subject to Restricted Stock Awards or Other Stock-Based Awards or Performance-Based Awards denominated in shares of Common Stock shall be counted against this limit as 1.6 shares for every share granted. If any Option or Stock Appreciation Right granted under this Plan expires, terminates or is canceled for any reason without having been exercised in full, the number of shares of Common Stock underlying any unexercised Stock Appreciation Right or Option shall again be available for the purposes of Awards under the Plan. If a share of Restricted Stock or an Other Stock-Based Award or a Performance-Based Award denominated in shares of Common Stock granted under this Plan is forfeited for any reason, 1.6 shares of Common Stock shall again be available for the purposes of Awards under the Plan. If a Tandem Stock Appreciation Right or a Limited Stock Appreciation Right is granted in tandem with an Option, such grant shall only apply once against the maximum number of shares of Common Stock which may be issued under this Plan. The number of shares of Common Stock available for the purpose of Awards under this Plan shall be reduced by (i) the total number of Options or Stock Appreciation Rights exercised, regardless of whether any of the shares of Common Stock underlying such Awards are not actually issued to the Participant as the result of a net settlement and (ii) any shares of Common Stock used to pay any exercise price or tax withholding obligation with respect to any Option or Stock Appreciation Right. Shares of Common Stock repurchased by the Company on the open market with the proceeds of an Option exercise price shall not be added to the aggregate share reserve described herein.

(b) Individual Participant Limitations. (i) The maximum number of shares of Common Stock subject to any Option or any Other Stock-Based Award or Performance-Based Award denominated in shares of Common Stock for any Performance Period which may be granted under this Plan during any fiscal year of the Company to each Eligible Employee shall be 1,500,000 shares (as adjusted to reflect all adjustments to the Common Stock on or before February 17, 2006, subject to any increase or decrease pursuant to Section 4.2); provided, however, that with respect to any Performance-Based Award or Other Stock-Based Award with a Performance Period that is less than three consecutive fiscal years, the maximum number of shares of Common Stock subject to any Other Stock-Based Award or Performance-Based Award shall be determined by multiplying 1,500,000 by a fraction, the numerator of which is the number of days in the Performance Period and the denominator of which is 1095.



(ii) The maximum number of shares of Common Stock subject to any Stock Appreciation Right which may be granted under this Plan during any fiscal year of the Company to each Eligible Employee shall be 1,500,000 shares (as adjusted to reflect all adjustments to the Common Stock on or before February 17, 2006, subject to any increase or decrease pursuant to Section 4.2). If a Tandem Stock Appreciation Right or Limited Stock Appreciation Right is granted in tandem with an Option it shall apply against the Eligible Employee's individual share limitations for both Stock Appreciation Rights and Options.

(iii) The maximum payment under any Performance-Based Awards denominated in dollars under this Plan to each Eligible Employee for any Performance Period shall be \$4,000,000, provided, however, that if the Performance Period is less than three consecutive fiscal years, the maximum value at grant of Performance-Based Awards under this subparagraph (iii) shall be determined by multiplying \$4,000,000 by a fraction, the numerator of which is the number of days in the Performance Cycle and the denominator of which is 1095.

(iv) There are no annual individual participant limitations on Restricted Stock or Other Stock-Based Awards that are not intended to comply with the requirements of Section 162(m) of the Code.

(v) To the extent that shares of Common Stock for which Awards are permitted to be granted to a Participant pursuant to Section 4.1(b) during a fiscal year of the Company are not covered by an Award in the Company's fiscal year, such shares of Common Stock shall not be available for grant or issuance to the Participant in any subsequent fiscal year during the term of this Plan.

#### 4.2 Changes.

(a) The existence of the Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company or its Affiliates, any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting Common Stock, the dissolution or liquidation of the Company or its Affiliates, any sale or transfer of all or part of its assets or business or any other corporate act or proceeding.

(b) In the event of any such change in the capital structure or business of the Company by reason of any stock dividend or distribution, stock split or reverse stock split, recapitalization, reorganization, merger, consolidation, split-up, combination or exchange of shares, distribution with respect to its outstanding Common Stock or capital stock other than Common Stock, reclassification of its capital stock, conversion of the Company's preferred stock, issuance of warrants or options to purchase any Common Stock or securities convertible into Common Stock, any sale or Transfer of all or part of the Company's assets or business, or any similar change affecting the Company's capital structure or business, then the aggregate number and kind of shares which thereafter may be issued under this Plan, the number and kind of shares or other property (including cash) to be issued upon exercise of an outstanding Option or other Awards granted under this Plan and the purchase price thereof shall be appropriately adjusted consistent with such change in such manner as the Committee may deem equitable to prevent substantial dilution or enlargement of the rights granted to, or available for, Participants under this Plan, and any such adjustment determined by the Committee in good faith shall be binding and conclusive on the Company and all Participants and employees and their respective heirs, executors, administrators, successors and assigns.

(c) Fractional shares of Common Stock resulting from any adjustment in Options or Awards pursuant to Section 4.2(a) or (b) shall be aggregated until, and eliminated at, the time of exercise by rounding-down for fractions less than one-half (1/2) and rounding-up for fractions equal to or greater than one-half (1/2). No cash settlements shall be made with respect to fractional shares eliminated by rounding. Notice of any adjustment shall be given by the Committee to each Participant whose Option or Award has been adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of the Plan.

(d) In the event of a merger or consolidation in which the Company is not the surviving entity or in the event of any transaction that results in the acquisition of substantially all of the Company's outstanding Common Stock by a single person or entity or by a group of persons and/or entities acting in concert, or in the event of the sale or transfer of all or substantially all of the Company's assets (all of the foregoing being referred to as Acquisition Events), then the Committee may, in its sole discretion, terminate all outstanding Options, Stock Appreciation Rights and Other Stock-Based Awards requiring exercise or similar action by a Participant, effective as of the date of the Acquisition Event, by delivering notice of termination to each such Participant at least twenty (20) days prior to the date of consummation of the Acquisition Event; provided, that during the period from the date on which such notice of termination is delivered to the consummation of the Acquisition Event, each such Participant shall have the right to exercise in full all of his or her Options and Stock Appreciation Rights that are then outstanding (without regard to any limitations on exercisability otherwise contained in the Option or Award Agreements) but contingent on occurrence of the Acquisition Event, and, provided that, if the Acquisition Event does not take place within a specified period after giving such notice for any reason whatsoever, the notice and exercise shall be null and void.

If an Acquisition Event occurs, to the extent the Committee does not terminate the outstanding Options, Stock Appreciation Rights and Other Stock-Based Awards pursuant to this Section 4.2(d), then the provisions of Section 4.2(b) shall apply.

4.3 Purchase Price. Notwithstanding any provision of this Plan to the contrary, if authorized but previously unissued shares of Common Stock are issued under this Plan, such shares shall not be issued for a consideration which is less than as permitted under applicable law.

Article 5.  
ELIGIBILITY

All management and other employees of the Company and its Affiliates are eligible to be granted Options, Restricted Stock, Stock Appreciation Rights, Other Stock-Based Awards and Performance-Based Awards under this Plan. Non-Employee Directors of the Company are eligible to be granted Non-Qualified Stock Options and Restricted Stock Units to the extent provided in Article 11. Eligibility under this Plan shall be determined by the Committee in its sole and absolute discretion.

Article 6.  
STOCK OPTIONS

6.1 Options. Each Stock Option granted hereunder shall be one of two types: (i) an Incentive Stock Option intended to satisfy the requirements of Section 422 of the Code or (ii) a Non-Qualified Stock Option.

6.2 Grants. The Committee shall have the authority to grant to any Eligible Employee one or more Incentive Stock Options, Non-Qualified Stock Options, or both types of Stock Options (in each case with or without Stock Appreciation Rights). To the extent that any Stock Option does not qualify as an Incentive Stock Option (whether because of its provisions or the time or manner of its exercise or otherwise), such Stock Option or the portion thereof which does not qualify, shall constitute a separate Non-Qualified Stock Option. Notwithstanding any other provision of this Plan to the contrary or any provision in an agreement evidencing the grant of an Option to the contrary, any Option granted to an Eligible Employee of an Affiliate (other than one described in Section 2.1(i) or (ii)) shall be a Non-Qualified Stock Option.

6.3 Terms of Options. Options granted under Article 6 of this Plan shall be subject to Article 12 and the following terms and conditions, and shall be in such form and contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem desirable:

(a) Option Price. The option price per share of Common Stock purchasable under an Incentive Stock Option or a Non-Qualified Stock Option shall be determined by the Committee at the time of grant but shall not be less than 100% of the Fair Market Value of the share of Common Stock at the time of grant; provided, however, if an Incentive Stock Option is granted to a Ten Percent Stockholder, the purchase price shall not be less than 110% of the Fair Market Value of the share of Common Stock at the time of grant.

