

Exhibit B

TO OUR FELLOW SHAREHOLDERS:

In 2001 we made significant progress in advancing our mission to discover, develop and commercialize innovative treatments for cancer and inflammatory diseases. Several key achievements highlighted our year and reaffirmed Celgene's position as a major biopharmaceutical company:

- THALOMID® (thalidomide) revenues, driven by a 44 percent increase in prescriptions, reached a record high of \$82 million.
- Our clinical and regulatory teams successfully navigated the drug development process to receive FDA approval for Focalin™ (d-methylphenidate), our refined version of Ritalin®.
- Clinical investigators presented data demonstrating the anti-cancer activity of REVIMID™, our lead IMiD™.
- We accelerated the development of our entire product pipeline, including IMiDs™, SelCIDs™, SERMs, and kinase and ligase inhibitors.
- During our first full year of working with our team in our Signal Research Division, we moved the Division's first compound, CC-8490, into the clinic.

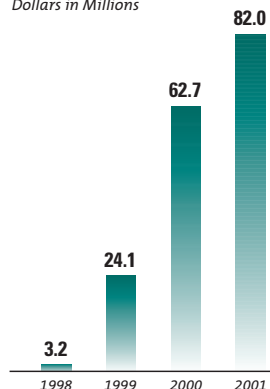
These accomplishments all position us for continued growth in 2002 and beyond.

THALOMID®: Increasing Sales

Last year, THALOMID revenue increased significantly to reach a new high of \$82 million as a result of strong growth in prescriptions. The FDA approved THALOMID in 1998 for the treatment of erythema nodosum leprosum (ENL), an inflammatory condition of leprosy.

Clinical investigators presented data at major medical meetings and published data in peer-reviewed journals in 2001 on THALOMID in hematological and solid tumor cancers. Importantly, the first survival data on late-stage multiple myeloma patients treated with THALOMID monotherapy were published in the July 2001 issue of *Blood*. In a Phase II study of 169 relapsed and refractory multiple myeloma patients treated with THALOMID, 20 percent of patients experienced event-free survival and 48 percent of patients were still alive at a two-year follow-up. Researchers also presented encouraging data in early-stage multiple myeloma. In Phase II clinical trials, newly diagnosed multiple myeloma patients treated with THALOMID and dexamethasone experienced a significant reduction in the severity of their disease.

THALOMID® Sales Growth
Dollars in Millions





“THALOMID® (thalidomide) revenues, driven by a 44 percent increase in prescriptions, reached a record high of \$82 million.”

Positive data emerged in solid tumor cancers as well, including renal cell carcinoma, colorectal cancer, glioblastoma and metastatic melanoma. Single-agent THALOMID demonstrated activity in renal cell carcinoma, and its potential to improve progression-free survival and overall survival in combination with standard therapies is under investigation. We remain committed to realizing the full ability of THALOMID as a potential treatment for hematological and solid tumor cancers.

The emerging clinical data from over 150 clinical trials of THALOMID provide valuable mechanistic insight as to how THALOMID may benefit patients and how to best develop our pipeline of IMiDs, which are analogs of THALOMID.

Focalin®: Approved and Launched

We successfully cleared all clinical and regulatory hurdles and received FDA approval for Focalin in the treatment of attention deficit hyperactivity disorder in November. The drug development process is a challenging one, and we are very proud of our team that designed and executed the clinical trials, completed our regulatory filing, and negotiated our groundbreaking agreement with Novartis Pharma AG. Last year Novartis received an approvable letter from the FDA for Ritalin LA, a longer acting formulation of Ritalin, and expects an approval and subsequent launch later this year. The revenues we receive from Novartis on Focalin and the entire Ritalin product line further diversify our income stream and significantly enhance long-term cash flow. THALOMID and Focalin generate substantial revenue and help provide the financial resources we need to accelerate all of our programs simultaneously.

