STANDARD & POOR'S

Celgene Corp

S&P Recommendation	Price	12-Mo. Target Price	Investment Style
STRONG BUY ★★★★★	$78.32 (as of Apr 13, 2012)	$93.00	Large-Cap Growth

UPDATE: PLEASE SEE THE ANALYST'S LATEST RESEARCH NOTE IN THE COMPANY NEWS SECTION

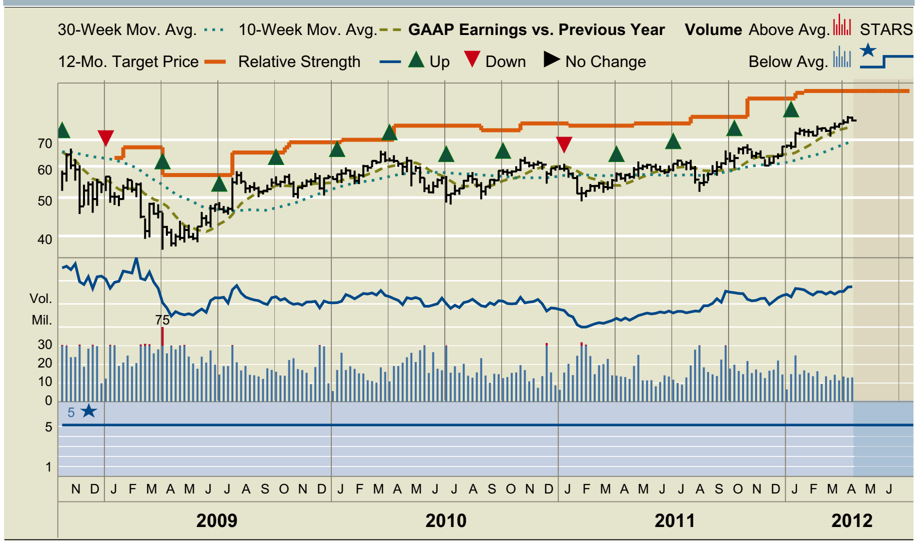
GICS Sector Health Care
Sub-Industry Biotechnology

Summary This company primarily develops and commercializes small molecule drugs for the treatment of bloodborne and solid tumor cancers and inflammatory disease.

Key Stock Statistics (Source S&P, Vickers, company reports)

52-Wk Range	$80.42– 51.70	S&P Oper. EPS 2012E	4.44	Market Capitalization(B)	$34.368	Beta	0.53
Trailing 12-Month EPS	$2.85	S&P Oper. EPS 2013E	5.11	Yield (%)	Nil	S&P 3-Yr. Proj. EPS CAGR(%)	21
Trailing 12-Month P/E	27.5	P/E on S&P Oper. EPS 2012E	17.6	Dividend Rate/Share	Nil	S&P Credit Rating	BBB+
$10K Invested 5 Yrs Ago	$13,508	Common Shares Outstg. (M)	438.8	Institutional Ownership (%)	82		

Price Performance



Options: ASE, CBOE, P, Ph

Analysis prepared by Equity Analyst **Steven Silver** on Feb 02, 2012, when the stock traded at **$74.34**.

Highlights

- We see 2012 revenues rising 15%, to $5.55 billion, with 18% growth in Revlimid sales, to $3.8 billion. We project 2013 revenues gaining 11%, to $6.19 billion, driven by 17% Revlimid growth, to $4.45 billion. We see Revlimid growth supported by new uses and global expansion. We expect new drugs to be approved in 2013-2014 to foster long-term revenue growth and diversification.

- We expect 2012 and 2013 gross margins of over 93%, consistent with 2011 levels, as CELG has improved manufacturing efficiencies and discontinued the sale of lower-margin drugs in recent years. We estimate operating margins of 48% in 2012 and 2013, up from 42% in 2011, as we see CELG having significant cost leverage, while still maintaining robust R&D investments, as evidenced by 25 Phase III or pivotal studies ongoing as of the end of 2011.

- We estimate adjusted EPS of $4.44 in 2012 and $5.11 in 2013, excluding amortization of intangibles but including $0.36 of after-tax stock option expense in both periods. We expect CELG to maintain a below-industry-average effective tax rate of around 18%, on higher sales in lower tax jurisdictions.

Investment Rationale/Risk

- In our view, CELG has the brightest growth prospects among large-cap biotech companies. We expect Revlimid to drive near-term revenue growth, given robust survival benefits seen in first-line multiple myeloma studies. We expect European approval in the first line and maintenance setting during 2012, as European regulators affirmed the drug's positive risk/benefit profile easing concerns over a link to secondary cancers. Over the longer term, we look for CELG's inflammation/immunology pipeline to complement its core hematology/oncology franchises, and view favorably CELG's $2.65 billion cash balance at the end of 2011, for pipeline investment and expansion through acquisition, and share repurchases.

- Risks to our opinion and target price include slowing Revlimid sales growth and failure to expand its approved uses, and clinical failure of CELG's pipeline candidates that are expected to provide long-term revenue diversification.

- Our 12-month target price of $93 applies a 21X multiple to our 2012 adjusted EPS estimate of $4.44, a premium to large-cap peers on what we view as a superior earnings growth and pipeline outlook.

Qualitative Risk Assessment

LOW	MEDIUM	HIGH

Our risk assessment reflects the strong competition we see in the blood cancer treatment market, particularly from Velcade in multiple myeloma. We see inherent risk in CELG's drugs maintaining a favorable safety profile, as evidenced by recent share volatility over a link to higher incidence of secondary cancers seen in some Revlimid studies. CELG is reliant on Revlimid for a majority of its revenues.

Quantitative Evaluations

S&P Quality Ranking B

D	C	B-	B	B+	A-	A	A+

Relative Strength Rank STRONG

82

LOWEST = 1 HIGHEST = 99

Revenue/Earnings Data

Revenue (Million $)

	1Q	2Q	3Q	4Q	Year
2011	1,125	1,183	1,250	1,284	4,842
2010	791.3	852.7	910.1	1,066	3,620
2009	605.1	628.7	695.1	761.0	2,690
2008	462.6	571.5	592.5	628.3	2,255
2007	293.4	347.9	349.9	414.6	1,406
2006	181.8	197.2	244.8	275.0	898.9

Earnings Per Share ($)

	1Q	2Q	3Q	4Q	Year
2011	0.54	0.59	0.81	0.91	2.85
2010	0.50	0.33	0.60	0.45	1.88
2009	0.35	0.31	0.46	0.54	1.66
2008	-3.98	0.26	0.29	-0.33	-3.46
2007	0.14	0.13	0.09	0.18	0.54
2006	0.04	0.03	0.05	0.06	0.18

Fiscal year ended Dec. 31. Next earnings report expected: Late April. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Dividend Data

No cash dividends have been paid.