(b) Option Term. The term of each Stock Option shall be fixed by the Committee, but no Stock Option shall be exercisable more than ten (10) years after the date the Option is granted; provided, however, that the term of an Incentive Stock Option granted to a Ten Percent Stockholder may not exceed five (5) years.

(c) Exercisability. Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at grant; provided, however, that Stock Options shall be subject to a minimum vesting schedule of at least one year, except that, with respect to a Participant other than a Named Executive Officer on the date of grant, unvested Stock Options may become vested prior to the completion of the one-year period upon a Change in Control or the Participant's Retirement, Disability, death, layoff pursuant to a reduction in workforce or Termination of Employment pursuant to a business acquisition, in each case, to the extent provided in the applicable Award agreement. Notwithstanding the foregoing sentence, subject to the limitations set forth in Section 4, Awards with respect to up to five percent (5%) of the total number of shares of Common Stock reserved for Awards under the Plan may be granted to any Participant (including a Named Executive Officer) without regard to any limit on accelerated vesting. If the Committee provides, in its discretion, that any Stock Option is exercisable subject to certain limitations (including, without limitation, that it is exercisable only in installments or within certain time periods), the Committee may waive such limitations on the exercisability at any time at or after grant in whole or in part (including, without limitation, that the Committee may waive the installment exercise provisions or accelerate the time at which Options may be exercised), based on such factors, if any, as the Committee shall determine, in its sole discretion.

(d) Method of Exercise. Subject to whatever installment exercise and waiting period provisions apply under subsection (c) above, Stock Options may be exercised in whole or in part at any time during the Option term, by giving written notice of exercise to the Company specifying the number of shares to be purchased. Such notice shall be accompanied by payment in full of the purchase price as follows: (i) in cash or by check, bank draft or money order payable to the order of Company, (ii) if the Common Stock is traded on a national securities exchange, the Nasdaq Stock Market, Inc. or quoted on a national quotation system sponsored by the Financial Industry Regulatory Authority, through the delivery of irrevocable instructions to a broker to deliver promptly to the Company an amount equal to the purchase price to the extent permitted by law, (iii) by payment in full or part in the form of Common Stock owned by the Participant (and for which the Participant has good title free and clear of any liens and encumbrances) based on the Fair Market Value of the Common Stock on the payment date as determined by the Committee or the Board or (iv) on such other terms and conditions as may be acceptable to the Committee or the Board, as applicable. No shares of Common Stock shall be issued until payment therefor, as provided herein, has been made or provided for.

(e) Incentive Stock Option Limitations. To the extent that the aggregate Fair Market Value (determined as of the time of grant) of the Common Stock with respect to which Incentive Stock Options are exercisable for the first time by an Eligible Employee during any calendar year under the Plan and/or any other stock option plan of the Company or any Subsidiary or parent corporation (within the meaning of Section 424(e) of the Code) exceeds \$100,000, such Options shall be treated as Options which are not Incentive Stock Options. In addition, if an Eligible Employee does not remain employed by the Company, any Subsidiary or parent corporation (within the meaning of Section 424(e) of the Code) at all times from the time the Option is granted until three (3) months prior to the date of exercise (or such other period as required by applicable law), such Option shall be treated as an Option which is not an Incentive Stock Option.

Should the foregoing provision not be necessary in order for the Stock Options to qualify as Incentive Stock Options, or should any additional provisions be required, the Committee may amend the Plan accordingly, without the necessity of obtaining the approval of the stockholders of the Company.

Without the written consent of the Company, no Common Stock acquired by a Participant upon the exercise of an Incentive Stock Option granted hereunder may be disposed of by the Participant within two (2) years from the date such Incentive Stock Option was granted, nor within one (1) year after the transfer of such Common Stock to the Participant; provided, however, that a transfer to a trustee, receiver, or other fiduciary in any insolvency proceeding, as described in Section 422(c)(3) of the Code, shall not be deemed to be such a disposition.

(f) Form of Options. Subject to the terms and conditions and within the limitations of the Plan, an Option shall be evidenced by such form of agreement or grant as is approved by the Committee.

(g) Form of Settlement. In its sole discretion, the Committee may provide, at the time of grant, that the shares to be issued upon the exercise of a Stock Option shall be in the form of Restricted Stock, or may, in the Option agreement, reserve a right to so provide after the time of grant.

(h) Other Terms and Conditions. Options may contain such other provisions, which shall not be inconsistent with any of the foregoing terms of the Plan, as the Committee shall deem appropriate including, without limitation, permitting reloads. With regard to such reloads, the Committee shall have the authority (but not an obligation) to include within any Option agreement a provision entitling the optionee to a further Option (a Reload Option) if the optionee exercises the Option evidenced by the Option agreement, in whole or in part, by surrendering other shares of the Company held by the optionee for at least six (6) months prior to such date of surrender in accordance with the Plan and the terms and conditions of the Option agreement. Any Reload Option shall not be an Incentive Stock Option, shall be for a number of shares equal to the number of surrendered shares, the exercise price thereof shall be equal to the Fair Market Value of the Common Stock on the date of exercise of such original Option, shall become exercisable if the purchased shares are held for a minimum period of time established by the Committee, and shall be subject to such other terms and conditions as the Committee may determine. Notwithstanding the foregoing, Stock Options granted on or after October 1, 2004 may not permit reloads.

(i) Repricing of Stock Options Prohibited. Notwithstanding any other provision of the Plan to the contrary, an outstanding Stock Option may not be modified to reduce the exercise price thereof nor may a new Stock Option at a lower price be substituted for a surrendered Stock Option (other than adjustments or substitutions in accordance with Section 4.2), unless such action is approved by the stockholders of the Company.

Article 7.

RESTRICTED STOCK AWARDS

7.1 Awards of Restricted Stock. Shares of Restricted Stock may be issued to Eligible Employees either alone or in addition to other Awards granted under the Plan. The Committee shall determine the eligible persons to whom, and the time or times at which, grants of Restricted Stock will be made, the number of shares to be awarded, the price (if any) to be paid by the recipient (subject to Section 7.2), the time or times within which such Awards may be subject to forfeiture, the vesting schedule and rights to acceleration thereof, and all other terms and conditions of the Awards. The Committee may condition the grant of Restricted Stock upon the attainment of specified performance goals or such other factors as the Committee may determine, in its sole discretion.

7.2 Awards and Certificates. An Eligible Employee selected to receive Restricted Stock shall not have any rights with respect to such Award, unless and until such Participant has delivered a fully executed copy of the Restricted Stock Award agreement evidencing the Award to the Company and has otherwise complied with the applicable terms and conditions of such Award. Further, such Award shall be subject to the following conditions:

(a) Purchase Price. The purchase price of Restricted Stock shall be fixed by the Committee. Subject to Section 4.3, the purchase price for shares of Restricted Stock may be the minimum permitted by applicable law.

(b) Acceptance. Awards of Restricted Stock must be accepted within a period of ninety (90) days (or such shorter period as the Committee may specify at grant) after the Award date, by executing a Restricted Stock Award agreement and by paying whatever price (if any) the Committee has designated thereunder.

(c) Legend. Each Participant receiving a Restricted Stock Award shall be issued a stock certificate in respect of such shares of Restricted Stock, unless the Committee elects to use another system, such as book entries by the transfer agent, as evidencing ownership of a Restricted Stock Award. Such certificate shall be registered in the name of such Participant, and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Award, substantially in the following form:

The anticipation, alienation, attachment, sale, transfer, assignment, pledge, encumbrance or charge of the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the Celgene Corporation (the Company ) 2008 Stock Incentive Plan, as may be amended from time to time, and an Agreement entered into between the registered owner and the Company dated \_\_\_\_\_. Copies of such Plan and Agreement are on file at the principal office of the Company.

(d) Custody. The Committee may require that any stock certificates evidencing such shares be held in custody by the Company until the restrictions thereon shall have lapsed, and that, as a condition of any Restricted Stock Award, the Participant shall have delivered a duly signed stock power, endorsed in blank, relating to the Common Stock covered by such Award.