IMiDs®: Advancing into Tomorrow

Last year, REVIMID, our lead IMiD (Immunomodulatory Drug), was evaluated in three Phase I/II trials. Clinical investigators reported that REVIMID demonstrated significant anti-cancer activity and was generally well tolerated in refractory multiple myeloma and metastatic melanoma patients. Based on these data, we have designed a clinical strategy for REVIMID that we submitted to the FDA for its review. We expect to initiate the pivotal program for REVIMID in 2002.



Sol J. Barer, Ph.D.
President and
Chief Operating Officer

John W. Jackson
Chairman and
Chief Executive Officer

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We also accelerated the development of ACTIMID™, our second IMiD, with the initiation of a Phase I/II clinical trial in cancer patients. We look forward to presenting data from that trial later this year.

SelCIDs™: Growing Recognition

Our SelCIDs (Selective Cytokine Inhibitory Drugs) advanced through the clinical development process last year as well. Based on the ability of SelCIDs to inhibit Tumor Necrosis Factor alpha (TNF α), a cytokine whose overproduction has been linked to the onset and progression of many serious inflammatory diseases, we are evaluating our lead SelCID, CC-1088, in a Phase II trial in Crohn’s disease. We look forward to presenting data from this trial later this year. In a Phase I trial, our second SelCID, CC-7085, was well tolerated in healthy volunteers. We expect to initiate additional clinical trials with our next-generation SelCIDs in respiratory diseases.

Today’s Discoveries, Tomorrow’s Treatments

We believe that gene and protein regulation are important areas of research that will advance our discovery of innovative therapies for cancer and inflammatory diseases. We have developed an extensive pipeline of orally available compounds, including CC-8490, SERMs, and kinase and ligase inhibitors, that target tumors and inflammation by altering the interactions between genes and proteins involved in abnormal cell growth.

We established an early and leading position in the kinase and ligase regulation fields. Kinases and ligases are important classes of proteins that control key cellular activities that promote either health or disease. Our extensive portfolio of kinase and ligase targets provides us with a new therapeutic strategy for controlling proteins that either cause or prevent cancer and inflammatory diseases.

Our most advanced kinase program, our pipeline of JNK (c-Jun N-terminal kinase) inhibitors, demonstrated significant therapeutic potential in cancer and inflammatory disease models. Our lead JNK inhibitor has completed preclinical development and we look forward to initiating our first clinical trial later this year.



Our new facility in San Diego, CA.



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With a diverse array of innovative drug candidates in our pipeline – IMiDs, SelCIDs, SERMs, and kinase and ligase inhibitors – we’re on the brink of changing the way cancer and inflammatory diseases may be treated in the future.

We are committed to improving the lives of cancer patients by developing therapies that will increase their survival and enhance their quality of life. In addition to our own efforts, we also support cancer patient advocacy organizations, notably the Multiple Myeloma Research Foundation, the International Myeloma Foundation and the National Coalition for Cancer Survivorship. These important organizations educate patients, physicians and legislators about emerging cancer therapies.

Many individuals also play a role in the battle against cancer: researchers, physicians, nurses, and family members. This year we would like to commend the work done by two individuals in particular: Beth Jacobsen and Geraldine Ferraro. Beth worked tirelessly to find new therapies for her husband, who was dying of multiple myeloma. Her research led her to request that he be treated with THALOMID. This was an important first step in identifying THALOMID’s potential as a multiple myeloma therapy.

Last year, perhaps the most inspiring advocate for cancer patients was Geraldine Ferraro. Ms. Ferraro raised public awareness of the needs of multiple myeloma patients by urging Congress to support increased funding for hematological cancer research and innovative therapies. We applaud the commitment to cancer patient advocacy of these two women, and of all the other people who are making a difference in patients’ lives.

Our accomplishments in 2001 were the result of every employee’s dedication to making Celgene a leading biopharmaceutical company, and we thank them for all of their hard work and loyalty. We also thank Lee Schroeder, who recently retired from Celgene’s Board of Directors. Lee’s guidance, after decades of experience in the pharmaceutical industry, was a valuable asset to Celgene and we wish him the best in retirement. And we thank you, our shareholders, for your continued support and encouragement.



John W. Jackson
Chairman and Chief Executive Officer

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