Please read the Required Disclosures and Analyst Certification on the last page of this report.

Celgene Corp

STANDARD &POOR'S

Business Summary February 02, 2012

CORPORATE OVERVIEW. Celgene is a biopharmaceutical company focusing on the discovery, development and commercialization of products for the treatment of cancer and other severe, immune, inflammatory conditions. Its primary areas of expertise have been on hematological and solid tumor cancers, including multiple myeloma, myelodysplastic syndromes, chronic lymphocyte leukemia (CLL), non-Hodgkin's lymphoma (NHL), glioblastoma, and ovarian, pancreatic and prostate cancers.

CORPORATE STRATEGY. CELG uses its small molecule technology to develop Immunomodulatory Drugs (IMiDs) and Selective Cytokine Inhibitory Drugs (SelCIDs), potent, orally available agents to fight acute and chronic diseases. Its primary focus to date has been treating multiple myeloma (MM), the second most commonly diagnosed blood cancer. According to the International Myeloma Foundation, there are an estimated 100,000 people in the U.S. with multiple myeloma and nearly 20,000 new cases diagnosed each year, representing 1% of all cancers and 2% of cancer deaths.

Celgene's core marketed products have been Revlimid ($3.2 billion in 2011 sales, up 30% over 2010) and its predecessor Thalomid ($339 million, down 13%). Thalomid is CELG's version of thalidomide, an antiangiogenic agent capable of inhibiting blood vessel growth and down-regulating TNFa. Thalomid is approved by the FDA to treat leprosy-related conditions, relapsed/refractory multiple myeloma and first-line multiple myeloma. In December 2005, the FDA approved Revlimid to treat blood disorder myelodysplastic syndrome (MDS). Revlimid has since been approved in the U.S., Europe and Japan, and other countries, for relapsed/refractory multiple myeloma, which has become its most lucrative indication. Revlimid is also being studied for amyloidosis, non-Hodgkin's lymphoma, and solid tumors including prostate, renal cell carcinoma, pancreatic and colorectal cancers. In 2009, a pivotal Phase III study, MM-015, showed a 50% reduction in progression-free survival in patients receiving Revlimid with melphalan and prednisone (MP) versus patients receiving MP alone as a multiple myeloma maintenance regimen after autologous stem cell transplant, and patients saw 75% progression-free survival benefits beyond nine treatment cycles.

CELG shares have been volatile since late 2010 amid concerns about secondary malignancies seen in some maintenance studies. However, European regulators re-affirmed the drug's favorable benefit/risk profile in 2011, which we expect to clear the path for approval in first-line multiple myeloma during 2012. We also expect CELG to file for FDA approval in this setting during 2012. In August 2010, CELG received notice of a U.S. regulatory filing for a generic version of Revlimid, which it has since challenged.

In March 2008, CELG completed the $2.9 billion acquisition of Pharmion Corp. Pharmion had been selling Thalomid in Europe under license from CELG. Pharmion's portfolio was led by Vidaza (sales of $705 million in 2011, up from $528 million in 2010), which is approved in the U.S. and Europe for MDS. Vidaza's U.S. patent expired in mid-2011, but no generic competitor had entered the market as of the end of 2011. Vidaza retains its orphan drug exclusivity in Europe until 2017. Vidaza has demonstrated an overall survival benefit in MDS, a key advantage over its peers. In October 2010. CELG acquired Abraxis BioScience for $2.95 billion, using $2.3 billion of cash and issuing 15 million common shares. The Abraxis acquisition brought CELG Abraxane, which is approved for metastatic breast cancer and is in Phase III study for non-small cell lung cancer, pancreatic cancer and melanoma, and other indications. In January 2011, an interim analysis of the front-line lung cancer study did not show statistical significance in progression-free survival, but CELG intends to submit regulatory filings for this use during 2012.

PIPELINE. CELG's investigational pipeline is led by pomalidomide (CC-4047), another IMiD, which is currently in Phase II study in patients with refractory MM and in Phase III study for myelofibrosis. CELG plans to file for accelerated approval of pomalidomide in 2012. Elsewhere, CELG is developing apremilast (CC-10004), an orally dosed SelCID in Phase III study for treatment of severe psoriasis, and other inflammatory conditions including psoriatic arthritis and ankylosing spondylitis. Most leading biologic treatments for these conditions are injected and carry higher adverse event risk. CELG anticipates Phase III apremilast data in 2012. In April 2010, CELG reported positive Phase I results from PDA-001, the initial candidate from its cellular therapeutic unit, in treatment-resistant Crohn's disease. In January 2010, CELG acquired privately held Gloucester Pharmaceuticals for its lead compound, Istodax, which received FDA approval for cutaneous T-cell lymphoma and peripheral T-cell lymphoma. In January 2012, CELG agreed to acquire privately held Avila Therapeutics for $350 million in cash and up to $575 million in contingent milestones for its early-stage clinical pipeline and Avilomics platform, which would enhance drug discovery capabilities.

FINANCIAL TRENDS. Revenues rose 34% in 2011, to $4.7 billion, boosted by contribution of acquired products. We expect CELG to produce compound annual non-GAAP EPS growth of 21% between 2011 and 2014. As of December 31, 2011, CELG had $2.65 billion in cash and securities and $1.25 billion of long-term debt after an October 2010 offering of senior notes maturing in 2015, 2020 and 2040. Operating cash flows increased by 55% to $1.83 billion in 2011.

Corporate Information

Investor Contact
B.P. Gill (908-673-9530)

Office
86 Morris Avenue, Summit, NJ 07901.

Telephone
908-673-9000.

Fax
908-673-9001.

