

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

CHAILE STEINBERG, Derivatively on)
Behalf of CELGENE CORPORATION,)

Plaintiff,)

v.)

MICHAEL D. CASEY, JAMES J.)
LOUGHLIN, RICHARD W.)
BARKER, CARRIE S. COX,)
MICHAEL A. FRIEDMAN, GILLA)
KAPLAN, and ERNEST MARIO,)

Defendants.)

CELGENE CORPORATION, a)
Delaware corporation,)
Nominal Defendant)

C.A. No. 10190-CB

STIPULATION OF COMPROMISE AND SETTLEMENT

This Stipulation of Compromise and Settlement (“Stipulation”), dated September 14, 2015, is entered into, by and through their undersigned attorneys, among and between: Plaintiff Chaile Steinberg, individually and derivatively on behalf of Celgene Corporation (“Celgene” or the “Company”); individual defendants Michael D. Casey, James J. Loughlin, Richard W. Barker, Carrie S. Cox, Michael A. Friedman, Gilla Kaplan, and Ernest Mario; and nominal defendant Celgene.

This Stipulation is intended by the Settling Parties to fully, finally, and forever compromise, resolve, discharge, and settle all claims in the Released Claims against the Released Persons and dismiss the Action with prejudice, upon the terms set forth below and subject to the approval of the Court of Chancery of the State of Delaware pursuant to Court of Chancery Rule 23.1.¹

I. BACKGROUND OF THE ACTION AND SETTLEMENT NEGOTIATIONS

Celgene is a global biopharmaceutical company primarily engaged in the discovery, development, and commercialization of therapies designed to treat cancer and immune-inflammatory related diseases. Under the terms of the Incentive Plan in effect as of the filing of the Action, there are no restrictions on the Celgene Board of Directors' ability to grant its members equity awards as part of their annual "compensation," other than the restriction that no individual can receive more than 1.5 million shares in a fiscal year.

On October 2, 2014, Plaintiff filed the Action in the Court derivatively on behalf of Celgene and against the Individual Defendants. In the Action, Plaintiff alleges that the Individual Defendants breached their fiduciary duties of loyalty by awarding and/or receiving excessive and improper compensation in 2012 and 2013 at the expense of the Company. Plaintiff further alleged that the Individual Defendants were unjustly enriched as a result of their excessive compensation and

¹ All capitalized terms not otherwise defined are defined in Section IV.1.

that the Individual Defendants were liable to the Company for waste by receiving excessive compensation.

In December 2014, the Parties agreed to defer the filing of a response to the complaint in order to explore a resolution of the Action. And, on January 14, 2015, the Parties confirmed that the time for responding to the complaint would continue to be deferred in order to determine whether settlement negotiations were possible and in the Company's best interests.

In the interim, on March 27, 2015, Plaintiff commenced discovery, serving Celgene with requests for production of documents and a notice of deposition of Celgene.

Commencing in April 2015, the Parties began to discuss an appropriate derivative settlement framework. On April 8, 2015, Plaintiff's Counsel sent a settlement demand letter to counsel for Defendants that proposed a framework and included a comprehensive set of corporate governance reforms.

On May 13, 2015, Plaintiff filed her Verified Amended Stockholder Derivative Complaint (the "Amended Complaint"), asserting the same claims for breach of fiduciary duty, waste, and unjust enrichment. The Amended Complaint updated the allegations in the original complaint by, among other things, including the recent amendment to the Incentive Plan that increased the amount of shares an individual can receive from 1.5 to 3 million shares each year to reflect a two-for-

one stock split, and to provide the 2014 compensation information for the Individual Defendants as well as 2014 compensation information for directors identified as serving for companies in Celgene's industry peer group.

Between April and July 17, 2015, Plaintiff negotiated the corporate governance reforms with the Defendants, coming to an agreement to the essential terms of the reforms to be implemented. The Settling Parties and their respective counsel engaged in numerous discussions concerning the corporate governance reforms that Celgene would adopt as part of the Settlement, the language of those reforms, and other details for implementation of the Settlement. Subsequently, the Parties reached a settlement in principle, subject to the negotiation of minor details related to the execution of the settlement.

After agreeing to the terms of the Settlement and the completion of confirmatory discovery, Plaintiff's Counsel and Celgene separately negotiated the amount of attorneys' fees and expenses to be paid to Plaintiff's Counsel. The Parties did not discuss the appropriateness or amount of attorneys' fees and expenses to be paid to Plaintiff's Counsel until after the corporate governance reforms had been agreed upon. As a result of these negotiations, the Settling Parties reached an agreement to settle the Action upon the terms and subject to the conditions set forth in this Stipulation (the "Settlement").

II. PLAINTIFF'S CLAIMS AND THE BENEFITS OF SETTLEMENT

Plaintiff believes the Action has substantial merit, and Plaintiff's entry into this Stipulation and Settlement is not intended to be and shall not be construed as an admission or concession concerning the relative strength or merit of the claims alleged in the Action. However, Plaintiff and Plaintiff's Counsel also recognize and acknowledge the significant risk, expense, and length of continued proceedings necessary to prosecute the Action against Defendants through trial and through possible appeals. Plaintiff's Counsel also have taken into account the uncertain outcome and the risk of any litigation, especially in complex cases such as the Action, as well as the difficulties and delays inherent in such litigation. Plaintiff's Counsel also are mindful of the inherent problems of proof and possible defenses to the claims alleged in such actions.

Plaintiff's Counsel have conducted a thorough review and analysis of the relevant facts, allegations, defenses, and controlling legal principles, and believe that the Settlement set forth in this Stipulation is fair, reasonable, and adequate, and confers substantial benefits upon Celgene and its stockholders. Plaintiff's Counsel have conducted an extensive investigation, including, *inter alia*: (i) reviewing Celgene's press releases, public statements, U.S. Securities and Exchange Commission ("SEC") filings, and securities analysts' reports and advisories about the Company; (ii) reviewing the press releases, public statements,

and SEC filings of other companies within its peer group; (iii) reviewing media reports about the Company; (iv) researching the applicable law with respect to the claims alleged in the Action and the potential defenses thereto; (v) preparing and filing a derivative complaint and the Amended Complaint; (vi) conducting extensive damages analyses; (vii) participating in informal conferences with Defendants' counsel regarding the specific facts of the cases, the perceived strengths and weaknesses of the cases, and other issues in an effort to facilitate negotiations and fact gathering; (viii) performing confirmatory discovery; and (ix) negotiating this Settlement with Defendants. Based upon Plaintiff's Counsel's evaluation, Plaintiff has determined that the Settlement is fair, reasonable, adequate, and in the best interests of Celgene and Celgene's stockholders and have agreed to settle the Action upon the terms and subject to the conditions set forth herein.

III. DEFENDANTS' DENIAL OF WRONGDOING AND LIABILITY

The Individual Defendants have denied and continue to deny they have committed, threatened, or attempted to commit any violations of law or breached any duty owed to Plaintiff, Celgene, or Celgene's stockholders and maintain that their conduct was at all times proper and in compliance with applicable law and that they acted in good faith. Nonetheless, Defendants have concluded that further litigation of the Action would be protracted and expensive, and that it is desirable

and beneficial for the Action to be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation. The Board of Directors has approved the Settlement and each of its terms as being in the best interests of Celgene and its stockholders. The Board of Directors acknowledges and agrees that the Settlement is fair, reasonable, and adequate and believes that entering into the Settlement is substantially to the benefit of Celgene and its stockholders.

Neither this Stipulation, nor any of its terms or provisions, nor entry of the Judgment, nor any document or exhibit referred or attached to this Stipulation, nor any action taken to carry out this Stipulation, is, may be construed as, or may be used as evidence of the validity of any of the Released Claims or an admission by or against Defendants of any fault, wrongdoing, or concession of liability whatsoever by any Person in the Action, or any other actions or proceedings, whether civil, criminal, or administrative.

IV. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among Plaintiff (on behalf of herself and derivatively on behalf of Celgene) and Defendants, each by and through their respective counsel, subject to the approval of the Court pursuant to Court of Chancery Rule 23.1, that the Released Claims shall be and hereby are compromised, settled, discontinued, and dismissed

with prejudice, as to all Parties, upon the terms and subject to the conditions set forth herein as follows:

1. Definitions

As used in this Stipulation, the following terms have the meanings specified below:

1.1. “Action” means *Steinberg v. Casey, et al.*, Civil Action No. 10190-CB.