7.3 Restrictions and Conditions on Restricted Stock Awards. The shares of Restricted Stock awarded pursuant to this Plan shall be subject to Article 12 and the following restrictions and conditions:

(a) Restriction Period; Vesting and Acceleration of Vesting. (i) The Participant shall not be permitted to Transfer shares of Restricted Stock awarded under this Plan during a period set by the Committee (the Restriction Period ) commencing with the date of such Award, as set forth in the Restricted Stock Award agreement and such agreement shall set forth a vesting schedule and any events which would accelerate vesting of the shares of Restricted Stock; provided, however, that shares of Restricted Stock shall be subject to a minimum vesting schedule of at least three years (with no more than one-third of the shares of Common Stock subject thereto vesting on each of the first three anniversaries of the date of grant), except that, with respect to a Participant other than a Named Executive Officer on the date of grant, unvested Restricted Stock may become vested prior to the completion of the three-year period upon a Change in Control or the Participant's Retirement, Disability, death, layoff pursuant to a reduction in workforce or Termination of Employment pursuant to a business acquisition, in each case, to the extent provided in the applicable Award agreement. Notwithstanding the foregoing sentence, subject to the limitations set forth in Section 4, Awards with respect to up to five percent (5%) of the total number of shares of Common Stock reserved for Awards under the Plan may be granted to any Participant (including a Named Executive Officer) without regard to any limit on accelerated vesting.

(ii) Performance Goals, Formulae or Standards. If the lapse of restrictions is based on the attainment of Performance Goals, the Committee shall establish the Performance Goals and the applicable vesting percentage of the Restricted Stock Award applicable to each Participant or class of Participants in writing prior to the beginning of the applicable fiscal year or at such later date as otherwise determined by the Committee and while the outcome of the Performance Goals is substantially uncertain. Such Performance Goals may incorporate provisions for disregarding (or adjusting for) changes in accounting methods, corporate transactions (including, without limitation, dispositions and acquisitions) and other similar type events or circumstances.

(b) Rights as Stockholder. Except as provided in this subsection (b) and subsection (a) above and as otherwise determined by the Committee, the Participant shall have, with respect to the shares of Restricted Stock, all of the rights of a holder of shares of Common Stock of the Company including, without limitation, the right to receive any dividends, the right to vote such shares and, subject to and conditioned upon the full vesting of shares of Restricted Stock, the right to tender such shares. Notwithstanding the foregoing, the payment of dividends shall be deferred until, and conditioned upon, the expiration of the applicable Restriction Period, unless the Committee, in its sole discretion, specifies otherwise at the time of the Award.

(c) Lapse of Restrictions. If and when the Restriction Period expires without a prior forfeiture of the Restricted Stock subject to such Restriction Period, the certificates for such shares shall be delivered to the Participant. All legends shall be removed from said certificates at the time of delivery to the Participant except as otherwise required by applicable law.

Article 8.

STOCK APPRECIATION RIGHTS

8.1 Tandem Stock Appreciation Rights. Stock Appreciation Rights may be granted in conjunction with all or part of any Stock Option (a Reference Stock Option ) granted under this Plan ( Tandem Stock Appreciation Rights ). In the case of a Non-Qualified Stock Option, such rights may be granted either at or after the time of the grant of such Reference Stock Option. In the case of an Incentive Stock Option, such rights may be granted only at the time of the grant of such Reference Stock Option.

8.2 Terms and Conditions of Tandem Stock Appreciation Rights. Tandem Stock Appreciation Rights granted hereunder shall be subject to such terms and conditions, not inconsistent with the provisions of this Plan, as shall be determined from time to time by the Committee, including Article 12 and the following:

(a) Term. A Tandem Stock Appreciation Right or applicable portion thereof granted with respect to a Reference Stock Option shall terminate and no longer be exercisable upon the termination or exercise of the Reference Stock Option, except that, unless otherwise determined by the Committee, in its sole discretion, at the time of grant, a Tandem Stock Appreciation Right granted with respect to less than the full number of shares covered by the Reference Stock Option shall not be reduced until and then only to the extent the exercise or termination of the Reference Stock Option causes the number of shares covered by the Tandem Stock Appreciation Right to exceed the number of shares remaining available and unexercised under the Reference Stock Option.

(b) Exercisability. Tandem Stock Appreciation Rights shall be exercisable only at such time or times and to the extent that the Reference Stock Options to which they relate shall be exercisable in accordance with the provisions of Article 6 and Article 8.



(c) Method of Exercise. A Tandem Stock Appreciation Right may be exercised by an optionee by surrendering the applicable portion of the Reference Stock Option. Upon such exercise and surrender, the Participant shall be entitled to receive an amount determined in the manner prescribed in this Section 8.2. Stock Options which have been so surrendered, in whole or in part, shall no longer be exercisable to the extent the related Tandem Stock Appreciation Rights have been exercised.

(d) Payment. Upon the exercise of a Tandem Stock Appreciation Right a Participant shall be entitled to receive up to, but no more than, an amount in Common Stock equal in value to the excess of the Fair Market Value of one share of Common Stock over the Option price per share specified in the Reference Stock Option multiplied by the number of shares in respect of which the Tandem Stock Appreciation Right shall have been exercised, with the Committee having the right to determine the form of payment.

(e) Deemed Exercise of Reference Stock Option. Upon the exercise of a Tandem Stock Appreciation Right, the Reference Stock Option or part thereof to which such Stock Appreciation Right is related shall be deemed to have been exercised for the purpose of the limitation set forth in Article 4 of the Plan on the number of shares of Common Stock to be issued under the Plan.

8.3 Non-Tandem Stock Appreciation Rights. Non-Tandem Stock Appreciation Rights may also be granted without reference to any Stock Options granted under this Plan.

8.4 Terms and Conditions of Non-Tandem Stock Appreciation Rights. Non-Tandem Stock Appreciation Rights granted hereunder shall be subject to such terms and conditions, not inconsistent with the provisions of this Plan, as shall be determined from time to time by the Committee, including Article 12 and the following:

(a) Term. The term of each Non-Tandem Stock Appreciation Right shall be fixed by the Committee, but shall not be greater than ten (10) years after the date the right is granted.

(b) Exercisability. Non-Tandem Stock Appreciation Rights shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at grant; provided, however, that Stock Appreciation Rights shall be subject to a minimum vesting schedule of at least one year, except that, with respect to a Participant other than a Named Executive Officer on the date of grant, unvested Stock Appreciation Rights may become vested prior to completion of the one-year period upon a Change in Control or the Participant's Retirement, Disability, death, layoff pursuant to a reduction in workforce or Termination of Employment pursuant to a business acquisition, in each case, to the extent provided in the applicable Award agreement. Notwithstanding the foregoing sentence, subject to the limitations set forth in Section 4, Awards with respect to up to five percent (5%) of the total number of shares of Common Stock reserved for Awards under the Plan may be granted to any Participant (including a Named Executive Officer) without regard to any limit on accelerated vesting. If the Committee provides, in its discretion, that any such right is exercisable subject to certain limitations (including, without limitation, that it is exercisable only in installments or within certain time periods), the Committee may waive such limitation on the exercisability at any time at or after grant in whole or in part (including, without limitation, that the Committee may waive the installment exercise provisions or accelerate the time at which rights may be exercised), based on such factors, if any, as the Committee shall determine, in its sole discretion.

(c) Method of Exercise. Subject to whatever installment exercise and waiting period provisions apply under subsection (b) above, Non-Tandem Stock Appreciation Rights may be exercised in whole or in part at any time during the option term, by giving written notice of exercise to the Company specifying the number of Non-Tandem Stock Appreciation Rights to be exercised.

(d) Payment. Upon the exercise of a Non-Tandem Stock Appreciation Right a Participant shall be entitled to receive, for each right exercised, up to, but no more than, an amount in Common Stock equal in value to the excess of the Fair Market Value of one share of Common Stock on the date the right is exercised over the Fair Market Value of one (1) share of Common Stock on the date the right was awarded to the Participant.

8.5 Limited Stock Appreciation Rights. The Committee may, in its sole discretion, grant Tandem and Non-Tandem Stock Appreciation Rights either as a general Stock Appreciation Right or as a Limited Stock Appreciation Right. Limited Stock Appreciation Rights may be exercised only upon the occurrence of a Change in Control or such other event as the Committee may, in its sole discretion, designate at the time of grant or thereafter. Upon the exercise of Limited Stock Appreciation Rights, except as otherwise provided in an Award agreement, the Participant shall receive in cash or Common Stock, as determined by the Committee, an amount equal to the amount (i) set forth in Section 8.2(d) with respect to Tandem Stock Appreciation Rights or (ii) set forth in Section 8.4(d) with respect to Non-Tandem Stock Appreciation Rights.

8.6 Repricing of Stock Appreciation Rights Prohibited. Notwithstanding any other provision of the Plan to the contrary, an outstanding Stock Appreciation Right may not be modified to reduce the exercise price thereof nor may a new Stock Appreciation Right at a lower price be substituted for a surrendered Stock Appreciation Right (other than adjustments or substitutions in accordance with Section 4.2), unless such action is approved by the stockholders of the Company.

Article 9.