Email
info@celgene.com

Website
http://www.celgene.com

Officers

Chrmn, Pres, CEO & Secy
R.J. Hugin

Chief Acctg Officer & Cntlr
A.V. Hoek

COO
P.A. Karsen

SVP & CFO
D.W. Gryska

Board Members
R. W. Barker
M. D. Casey
C. S. Cox
R. L. Drake
M. A. Friedman
G. Golumbeski
R. J. Hugin
G. Kaplan
J. J. Loughlin
E. Mario

Domicile
Delaware

Founded
1986

Employees
4,460

Stockholders
536

Celgene Corp

STANDARD &POOR'S

Quantitative Evaluations

S&P Fair Value Rank 5+

1	2	3	4	5

LOWEST — HIGHEST

Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation $102.80

Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that CELG is Undervalued by $24.48 or 31.3%.

Investability Quotient Percentile 96

LOWEST = 1 — HIGHEST = 100

CELG scored higher than 96% of all companies for which an S&P Report is available.

Volatility LOW | AVERAGE | HIGH

Technical Evaluation BULLISH

Since March, 2012, the technical indicators for CELG have been BULLISH.

Insider Activity UNFAVORABLE | NEUTRAL | FAVORABLE

Expanded Ratio Analysis

	2011	2010	2009	2008
Price/Sales	6.46	7.67	9.67	10.85
Price/EBITDA	17.88	23.09	26.88	32.96
Price/Pretax Income	22.04	27.30	26.67	NM
P/E Ratio	23.74	31.39	33.50	NM
Avg. Diluted Shares Outstg (M)	462.7	469.5	467.4	442.6

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	33.75	29.56	38.64	48.17
Net Income	48.95	NM	NM	NM
Ratio Analysis (Annual Avg.)				
Net Margin (%)	27.21	26.84	5.72	7.42
% LT Debt to Capitalization	19.00	12.30	7.66	21.74

Company Financials Fiscal Year Ended Dec. 31

Per Share Data ($)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tangible Book Value	1.78	1.78	7.55	5.37	6.80	4.83	1.48	1.06	0.93	0.85
Cash Flow	3.63	2.22	1.93	-3.13	0.60	0.23	0.23	0.18	0.06	-0.31
Earnings	2.85	1.88	1.66	-3.46	0.54	0.18	0.18	0.16	0.04	-0.33
S&P Core Earnings	2.64	1.88	1.66	-3.45	0.55	0.19	0.05	0.08	-0.04	-0.33
Dividends	NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices:High	68.25	65.79	58.31	77.39	75.44	60.12	32.68	16.29	12.22	8.05
Prices:Low	48.92	48.02	36.90	45.44	41.26	31.51	12.35	9.37	5.04	2.83
P/E Ratio:High	24	35	35	NM	NM	NM	NM	NM	NM	NM
P/E Ratio:Low	17	26	22	NM	NM	NM	NM	NM	NM	NM
Income Statement Analysis (Million $)										
Revenue	4,842	3,620	2,690	2,255	1,406	899	537	378	271	136
Operating Income	1,749	1,202	968	742	457	200	97.9	52.4	5.38	-31.0
Depreciation	363	163	126	149	31.5	25.7	14.3	9.69	8.03	5.18
Interest Expense	20.4	12.6	1.97	4.44	11.1	9.42	9.50	9.55	5.67	0.03
Pretax Income	1,420	1,017	976	-1,369	517	203	84.2	63.2	12.0	-101
Effective Tax Rate	7.19%	13.1%	20.4%	NM	56.2%	66.0%	24.4%	16.5%	NM	NM
Net Income	1,317	884	777	-1,534	226	69.0	63.7	52.8	12.8	-101
S&P Core Earnings	1,224	881	777	-1,528	230	71.5	10.8	25.0	-13.0	-88.6
Balance Sheet & Other Financial Data (Million $)										
Cash	2,648	2,601	2,997	2,222	2,739	1,982	724	749	667	261
Current Assets	4,353	4,343	3,845	2,841	3,084	2,311	973	850	730	296
Total Assets	10,006	10,177	5,389	4,445	3,611	2,736	1,247	1,107	791	327
Current Liabilities	1,540	1,070	495	527	433	240	136	141	71.8	44.3
Long Term Debt	1,293	1,268	21.1	22.2	22.6	400	400	400	400	0.04
Common Equity	5,513	5,984	4,395	3,491	2,844	1,976	636	477	310	277
Total Capital	6,805	7,275	4,420	3,514	2,877	2,376	1,036	877	710	277
Capital Expenditures	132	98.6	93.4	77.4	64.4	46.1	35.9	36.0	11.2	11.1
Cash Flow	1,681	1,043	903	-1,385	258	94.7	77.9	62.4	20.8	-95.8
Current Ratio	2.8	4.1	7.8	5.4	7.1	9.6	7.2	6.0	10.2	6.7
% Long Term Debt of Capitalization	Nil	17.4	Nil	0.6	0.8	16.8	38.6	45.6	56.3	0.0
% Net Income of Revenue	27.2	24.4	28.9	NM	16.1	7.7	11.9	14.0	4.7	NM
% Return on Assets	NA	NA	NA	NM	7.1	3.5	5.4	5.5	2.3	NM
% Return on Equity	NA	NA	NA	NM	9.4	5.3	11.4	13.0	4.3	NM

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Celgene Corp

STANDARD &POOR'S

Sub-Industry Outlook

Our positive fundamental outlook for the biotechnology sub-industry for the next 12 months reflects enhanced prospects for new drug approvals. In 2011, the U.S. FDA approved 30 new drugs, compared to 21 in 2010, including novel approaches to managing such diseases as auto-immune disorder lupus and chronic hepatitis C virus. In early 2012, the FDA approved a new treatment for rare respiratory disease cystic fibrosis ahead of its scheduled review date. We see an improving trend for FDA first cycle review approvals easing an overhang stemming from the agency's inconsistency in making and communicating its decisions.

We anticipate that a favorable M&A climate will continue, as pharmaceutical firms seek to offset expiring drug patents and large biotechs aim to boost their drug pipelines amid maturing legacy products and a declining overall trend for R&D productivity across the biopharma industry. We see solid cash flow generation among large cap biotechs supporting such acquisitions. We note that bellwether Amgen in 2011 became the first biotech company to initiate a regular dividend.

Despite a U.S. Supreme Court review of the healthcare reform law, we expect an emerging FDA infrastructure to oversee "biosimilar" drug approval and the 12-year exclusivity period granted to branded drugmakers to remain intact. Although we do not expect "biosimilars" to reach the market for several years, we see partnering activity among biotech and generics companies to co-develop biosimilars picking up. Once these are marketed, we expect clinical and manufacturing costs to result in more modest price discounts and higher retained market share for branded drugs than typically seen in the pharmaceutical industry.