1.2. “Board of Directors” means the Board of Directors of Celgene Corporation.

1.3. “Compensation Committee” means the Management Development and Compensation Committee of the Board of Directors of Celgene.

1.4. “Corporate Governance Reforms” means the corporate governance reforms specified in Section IV.2.

1.5. “Court” means the Court of Chancery of the State of Delaware.

1.6. “Current Celgene Stockholder(s)” means any Person or Persons (as defined herein) who are record or beneficial owners of Celgene common stock as of the date of this Stipulation, excluding the Individual Defendants, the officers and directors of Celgene, members of their immediate families, and their legal representatives, heirs, successors, or assigns, and any entity in which the Individual Defendants have or had a controlling interest.

1.7. “Defendants” means collectively, nominal defendant Celgene and the Individual Defendants.

1.8. “Effective Date” means the date by which all of the events and conditions specified in paragraph 6.1 herein have been met and have occurred.

1.9. “Final” means the expiration of all time to seek appeal or other review of the Judgment, or if any appeal or other review of such Judgment is filed and not dismissed, after such Judgment is upheld on appeal in all material respects and is no longer subject to appeal, reargument, or review by writ of certiorari or otherwise.

1.10. “Incentive Plan” means the Celgene Corporation 2008 Stock Incentive Plan (Amended and Restated as of April 15, 2015).

1.11. “Individual Defendants” means Michael D. Casey, James J. Loughlin, Richard W. Barker, Carrie S. Cox, Michael A. Friedman, Gilla Kaplan, and Ernest Mario.

1.12. “Judgment” means the Order and Final Judgment entered by the Court dismissing this Action with prejudice, substantially in the form annexed hereto as Exhibit C.

1.13. “Notice” means the Notice of Pendency of Settlement of Action, substantially in the form annexed hereto as Exhibit B.

1.14. “Person” means a natural person, individual, corporation, partnership, limited partnership, limited liability partnership, limited liability company, association, joint venture, joint stock company, estate, legal representative, trust, unincorporated association, government, or any political subdivision or agency thereof, any business or legal entity, and any spouse, heir, legatee, executor, administrator, predecessor, successor, representative, or assign of any of the foregoing.

1.15. “Plaintiff” means Chaile Steinberg, individually and derivatively on behalf of Celgene.

1.16. “Plaintiff’s Counsel” means Young Conaway Stargatt & Taylor, LLP, Robbins Arroyo LLP, and Morgan & Morgan, P.C.

1.17. “Released Claims” means and includes any and all claims for relief or causes of action, debts, demands, rights, liabilities, losses, and claims whatsoever, known or unknown, fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, or known and unknown claims, that have been or could have been or in the future might be asserted by Plaintiff as a stockholder, or any other Celgene stockholder, or any other Person acting or purporting to act on behalf of Celgene, in the Action against the Released Persons, based on the facts, transactions, events, occurrences, acts, disclosures, statements, or omissions that were alleged or could have been alleged in the Action

against Defendants; provided, however, that it is understood that “Released Claims” and any release provided by this Settlement shall not include: (a) any claims to enforce the Settlement; and (b) any claims by the Defendants or any other insured to enforce their rights under any contract or policy of insurance.

1.18. “Released Persons” means the Individual Defendants and their predecessors, successors, subsidiaries, affiliates, agents, attorneys, insurers, and each of their past or present officers, directors, and employees. “Released Persons” also includes Celgene and all current and former officers, directors, or employees of Celgene that could have been named in the Action.

1.19. “Releasing Persons” means Plaintiff (both individually and derivatively on behalf of Celgene), any other Celgene stockholder acting or purporting to act on behalf of Celgene, and Celgene. “Releasing Person” means, individually, any of the Releasing Persons.

1.20. “Scheduling Order” means an order scheduling a hearing on the Stipulation and approving the form of Notice and method of giving notice, substantially in the form annexed hereto as Exhibit A.

1.21. “SEC” means the U.S. Securities and Exchange Commission.

1.22. “Settlement Hearing” means the hearing set by the Court to consider final approval of the Settlement.

1.23. “Settling Parties” or “Parties” means, collectively, the derivative Plaintiff (on behalf of herself and derivatively on behalf of Celgene) and Defendants. “Settling Party” or “Party” means, individually, any of the Settling Parties.

1.24. “Unknown Claims” means any Released Claim(s) which Plaintiff or Defendants do not know of or suspect to exist in his, her, or its favor at the time of the release of the Released Claims, including without limitation those which, if known, might have affected the decision to enter into the Settlement. With respect to any and all Released Claims, the Parties agree that upon the Effective Date, the Parties expressly and all Releasing Persons shall be deemed to have waived the provisions, rights, and benefits conferred by or under California Civil Code section 1542, or any other law of the United States or any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to section 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The Parties acknowledge that they may hereafter discover facts in addition to or different from those now known or believed to be true by them, with respect to the subject matter of the Released Claims, but it is the intention of the Parties to

completely, fully, finally, and forever compromise, settle, release, discharge, and extinguish any and all Released Claims, known or unknown, suspect or unsuspected, contingent or absolute, accrued or unaccrued, apparent or unapparent, which do now exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery of additional or different facts. The Parties acknowledge that the foregoing waiver was separately bargained for and is a key element of this Stipulation of which this release is a part, and was relied upon by each and all of the Defendants in entering into the Settlement.

2. Terms of the Settlement

2.1. As a result of the filing, prosecution, and settlement of the Action, Celgene has agreed to implement and maintain in substance the corporate governance reforms, additions, amendments, or formalizations set forth below (the “Corporate Governance Reforms”) for a period of no less than five (5) years from the Effective Date, unless otherwise specified. In connection with the Settlement and in consideration of the Released Claims set forth herein:

2.1.1. Compensation Committee Charter.

As soon as practicable after the Effective Date, the Board of Directors shall amend the charter of the Compensation Committee to provide that the Compensation Committee shall be responsible for (A) conducting annually a review and assessment of all compensation, including cash and equity-based compensation, paid by Celgene to its non-employee directors; (B) engaging an independent compensation consultant to advise the Compensation Committee in connection with such annual review and assessment, including with respect to (x) the

amount and type of non-employee director compensation to be paid for the following year, and (y) comparative data deemed appropriate by such consultant; (C) recommending to the Board of Directors, on the basis of such review and assessment, whether to make, on a prospective basis, any change in the compensation payable to Celgene's non-employee directors; and (D) overseeing the design of processes to provide reasonable assurance that all payments to Celgene non-employee directors are properly disclosed in accordance with applicable law and stock exchange listing requirements.

2.1.2. Public Disclosures.

Commencing with its preliminary proxy statement filed with the SEC in connection with the 2016 annual meeting of stockholders of Celgene, Celgene shall disclose therein (A) the non-employee director compensation for the compensation year that begins immediately following the annual meeting to which such proxy statement relates; (B) the compensation philosophy underlying such non-employee director compensation; and (C) the process by which decisions concerning non-employee director compensation are based, including the role of an independent compensation consultant.

2.1.3. 2015-2016 and 2016-2017 Equity-Based Compensation.

For each of (A) the compensation year beginning immediately after the 2015 annual meeting of stockholders of Celgene (the "2015/2016 Compensation Year") and (B) the compensation year beginning immediately after the 2016 annual meeting of stockholders of Celgene (the "2016/2017 Compensation Year"), the Board of Directors shall limit aggregate per director equity-based compensation to grants having a total value of \$475,000. Notwithstanding the foregoing, in the event of changed circumstances, such as a substantial and material change in Celgene's performance, the \$475,000 limit for the 2016-2017 Compensation Year may be adjusted by the Board of Directors based on the recommendation of the Compensation Committee, which shall have consulted its independent compensation consultant in connection therewith. For purposes of the foregoing \$475,000 limit, the value of each equity-based compensation grant shall be determined as of the date of such grant, based on the same

methodology used by Celgene in its proxy statement disclosures regarding non-employee director equity-based compensation.