OTHER STOCK-BASED AWARDS

9.1 Other Awards. The Committee, in its sole discretion, is authorized to grant to Eligible Employees Other Stock-Based Awards that are payable in, valued in whole or in part by reference to, or otherwise based on or related to shares of Common Stock, including, but not limited to, shares of Common Stock awarded purely as a bonus and not subject to any restrictions or conditions, shares of Common Stock in payment of the amounts due under an incentive or performance plan sponsored or maintained by the Company or an Affiliate, performance units, dividend equivalent units, stock equivalent units, Restricted Stock Units and deferred stock units. To the extent permitted by law, the Committee may, in its sole discretion, permit Eligible Employees to defer all or a portion of their cash compensation in the form of Other Stock-Based Awards granted under this Plan, subject to the terms and conditions of any deferred compensation arrangement established by the Company, which shall be intended to comply with Section 409A of the Code. Other Stock-Based Awards may be granted either alone or in addition to or in tandem with other Awards granted under the Plan.

Subject to the provisions of this Plan, the Committee shall, in its sole discretion, have authority to determine the Eligible Employees to whom, and the time or times at which, such Awards shall be made, the number of shares of Common Stock to be awarded pursuant to such Awards, and all other conditions of the Awards. The Committee may also provide for the grant of Common Stock under such Awards upon the completion of a specified Performance Period.

The Committee may condition the grant or vesting of Other Stock-Based Awards upon the attainment of specified Performance Goals as the Committee may determine, in its sole discretion; provided that to the extent that such Other Stock-Based Awards are intended to comply with Section 162(m) of the Code, the Committee shall establish the objective Performance Goals for the vesting of such Other Stock-Based Awards based on a Performance Period applicable to each Participant or class of Participants in writing prior to the beginning of the applicable Performance Period or at such later date as permitted under Section 162(m) of the Code and while the outcome of the Performance Goals are substantially uncertain. Such Performance Goals may incorporate, if and only to the extent permitted under Section 162(m) of the Code, provisions for disregarding (or adjusting for) changes in accounting methods, corporate transactions (including, without limitation, dispositions and acquisitions) and other similar type events or circumstances. To the extent any such provision would create impermissible discretion under Section 162(m) of the Code or otherwise violate Section 162(m) of the Code, such provision shall be of no force or effect. The applicable Performance Goals shall be based on one or more of the Performance Criteria set forth in Exhibit A hereto.

9.2 Terms and Conditions. Other Stock-Based Awards made pursuant to this Article 9 shall be subject to the following terms and conditions:

(a) Non-Transferability. Subject to the applicable provisions of the Award agreement and this Plan, shares of Common Stock subject to Awards made under this Article 9 may not be Transferred prior to the date on which the shares are issued, or, if later, the date on which any applicable restriction, performance or deferral period lapses.

(b) Dividends. Unless otherwise determined by the Committee at the time of Award, subject to the provisions of the Award agreement and this Plan, the recipient of an Award under this Article 9 shall not be entitled to receive, currently or on a deferred basis, dividends or dividend equivalents with respect to the number of shares of Common Stock covered by the Award.

(c) Vesting. Any Award under this Article 9 and any Common Stock covered by any such Award shall vest or be forfeited to the extent so provided in the Award agreement, as determined by the Committee, in its sole discretion; provided, however, that Other Stock-Based Awards not granted upon completion of a Performance Period shall be subject to a minimum vesting schedule of at least three years (with no more than one-third of the shares of Common Stock subject thereto vesting on each of the first three anniversaries of the date of grant), except that, with respect to a Participant other than a Named Executive Officer on the date of grant, unvested Other Stock-Based Awards may become vested prior to the completion of the three-year period upon a Change in Control or the Participant's Retirement, Disability, death, layoff pursuant to a reduction in workforce or Termination of Employment pursuant to a business acquisition, in each case, to the extent provided in the applicable Award agreement. Notwithstanding the foregoing sentence, subject to the limitations set forth in Section 4, Awards with respect to up to five percent (5%) of the total number of shares of Common Stock reserved for Awards under the Plan may be granted to any Participant (including a Named Executive Officer) without regard to any limit on accelerated vesting. In the event that a written employment agreement between the Company and a Participant provides for a vesting schedule that is more favorable than the vesting schedule provided in the form of Award agreement, the vesting schedule in such employment agreement shall govern, provided that such agreement is in effect on the date of grant and applicable to the specific Award.

(d) Price. Common Stock issued on a bonus basis under this Article 9 may be issued for no cash consideration; Common Stock purchased pursuant to a purchase right awarded under this Article 9 shall be priced, as determined by the Committee in its sole discretion.

(e) Payment. Form of payment for the Other Stock-Based Award shall be specified in the Award agreement, and may consist of cash, shares of Common Stock or a combination thereof as determined by the Committee in its sole discretion.

#### Article 10.

#### PERFORMANCE-BASED AWARDS

10.1 Performance-Based Awards. Performance-Based Awards may be granted either alone or in addition to or in tandem with Stock Options, Stock Appreciation Rights, or Restricted Stock. Subject to the provisions of this Plan, the Committee shall have authority to determine the persons to whom and the time or times at which such Awards shall be made, the number of shares of Common Stock or dollar amount to be awarded pursuant to such Awards, and all other conditions of the Awards. The Committee may also provide for the grant of Common Stock or payment of dollar amount under such Awards upon the completion of a specified Performance Period.

For each Participant, the Committee may specify a targeted performance award. The individual target award may be expressed, at the Committee's discretion, as a fixed dollar amount, a percentage of base pay or total pay (excluding payments made under the Plan), or an amount determined pursuant to an objective formula or standard. Establishment of an individual target award for a Participant for a calendar year shall not imply or require that the same level individual target award (if any such award is established by the Committee for the relevant Participant) be set for any subsequent calendar year. At the time the Performance Goals are established, the Committee shall prescribe a formula to determine the percentages (which may be greater than one-hundred percent (100%)) of the individual target award which may be payable based upon the degree of attainment of the Performance Goals during the calendar year. Notwithstanding anything else herein, the Committee may, in its sole discretion, elect to pay a Participant an amount that is less than the Participant's individual target award (or attained percentage thereof) regardless of the degree of attainment of the Performance Goals; provided that no such discretion to reduce an Award earned based on achievement of the applicable Performance Goals shall be permitted for the calendar year in which a Change in Control of the Company occurs, or during such calendar year with regard to the prior calendar year if the Awards for the prior calendar year have not been made by the time of the Change in Control of the Company, with regard to individuals who were Participants at the time of the Change in Control of the Company.

10.2 Terms and Conditions. Performance-Based Awards made pursuant to this Article 10 shall be subject to the following terms and conditions:

(a) Dividends. Unless otherwise determined by the Committee at the time of Award, subject to the provisions of the Award agreement and this Plan, the recipient of an Award under this Article 10 shall be entitled to receive, currently or on a deferred basis, dividends or dividend equivalents with respect to the number of shares of Common Stock covered by the Award, as determined at the time of the Award by the Committee, in its sole discretion.

(b) Vesting. Any Award under this Article 10 and any Common Stock covered by any such Award shall vest or be forfeited to the extent so provided in the Award agreement, as determined by the Committee, in its sole discretion; provided, however, that such Awards of Common Stock not granted upon completion of a Performance Period shall be subject to a minimum vesting schedule of at least three years (with no more than one-third of the shares of Common Stock subject thereto vesting on each of the first three anniversaries of the date of grant), except that, with respect to a Participant other than a Named Executive Officer on the date of grant, unvested Performance-Based Awards may become vested prior to the completion of the three-year period upon a Change in Control or the Participant's Retirement, Disability, death, layoff pursuant to a reduction in workforce or Termination of Employment pursuant to a business acquisition, in each case, to the extent provided in the applicable Award agreement. Notwithstanding the foregoing sentence, subject to the limitations set forth in Section 4, Awards with respect to up to five percent (5%) of the total number of shares of Common Stock reserved for Awards under the Plan may be granted to any Participant (including a Named Executive Officer) without regard to any limit on accelerated vesting.

(c) Waiver of Limitation. Subject to the limitations of Section 10.2(b), in the event of a Change in Control or the Participant's Retirement, Disability, death or involuntary termination without Cause, the Committee may, in its sole discretion, waive in whole or in part any or all of the limitations imposed hereunder (if any) with respect to any or all of an Award under this Article.

(d) Purchase Price. Subject to Section 4.3, Common Stock issued on a bonus basis under this Article 10 may be issued for no cash consideration; Common Stock purchased pursuant to a purchase right awarded under this Article 10 shall be priced as determined by the Committee.