Longer term, we expect wider adoption of biomarker research and genetic-targeted clinical studies to help shorten development times and curb drug price growth. We also anticipate intense competition in primary growth areas such as cancer, infectious diseases and autoimmune treatments.

We recommend that investors concentrate core holdings on established, profitable companies with pipeline growth prospects, as smaller biotechs tend to be more volatile, particularly those with limited cash reserves. We would seek companies with at least two years of operating capital and multiple pipeline value drivers, as those relying on a single catalyst or value driver typically suffer significant share price declines on an unfavorable outcome.

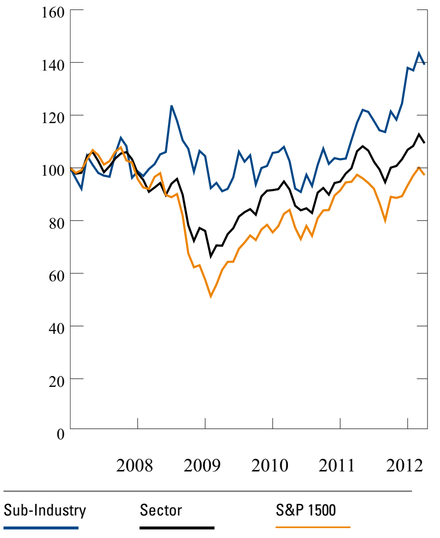
Year-to-date through April 5, the S&P Biotech Index rose 15.9%, versus an 11.2% gain for the S&P 1500 Composite Index. In 2011, the sub-industry index rose 20.0%, versus a 0.3% decline for the S&P 1500.

--Steven Silver

Stock Performance

GICS Sector: Health Care
Sub-Industry: Biotechnology

Based on S&P 1500 Indexes
Month-end Price Performance as of 03/30/12



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Biotechnology Peer Group*: Biotech Therapeutics - Larger Capitalization

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. $)	Recent Stock Price($)	52 Week High/Low($)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.($)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
Celgene Corp	**CELG**	**34,368**	**78.32**	**80.42/51.70**	**0.53**	**Nil**	**27**	**102.80**	**B**	**96**	**27.2**	**NA**
Amgen Inc	AMGN	51,910	65.59	70.00/47.66	0.44	2.2	16	77.00	B+	70	23.6	52.8
Biogen Idec	BIIB	29,922	125.34	130.00/81.26	0.83	Nil	25	109.40	B	95	25.1	14.2
Gilead Sciences	GILD	34,465	45.51	56.50/34.45	0.45	Nil	13	62.20	B	73	33.3	53.6

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

Source: S&P.

S&P Analyst Research Notes and other Company News

March 8, 2012
09:33 am ET ... S&P MAINTAINS STRONG BUY OPINION ON SHARES OF CELGENE (CELG 73.28*****): CELG completes its acquisition of Avila Therapeutics for $350M in cash, with up to $575M more in future development milestones possible. CELG reaffirms that the acquisition is neutral to '12 earnings guidance. We see Avila's early-stage candidate AVL-292 and protein silencing technology platform bolstering what we view as an underappreciated pipeline. We view CELG as having the brightest growth prospects among large-cap biotechs, and see potential for several near-term catalysts including Revlimid first-line multiple myeloma maintenance approval in Europe. /S.Silver

January 26, 2012
12:30 pm ET ... S&P MAINTAINS STRONG BUY OPINION ON SHARES OF CELGENE CORP. (CELG 73.20*****): Q4 adjusted EPS of $0.96, vs. $0.65, is $0.01 below our view on higher option costs. Operating results were in line with CELG's pre-announcement earlier this month. We see potential '12 catalysts in Revlimid label expansion, Phase III apremilast data and pomalidomide regulatory filings. We remain positive on CELG's robust pipeline, with 25 ongoing late-stage studies, bolstered by a solid acquisition strategy. We boost our '12 adjusted EPS estimate $0.04 to $4.44 (including option expense) and set '13's at $5.11. We raise our target price by $1 to $93 on revised P/E analysis. /S.Silver

January 26, 2012
11:35 am ET ... S&P MAINTAINS STRONG BUY OPINION ON SHARES OF CELGENE CORP (CELG 73.68*****): CELG agrees to acquire privately-held Avila Therapeutics for $350M in cash, plus up to $575M in future milestones. The deal is expected to close later this quarter, subject to required approvals. We view the proposed deal favorably, given Avila's focus on hematology and inflammatory disorders, which we view as complementary to CELG's core areas of expertise. Although Avila's most advanced candidate AVL-292 is in early-stage development, we view CELG as well positioned with $2.6B in cash to make strategic acquisitions, and invest in its robust R&D pipeline. /S.Silver

January 24, 2012
Celgene Corporation announced the election of Richard W. Barker, D.Phil., to its Board of Directors. Dr. Barker is a global thought leader in healthcare systems and government policy. He served as Director General of the Association of the British Pharmaceutical Industry (ABPI), and as a board member for the European and International pharmaceutical industry federations, addressing critical issues and working closely with government health agencies. During his career, Dr. Barker was Chief Executive of Chiron Diagnostics, General Manager of IBM's Worldwide Healthcare Solutions division and leader of McKinsey & Company's European healthcare practice.

January 9, 2012
01:23 pm ET ... S&P MAINTAINS STRONG BUY OPINION ON SHARES OF CELGENE (CELG 68.00*****): CELG sees '12 adjusted EPS growth around 25%, on 19% higher Revlimid sales, both above our prior outlook. We see '12 catalysts led by likely Europe approval for Revlimid in early multiple myeloma treatment uses, report of Phase III Apremilast data in psoriatic arthritis, and accelerated Pomalidomide filings for relapsed multiple myeloma. With 25 ongoing pivotal studies, we view CELG as having the strongest growth prospects among large cap biotech. We boost our '12 adjusted EPS view by $0.35 to $4.40 (includes stock option expense), and our 12-month target price by $3 to $92. /S.Silver

January 6, 2012
06:15 am ET ... S&P MAINTAINS POSITIVE FUNDAMENTAL OUTLOOK FOR BIOTECHNOLOGY SUB-INDUSTRY (CELG 68.51*****): We view positively the FDA's approval of 30 new drugs in 2011, which represents the highest annual total since 2004. We see FDA's modestly raised FY '12 budget supporting continued improvement in approval of new drugs on first review cycle, which rose to 63% last year from about 50% in '10. We also expect a robust M&A and partnering environment, as the large pharma industry navigates its patent cliff, and larger biotechs increasingly focus on re-invigorating long-term growth prospects. We view Celgene shares as a compelling investment at present levels. /S.Silver

December 23, 2011
Celgene Corporation announced the appointment of Richard Bagger as Senior Vice President, Corporate Affairs and Strategic Market Access, effective January 30. Mr. Bagger will be responsible for all government and public affairs, strategic market access, communications and patient advocacy initiatives and will report to Robert J. Hugin, Chairman and Chief Executive Officer of the company. The position of Senior Vice President, Corporate Affairs and Strategic Market Access is a newly created position at the company established to support the company's global expansion. Mr. Bagger joins the company after most recently serving as Chief of Staff for New Jersey Governor, Chris Christie.