2.1.4. Amendment of Incentive Plan.

As soon as practicable after the Effective Date, the Incentive Plan shall be amended to provide that at all times prior to the 2019 annual meeting of stockholders of Celgene the aggregate per director equity-based compensation for each compensation year beginning with the 2015/2016 Compensation Year shall be limited to 7,500 restricted stock units, or options exercisable for not more than 22,500 shares of Celgene Common Stock (in each case, adjusted, in accordance with the Incentive Plan, for stock splits, stock dividends, and the like), or a combination of restricted stock units and options equivalent to not more than 7,500 restricted stock units (treating, for this purpose, each restricted stock unit as the equivalent of an option to acquire three shares of Celgene Common Stock). In addition, the Incentive Plan shall be amended, as needed, to eliminate therein any conflict with the terms of this Stipulation. At the 2016 annual meeting of stockholders of Celgene, Celgene shall propose to the stockholders that they approve, at Celgene's option, either the amendments of the Incentive Plan referred to in this paragraph (d) or an amended and restated Incentive Plan incorporating, among other things, the amendments referred to in this paragraph (d).

3. Scheduling Order, Notice, and Approval

3.1. Promptly after completion of confirmatory discovery and execution of this Stipulation, the Parties shall submit this Stipulation together with its exhibits to the Court, and shall apply for entry of the proposed Scheduling Order with Respect to Notice and Settlement Hearing (the "Scheduling Order"), substantially in the form of Exhibit A attached hereto, requesting: (i) the approval of the manner of notice to Celgene stockholders substantially in the form attached hereto as Exhibit B; (ii) the Court's consideration of the proposed Settlement and Plaintiff's

application for attorneys' fees and expenses; and (iii) a date for the Settlement Hearing.

3.2. Notice to Celgene stockholders shall consist of the Notice of Pendency of Settlement of Action (the "Notice"), substantially in the form attached hereto as Exhibit B, and shall be provided to Celgene Stockholders as follows:

3.2.1. within ten (10) business days after the entry of the Scheduling Order, Celgene shall mail the Notice to all record Celgene Stockholders at their respective addresses currently set forth in Celgene's stock records. All record holders who were not also the beneficial owners of the shares of Celgene's common stock held by them of record shall be requested to forward the Notice to the beneficial owners of those shares. The Company shall use reasonable efforts to give notice to such beneficial owners by: (i) making additional copies of the Notice available to any record holder who, prior to the Settlement Hearing, requests the same for distribution to beneficial owners, or (ii) mailing additional copies of the Notice to beneficial owners as reasonably requested by record holders who provide names and addresses for such beneficial holders; and

3.2.2. within ten (10) business days after the entry of the Scheduling Order, Celgene and Robbins Arroyo LLP shall post copies of the Notice and this Stipulation on their website.

3.3. Ten (10) business days prior to the Settlement Hearing, Defendants' counsel shall serve on counsel in the Action and file with the Court an appropriate affidavit with respect to the preparation and mailing of the Notice, and Plaintiff's Counsel shall serve on counsel in the Action and file with the Court an appropriate declaration with respect to posting of the Notice and Stipulation.

3.4. Celgene, on behalf of the Individual Defendants, shall be responsible for all costs associated with the mailing of the Notice. If additional notice is required by the Court, then the cost and administration of such additional notice will be borne by Celgene on behalf of the Individual Defendants.

3.5. The Parties believe the content and manner of notice constitutes adequate and reasonable notice to Celgene stockholders pursuant to applicable law and due process.

3.6. Pending the Court's determination as to final approval of the Settlement, Plaintiff agrees to stay this proceeding and not to initiate any and all other proceedings other than those incident to the Settlement itself.

3.7. The Parties will request the Court to order (in the Scheduling Order) that, pending final determination of whether the Settlement should be approved, Plaintiff in the Action and all Celgene stockholders are barred and enjoined from commencing, prosecuting, instigating, or in any way participating in the

commencement or prosecution of any action asserting any Released Claim against Defendants or any of the Released Persons.

3.8. The Parties and their attorneys agree to use their individual and collective best efforts to obtain Court approval of the Stipulation. The Parties and their attorneys further agree to use their individual and collective best efforts to effect, take, or cause to be taken all actions, and to do, or cause to be done, all things reasonably necessary, proper, or advisable under applicable laws, regulations, and agreements to consummate and make effective, as promptly as practicable, the Stipulation provided for hereunder and the dismissal of the Action.

4. Attorneys' Fees and Expenses

4.1. Defendants acknowledge and agree that Plaintiff's Counsel is entitled to a fee award. Subject to the terms and conditions of the Stipulation and any Order of the Court, Celgene has agreed to pay an award of attorneys' fees and expenses to Plaintiff's Counsel not to exceed \$850,000.00 (the "Fee and Expense Amount"). Plaintiff's Counsel may apply for attorneys' fees and expenses only in the Court and shall make no application for attorneys' fees or expenses in any other jurisdiction. The Fee and Expense Amount shall be paid to Robbins Arroyo LLP, as receiving agent for Plaintiff's Counsel, within ten (10) business days after the Court enters the Judgment, subject to Plaintiff's Counsel's timely provision of the requisite payment information, including wire instructions and a completed

Form W-9, and obligation to refund that amount within ten (10) business days if the Settlement is reversed or modified on appeal or by collateral attack. Except as otherwise provided herein, each of the Parties shall bear his, her, or its own fees and costs.

4.2. Any failure of the Court to approve a request for attorneys' fees and expenses in whole or in part shall not affect the remainder of the Settlement.

4.3. No fees or expenses shall be paid to Plaintiff's Counsel pursuant to the Settlement in the absence of approval by the Court of a complete release of all Released Persons, substantially in the form of paragraph 5.1 herein. This paragraph shall be immediately binding on the Parties.

4.4. Except as provided in Section IV.4 of this Stipulation, Defendants shall have no obligation to pay or reimburse any fees, expenses, costs, or damages alleged or incurred by Plaintiff, by Celgene stockholders, or by their attorneys, experts, advisors, or representatives with respect to the Released Claims.

5. Releases

5.1. Upon the Effective Date, the Releasing Persons shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled, released, discharged, extinguished, and dismissed with prejudice the Released Claims against the Released Persons; provided, however, that such release shall not affect any claims to enforce the terms of this Stipulation.

5.2. Upon the Effective Date, the Released Persons shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled, released, discharged, extinguished, and dismissed with prejudice all claims (including Unknown Claims), arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement, or resolution of the Action against Plaintiff and Plaintiff's Counsel; provided, however, that such release shall not affect any claims to enforce the terms of this Stipulation.

6. Conditions of Settlement, Effect of Disapproval, Cancellation, or Termination

6.1. The Settlement shall be conditioned on the occurrence of all of the following events:

6.1.1. Court approval of the Settlement following notice to Celgene stockholders and the Settlement Hearing;

6.1.2. entry of the Judgment in the Action approving the proposed Settlement and providing for the dismissal with prejudice of the Action and approving the grant of the release of the Released Claims;

6.1.3. the inclusion in the Judgment of a provision enjoining Plaintiff and Celgene Stockholders from asserting any of the Released Claims;

6.1.4. the dismissal with prejudice of the Action without the award of any damages, costs, fees, or the grant of any further relief, except as provided in paragraph 4.1 of this Stipulation; and

6.1.5. the passing of the date upon which the Judgment becomes Final.

6.2. If any of the conditions listed in paragraph 6.1 are not met, this Stipulation and any Settlement documentation shall be null and void and of no force and effect. In the event that any of the conditions listed in paragraph 6.1 are not met, the Settling Parties shall be restored to their positions on the date immediately prior to the execution date of this Stipulation, this Stipulation shall not be deemed to constitute an admission of fact by any Settling Party, and neither the existence of this Stipulation, nor its contents shall be admissible in evidence or be referred to for any purposes in the Action or in any litigation or judicial proceeding. Also, this Stipulation shall not be deemed to entitle any Party to the recovery of costs and expenses incurred in connection with the intended implementation of the Settlement, except as provided in paragraph 4.1 of this Stipulation. Further, all releases delivered in connection with this Stipulation shall be null and void.