(e) Performance Goals, Formulae or Standards. (i) The Committee shall establish the Performance Goals and the individual target award (if any) in writing prior to the beginning of the applicable Performance Period or at such later date as otherwise determined by the Committee and while the outcome of the Performance Goals is substantially uncertain. Such Performance Goals may incorporate provisions for disregarding (or adjusting for) changes in accounting methods, corporate transactions (including, without limitation, dispositions and acquisitions) and other similar type events or circumstances. To the extent any Performance-Based Award is intended to comply with the provisions of Section 162(m) of the Code, if any provision would create impermissible discretion under Section 162(m) of the Code or otherwise violate Section 162(m) of the Code, such provision shall be of no force or effect. (ii) The measurements used in Performance Goals set under the Plan shall be determined in accordance with Generally Accepted Accounting Principles ( GAAP ), except, to the extent that any objective Performance Goals are used, if any measurements require deviation from GAAP, such deviation shall be at the discretion of the Committee at the time the Performance Goals are set or at such later time to the extent permitted under Section 162(m) of the Code.

(f) Committee Certification. At the expiration of the Performance Period, the Committee shall determine and certify in writing the extent to which the Performance Goals have been achieved.

Article 11.

AWARDS FOR NON-EMPLOYEE DIRECTORS

The terms and conditions of this Article 11 shall apply to Awards granted to Non-Employee Directors under the Plan.

11.1 Grant. Without further action by the Board or the stockholders of the Company, each Non-Employee Director shall be granted Awards as follows:

(a) Initial Grant. Each year on and after an annual meeting of stockholders of the Company (each, an Annual Meeting ), upon the date of initial election or appointment as a member of the Board, each new Non-Employee Director shall receive a Non-Qualified Stock Option to purchase 25,000 shares of Common Stock, subject to adjustment as provided in Section 4.2 (the Initial Grant ).

(b) Annual Grant. Each year on and after an Annual Meeting, each Non-Employee Director who has been elected at such Annual Meeting and is continuing as a member of the Board as of the completion of such Annual Meeting shall receive 2,055 Restricted Stock Units and a Non-Qualified Stock Option to purchase 12,333 shares of Common Stock, subject to adjustment as provided in Section 4.2; provided, however, that a Non-Employee Director who has been elected at such Annual Meeting and is continuing as a member of the Board as of the completion of such Annual Meeting but has not been a member of the Board during the entire period between such Annual Meeting and the prior Annual Meeting shall receive 2,055 Restricted Stock Units and a Non-Qualified Stock Option to purchase 12,333 shares of Common Stock multiplied by, in each case, a fraction, the numerator of which is the number of days in the 12 month period immediately preceding such Annual Meeting during which such Non-Employee Director was a Non-Employee Director and the denominator is 365 (the Annual Grant ).

11.2 Deferral Election.

(a) General. A Non-Employee Director may elect to defer the payment of Restricted Stock Units ( Deferral Election ) in a manner specified by the Committee and in accordance with this Section 11.2. If a Deferral Election is not timely made in accordance with this Section 11.2, such Deferral Election shall be considered void and shall have no effect, and a Non-Employee Director's Restricted Stock Units shall be paid in the form of shares of Common Stock on the earliest to occur: (i) a Non-Employee Director's death; (ii) a Non-Employee Director's Disability; (iii) a Non-Employee Director's Retirement; (iv) a Non-Employee Director's separation from service within the meaning of Code Section 409A; and (v) a Change in Control.

(b) Deferral Election. Unless otherwise determined by the Committee, but subject to the requirements of Code Section 409A, any Deferral Election must be made on or prior to the date of grant of Restricted Stock Units and thereafter, such Deferral Election shall become irrevocable. Notwithstanding the foregoing, a Non-Employee Director may modify a Deferral Election provided that: (i) a subsequent Deferral Election does not take effect for at least twelve (12) months after the modification is made; (ii) the modification is made at least twelve (12) months prior to the date the Restricted Stock Units would otherwise have been paid pursuant to the initial Deferral Election; and (iii) the payment date of the Restricted Stock Units is at least five (5) years beyond the payment date specified in the initial Deferral Election.

(c) Payment. Restricted Stock Units deferred in accordance with this Section 11.2 shall be paid in the form of shares of Common Stock on the earliest to occur: (i) the payment date specified in a Deferral Election; (ii) a Non-Employee Director's death; (iii) a Non-Employee Director's Disability; (iv) a Non-Employee Director's Retirement; (v) a Non-Employee Director's separation from service within the meaning of Code Section 409A; and (vi) a Change in Control. Any dividends or dividend equivalents payable that a Non-Employee may be entitled to receive pursuant to an Award of Restricted Stock Units shall be paid at the same time as the applicable Restricted Stock Units are paid to the Non-Employee Director.

11.3 Vesting.

(a) Options. With respect to Non-Qualified Stock Options granted to a Non-Employee Directors:

(i) The Initial Grant shall vest in four (4) equal annual installments, with the first (1<sup>st</sup>) installment vesting on the first (1<sup>st</sup>) anniversary of the date of grant; provided that the holder thereof has been a Non-Employee Director of the Company at all times through such date.

(ii) The Annual Grant shall vest in full on the earlier of (i) the day preceding the date of the first (1<sup>st</sup>) Annual Meeting held following the date of grant; and (ii) the first (1<sup>st</sup>) anniversary of the date of grant of the Award, provided that, in each case, the holder thereof has been a Non-Employee Director of the Company at all times through such date.

(b) Restricted Stock Units. One-third (1/3) of the Restricted Stock Units granted to Non-Employee Directors shall vest on each of the first (1<sup>st</sup>), second (2<sup>nd</sup>) and third (3<sup>rd</sup>) anniversaries of the date of grant, provided that the holder thereof has not had a Termination of Directorship at any prior to each such date; provided, however, that unvested Restricted Stock Units shall become fully vested effective upon the occurrence of a Change in Control or the Non-Employee Director's Retirement, Disability, death or other separation from service within the meaning of Code Section 409A. Notwithstanding the foregoing sentence, subject to the limitations set forth in Section 4, Awards with respect to up to five percent (5%) of the total number of shares of Common Stock reserved for Awards under the Plan may be granted to any Participant without regard to any limit on accelerated vesting.

11.4 Terms. Except as otherwise provided in this Article 11, any Non-Qualified Stock Option granted under this Article 11 shall be subject to the terms and conditions set forth in Sections 6.3 and 12.3, and any Restricted Stock Unit granted under this Article 11 shall be subject to the terms and conditions set forth in Sections 9.2 and 12.3.



Article 12.

NON-TRANSFERABILITY AND TERMINATION PROVISIONS

The terms and conditions of this Article 12 shall apply to Awards under this Plan as follows:

12.1 Nontransferability. No Stock Option, Stock Appreciation Right or Performance-Based Award shall be Transferable by the Participant otherwise than by will or by the laws of descent and distribution. All Stock Options and all Stock Appreciation Rights shall be exercisable, during the Participant's lifetime, only by the Participant or his or her legal guardian or representative. Tandem Stock Appreciation Rights shall be Transferable, solely to the extent permitted above, only with the underlying Stock Option. In addition, except as provided above, no Stock Option shall be Transferred (whether by operation of law or otherwise), and no Stock Option shall be subject to execution, attachment or similar process. Upon any attempt to Transfer any Stock Option, or in the event of any levy upon any Stock Option by reason of any execution, attachment or similar process contrary to the provisions hereof, such Stock Option shall immediately terminate and become null and void. Notwithstanding the foregoing, the Committee may determine at the time of grant or thereafter that a Non-Qualified Stock Option that is otherwise not Transferable pursuant to this Article 12 is Transferable to a Family Member in whole or in part and in such circumstances, and under such conditions, as specified by the Committee. A Non-Qualified Stock Option which is Transferred to a Family Member pursuant to the preceding sentence may not be subsequently Transferred by such Family Member. Shares of Restricted Stock under Article 7 may not be Transferred prior to the date on which shares are issued, or, if later, the date on which any applicable restriction, performance or deferral period lapses. No Award shall, except as otherwise specifically provided by law or herein, be Transferable in any manner, and any attempt to Transfer any such Award shall be void, and no such Award shall in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such Award, nor shall it be subject to attachment or legal process for or against such person.

12.2 Termination of Employment. The following rules apply with regard to the Termination of Employment of a Participant:

(a) Termination by Reason of Death. If a Participant's Termination of Employment is by reason of death, any Stock Option or Stock Appreciation Right held by such Participant, unless otherwise determined by the Committee at grant or, if no rights of the Participant's estate are reduced, thereafter, may be exercised, to the extent exercisable at the Participant's death, by the legal representative of the estate, at any time within a period of one (1) year from the date of such death, but in no event beyond the expiration of the stated term of such Stock Option or Stock Appreciation Right.