October 27, 2011
11:22 am ET ... S&P MAINTAINS STRONG BUY OPINION ON SHARES OF CELGENE (CELG 64.47*****): Q3 adjusted EPS of $0.94, vs. $0.67, is $0.12 above our forecast on higher sales and lower share count after buybacks. Revlimid sales rose 28% to $820M, but were below general Street expectations. Despite raising guidance, the shares are trading lower, in our view, due to a lack of clarity into the timing of Revlimid's expansion and Pomalidomide's approval filings. However, we view prospects as favorable, earnings as strong and CELG's pipeline as robust. We boost our '11 adjusted EPS estimate $0.23 to $3.43, '12's by $0.25 to $4.05 and our P/E-based target price by $9 to $89. /S.Silver

October 17, 2011
Celgene Corporation announced that Andre Van Hoek, Controller and Chief Accounting Officer of the company will retire on June 30, 2012. Mr. Van Hoek will commence the planned transition of his roles within the company on November 15, 2011, whereupon his responsibilities as Chief Accounting Officer will be assumed by Jacqualyn A. Fouse, Chief Financial Officer.

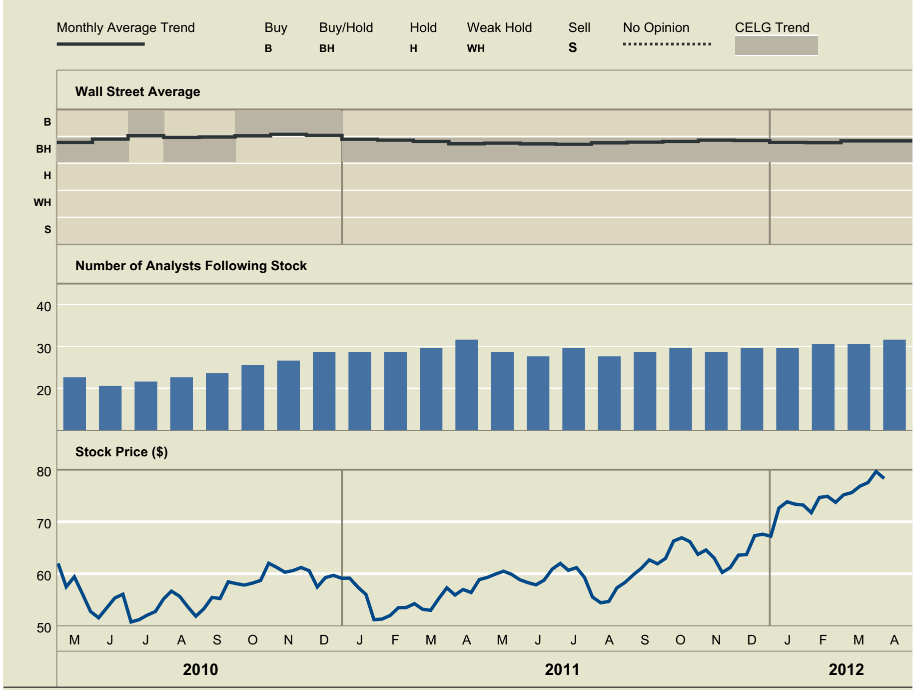
October 6, 2011
CELG issues revised information concerning the observed risk of cancer and recommended changes to the product label for its Revlimid drug in the EU. Says an increase of second primary malignancies (SPM) has been observed in clinical trials in previously treated myeloma patients receiving lenalidomide/dexamethasone compared to controls. The risk of occurrence of SPM must be taken into account before initiating treatment with Revlimid.

October 6, 2011
10:26 am ET ... S&P MAINTAINS STRONG BUY OPINION ON SHARES OF CELGENE (CELG 63.08*****): CELG updates information related to Article 20 European review of Revlimid that resulted in a positive risk/benefit ruling in September. CELG cites secondary malignancy rate of 3.98 per 100 patient years (vs. 1.38 in control group) in prior treated multiple myeloma patients, and 7% rate in newly diagnosed patients (vs 1.8% in control). While higher than we anticipated, we expect drug's label to reflect these risks, and still see the positive bias on Revlimid's survival benefits positioning the drug for approval in earlier treatment stages, which we view as a key share catalyst. /S.Silver

Celgene Corp

STANDARD &POOR'S

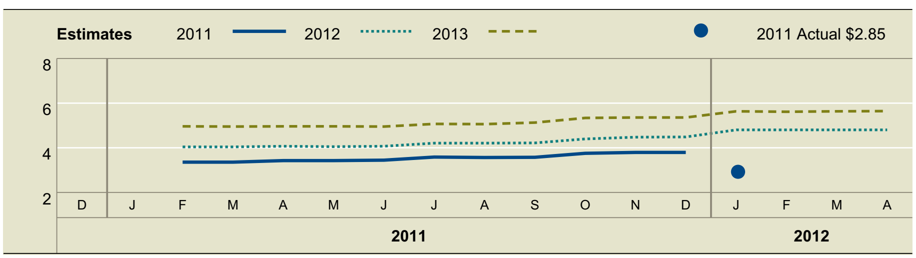
Analysts' Recommendations



Of the total 37 companies following CELG, 31 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	17	55	16	15
Buy/Hold	8	26	8	7
Hold	6	19	6	7
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	0	0	0	0
Total	**31**	**100**	**30**	**29**