6.3. Each of the Defendants shall have the right to withdraw from the Settlement in the event that any claims related to the subject matter of the Action are commenced or prosecuted against any of the Released Persons in any court prior to final approval of the Settlement and (following a motion by the Defendants) such claims are not dismissed with prejudice or stayed in

contemplation of dismissal. In the event such claims are commenced, the Parties agree to cooperate and use their reasonable best efforts to secure the dismissal (or a stay in contemplation of dismissal following final approval of the Settlement) thereof.

7. Dismissal of the Action

7.1. If the Court approves the Stipulation, the Parties shall promptly request the Court to enter the proposed Judgment, substantially in the form annexed hereto as Exhibit C.

8. Confirmatory Discovery

8.1. The Settlement follows confirmatory discovery by Plaintiff. Confirmatory discovery shall be subject to a confidentiality agreement and for the sole purpose of assessing the reasonableness and adequacy of the Settlement, the scope and timing of which shall be reasonable and mutually agreed upon by the Parties.

8.2. In the event that the Settlement is terminated for any reason or if the Effective Date fails to occur, Plaintiff shall return all materials made available to Plaintiff and is prohibited from using any facts learned in confirmatory discovery in any subsequent complaint unless and until such facts are later obtained during the course of the litigation.

9. The Stipulation Is Not an Admission

9.1. This Stipulation reflects, among other things, the compromise and settlement of disputed claims among the Parties hereto, and neither this Stipulation nor the releases given herein, nor any consideration, nor any actions taken to carry out this Stipulation are intended to be, nor may they be deemed or construed to be, an admission or concession of liability (or lack thereof), or the validity of any claim, or defense, or of any point of fact or law on the part of any Party hereto regarding those facts that have been or might have been alleged in the Action or in any other proceeding. The Defendants and the Released Persons may file the Stipulation and/or Judgment in any action that has been or may be brought against them in order to support a claim or defense based on principles of res judicata, collateral estoppel, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

10. Miscellaneous Provisions

10.1. The Settling Parties agree that the terms of the Settlement were negotiated in good faith by the Parties, and reflect a Settlement that was reached voluntarily after consultation with competent legal counsel. The Settling Parties reserve their right to rebut, in a manner that such party determines to be

appropriate, any contention made in any public forum that the Action was brought or defended in bad faith or without a reasonable basis.

10.2. This Stipulation shall be deemed to have been mutually prepared by the Parties hereto and shall not be construed against any of them by reason of authorship.

10.3. This Stipulation may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same document. Any signature to the Stipulation by means of facsimile or electronically scanned and sent via email shall be treated in all manner and respects as an original signature and shall be considered to have the same binding legal effect as if it were the original signed version thereof.

10.4. All Persons executing this Stipulation thereby represent that they have been authorized and empowered to do so.

10.5. Plaintiff and Plaintiff's Counsel represent and warrant that none of Plaintiff's claims referred to in this Stipulation or that could have been alleged in the Action have been assigned, encumbered, or in any manner transferred in whole or in part.

10.6. This Stipulation embodies and represents the full agreement of the Parties and supersedes any and all prior agreements and understandings relating to the subject matter hereof between or among any of the Parties hereto. This

Stipulation shall not be modified or amended, nor shall any provision of this Stipulation be deemed waived, unless such modification, amendment, or waiver is in writing and executed by or on behalf of the Parties. The waiver by any Party of any provision or the breach of this Stipulation shall not be deemed a waiver of any other provision or breach of this Stipulation.

10.7. If any provision of this Stipulation is held to be unlawful, invalid, or unenforceable: (i) such provision will be fully severable; (ii) this Stipulation will be construed and enforced as if such unlawful, invalid, or unenforceable provision had never comprised a part of this Stipulation; and (iii) the remaining provisions of this Stipulation will remain in full force and effect and will not be affected by the unlawful, invalid, or unenforceable provision or by its severance from this Stipulation.

10.8. The Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the Parties hereto.

10.9. Notwithstanding the entry of the Judgment, the Court shall retain jurisdiction with respect to the implementation, enforcement, and interpretation of the terms of the Stipulation, and all Parties submit to the jurisdiction of the Court for purposes of implementing, enforcing, and interpreting the Stipulation.

10.10. The construction and interpretation of this Stipulation shall be governed by and construed in accordance with the laws of the State of Delaware

and without regard to the laws that might otherwise govern under principles of conflicts of law applicable hereto.

10.11. Without further order of the Court, the Parties hereto may agree to reasonable extensions of time to carry out any of the provisions in Section IV.4 of the Stipulation.

10.12. The following exhibits are annexed hereto and incorporated herein by reference:

- (a) Exhibit A: Scheduling Order with Respect to Notice and Settlement Hearing;
- (b) Exhibit B: Notice of Pendency of Settlement of Action; and
- (c) Exhibit C: [Proposed] Order and Final Judgment.

IN WITNESS WHEREOF, IT IS HEREBY AGREED by the undersigned as of the date noted above.

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Dated: September 14, 2015

YOUNG CONAWAY STARGATT &
TAYLOR, LLP

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S. Cox, Michael A. Friedman, Gilla Kaplan,
and Ernest Mario*

MORRIS, NICHOLS, ARSHT
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*Attorneys for Nominal Defendant Celgene
Corporation, Inc.*

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

CHAILE STEINBERG, Derivatively on)
Behalf of CELGENE CORPORATION,)

Plaintiff,)

v.)

C.A. No. 10190-CB

MICHAEL D. CASEY, JAMES J.)
LOUGHLIN, RICHARD W.)
BARKER, CARRIE S. COX,)
MICHAEL A. FRIEDMAN, GILLA)
KAPLAN, and ERNEST MARIO,)

Defendants.)

CELGENE CORPORATION, a)
Delaware corporation,)
Nominal Defendant)

**SCHEDULING ORDER WITH RESPECT
TO NOTICE AND SETTLEMENT HEARING**

WHEREAS, the Parties to the above-captioned action (the “Action”) have entered into a Stipulation of Compromise and Settlement dated September __, 2015 (the “Stipulation”), which sets forth the terms and conditions for the proposed settlement and dismissal with prejudice of the Action (the “Settlement”), subject to review and approval by this Court pursuant to Court of Chancery Rule 23.1 and upon notice to the current stockholders of nominal defendant Celgene Corporation (“Celgene”);

WHEREAS, the Court has read and considered the Stipulation and the accompanying documents; and

WHEREAS, all Parties have consented to the entry of this order.

NOW, upon application of the Parties, after review and consideration of the Stipulation filed with the Court and the exhibits annexed thereto,

IT IS HEREBY ORDERED this ___ day of _____, 2015 as follows:

1. For purposes of this Scheduling Order, the Court incorporates by reference the definitions in the Stipulation and all capitalized terms used herein shall have the same meanings as set forth in the Stipulation unless otherwise defined herein.

2. A hearing (the “Settlement Hearing”) shall be held on _____, 2015, at _____ a.m. / p.m. in the Court of Chancery, New Castle County Courthouse, 500 North King Street, Wilmington, Delaware 19801, to: (a) determine whether the proposed Settlement, on the terms and conditions provided for in the Stipulation, is fair, reasonable, and adequate and in the best interests of Celgene and its current stockholders; (b) determine whether the Court should finally approve the Stipulation and enter the Order and Final Judgment (the “Judgment”) as provided in the Stipulation, dismissing the Action with prejudice and extinguishing and releasing the Released Claims; (c) hear and

determine any objections to the proposed Settlement; (d) determine whether the Court should approve Plaintiff's application for approval of the Fee and Expense Amount agreed upon by the Parties; and (e) rule on such other matters as the Court may deem appropriate.

3. The Settlement Hearing may be adjourned by the Court from time to time without further notice to anyone other than the parties to the Action and any Objectors (as defined herein).

4. The Court reserves the right to approve the Stipulation at or after the Settlement Hearing with such modifications as may be consented to by the Parties and without further notice.

5. The Court approves, in form and content, the Notice of Pendency of Settlement of Action (the "Notice") filed by the Parties with the Stipulation as Exhibit B and finds that the giving of notice substantially in the manner set forth herein meets the requirement of Court of Chancery Rule 23.1 and due process, and is the best notice practicable under the circumstances.

