

July 9, 2018

**Price Change on the Following
Celgene Corporation Products**

To Whom It May Concern:

As required by the California Health & Safety Code, we are providing this notice regarding a forthcoming pricing change by Celgene Corporation.

Celgene's Principles for the Pricing of Innovative Medicines are used to guide decisions about the pricing of the medicines we discover, develop and distribute globally. These principles reflect our commitment to patient access, obligation to provide value for patients and the health system, drive for continuing innovation for the future, and the need for flexibility. To increase transparency for patients, the healthcare system and society, we are providing information related to these principles, enhancements in value, and changes in price at <https://www.celgene.com/value>.

In keeping with Celgene's pricing principles, if Celgene increases the price of any individual therapy across our portfolio, the price increase will be limited to no more than once a year and at a level no greater than the Centers for Medicare and Medicaid Services projected increase in National Health Expenditures for the year. For 2018, this rate is 5.3%. Because value is a guiding principle of our pricing decisions, there may be exceptional circumstances in which additional clinical or health economic evidence demonstrates a clear and significant increase in the value of one of our medicines where this standard would not apply.

Consistent with this standard, effective with the close of business on July 9, 2018, the list price for the following Celgene products will be increased by 5.0 percent:

| Product | NDC* | Presentations | Current WAC** as of close of business on July 9, 2018 | Dollar Amount of Increase |
|-----------|--------------|----------------------------|---|---------------------------|
| REVLIMID® | 59572-402-28 | 2.5mg, 28 Capsules/Bottle | \$19,473.37 | \$927.30 |
| REVLIMID® | 59572-402-00 | 2.5mg, 100 Capsules/Bottle | \$69,547.81 | \$3,311.80 |
| REVLIMID® | 59572-405-28 | 5mg, 28 Capsules/Bottle | \$19,473.37 | \$927.30 |
| REVLIMID® | 59572-405-00 | 5mg, 100 Capsules/Bottle | \$69,547.81 | \$3,311.80 |
| REVLIMID® | 59572-410-28 | 10mg, 28 Capsules/Bottle | \$19,473.37 | \$927.30 |
| REVLIMID® | 59572-410-00 | 10mg, 100 Capsules/Bottle | \$69,547.81 | \$3,311.80 |
| REVLIMID® | 59572-415-21 | 15mg 21 Capsules/Bottle | \$14,605.05 | \$695.48 |
| REVLIMID® | 59572-415-00 | 15mg, 100 Capsules/Bottle | \$69,547.81 | \$3,311.80 |

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|------------------|---------------------|----------------------------------|--------------------|-------------------|
| REVLIMID® | 59572-420-21 | 20mg, 21 Capsules/Bottle | \$14,605.05 | \$695.48 |
| REVLIMID® | 59572-420-00 | 20mg, 100 Capsules/Bottle | \$69,547.81 | \$3,311.80 |
| REVLIMID® | 59572-425-21 | 25mg, 21 Capsules/Bottle | \$14,605.05 | \$695.48 |
| REVLIMID® | 59572-425-00 | 25mg, 100 Capsules/Bottle | \$69,547.81 | \$3,311.80 |
| POMALYST® | 59572-501-00 | 1mg, 100 Capsules/Bottle | \$79,165.53 | \$3,769.79 |
| POMALYST® | 59572-501-21 | 1mg, 21 Capsules/Bottle | \$16,624.76 | \$791.66 |
| POMALYST® | 59572-502-00 | 2mg, 100 Capsules/Bottle | \$79,165.53 | \$3,769.79 |
| POMALYST® | 59572-502-21 | 2mg, 21 Capsules/Bottle | \$16,624.76 | \$791.66 |
| POMALYST® | 59572-503-00 | 3mg, 100 Capsules/Bottle | \$79,165.53 | \$3,769.79 |
| POMALYST® | 59572-503-21 | 3mg, 21 Capsules/Bottle | \$16,624.76 | \$791.66 |
| POMALYST® | 59572-504-00 | 4mg, 100 Capsules/Bottle | \$79,165.53 | \$3,769.79 |
| POMALYST® | 59572-504-21 | 4mg, 21 Capsules/Bottle | \$16,624.76 | \$791.66 |