(b) Termination by Reason of Retirement or Disability. If a Participant's Termination of Employment is by reason of Retirement or Disability, any Stock Option or Stock Appreciation Right held by such Participant, unless otherwise determined by the Committee at grant or, if no rights of the Participant are reduced, thereafter, may be exercised, to the extent exercisable at the Participant's termination (or solely with respect to Stock Options or Stock Appreciation Rights granted on or after September 1, 2007, to the extent exercisable at the Participant's termination or thereafter if the Participant provides the Committee or its designee with not less than six months written notice of the Participant's intent to terminate the Participant's service with the Company and its Affiliates by reason of Retirement, such Stock Options or Stock Appreciation Rights continue to become exercisable (vested) following the Participant's Termination of Employment by reason of Retirement as if the Participant had remained an employee of the Company), by the Participant (or the Participant's legal representative to the extent permitted under Section 16.11 or the legal representative of the Participant's estate if the Participant dies after termination) at any time within a period (the Retirement or Disability Period) which is the shorter of (i) up to ten (10) years after the date of grant of such Stock Option or Stock Appreciation Right, such period to be set on a case by case basis by the Committee, or (ii) three (3) years from the date of such termination; provided, however, that, if the Participant dies within such Retirement or Disability Period, any unexercised Stock Option or Stock Appreciation Right held by such Participant shall thereafter be exercisable, to the extent to which it was exercisable at the time of death, for a period of one (1) year (or such other period as the Committee may specify at grant or, if no rights of the Participant's estate are reduced, thereafter) from the date of such death, but in no event beyond the expiration of the stated term of such Stock Option or Stock Appreciation Right.



(c) Voluntary Resignation or Involuntary Termination Without Cause. If a Participant's Termination of Employment is due to a voluntary resignation or by involuntary termination without Cause and such termination occurs prior to, or more than ninety (90) days after, the occurrence of an event which would be grounds for Termination of Employment by the Company for Cause (without regard to any notice or cure period requirements), any Stock Option or Stock Appreciation Right held by such Participant, unless otherwise determined by the Committee at grant or, if no rights of the Participant are reduced, thereafter, may be exercised, to the extent exercisable at termination, by the Participant at any time within a period of ninety (90) days from the date of such termination, but in no event beyond the expiration of the stated term of such Stock Option or Stock Appreciation Right.

(d) Termination for Cause. Unless otherwise determined by the Committee at grant or, if no rights of the Participant are reduced, thereafter, if a Participant's Termination of Employment is for Cause for any reason, any Stock Option or Stock Appreciation Right held by such Participant shall thereupon terminate and expire as of the date of termination. In the event the termination is an involuntary termination without Cause or is a voluntary resignation within ninety (90) days after occurrence of an event which would be grounds for Termination of Employment by the Company for Cause (without regard to any notice or cure period requirement), any Stock Option or Stock Appreciation Right held by the Participant at the time of occurrence of the event which would be grounds for Termination of Employment by the Company for Cause shall be deemed to have terminated and expired upon occurrence of the event which would be grounds for Termination of Employment by the Company for Cause.

(e) Termination of Employment for Restricted Stock. Subject to the applicable provisions of the Restricted Stock Award agreement and this Plan, upon a Participant's Termination of Employment for any reason during the relevant Restriction Period, all Restricted Stock still subject to restriction will vest or be forfeited in accordance with the terms and conditions established by the Committee at grant or thereafter.

(f) Termination of Employment for Other Stock-Based Awards and Performance-Based Awards. Subject to the applicable provisions of the Award agreement and this Plan, upon a Participant's Termination of Employment for any reason, the Other Stock-Based Award or Performance-Based Award in question will vest or be forfeited or be payable in accordance with the terms and conditions established by the Committee at grant or thereafter.

12.3 Termination of Directorship for any Reason. Unless otherwise determined by the Committee at grant, or if no rights of the Participant are reduced, thereafter, upon a Participant's Termination of Directorship for any reason, any unvested Stock Option or Restricted Stock Unit held by such Participant shall thereupon terminate and expire as of the date of Termination of Directorship. Notwithstanding the foregoing, a Non-Employee Director (or the Non-Employee Director's legal representative to the extent permitted under Section 16.11 or the legal representative of the Non-Employee Director's estate, as the case may be) may exercise any Stock Option that was exercisable on the date of such Termination of Directorship, but in no event beyond the expiration of the stated term of such Stock Option.

Article 13.

#### CHANGE IN CONTROL PROVISIONS

13.1 Benefits. In the event of a Change in Control of the Company (as defined below), except as otherwise provided by the Committee upon the grant of an Award, the Participant shall be entitled to the following benefits:

(a) All outstanding Stock Options and the related Tandem Stock Appreciation Rights and Non-Tandem Stock Appreciation Rights of such Participant, if any, granted prior to the Change in Control shall be fully vested and immediately exercisable in their entirety.

(b) All unvested Restricted Stock, Other Stock-Based Awards and Performance-Based Awards shall become fully vested upon a Change in Control, including without limitation, the following: (i) the restrictions to which any shares of Restricted Stock of a Participant granted prior to the Change in Control are subject shall lapse as if the applicable Restriction Period had ended upon such Change in Control, and (ii) the conditions required for vesting of any unvested Performance-Based Awards shall be deemed to be satisfied upon such Change in Control and all outstanding Performance-Based Awards shall be paid upon a Change in Control at the higher of (1) the Participant's individual target award and (2) a payment based on actual achievement of the Performance Goals through the date of the Change in Control.

13.2 Change in Control. A Change in Control shall mean the occurrence of any of the following:

(a) any person (as defined in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d) and 14(d) thereof), excluding the Company, any subsidiary of the Company and any employee benefit plan sponsored or maintained by the Company or any subsidiary of the Company (including any trustee of any such plan acting in his capacity as trustee), becoming the beneficial owner (as defined in Rule 13d-3 under the Exchange Act) of securities of the Company representing thirty percent (30%) of the total combined voting power of the Company's then outstanding securities;

(b) the merger, consolidation or other business combination of the Company (a Transaction ), other than (A) a Transaction involving only the Company and one or more of its subsidiaries, or (B) a Transaction immediately following which the stockholders of the Company immediately prior to the Transaction continue to have a majority of the voting power in the resulting entity and no person (other than those covered by the exceptions in (a) above) becomes the beneficial owner of securities of the resulting entity representing more than twenty-five percent (25%) of the voting power in the resulting entity;

(c) during any period of two (2) consecutive years beginning on or after the Effective Date, the persons who were members of the Board immediately before the beginning of such period (the Incumbent Directors ) ceasing (for any reason other than death) to constitute at least a majority of the Board or the board of directors of any successor to the Company, provided that, any director who was not a director as of the Effective Date shall be deemed to be an Incumbent Director if such director was elected to the board of directors by, or on the recommendation of or with the approval of, at least two-thirds of the directors who then qualified as Incumbent Directors either actually or by prior operation of the foregoing unless such election, recommendation or approval occurs as a result of an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act or any successor provision) or other actual or threatened solicitation of proxies or contests by or on behalf of a person other than a member of the Board; or

(d) 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 other than the sale of all or substantially all of the assets of the Company to a person or persons who beneficially own, directly or indirectly, at least fifty percent (50%) or more of the combined voting power of the outstanding voting securities of the Company at the time of such sale.

Notwithstanding any other provision of the Plan to the contrary, to the extent that Awards under the Plan subject to Section 409A of the Code are payable upon a Change in Control, an event shall not be considered to be a Change in Control under the Plan with respect to such Awards unless such event is also a change in ownership, a change in effective control or a change in the ownership of a substantial portion of the assets of the Company within the meaning of Section 409A of the Code. Notwithstanding any other provision of the Plan to the contrary, for purposes of the payment of Restricted Stock Units under Sections 11.2(a) and 11.2(c), a Change in Control shall mean a change in control as such term is defined in the Celgene Corporation 2005 Deferred Compensation Plan, as amended.

Article 14.

TERMINATION OR AMENDMENT OF THE PLAN

Notwithstanding any other provision of this Plan, the Board may at any time, and from time to time, amend, in whole or in part, any or all of the provisions of the Plan, or suspend or terminate it entirely, retroactively or otherwise; provided, however, that, unless otherwise required by law or specifically provided herein, the rights of a Participant with respect to Awards granted prior to such amendment, suspension or termination, may not be impaired without the consent of such Participant and, provided further, without the approval of the stockholders of the Company in accordance with the laws of the State of Delaware, to the extent required by the applicable provisions of Rule 16b-3 or Section 162(m) of the Code, or, with regard to Incentive Stock Options, Section 422 of the Code, no amendment may be made which would (i) increase the aggregate number of shares of Common Stock that may be issued under this Plan or the maximum individual Participant limitations under Section 4.1(b), (ii) change the classification of employees eligible to receive Awards under this Plan, (iii) decrease the minimum option price of any Stock Option, (iv) extend the maximum option period under Section 6.3, (v) require stockholder approval in order for the Plan to continue to comply with the applicable provisions of Rule 16b-3 or Section 162(m) of the Code, or, with regard to Incentive Stock Options, Section 422 of the Code or (vi) materially alter the Performance Criteria set forth in Exhibit A. In no event may the Plan be amended without the approval of the stockholders of the Company in accordance with the applicable laws or other requirements to increase the aggregate number of shares of Common Stock that may be issued under the Plan, decrease the minimum option price of any Stock Option, or to make any other amendment that would require stockholder approval under the rules of any exchange or system on which the Company's securities are listed or traded at the request of the Company.