6. Within ten (10) business days after the entry of this Scheduling Order, Celgene shall mail the Notice, substantially in the form filed herewith, to all record Celgene stockholders at their respective addresses currently set forth in Celgene's stock records. All record holders who were not also the beneficial owners of the shares of Celgene's common stock held by them of record shall be requested to

forward the Notice to the beneficial owners of those shares. The Company shall use reasonable efforts to give notice to such beneficial owners by: (i) making additional copies of the Notice available to any record holder who, prior to the Settlement Hearing, requests the same for distribution to beneficial owners, or (ii) mailing additional copies of the Notice to beneficial owners as reasonably requested by record holders who provide names and addresses for such beneficial holders. Celgene, on behalf of the Individual Defendants, shall be responsible for all costs associated with the mailing of the Notice. If additional notice is required by the Court, then the cost and administration of such additional notice will be borne by Celgene on behalf of the Individual Defendants.

7. Within ten (10) business days after the entry of this order, Celgene and Robbins Arroyo LLP shall post copies of the Notice and the Stipulation on their website.

8. Ten (10) business days prior to the Settlement Hearing, Defendants' counsel shall serve on counsel in the Action and file with the Court an appropriate affidavit with respect to the preparation and mailing of the Notice, and Plaintiff's Counsel shall serve on counsel in the Action and file with the Court an appropriate affidavit with respect to posting of the Notice and Stipulation.

9. As set forth in the Notice, any record or beneficial stockholder of Celgene who objects to the Stipulation, the proposed Judgment to be entered,

and/or the Fee and Expense Amount who wishes to be heard (“Objector”), may appear in person or by his, her, or its attorney at the Settlement Hearing and present any evidence or argument that may be proper and relevant; provided, however, that no Objector shall be heard or entitled to contest the approval of the terms and conditions of the Settlement, or, if approved, the Judgment to be entered thereon, unless he, she, or it has, no later than ten (10) calendar days before the Settlement Hearing (unless the Court in its discretion shall thereafter otherwise direct, upon application of such person and for good cause shown), filed with the Register in Chancery, Court of Chancery, New Castle County Courthouse, 500 North King Street, Wilmington, Delaware 19801, and served (by hand or by overnight mail) on Plaintiff’s Counsel and Defendants’ counsel, at the addresses below, the following: (i) proof of current ownership of Celgene stock; (ii) a written notice of the Objector’s intention to appear; (iii) a detailed statement of the objections to any matter before the Court; and (iv) a detailed statement of all of the grounds thereon and the reasons for the Objector’s desire to appear and to be heard, as well as all documents or writings which the Objector desires the Court to consider. In addition to the aforementioned Court address, the addresses to which such information should be sent are as follows:

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Wilmington, DE 19801
(302) 658-9200
Attorneys for Nominal Defendant Celgene Corporation

10. Any person or entity who fails to object in the manner prescribed above shall be deemed to have waived such objection (including the right to appeal), unless the Court in its discretion allows such objection to be heard at the Settlement Hearing, and shall forever be barred from raising such objection in the Action or any other action or proceeding or otherwise contesting the Stipulation or the Fee and Expense Amount, and will otherwise be bound by the Judgment to be entered and the releases to be given.

11. At least twenty-one (21) calendar days prior to the Settlement Hearing, Plaintiff's Counsel shall file with the Court a brief in support of the Settlement, including the Fee and Expense Amount. Any objections to the Settlement and/or the Fee and Expense Amount shall be filed and served no later than ten (10) calendar days prior to the Settlement Hearing.

12. At least five (5) calendar days prior to the Settlement Hearing, the Parties may serve and file with the Court a response brief to any objections made by an Objector pursuant to paragraph 9, above.

13. In the event that the Stipulation is not approved by the Court, the Settlement and any actions taken in connection therewith shall become null and void for all purposes, and all negotiations, transactions, and proceedings connected with it: (i) shall be without prejudice to the rights of any Party thereto; (ii) shall not be deemed to be construed as evidence of, or an admission by any Party of any

fact, matter, or thing; and (iii) shall not be admissible in evidence or be used for any purpose in any subsequent proceedings in the Action or any other action or proceeding. The Parties shall be deemed to have reverted to their respective status in the Action as of the date and time immediately prior to the execution of the Stipulation, and, except as otherwise expressly provided, the Parties shall proceed in all respects as if the Stipulation and any related orders had not been entered.

14. All proceedings in this Action (except proceedings as may be necessary to carry out the terms and conditions of the proposed Settlement) are hereby stayed and suspended until further order of the Court. Except as provided in the Stipulation, pending final determination of whether the Settlement should be approved, Plaintiff in the action and all Celgene stockholders are barred and enjoined from commencing, prosecuting, instigating, or in any way participating in the commencement or prosecution of any action asserting any Released Claim against Defendants or any of the Released Persons.

15. The Court may, for good cause shown, extend any of the deadlines set forth in this Order without further notice to anyone other than the Parties to the Action and any Objectors.

Chancellor Bouchard



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

CHAILE STEINBERG, Derivatively on)
Behalf of CELGENE CORPORATION,)

Plaintiff,)

v.)

C.A. No. 10190-CB

MICHAEL D. CASEY, JAMES J.)
LOUGHLIN, RICHARD W.)
BARKER, CARRIE S. COX,)
MICHAEL A. FRIEDMAN, GILLA)
KAPLAN, and ERNEST MARIO,)

Defendants.)

CELGENE CORPORATION, a)
Delaware corporation,)
Nominal Defendant)

NOTICE OF PENDENCY OF SETTLEMENT OF ACTION

**TO: ALL CURRENT STOCKHOLDERS OF CELGENE CORPORATION
(TRADING SYMBOL: CELG)**

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS WILL BE AFFECTED BY THE LEGAL PROCEEDINGS IN THIS LITIGATION. IF THE COURT APPROVES THE PROPOSED SETTLEMENT, YOU WILL BE FOREVER BARRED FROM CONTESTING THE FAIRNESS, REASONABLENESS, AND ADEQUACY OF THE PROPOSED SETTLEMENT, OR PURSUING THE CLAIMS DEFINED HEREIN.

IF YOU HOLD CELGENE CORPORATION COMMON STOCK FOR THE BENEFIT OF ANOTHER, PLEASE PROMPTLY TRANSMIT THIS DOCUMENT TO SUCH BENEFICIAL OWNER.

IF YOU DO NOT OBJECT TO THE PROPOSED SETTLEMENT, OR THE AGREED-TO ATTORNEYS' FEE AND EXPENSE AMOUNT DESCRIBED IN THIS NOTICE, YOU ARE NOT OBLIGATED TO TAKE ANY ACTION.

I. WHY ARE YOU RECEIVING THIS NOTICE?

The purpose of this Notice is to tell you about (i) a lawsuit (the “Action”) in the Court of Chancery of the State of Delaware (the “Court”) brought on behalf of Celgene Corporation (“Celgene” or the “Company”); (ii) a proposal to settle the Action as provided in a Stipulation of Compromise and Settlement (the “Stipulation”) which sets forth the terms and conditions of the proposed settlement of this Action (“Settlement”); and (iii) your right, among other things, to attend and participate in a hearing to be held on _____, 2015 at _____ a.m. / p.m., in the Court of Chancery, New Castle County Courthouse, 500 North King Street, Wilmington, Delaware 19801 (the “Settlement Hearing”).¹

This Notice describes the rights you may have under the Stipulation and what steps you may, but are not required to, take concerning the proposed Settlement. If the Court approves the Stipulation, the parties will ask the Court to approve an Order and Final Judgment that would end the Action.

THE FOLLOWING DESCRIPTION DOES NOT CONSTITUTE FINDINGS OF ANY COURT. IT IS BASED ON STATEMENTS OF THE PARTIES AND SHOULD NOT BE UNDERSTOOD AS AN EXPRESSION OF ANY OPINION OF ANY COURT AS TO THE MERITS OF ANY OF THE CLAIMS OR DEFENSES RAISED BY ANY OF THE PARTIES.