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2013	5.68	6.50	4.97	28	13.8
2012	4.83	5.16	4.44	30	16.2
2013 vs. 2012	▲ 18%	▲ 26%	▲ 12%	▼ -7%	▼ -15%
Q1'13	1.32	1.43	1.20	3	59.3
Q1'12	1.13	1.21	1.04	24	69.3
Q1'13 vs. Q1'12	▲ 17%	▲ 18%	▲ 15%	▼ -88%	▼ -14%

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Wall Steet Consensus Opinion

BUY/HOLD

Companies Offering Coverage

Over 30 firms follow this stock; not all firms are displayed.
Argus Research Company
Auriga USA LLC
BMO Capital Markets, U.S. Equity Research
Barclays
BofA Merrill Lynch
Calvert D. Crary, Litigation Notes
Canaccord Genuity
Cantor Fitzgerald & Co.
Citigroup Inc
Cowen and Company, LLC
Credit Suisse
Deutsche Bank
Gleacher & Company, Inc.
Goldman Sachs
ISI Group Inc.
JMP Securities
JP Morgan
Jefferies & Company, Inc.
Lazard Capital Markets
Leerink Swann LLC
Merriman Capital, Inc
Morgan Joseph TriArtisan LLC
Morgan Stanley
Morningstar Inc.
Oppenheimer & Co. Inc.
Piper Jaffray Companies
RBC Capital Markets
Robert W. Baird & Co.
Rodman & Renshaw, LLC
S&P Equity Research

Wall Street Consensus vs. Performance

For fiscal year 2012, analysts estimate that CELG will earn $4.83. For fiscal year 2013, analysts estimate that CELG's earnings per share will grow by 18% to $5.68.

Celgene Corp

Glossary

S&P STARS
Since January 1, 1987, Standard and Poor's Equity Research Services has ranked a universe of common stocks based on a given stock's potential for future performance. Under proprietary STARS (STock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350 Index or S&P 500 Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P 12-Month Target Price
The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Fair Value.

Investment Style Classification
Characterizes the stock as Growth or Value, and indicates its capitalization level. Growth is evaluated along three dimensions (earnings, sales and internal growth), while Value is evaluated along four dimensions (book-to-price, cash flow-to-price, dividend yield and sale-to-price). Growth stocks score higher than the market average on growth dimensions and lower on value dimensions. The reverse is true for Value stocks. Certain stocks are classified as Blend, indicating a mixture of growth and value characteristics and cannot be classified as purely growth or value.

S&P EPS Estimates
Standard & Poor's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P EPS estimates reflect either forecasts of S&P equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to Standard & Poor's Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Core Earnings
Standard & Poor's Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the Standard & Poor's definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

Qualitative Risk Assessment
The S&P equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices.

Quantitative Evaluations
In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking
Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to capsulize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

S&P Fair Value Rank
Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

S&P Fair Value Calculation
The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity
Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Funds From Operations FFO
FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Investability Quotient (IQ)
The IQ is a measure of investment desirability. It serves as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

S&P's IQ Rationale:
Celgene Corp

	Raw Score	Max Value
Proprietary S&P Measures	28	115
Technical Indicators	24	40
Liquidity/Volatility Measures	18	20
Quantitative Measures	63	75
IQ Total	**133**	**250**

Volatility
Rates the volatility of the stock's price over the past year.

Technical Evaluation
In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank
Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)
An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 68 Industries, and 154 Sub-Industries.

S&P Issuer Credit Rating
A Standard & Poor's Issuer Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The Issuer Credit Rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor. Issuer Credit Ratings are based on current information furnished by obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any Issuer Credit Rating and may, on occasion, rely on unaudited financial information. Issuer Credit Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Exchange Type
ASE - American Stock Exchange; AU - Australia Stock Exchange; BB - Bulletin Board; NGM - Nasdaq Global Market; NNM - Nasdaq Global Select Market; NSC - Nasdaq Capital Market; NYS - New York Stock Exchange; OTN - Other OTC (Over the Counter); OTC - Over the Counter; QB - OTCQB; QX - OTCQX; TS - Toronto Stock Exchange; TXV - TSX Venture Exchange; NEX - NEX Exchange.

S&P Equity Research Services
Standard & Poor's Equity Research Services U.S. includes Standard & Poor's Investment Advisory Services LLC; Standard & Poor's Equity Research Services Europe includes McGraw-Hill Financial Research Europe Limited trading as Standard & Poor's; Standard & Poor's Equity Research Services Asia includes McGraw-Hill Financial Singapore Pte. Limited's

offices in Singapore, Standard & Poor's Investment Advisory Services (HK) Limited in Hong Kong, Standard & Poor's Malaysia Sdn Bhd, and Standard & Poor's Information Services (Australia) Pty Ltd.

Abbreviations Used in S&P Equity Research Reports
CAGR- Compound Annual Growth Rate; **CAPEX**- Capital Expenditures; **CY**- Calendar Year; **DCF**- Discounted Cash Flow; **EBIT**- Earnings Before Interest and Taxes; **EBITDA**- Earnings Before Interest, Taxes, Depreciation and Amortization; **EPS**- Earnings Per Share; **EV**- Enterprise Value; **FCF**- Free Cash Flow; **FFO**- Funds From Operations; **FY**- Fiscal Year; **P/E**- Price/Earnings ; **PEG Ratio**- P/E-to-Growth Ratio; **PV**- Present Value; **R&D**- Research & Development; **ROE**- Return on Equity; **ROI**- Return on Investment; **ROIC**- Return on Invested Capital; **ROA**- Return on Assets; **SG&A**- Selling, General & Administrative Expenses; **WACC**- Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

Required Disclosures

In contrast to the qualitative STARS recommendations covered in this report, which are determined and assigned by S&P equity analysts, S&P's quantitative evaluations are derived from S&P's proprietary Fair Value quantitative model. In particular, the Fair Value Ranking methodology is a relative ranking methodology, whereas the STARS methodology is not. Because the Fair Value model and the STARS methodology reflect different criteria, assumptions and analytical methods, quantitative evaluations may at times differ from (or even contradict) an equity analyst's STARS recommendations. As a quantitative model, Fair Value relies on history and consensus estimates and does not introduce an element of subjectivity as can be the case with equity analysts in assigning STARS recommendations.

S&P Global STARS Distribution

In North America: As of March 30, 2012, research analysts at Standard & Poor's Equity Research Services North America recommended 34.5% of issuers with buy recommendations, 57.9% with hold recommendations and 7.6% with sell recommendations.