While we are required by California statute to state that this price increase is not due to a “change” or “improvement” in either product¹, we believe a therapy’s value – and increases in value – are measured by more than these two elements. Celgene takes a holistic and long-term approach to assessing the value of our innovative medicines, defined by the benefits to patients, the health system, the economy and society, and the future of innovation. Value increases over time when new evidence, either clinical or economic, demonstrates even greater impact of a therapy in improving patient health outcomes or quality of life, or even greater benefit for the health system, such as saving other healthcare costs through reduced hospitalizations, medical procedures, follow-up tests and doctor visits. Additional value can also be created when patients return to work as productive employees, boosting economic prosperity and benefiting society.

Celgene strongly believes that medical innovation can lead to better health, longer life, reduced disability, and greater prosperity. To this end, we seek to discover and develop truly innovative and life-changing therapies for the patients we serve. Celgene is currently conducting approximately 160 clinical trials with 42 novel medicines across 60 indications. In 2017, we reinvested 45.5% of our revenue into research and development to discover and develop the therapies of tomorrow.² Since 2006, this commitment to innovation has translated to Celgene investing over \$20 billion in the discovery and development of new treatments for patients with significant medical needs.³

Revlimid® (lenalidomide) and Pomalyst® (pomalidomide) have contributed to the continuing progress being made in the treatment of patients with multiple myeloma. Since 1990, the relative 5-year survival rate for patients with multiple myeloma has

¹ See Cal. Health & Safety Code § 127677(c)(2)

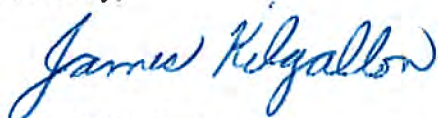
² Celgene 2017 Annual Report. Available at: http://files.shareholder.com/downloads/AMDA-262QUJ/6204845187x0x978672/138C3639-1839-499D-8191-34F9E08A0CBD/Celgene_AR_complete_PDF_041718.pdf.

³ Celgene 2018 Value and Innovation Framework Report. Available at: <http://media.celgene.com/content/uploads/value-framework.pdf>

continued to increase due to innovation in treatment and care.⁴ Since 2013, four of the five novel agents for the treatment of multiple myeloma have an approved indication for use in combination with Revlimid® to provide more targeted treatment options for patients.⁵ Please see the full prescribing information, including boxed warnings, for Revlimid® at <http://media.celgene.com/content/uploads/revlimid-pi.pdf>, and the full prescribing information, including boxed warnings, for Pomalyst® at <http://media.celgene.com/content/uploads/pomalyst-pi.pdf>.

We agree that transparency about value and pricing is important. Patients, healthcare professionals and policymakers are asking for more information, and we are committed to providing it. That's why earlier this year we introduced Celgene's first annual Value and Innovation Report for US government officials and other healthcare policy opinion leaders offering comprehensive evidence on the value we provide to patients, the health system, the economy and society, and future innovation. As noted earlier, we also provide information related to any increases in price, including enhancements in value, at: <https://www.celgene.com/value>. We believe these actions will provide greater certainty for all stakeholders, advance value for patients and the health system, and contribute to limiting the growth of health care spending.

Sincerely,



James Kilgallon
Executive Director, Pricing & Contracting Strategy

*National Drug Code

**Wholesale Acquisition Cost

⁴ National Cancer Institute, Surveillance, Epidemiology, and End Results (SEER) Program. SEER Cancer Statistics Review, 1975-2014. 5-Year Relative and Period Survival (Percent) by Race, Diagnosis Year, Stage and Age. Retrieved from http://seer.cancer.gov/csr/1975_2014/results_merged/topic_survival.pdf.

⁵ U.S. Food and Drug Administration. Hematology/Oncology (Cancer) Approvals & Safety Notifications. Retrieved from: <http://wayback.archive-it.org/7993/20170111064250/http://www.fda.gov/Drugs/InformationOnDrugs/ApprovedDrugs/ucm279174.htm>.