II. BACKGROUND: WHAT IS THE ACTION ABOUT?

Plaintiff Chaile Steinberg is a current Celgene stockholder.²

¹ All capitalized terms are defined in the Stipulation unless otherwise noted. The Stipulation may be inspected on Plaintiff’s Counsel’s website at robbinsarroyo.com/notices and on Celgene’s corporate website at _____.

² Ms. Steinberg is represented by Young Conaway Stargatt & Taylor, LLP, Robbins Arroyo LLP, & Morgan & Morgan, P.C. (collectively, “Plaintiff’s Counsel”).

Nominal defendant Celgene is a Delaware corporation with its principal place of business in Summit, New Jersey. Defendants Michael D. Casey, James J. Loughlin, Richard W. Barker, Carrie S. Cox, Michael A. Friedman, Gilla Kaplan, and Ernest Mario (collectively, the “Individual Defendants”) are present directors of Celgene. Celgene is a global biopharmaceutical company primarily engaged in the discovery, development, and commercialization of therapies designed to treat cancer and immune-inflammatory related diseases. Under the terms of the Incentive Plan in effect as of the filing of the Action, there are no restrictions on the Celgene Board of Directors’ ability to grant its members equity awards as part of their annual “compensation,” other than the restriction that no individual can receive more than 1.5 million shares in a fiscal year.

On October 2, 2014, Plaintiff filed the Action in the Court derivatively on behalf of Celgene and against the Individual Defendants. In the Action, Plaintiff claimed that the Individual Defendants breached their fiduciary duties of loyalty by awarding and/or receiving excessive and improper compensation in 2012 and 2013 at the expense of the Company. Plaintiff further alleged that the Individual Defendants were unjustly enriched as a result of their excessive compensation and that the Individual Defendants were liable to the Company for waste by receiving excessive compensation.

In December 2014, the Parties agreed to defer the filing of a response to the complaint in order to explore a resolution of the Action. And, on January 14, 2015, the Parties confirmed that the time for responding to the complaint would continue to be deferred in order to determine whether settlement negotiations were possible and in the Company’s best interests.

In the interim, on March 27, 2015, Plaintiff commenced discovery, serving Celgene with requests for production of documents and a notice of deposition of Celgene.

Commencing in April 2015, the Parties began to discuss an appropriate derivative settlement framework. On April 8, 2015, Plaintiff’s Counsel sent a settlement demand letter to counsel for Defendants that proposed a framework and included a comprehensive set of corporate governance reforms.

On May 13, 2015, Plaintiff filed her Verified Amended Stockholder Derivative Complaint (the “Amended Complaint”), asserting the same claims for breach of fiduciary duty, waste, and unjust enrichment. The Amended Complaint updated the allegations in the original complaint by, among other things, including the recent amendment to the Incentive Plan that increased the amount of shares an

individual can receive from 1.5 to 3 million shares each year to reflect a two-for-one stock split, and to provide the 2014 compensation information for the Individual Defendants as well as 2014 compensation information for directors identified as serving for companies in Celgene's industry peer group.

Between April and July 17, 2015, Plaintiff negotiated the corporate governance reforms with the Defendants, coming to an agreement to the essential terms of the reforms to be implemented. The Settling Parties and their respective counsel engaged in numerous discussions concerning the corporate governance reforms that Celgene would adopt as part of the Settlement, the language of those reforms, and other details for implementation of the Settlement. Subsequently, the Parties reached a settlement in principle, subject to the negotiation of minor details related to the execution of the Settlement.

III. HOW WAS THE SETTLEMENT REACHED?

Prior to and following the filing of the Amended Complaint, counsel for all Parties engaged in arm's-length negotiations concerning a possible settlement of the Action. After those significant arm's-length negotiations and based on the investigation of Plaintiff's Counsel, the Parties reached an agreement on the principal terms reflected in the Stipulation. The Stipulation was later signed by all parties on September __, 2015.

THE COURT HAS NOT FINALLY DETERMINED THE MERITS OF PLAINTIFF'S CLAIMS OR THE DEFENSES THERETO. THIS NOTICE DOES NOT IMPLY THAT THERE HAS BEEN OR WOULD BE ANY FINDING OF VIOLATION OF THE LAW BY THE INDIVIDUAL DEFENDANTS OR THAT RECOVERY COULD BE HAD IN ANY AMOUNT IF THE ACTION WAS NOT SETTLED.

IV. WHAT ARE THE TERMS OF THE SETTLEMENT?

As a result of the filing, prosecution, and settlement of the Action, Celgene has agreed to implement and maintain in substance the corporate governance reforms, additions, amendments, or formalizations set forth below (the "Corporate Governance Reforms") for a period of no less than five (5) years from the date all of the events and conditions of the Settlement have been met and have occurred (the "Effective Date"), unless otherwise specified. In connection with the Settlement and in consideration of the Released Claims set forth herein:

Compensation Committee Charter.

As soon as practicable after the Effective Date, the Board shall amend the charter of the Compensation Committee to provide that the Compensation Committee shall be responsible for (A) conducting annually a review and assessment of all compensation, including cash and equity-based compensation, paid by Celgene to its non-employee directors; (B) engaging an independent compensation consultant to advise the Compensation Committee in connection with such annual review and assessment, including with respect to (x) the amount and type of non-employee director compensation to be paid for the following year, and (y) comparative data deemed appropriate by such consultant; (C) recommending to the Board, on the basis of such review and assessment, whether to make, on a prospective basis, any change in the compensation payable to Celgene's non-employee directors; and (D) overseeing the design of processes to provide reasonable assurance that all payments to Celgene non-employee directors are properly disclosed in accordance with applicable law and stock exchange listing requirements.

Public Disclosures.

Commencing with its preliminary proxy statement filed with the SEC in connection with the 2016 annual meeting of stockholders of Celgene, Celgene shall disclose therein (A) the non-employee director compensation for the compensation year that begins immediately following the annual meeting to which such proxy statement relates; (B) the compensation philosophy underlying such non-employee director compensation; and (C) the process by which decisions concerning non-employee director compensation are based, including the role of an independent compensation consultant.

2015-2016 and 2016-2017 Equity-Based Compensation.

For each of (A) the compensation year beginning immediately after the 2015 annual meeting of stockholders of Celgene (the "2015/2016 Compensation Year") and (B) the compensation year beginning immediately after the 2016 annual meeting of stockholders of Celgene (the "2016/2017 Compensation Year"), the Board shall limit aggregate per director equity-based compensation to grants having a total value of \$475,000. Notwithstanding the foregoing, in the event

of changed circumstances, such as a substantial and material change in Celgene's performance, the \$475,000 limit for the 2016-2017 Compensation Year may be adjusted by the Board based on the recommendation of the Compensation Committee, which shall have consulted its independent compensation consultant in connection therewith. For purposes of the foregoing \$475,000 limit, the value of each equity-based compensation grant shall be determined as of the date of such grant, based on the same methodology used by Celgene in its proxy statement disclosures regarding non-employee director equity-based compensation.

Amendment of Incentive Plan.

As soon as practicable after the Effective Date, the Incentive Plan shall be amended to provide that at all times prior to the 2019 annual meeting of stockholders of Celgene the aggregate per director equity-based compensation for each compensation year beginning with the 2015/2016 Compensation Year shall be limited to 7,500 restricted stock units, or options exercisable for not more than 22,500 shares of Celgene Common Stock (in each case, adjusted, in accordance with the Incentive Plan, for stock splits, stock dividends, and the like), or a combination of restricted stock units and options equivalent to not more than 7,500 restricted stock units (treating, for this purpose, each restricted stock unit as the equivalent of an option to acquire three shares of Celgene Common Stock). In addition, the Incentive Plan shall be amended, as needed, to eliminate therein any conflict with the terms of the Stipulation. At the 2016 annual meeting of stockholders of Celgene, Celgene shall propose to the stockholders that they approve, at Celgene's option, either the amendments of the Incentive Plan referred to in this paragraph (d) or an amended and restated Incentive Plan incorporating, among other things, the amendments referred to in this paragraph (d).

Because the Action was brought for the benefit of Celgene, any monetary benefit or recovery in the litigation (whether from this or any settlement or through a judgment in favor of the Plaintiff) would go to Celgene. Celgene stockholders will not receive any direct payment as a result of the Stipulation and will not need to fill out any kind of claims form as a result of the settlement.