The Committee may amend the terms of any Award theretofore granted, prospectively or retroactively, but, subject to Article 4 above or as otherwise specifically provided herein, no such amendment or other action by the Committee shall impair the rights of any holder without the holder's consent.

Article 15.

UNFUNDED STATUS OF PLAN

This Plan is intended to constitute an unfunded plan for incentive compensation. With respect to any payments as to which a Participant has a fixed and vested interest but which are not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general creditor of the Company.

Article 16.

GENERAL PROVISIONS

16.1 Legend. The Committee may require each person receiving shares of Common Stock pursuant to an Award under the Plan to represent to and agree with the Company in writing that the Participant is acquiring the shares without a view to distribution thereof, and that any subsequent offer for sale or sale of any such shares of Common Stock shall be made either pursuant to (i) a registration statement on an appropriate form under the Securities Act of 1933, which registration statement shall have become effective and shall be current with respect to the shares of Common Stock being offered and sold, or (ii) a specific exemption from the registration requirements of the Securities Act of 1933, and that in claiming such exemption the Participant will, prior to any offer for sale or sale of shares of Common Stock, obtain a favorable written opinion, satisfactory in form and substance to the Company, from counsel acceptable to the Company as to the availability of such exception. In addition to any legend required by this Plan, the certificates for such shares may include any legend which the Committee deems appropriate to reflect any restrictions on Transfer.

All certificates for shares of Common Stock delivered under the Plan shall be subject to such stock transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Common Stock is then listed or any national securities association system upon whose system the Common Stock is then quoted, any applicable Federal or state securities law, and any applicable corporate law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

16.2 Other Plans. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and, such arrangements may be either generally applicable or applicable only in specific cases.

16.3 No Right to Employment/Directorship. Neither this Plan nor the grant of any Award hereunder shall give any Participant or other employee or Non-Employee Director any right with respect to continuance of employment or directorship by the Company or any Affiliate, nor shall there be a limitation in any way on the right of the Company or any Affiliate by which an employee is employed to terminate his employment or directorship at any time.

16.4 Withholding of Taxes. The Company shall have the right to deduct from any payment to be made to a Participant, or to otherwise require, prior to the issuance or delivery of any shares of Common Stock or the payment of any cash hereunder, payment by the Participant of, any Federal, state or local taxes required by law to be withheld. Upon the vesting of Restricted Stock, or upon making an election under Section 83(b) of the Code, a Participant shall pay all required withholding to the Company.

At the discretion of the Committee, any such withholding obligation with regard to any Participant may be satisfied by reducing the number of shares of Common Stock otherwise deliverable or by delivering shares of Common Stock already owned. Any fraction of a share of Common Stock required to satisfy such tax obligations shall be disregarded and the amount due shall be paid instead in cash by the Participant.

16.5 Listing and Other Conditions.

(a) As long as the Common Stock is listed on a national securities exchange or system sponsored by a national securities association, the issue of any shares of Common Stock pursuant to an Award shall be conditioned upon such shares being listed on such exchange or system. The Company shall have no obligation to issue such shares unless and until such shares are so listed, and the right to exercise any Option with respect to such shares shall be suspended until such listing has been effected.

(b) If at any time counsel to the Company shall be of the opinion that any sale or delivery of shares of Common Stock pursuant to an Award is or may in the circumstances be unlawful or result in the imposition of excise taxes on the Company under the statutes, rules or regulations of any applicable jurisdiction, the Company shall have no obligation to make such sale or delivery, or to make any application or to effect or to maintain any qualification or registration under the Securities Act of 1933, as amended, or otherwise with respect to shares of Common Stock or Awards, and the right to exercise any Option shall be suspended until, in the opinion of said counsel, such sale or delivery shall be lawful or will not result in the imposition of excise taxes on the Company.

(c) Upon termination of any period of suspension under this Section 16.5, any Award affected by such suspension which shall not then have expired or terminated shall be reinstated as to all shares available before such suspension and as to shares which would otherwise have become available during the period of such suspension, but no such suspension shall extend the term of any Option.

**16.6 Governing Law.** This Plan shall be governed and construed in accordance with the laws of the State of Delaware (regardless of the law that might otherwise govern under applicable Delaware principles of conflict of laws).

**16.7 Construction.** Wherever any words are used in this Plan in the masculine gender they shall be construed as though they were also used in the feminine gender in all cases where they would so apply, and wherever any words are used herein in the singular form they shall be construed as though they were also used in the plural form in all cases where they would so apply.

**16.8 Other Benefits.** No Award payment under this Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Company or its Affiliates nor affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation.

**16.9 Costs.** The Company shall bear all expenses included in administering this Plan, including expenses of issuing Common Stock pursuant to any Awards hereunder.

**16.10 No Right to Same Benefits.** The provisions of Awards need not be the same with respect to each Participant, and such Awards to individual Participants need not be the same in subsequent years.

**16.11 Death/Disability.** The Committee may in its discretion require the transferee of a Participant to supply it with written notice of the Participant's death or Disability and to supply it with a copy of the will (in the case of the Participant's death) or such other evidence as the Committee deems necessary to establish the validity of the transfer of an Award. The Committee may also require the agreement of the transferee to be bound by all of the terms and conditions of the Plan. If the Committee shall find, without any obligation or responsibility of any kind to do so, that any person to whom payment is payable under this Plan is unable to care for his or her affairs because of disability, illness or accident, any payment due may be paid to such person's duly appointed legal representative in such manner and proportions as the Committee may determine, in its sole discretion. Any such payment shall be a complete discharge of the liabilities of the Committee and the Board under this Plan.



16.12 Section 16(b) of the Exchange Act. All elections and transactions under the Plan by persons subject to Section 16 of the Exchange Act involving shares of Common Stock are intended to comply with any applicable exemptive condition under Rule 16b-3. The Committee may establish and adopt written administrative guidelines, designed to facilitate compliance with Section 16(b) of the Exchange Act, as it may deem necessary or proper for the administration and operation of the Plan and the transaction of business thereunder.

16.13 Severability of Provisions. If any provision of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Plan shall be construed and enforced as if such provisions had not been included.

16.14 Headings and Captions. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

Article 17.

APPROVAL OF BOARD AND STOCKHOLDERS

The Plan shall not be effective unless and until approved by the Board and, solely to the extent required by any applicable law (including without limitation, approval required under Rule 16b-3, Section 162(m) of the Code or Section 422 of the Code) or registration or stock exchange rule, approved by the stockholders of the Company in the manner set forth in such law, regulation or rule.

Article 18.

TERM OF PLAN

No Award shall be granted pursuant to the Plan on or after the tenth (10<sup>th</sup>) anniversary of the earlier of the date the Plan is adopted by the Board and the Effective Date, but Awards granted prior to such date may, and the Committee's authority to administer the terms of such Awards, extend beyond that date; provided, however, that no Award (other than a Stock Option or Stock Appreciation Right) that is intended to be performance-based under Section 162(m) of the Code shall be granted on or after the fifth anniversary of the stockholder approval of the Plan unless the Performance Goals set forth on Exhibit A are reapproved (or other designated performance goals are approved) by the stockholders no later than the first stockholder meeting that occurs in the fifth year following the year in which stockholders approve the Performance Goals set forth on Exhibit A.

Article 19.

NAME OF PLAN

This Plan shall be known as the Celgene Corporation 2008 Stock Incentive Plan (Amended and Restated as of June 17, 2009) (formerly known as the 1998 Stock Incentive Plan, and, prior to April 23, 2003, as the 1998 Long-Term Incentive Plan).