In Europe: As of March 30, 2012, research analysts at Standard & Poor's Equity Research Services Europe recommended 30.1% of issuers with buy recommendations, 49.4% with hold recommendations and 20.5% with sell recommendations.

In Asia: As of March 30, 2012, research analysts at Standard & Poor's Equity Research Services Asia recommended 35.9% of issuers with buy recommendations, 54.3% with hold recommendations and 9.8% with sell recommendations.

Globally: As of March 30, 2012, research analysts at Standard & Poor's Equity Research Services globally recommended 34.0% of issuers with buy recommendations, 56.3% with hold recommendations and 9.7% with sell recommendations.

★★★★★ **5-STARS (Strong Buy)**: Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy)**: Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ **3-STARS (Hold)**: Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ **2-STARS (Sell)**: Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★☆☆☆☆ **1-STARS (Strong Sell)**: Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks: In North America the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are generally the S&P Europe 350 Index and the S&P Asia 50 Index.

For All Regions: All of the views expressed in this research report accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers. No part of analyst compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed in this research report.

S&P Global Quantitative Recommendations Distribution

In Europe: As of March 30, 2012, Standard & Poor's Quantitative Services Europe recommended 52.0% of issuers with buy recommendations, 19.0% with hold recommendations and 27.0% with sell recommendations.

In Asia: As of March 30, 2012, Standard & Poor's Quantitative Services Asia recommended 35.9% of issuers with buy recommendations, 21.0% with hold recommendations and 32.0% with sell recommendations.

Globally: As of March 30, 2012, Standard & Poor's Quantitative Services globally recommended 45.0% of issuers with buy recommendations, 20.0% with hold recommendations and 33.0% with sell recommendations.

Additional information is available upon request.

Other Disclosures

This report has been prepared and issued by Standard & Poor's and/or one of its affiliates. In the United States, research reports are prepared by Standard & Poor's Investment Advisory Services LLC ("SPIAS"). In the United States, research reports are issued by Standard & Poor's ("S&P"); in the United Kingdom by McGraw-Hill Financial Research Europe Limited, which is authorized and regulated by the Financial Services Authority and trades as Standard & Poor's; in Hong Kong by Standard & Poor's Investment Advisory Services (HK) Limited, which is regulated by the Hong Kong Securities Futures Commission; in Singapore by McGraw-Hill Financial Singapore Pte. Limited (MHFSPL), which is regulated by the Monetary Authority of Singapore; in Malaysia by Standard & Poor's Malaysia Sdn Bhd ("S&PM"), which is regulated by the Securities Commission; in Australia by Standard & Poor's Information Services (Australia) Pty Ltd ("SPIS"), which is regulated by the Australian Securities & Investments Commission; and in Korea by SPIAS, which is also registered in Korea as a cross-border investment advisory company.

The research and analytical services performed by SPIAS, McGraw-Hill Financial Research Europe Limited, MHFSPL, S&PM, and SPIS are each conducted separately from any other analytical activity of Standard & Poor's.

Standard & Poor's or an affiliate may license certain intellectual property or provide pricing or other services to, or otherwise have a financial interest in, certain issuers of securities, including exchange-traded investments whose investment objective is to substantially replicate the returns of a proprietary Standard & Poor's index, such as the S&P 500. In cases where Standard & Poor's or an affiliate is paid fees that are tied to the amount of assets that are invested in the fund or the volume of trading activity in the fund, investment in the fund will generally result in Standard & Poor's or an affiliate earning compensation in addition to the subscription fees or other compensation for services rendered by Standard & Poor's. A reference to a particular investment or security by Standard & Poor's and one of its affiliates is not a recommendation to buy, sell, or hold such investment or security, nor is it considered to be investment advice.

Indexes are unmanaged, statistical composites and their returns do not include payment of any sales charges or fees an investor would pay to purchase the securities they represent. Such costs would lower performance. It is not possible to invest directly in an index.

Standard & Poor's and its affiliates provide a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in model portfolios, evaluate or otherwise address.

This company is not a customer of S&P Capital IQ or its affiliates.

Disclaimers

With respect to reports issued to clients in Japan and in the case of inconsistencies between the English and Japanese version of a report, the English version prevails. With respect to reports issued to clients in German and in the case of inconsistencies between the English and German version of a report, the English version prevails. Neither S&P nor its affiliates guarantee the accuracy of the translation. Assumptions, opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. Past performance is not necessarily indicative of future results.

Standard & Poor's, its affiliates, and any third-party providers, as well as their directors, officers, shareholders, employees, or agents (collectively S&P Parties) do not guarantee the accuracy, completeness or adequacy of this material, and S&P Parties shall have no liability for any errors, omissions, or interruptions therein, regardless of the cause, or for the results obtained from the use of the information provided by the S&P Parties. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the information contained in this document even if advised of the possibility of such damages. Capital IQ is a business of Standard & Poor's.

Ratings from Standard & Poor's Ratings Services are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions. Standard & Poor's assumes no obligation to update its opinions following publication in any form or format. Standard & Poor's ratings should not be relied on and are not substitutes for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. Standard & Poor's rating opinions do not address the suitability of any security. Standard & Poor's does not act as a fiduciary. While Standard & Poor's has obtained information from sources it believes to be reliable, Standard & Poor's does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

Standard & Poor's keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of Standard & Poor's may have information that is not available to other Standard & Poor's business units. Standard & Poor's has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

Standard & Poor's Ratings Services did not participate in the development of this report. Standard & Poor's may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of securities or from obligors. Standard & Poor's reserves the right to disseminate its opinions and analyses. Standard & Poor's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via Standard & Poor's publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

This material is not intended as an offer or solicitation for the purchase or sale of any security or other financial instrument. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors. Any opinions expressed herein are given in good faith, are subject to change without notice, and are only current as of the stated date of their issue. Prices, values, or income from any securities or investments mentioned in this report may fall against the interests of the investor and the investor may get back less than the amount invested. Where an investment is described as being likely to yield income, please note that the amount of income that the investor will receive from such an investment may fluctuate. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. The information contained in this report does not constitute advice on the tax consequences of making any particular investment decision. This material is not intended for any specific investor and does not take into account your particular investment objectives, financial situations or needs and is not intended as a recommendation of particular securities, financial instruments or strategies to you. Before acting on any recommendation in this material, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice.