The Stipulation is contingent on receiving approval from the Court.

V. WHAT CLAIMS WILL THE SETTLEMENT RELEASE?

Under the Stipulation, the following releases will occur, except as noted below:

The Releasing Persons (defined below) shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled, released, discharged, extinguished, and dismissed with prejudice the Released Claims (defined below) against the Released Persons (defined below); provided, however, that such release shall not affect any claims to enforce the terms of the Stipulation.

The Released Persons shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled, released, discharged, extinguished, and dismissed with prejudice all claims (including Unknown Claims), arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement, or resolution of the Action against Plaintiff and Plaintiff's Counsel; provided, however, that such release shall not affect any claims to enforce the terms of the Stipulation.

The "Releasing Persons" means Plaintiff (both individually and derivatively on behalf of Celgene), any other Celgene stockholder acting or purporting to act on behalf of Celgene, and Celgene. "Releasing Person" means, individually, any of the Releasing Persons.

The "Released Persons" include: the Individual Defendants and their predecessors, successors, subsidiaries, affiliates, agents, attorneys, insurers, and each of their past or present officers, directors, and employees. "Released Persons" also includes Celgene and all current and former officers, directors, or employees of Celgene that could have been named in the Action.

The "Released Claims" include: any and all claims for relief or causes of action, debts, demands, rights, liabilities, losses, and claims whatsoever, known or unknown, fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, or known and unknown claims, that have been or could have been or in the future might be asserted by Plaintiff as a stockholder, or any other Celgene stockholder, or any other Person acting or purporting to act on behalf of Celgene, in the Action against the Released Persons, based on the facts, transactions, events, occurrences, acts, disclosures, statements, or omissions that were alleged or could have been alleged in the Action against Defendants; provided, however, that it is understood that "Released Claims" and any release provided by this Settlement shall not include: (a) any claims to enforce

the Settlement; and (b) any claims by the Defendants or any other insured to enforce their rights under any contract or policy of insurance.

VI. WHAT ARE THE REASONS FOR SETTLING THE ACTION?

Plaintiff believes the Action has substantial merit, and Plaintiff's entry into the Stipulation and Settlement is not intended to be and shall not be construed as an admission or concession concerning the relative strength or merit of the claims alleged in the Action. However, Plaintiff and Plaintiff's Counsel also recognize and acknowledge the significant risk, expense, and length of continued proceedings necessary to prosecute the Action against Defendants through trial and through possible appeals. Plaintiff's Counsel also have taken into account the uncertain outcome and the risk of any litigation, especially in complex cases such as the Action, as well as the difficulties and delays inherent in such litigation. Plaintiff's Counsel also are mindful of the inherent problems of proof and possible defenses to the claims alleged in such actions.

Plaintiff's Counsel have conducted a thorough review and analysis of the relevant facts, allegations, defenses, and controlling legal principles, and believe that the Settlement set forth in the Stipulation is fair, reasonable, and adequate, and confers substantial benefits upon Celgene and its stockholders. Plaintiff's Counsel have conducted an extensive investigation, including, *inter alia*: (i) reviewing Celgene's press releases, public statements, U.S. Securities and Exchange Commission ("SEC") filings, and securities analysts' reports and advisories about the Company; (ii) reviewing the press releases, public statements, and SEC filings of other companies within its peer group; (iii) reviewing media reports about the Company; (iv) researching the applicable law with respect to the claims alleged in the Action and the potential defenses thereto; (v) preparing and filing a derivative complaint and the Amended Complaint; (vi) conducting extensive damages analyses; (vii) participating in informal conferences with Defendants' counsel regarding the specific facts of the cases, the perceived strengths and weaknesses of the cases, and other issues in an effort to facilitate negotiations and fact gathering; (viii) performing confirmatory discovery; and (ix) negotiating this Settlement with Defendants. Based upon Plaintiff's Counsel's evaluation, Plaintiff has determined that the Settlement is fair, reasonable, adequate, and in the best interests of Celgene and Celgene's stockholders and have agreed to settle the Action upon the terms and subject to the conditions set forth herein.

The Individual Defendants have denied and continue to deny they have committed, threatened, or attempted to commit any violations of law or breached any duty owed to Plaintiff, Celgene, or Celgene's stockholders and maintain that

their conduct was at all times proper and in compliance with applicable law and that they acted in good faith. Nonetheless, Defendants have concluded that further litigation of the Action would be protracted and expensive, and that it is desirable for the Action to be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation. The Board of Directors has approved the Settlement and each of its terms as being in the best interests of Celgene and its stockholders. The Board of Directors acknowledges and agrees that the Settlement is fair, reasonable, and adequate and believes that entering into the Settlement is substantially to the benefit of Celgene and its stockholders.

Neither the Stipulation, nor any of its terms or provisions, nor entry of the Judgment, nor any document or exhibit referred or attached to the Stipulation, nor any action taken to carry out the Stipulation, is, may be construed as, or may be used as evidence of the validity of any of the Released Claims or an admission by or against Defendants of any fault, wrongdoing, or concession of liability whatsoever by any Person in the Action, or any other actions or proceedings, whether civil, criminal, or administrative.

VII. HOW WILL THE ATTORNEYS GET PAID?

After agreeing to the terms of the Settlement and the completion of confirmatory discovery, Plaintiff's Counsel and Celgene separately negotiated the amount of the award of attorneys' fees and expenses to be paid to Plaintiff's Counsel. The Parties did not discuss the appropriateness or amount of attorneys' fees and expenses to be paid to Plaintiff's Counsel until after the corporate governance reforms had been agreed upon. Defendants acknowledge and agree that Plaintiff's Counsel are entitled to a fee award. In recognition of the terms of the Settlement and the prosecution and settlement of the Action, and subject to Court approval, Celgene has agreed to pay an award of attorneys' fees and expenses to Plaintiff's Counsel not to exceed \$850,000 (the "Fee and Expense Amount"). This Fee and Expense Amount includes the fees and expenses incurred by Plaintiff's Counsel in connection with the prosecution and settlement of the Action. Plaintiff's Counsel will not seek fees or expenses from the Court in excess of the agreed-to amount and Plaintiffs' Counsel will not make an application for attorneys' fees or expenses in any other jurisdiction. Except as otherwise provided herein, each of the Parties shall bear his, her, or its own fees and costs.

VIII. WHEN WILL THE SETTLEMENT HEARING TAKE PLACE?

The Court has scheduled a Settlement Hearing to be held on _____, 2015 at _____ a.m. / p.m., in the Court of Chancery, New Castle County Courthouse, 500 North King Street, Wilmington, Delaware 19801.

At the Settlement Hearing, the Court will consider whether the terms of the Settlement are fair, reasonable, and adequate and thus should be finally approved, whether the Fee and Expense Amount should be approved, and whether the Action should be dismissed with prejudice by entry of the Judgment pursuant to the Stipulation. The Court will also hear and determine objections, if any, to the proposed Settlement or the Fee and Expense Amount and rule on such other matters as the Court may deem appropriate.

The Court may adjourn the Settlement Hearing from time to time without further notice to anyone other than the parties to the Action and any Objectors (as defined below). The Court reserves the right to approve the Stipulation at or after the Settlement Hearing with such modifications as may be consented to by the Parties to the Stipulation and without further notice.