EXHIBIT A  
PERFORMANCE CRITERIA

Performance Goals established for purposes of an Award of Other Stock-Based Awards or Performance-Based Awards intended to comply with Section 162(m) of the Code shall be based on one or more of the following performance criteria ( Performance Criteria ): (i) the attainment of certain target levels of, or a specified percentage increase in, revenues, earnings, income before taxes and extraordinary items, net income, operating income, earnings before income tax, earnings before interest, taxes, depreciation and amortization or a combination of any or all of the foregoing; (ii) the attainment of certain target levels of, or a percentage increase in, after-tax or pre-tax profits including, without limitation, that attributable to continuing and/or other operations; (iii) the attainment of certain target levels of, or a specified increase in, operational cash flow; (iv) the achievement of a certain level of, reduction of, or other specified objectives with regard to limiting the level of increase in, all or a portion of, the Company's bank debt or other long-term or short-term public or private debt or other similar financial obligations of the Company, which may be calculated net of such cash balances and/or other offsets and adjustments as may be established by the Committee; (v) earnings per share or the attainment of a specified percentage increase in earnings per share or earnings per share from continuing operations; (vi) the attainment of certain target levels of, or a specified increase in return on capital employed or return on invested capital; (vii) the attainment of certain target levels of, or a percentage increase in, after-tax or pre-tax return on stockholders' equity; (viii) the attainment of certain target levels of, or a specified increase in, economic value added targets based on a cash flow return on investment formula; (ix) the attainment of certain target levels in, or specified increases in, the fair market value of the shares of the Company's common stock; (x) the growth in the value of an investment in the Company's common stock assuming the reinvestment of dividends; (xi) the filing of a new drug application ( NDA ) or the approval of the NDA by the Food and Drug Administration; (xii) the achievement of a launch of a new drug; (xiii) research and development milestones; (xiv) the successful completion of clinical trial phases, (xv) the attainment of a certain level of, reduction of, or other specified objectives with regard to limiting the level in or increase in, all or a portion of controllable expenses or costs or other expenses or costs; (xvi) gross or net sales, revenue and growth of sales revenue (either before or after cost of goods, selling and general administrative expenses, research and development expenses and any other expenses or interest); (xvii) total stockholder return; (xviii) return on assets or net assets; (xix) return on sales; (xx) operating profit or net operating profit; (xxi) operating margin; (xxii) gross or net profit margin; (xxiii) cost reductions or savings; (xxiv) productivity; (xxv) operating efficiency; (xxvi) customer satisfaction; (xxvii) working capital; or (xxviii) market share. For purposes of item (i) above, extraordinary items shall mean all items of gain, loss or expense for the fiscal year determined to be extraordinary or unusual in nature or infrequent in occurrence or related to a corporate transaction (including, without limitation, a disposition or acquisition) or related to a change in accounting principle, all as determined in accordance with standards established by Opinion No. 30 of the Accounting Principles Board.

In addition, such Performance Criteria may be based upon the attainment of specified levels of Company (or subsidiary, division or other operational unit of the Company) performance under one or more of the measures described above relative to the performance of other corporations. To the extent permitted under Section 162(m) of the Code, but only to the extent permitted under Section 162(m) of the Code (including, without limitation, compliance with any requirements for stockholder approval), the Committee may: (i) designate additional business criteria on which the Performance Criteria may be based or (ii) adjust, modify or amend the aforementioned business criteria.

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## Appendix B

**Celgene Corporation and Subsidiaries**  
**Reconciliation of GAAP to Non-GAAP Net Income (Loss)**  
(In thousands, except per share data)

		Year Ended December 31, 2008
Net loss GAAP		\$ (1,533,653)
Before tax adjustments:		
Net product sales:		
Pharmion products to be divested	(1)	(16,965)
Cost of goods sold (excluding amortization expense):		
Share-based compensation expense	(2)	2,535
Pharmion inventory step-up	(3)	24,646
Pharmion products to be divested	(1)	6,950
EntreMed intercompany royalty	(4)	(843)
Research and development:		
Share-based compensation expense	(2)	44,007
Upfront collaboration payment	(5)	45,000
Purchase of VIDAZA royalty obligation	(6)	303,069
Selling, general and administrative:		
Share-based compensation expense	(2)	60,036
Amortization of acquired intangible assets	(7)	103,967
Acquired in-process research and development	(8)	1,740,000
Equity in losses of affiliated companies:		
Equity in losses of EntreMed	(9)	3,571
Income tax adjustment	(10)	(63,559)
Net income non-GAAP		\$ 718,761
Per common share non-GAAP:		
Net income basic		\$ 1.62
Net income diluted	(11)	\$ 1.56
Explanation of adjustments:		

- (1) Exclude sales and cost of sales related to former non-core Pharmion Corp. products to

be divested.

- (2) Exclude SFAS No. 123R share-based compensation expense totaling \$106,578.
- (3) Exclude acquisition-related Pharmion Corp. inventory step-up adjustment to fair value expensed.
- (4) Exclude the Company's share of THALOMID royalties payable to EntreMed, Inc.
- (5) Exclude upfront payment for research and development collaboration arrangement with Acceleron Pharma, Inc.
- (6) Exclude the purchase of VIDAZA royalty obligations related to unapproved forms.
- (7) Exclude amortization of acquired intangible assets from the acquisitions of Pharmion Corp. and Penn T of \$102,331 and \$1,636, respectively.
- (8) Exclude the in-process research

and development  
write-off related to  
the acquisition of  
Pharmion Corp.

- (9) Exclude the  
Company's share of  
equity losses in  
EntreMed, Inc.
  - (10) The income tax  
adjustment reflects  
the tax effect of the  
above adjustments.
  - (11) Diluted net income  
per share was  
determined using  
diluted weighted  
average shares of  
461,626.
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C/O AMERICAN STOCK TRANSFER AND TRUST COMPANY 59 MAIDEN LANE NEW YORK, NY 10031 VOTE BY INTERNET [www.proxyvote.com](http://www.proxyvote.com) Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on June 16, 2009, the day before the meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE STOCKHOLDER COMMUNICATIONS** If you would like to reduce the costs incurred by Celgene Corporation in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access stockholder communications electronically in future years.

**VOTE BY PHONE** 1-800-690-6903 Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on June 16, 2009, the day before the meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL** Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Celgene Corporation, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. **TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: M14565-P72633 KEEP THIS PORTION FOR YOUR RECORDS THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED. DETACH AND RETURN THIS PORTION ONLY CELGENE CORPORATION THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ITEMS 1, 2 AND 3. For All Withhold All For All Except To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below. Vote on Directors 1. ELECTION OF DIRECTORS Nominees: 01) Sol J. Barer, Ph.D. 02) Robert J. Hugin 03) Michael D. Casey 04) Rodman L. Drake 05) Arthur Hull Hayes, Jr., M.D. 06) Gilla Kaplan, Ph.D. 07) James J. Loughlin 08) Ernest Mario, Ph.D. 09) Walter L. Robb, Ph.D. 000 For \_\_\_\_\_ Against \_\_\_\_\_ Abstain 2. Ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2009. 3. Approval of an amendment and restatement of the Company's 2008 Stock Incentive Plan. 000 000 THE BOARD OF DIRECTORS RECOMMENDS A VOTE AGAINST ITEM 4. 4. Stockholder proposal regarding the voting standard for director elections. 000 The shares represented by this proxy when properly executed will be voted in the manner directed herein by the undersigned Stockholder(s). If no direction is made, this proxy will be voted FOR items 1, 2 and 3 and AGAINST item 4. If any other matters properly come before the meeting, the person named in this proxy will vote in their discretion. Please indicate if you plan to attend this meeting. Yes No 00 (NOTE: Please sign exactly as your name(s) appear(s) hereon. All holders must sign. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. If a corporation, please sign in full corporate name, by authorized officer. If a partnership, please sign in partnership name by authorized person.) Signature [PLEASE SIGN WITHIN BOX] Date Signature (Joint Owners) Date**

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Important Notice Regarding Internet Availability of Proxy Materials for the Annual Meeting: The Notice of Annual Meeting of Stockholders, Proxy Statement, Proxy Card and Annual Report on Form 10-K are available at [www.proxyvote.com](http://www.proxyvote.com). CELGENE CORPORATION THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS ANNUAL MEETING OF STOCKHOLDERS June 17, 2009 The stockholder(s) hereby appoint(s) Sol J. Barer, Ph.D., and Robert J. Hugin, and each of them, as proxies, each with the power of substitution and resubstitution, and hereby authorizes them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of Common Stock of Celgene Corporation (the Company) that the stockholder(s) is/are entitled to vote at the Annual Meeting of Stockholders to be held at 1:00 P.M., Eastern Time, on June 17, 2009, at the offices of the Company, 86 Morris Avenue, Summit, NJ 07901, and at any adjournment or postponement thereof. THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED BY THE STOCKHOLDER(S). IF NO SUCH DIRECTIONS ARE MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES LISTED ON THE REVERSE SIDE FOR THE BOARD OF DIRECTORS AND FOR PROPOSALS 2 AND 3 AND AGAINST PROPOSAL 4. PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED REPLY ENVELOPE CONTINUED AND TO BE SIGNED ON REVERSE SIDE