This document does not constitute an offer of services in jurisdictions where Standard & Poor's or its affiliates do not have the necessary licenses.

For residents of the U.K. - This report is only directed at and should only be relied on by persons outside of the United Kingdom or persons who are inside the United Kingdom and who have professional experience in matters relating to investments or who are high net worth persons, as defined in Article 19(5) or Article 49(2) (a) to (d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, respectively.

For residents of Singapore - Anything herein that may be construed as a recommendation is intended for general circulation and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. Advice should be sought from a financial adviser regarding the suitability of an investment, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

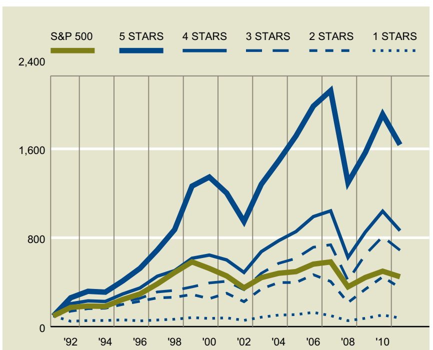
For residents of Malaysia - All queries in relation to this report should be referred to Ching Wah Tam.

For residents of Indonesia - This research report does not constitute an offering document and it should not be construed as an offer of securities in Indonesia, and that any such securities will only be offered or sold through a financial institution.

For residents of the Philippines - The securities being offered or sold have not been registered with the Securities and Exchange Commission under the Securities Regulation Code of the Philippines. Any future offer or sale thereof is subject to registration requirements under the Code unless such offer or sale qualifies as an exempt transaction.

U.S. STARS Cumulative Model Performance

Hypothetical Growth Due to Price Appreciation of $100
For the Period 12/31/1986 through 03/31/2012



The performance above represents only the results of Standard & Poor's model portfolios. Model performance has inherent limitations. Standard & Poor's maintains the models and calculates the model performance shown, but does not manage actual assets. The U.S. STARS model performance chart is only an illustration of Standard & Poor's (S&P) research; it shows how U.S. common stocks, ADRs (American Depositary Receipts) and ADSs (American Depositary Shares), collectively "equities", that received particular STARS rankings performed. STARS categories are models only; they are not collective investment funds. The STARS performance does not show how any actual portfolio has performed. STARS model performance does not represent the results of actual trading of investor assets. Thus, the model performance shown does not reflect the impact that material economic and market factors might have had on decision-making if actual investor money had been managed. Performance is calculated using a time-weighted rate of return. While model performance for some or all STARS categories performed better than the S&P 500 for the period shown, the performance during any shorter period may not have, and there is no assurance that they will perform better than the S&P 500 in the future. STARS does not take into account any particular investment objective, financial situation or need and is not intended as an investment recommendation or strategy. Investments based on the STARS methodology may lose money. High returns are not necessarily the norm and there is no assurance that they can be sustained. Past model performance of STARS is no guarantee of future performance.

For model performance calculation purposes, the equities within each STARS category at December 31, 1986 were equally weighted. Thereafter, additions to the composition of the equities in each STARS category are made at the average value of the STARS category at the preceding month end with no rebalancing. Deletions are made at the closing price of the day that the deletion is made. Performance was calculated from inception through March 31, 2003 on a monthly basis. Thereafter, performance is calculated daily. Equities in each STARS category will change over time, and some or all of the equities that received STARS rankings during the time period shown may not have maintained their STARS ranking during the entire period.

The model performance does not consider taxes and brokerage commissions, nor does it reflect the deduction of any advisory or other fees charged by advisors or other parties that investors will incur when their accounts are managed in accordance with the models. The imposition of these fees and charges would cause actual performance to be lower than the performance shown. For example, if a model returned 10 percent on a $100,000 investment for a 12-month period (or $10,000) and an annual asset-based fee of 1.5 percent were imposed at the end of the period (or $1,650), the net return would be 8.35 percent (or $8,350) for the year. Over 3 years, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.1%, a total fee of $5,375 and a cumulative net return of 27.2% (or $27,200). Fees deducted on a frequency other than annual would result in a different cumulative net return in the preceding example.

The Standard & Poor's 500 index is the benchmark for U.S. STARS. The S&P 500 index is calculated in U.S. dollars and does not take into account the reinvestment of dividends. Indexes are unmanaged, statistical composites and their returns do not include payment of any sales charges or fees an investor would pay to purchase the securities they represent. Such costs would lower performance. It is not possible to invest directly in an index. The S&P 500 index includes a different number of constituents and has different risk characteristics than the STARS equities. Some of the STARS equities may have been included in the S&P 500 index for some (but not necessarily all) of the period covered in the chart, and some such equities may not have been included at all. The S&P 500 excludes ADRs and ADSs. The methodology for calculating the return of the S&P 500 index differs from the methodology of calculating the return for STARS. Past performance of the S&P 500 index is no guarantee of future performance.

An investment based upon the models should only be made after consulting with a financial advisor and with an understanding of the risks associated with any investment in securities, including, but not limited to, market risk, currency risk, political and credit risks, the risk of economic recession and the risk that issuers of securities or general stock market conditions may worsen, over time. Foreign investing involves certain risks, including currency fluctuations and controls, restrictions on foreign investments, less governmental supervision and regulation, less liquidity and the potential for market volatility and political instability. As with any investment, investment returns and principal value will fluctuate, so that when redeemed, an investor's shares may be worth more or less than their original cost.

For residents of Australia – This report is distributed by Standard & Poor's Information Services (Australia) Pty Ltd ("SPIS") in Australia. The entirety of this report is approved by Peter Willson, who has reviewed and authorised its content as at the date of publication.

Any express or implied opinion contained in this report is limited to "General Advice" and based solely on consideration of the investment merits of the financial product(s) alone. The information in this report has not been prepared for use by retail investors and has been prepared without taking account of any particular person's financial or investment objectives, financial situation or needs. Before acting on any advice, any person using the advice should consider its appropriateness having regard to their own or their clients' objectives, financial situation and needs. You should obtain a Product Disclosure Statement relating to the product and consider the statement before making any decision or recommendation about whether to acquire the product. Each opinion must be weighed solely as one factor in any investment decision made by or on behalf of any adviser and any such adviser must accordingly make their own assessment taking into account an individual's particular circumstances.

SPIS holds an Australian Financial Services Licence Number 258896. Please refer to the SPIS Financial Services Guide for more information at www.fundsinsights.com.au.