IX. DO I HAVE A RIGHT TO APPEAR AND OBJECT?

Any record or beneficial stockholder of Celgene who objects to the Settlement, the proposed Judgment proposed to be entered, the Fee and Expense Amount, or who otherwise wishes to be heard (an “Objector”), may appear in person or by his, her, or its attorney at the Settlement Hearing and present any evidence or argument that may be proper and relevant; *provided, however*, that no Objector shall be heard or entitled to contest the approval of the terms and conditions of the Stipulation, or, if approved, the judgment to be entered thereon, unless he, she, or it has, no later than ten (10) calendar days before the Settlement Hearing (unless the Court in its discretion shall thereafter otherwise direct, upon application of such person and for good cause shown), filed with the Register in Chancery, Court of Chancery, New Castle County Courthouse, 500 North King Street, Wilmington, Delaware 19801, and served (by hand or overnight mail) on Plaintiff’s Counsel and Defendants’ counsel, at the addresses below, the following: (i) proof of current ownership of Celgene stock; (ii) a written notice of the Objector’s intention to appear; (iii) a detailed statement of the objections to any matter before the Court; and (iv) a detailed statement of all of the grounds thereon and the reasons for the Objector’s desire to appear and to be heard, as well as all documents or writings which the Objector desires the Court to consider. In

addition to the aforementioned Court address, the addresses to which such information should be sent are as follows:

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Attorneys for Nominal Defendant Celgene Corporation

Any person or entity who fails to object in the manner prescribed above shall be deemed to have waived such objection (including the right to appeal), unless the Court in its discretion allows such objection to be heard at the Settlement Hearing, and shall forever be barred from raising such objection in the Action or any other action or proceeding or otherwise contesting the Stipulation or the Fee and Expense Amount, and will otherwise be bound by the Judgment to be entered and the releases to be given. You are not required to appear in person at the Settlement Hearing in order to have your timely and properly filed objection considered.

X. WHAT SHOULD I DO IF I AM A BENEFICIAL OWNER OF CELGENE STOCK?

Brokerage firms, banks, and/or other persons or entities who hold shares of the common stock of Celgene for the benefit of others, are requested to promptly send this Notice to all of their respective beneficial owners. If additional copies of the Notice are needed for forwarding to such beneficial owners, any requests for such copies may be made to [INSERT NAME AND CONTACT FOR MAILING AGENT].

XI. HOW DO I GET ADDITIONAL INFORMATION ABOUT THE SETTLEMENT?

This Notice summarizes the Stipulation. It is not a complete statement of the events of the Action or the Stipulation.

For additional information about the claims asserted in the Action and the terms of the proposed Settlement, please refer to the documents filed with the Court and the Stipulation. You may examine the Court files during regular business hours of each business day at the office of the Register in Chancery, Court of Chancery, New Castle County Courthouse, 500 North King Street, Wilmington,

Delaware 19801. However, you must appear in person to inspect these documents. The Clerk's office will not mail copies to you.

For more information concerning the Settlement, you may also call or write to: Robbins Arroyo LLP, c/o Darnell R. Donahue, 600 B Street, Suite 1900, San Diego, California 92101, Telephone: (619) 525-3990.

PLEASE DO NOT WRITE OR CALL THE COURT

BY ORDER OF THE COURT

Dated: _____, 2015

Register in Chancery

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

CHAILE STEINBERG, Derivatively on)
Behalf of CELGENE CORPORATION,)

Plaintiff,)

v.)

C.A. No. 10190-CB

MICHAEL D. CASEY, JAMES J.)
LOUGHLIN, RICHARD W.)
BARKER, CARRIE S. COX,)
MICHAEL A. FRIEDMAN, GILLA)
KAPLAN, and ERNEST MARIO,)

Defendants.)

CELGENE CORPORATION, a)
Delaware corporation,)
Nominal Defendant)

[PROPOSED] ORDER AND FINAL JUDGMENT

WHEREAS, a hearing was held before this Court on _____,
2015 pursuant to this Court’s Scheduling Order With Respect to Notice and
Settlement Hearing, dated _____, 2015 (the “Scheduling
Order”), and upon a Stipulation of Compromise and Settlement dated September
__, 2015 (the “Stipulation”) setting forth the terms and conditions of a proposed
settlement (the “Settlement”) of the above-captioned action (the “Action”). The
Parties appeared by their attorneys of record. The Court heard and considered the
submissions and evidence presented in support of the proposed Settlement,

including the Fee and Expense Amount. The opportunity to be heard was given to all other persons requesting to be heard in accordance with the Scheduling Order. The Court considered, among other matters, the benefits of the proposed Settlement and the risks, complexity, expense, and probable duration of further litigation. The terms of the proposed Settlement, including the Fee and Expense Amount, were heard and considered by the Court.

This Order and Final Judgment (“Judgment”) incorporates the Stipulation by reference and, unless otherwise defined, all capitalized terms shall have the same meanings as set forth in the Stipulation.

IT IS ORDERED, ADJUDGED AND DECREED, this _____ day of _____, 2015 that:

1. The Court finds that Plaintiff and Plaintiff’s Counsel have adequately represented the interests of Celgene Corporation (“Celgene” or the “Company”) and its stockholders with respect to the Action, the claims asserted therein, and all Released Claims.

2. The Court finds that Settlement as set forth in the Stipulation is fair, reasonable, adequate, and in the best interests of Celgene and its stockholders.

3. This Court approves the Stipulation in all respects, and the Parties are directed to consummate the Settlement in accordance with the terms of the

Stipulation. The Register in Chancery is directed to enter and docket this Judgment.

4. The Notice of Pendency and Settlement of Action (the “Notice”) has been given to all current stockholders of the Company pursuant to and in the manner directed by the Scheduling Order, proof of mailing, and other dissemination of the Notice was filed with the Court and full opportunity to be heard has been offered to all parties, current stockholders of the Company, and persons in interest. The Court finds that the form and means of the Notice was the best notice practicable under the circumstances and was given in full compliance with the requirements of Court of Chancery Rule 23.1 and due process of law, and that all stockholders of Celgene are bound by this Judgment.

5. This Court has jurisdiction over the subject matter of the Action, including all matters necessary to effectuate the Stipulation and this Judgment and over all parties to the Action, including Plaintiff, Current Celgene Stockholders and all Defendants (including nominal defendant Celgene).

6. The Action and all claims contained therein, as well as all of the Released Claims, are dismissed with prejudice. As between Plaintiff and Defendants, the Parties are to bear their own costs, except as otherwise provided in the Stipulation and in this Judgment.

7. Upon the Effective Date, the Releasing Persons, shall be deemed to have, and by operation of this Judgment, fully, finally, and forever settle, release, discharge, extinguish and dismiss with prejudice the Released Claims against the Released Persons; provided, however, that such release shall not affect any claims to enforce the terms of the Stipulation.

8. Upon the Effective Date, the Released Persons, shall be deemed to have, and by operation of this Judgment, fully, finally, and forever settle, release, discharge, extinguish, and dismiss with prejudice all claims (including Unknown Claims), arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement, or resolution of the Action against Plaintiff and Plaintiff's Counsel; provided, however, that such release shall not affect any claims to enforce the terms of the Stipulation.

9. Except as otherwise provided in the Stipulation, Plaintiff and all Celgene Stockholders are barred and enjoined from commencing, prosecuting, instigating, or in any way participating in the commencement or prosecution of any action asserting any Released Claim against Defendants or any of the Released Persons.

10. Nothing in this Judgment shall in any way impair or restrict the rights of any party to enforce the terms of the Stipulation.

11. The Court hereby approves the Fee and Expense Amount agreed upon by the Parties in accordance with the terms of the Stipulation and finds that such fee is fair and reasonable.

12. Neither the Stipulation, nor any of its terms or provisions, nor entry of this Judgment, nor any document or exhibit referred or attached to the Stipulation, nor any action taken to carry out the Stipulation: (a) is, may be construed as, or may be used as evidence of the validity of any of the Released Claims or an admission by or against Defendants of any fault, wrongdoing, or concession of liability whatsoever by any Person in the Action, or any other actions or proceedings, whether civil, criminal, or administrative; or (b) shall be interpreted as an admission of liability or wrongdoing on the part of the Individual Defendants, nor an admission on the part of Plaintiff of any lack of merit of the claims asserted in the Action. Notwithstanding the foregoing, the Defendants and the Released Persons may file the Stipulation, or any judgment or order of the Court related hereto, in any action that has been or may be brought against them, in order to support a claim or defense based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

13. Without affecting the finality of this Judgment in any way, the Court retains jurisdiction with respect to the implementation, enforcement, and

interpretation of the terms of the Stipulation, and all Parties submit to the jurisdiction of the Court for purposes of implementing, enforcing, and interpreting the Stipulation. Nothing herein dismisses or releases any claim by or against any party to the Stipulation arising out of a breach of the Stipulation or violation of this Judgment.

Chancellor Bouchard