UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K
☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2018

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ______ to ______

Commission File Number 1-1136

BRISTOL-MYERS SQUIBB COMPANY
(Exact name of registrant as specified in its charter)

Delaware 22-0790350
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

430 E. 29th Street, 14FL, New York, N.Y. 10016
(Address of principal executive offices) (212) 546-4000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class Name of each exchange on which registered
Common Stock, $0.10 Par Value New York Stock Exchange
1.000% Notes due 2025 New York Stock Exchange
1.750% Notes due 2035 New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Title of each class
$2 Convertible Preferred Stock, $1 Par Value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the 1,630,394,628 shares of voting common equity held by non-affiliates of the registrant, computed by reference to the closing price as reported on the New York Stock Exchange, as of the last business day of the registrant's most recently completed second fiscal quarter (June 30, 2018 ) was approximately $90,226,038,714 . Bristol-Myers Squibb has no non-voting common equity. At February 1, 2019 , there were 1,632,675,877 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: Portions of the definitive proxy statement for the registrant's Annual Meeting of Shareholders to be filed within 120 days after the conclusion of the registrant's fiscal year ended December 31, 2018 with the U.S. Securities and Exchange Commission pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, are incorporated by reference into Part III of this Annual Report on Form 10-K to the extent described therein.
BRISTOL-MYERS SQUIBB COMPANY
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DECEMBER 31, 2018

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PART I

Item 1. 

BUSINESS.

General

Bristol-Myers Squibb Company was incorporated under the laws of the State of Delaware in August 1933 under the name Bristol-Myers Company, as successor to a New York business started in 1887. In 1989, Bristol-Myers Company changed its name to Bristol-Myers Squibb Company as a result of a merger. We are engaged in the discovery, development, licensing, manufacturing, marketing, distribution and sale of biopharmaceutical products on a global basis. Refer to the Summary of Abbreviated Terms at the end of this 2018 Form 10-K for terms used throughout the document.

We operate in one segment—BioPharmaceuticals. For additional information about business segments, refer to “Item 8. Financial Statements and Supplementary Data—Note 1. Accounting Policies and Recently Issued Accounting Standards.” Our principal strategy is to combine the resources, scale and capability of a pharmaceutical company with the speed and focus on innovation of the biotech industry. Our focus as a specialty biopharmaceutical company is on discovering, developing and delivering transformational medicines for patients facing serious diseases. Our four strategic priorities are to drive business performance, continue to further build a leading franchise in IO, maintain a diversified portfolio both within and outside of IO, and continue our disciplined approach to capital allocation, including establishing partnerships, collaborations and in-licensing or acquiring investigational compounds as an essential component of successfully delivering transformational medicines to patients. We expect that our planned acquisition of Celgene that we announced in January 2019 will enable us to create a leading focused specialty biopharmaceutical company that is well positioned to address the needs of patients with cancer, inflammatory, immunologic or cardiovascular diseases through high-value innovative medicines and leading scientific capabilities. We plan to remain focused while broadening our portfolio of marketed medicines and pipeline assets. With complementary disease areas, the combined company will operate with global reach and scale, the speed and agility that is core to each company's strategic approach. For a further discussion of our strategy initiatives, see “Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Strategy.”

We compete with other worldwide research-based drug companies, smaller research companies and generic drug manufacturers. Our products are sold worldwide, primarily to wholesalers, retail pharmacies, hospitals, government entities and the medical profession. We manufacture products in the U.S., Puerto Rico and in four foreign countries. Most of our revenues come from products in the following therapeutic classes: oncology, cardiovascular and immunoscience.

The percentage of revenues by significant region/country were as follows:

<table>
<thead>
<tr>
<th>Dollars in Millions</th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>United States</td>
<td>56%</td>
</tr>
<tr>
<td>Europe</td>
<td>25%</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>19%</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$22,561</td>
</tr>
</tbody>
</table>

Acquisitions, Divestitures and Licensing Arrangements

Acquisitions, divestitures and licensing arrangements allow us to focus our resources behind growth opportunities which drive the greatest long-term value. On January 3, 2019, we announced that we have entered into a definitive merger agreement with Celgene under which we will acquire Celgene. For further discussion on our pending acquisition with Celgene and on our other acquisitions, divestitures and licensing arrangements, refer to “Item 1A. Risk Factors,” “Item 8. Financial Statements and Supplementary Data—Note 4. Acquisitions, Divestitures, Licensing and Other Arrangements” and “—Note 19. Subsequent Event.”
Products, Intellectual Property and Product Exclusivity

Our pharmaceutical products include chemically-synthesized or small molecule drugs and products produced from biological processes, called “biologics.” Small molecule drugs are typically administered orally, e.g., in the form of a pill or tablet, although other drug delivery mechanisms are used as well. Biologics are typically administered to patients through injections or by intravenous infusion.

Below is a product summary including approved indications. For information about our alliance arrangements for the products below, refer to “—Alliances” below and “Item 8. Financial Statements and Supplementary Data—Note 3. Alliances.”

**Opdivo**

*Opdivo* (nivolumab), a biological product, is a fully human monoclonal antibody that binds to the PD-1 on T and NKT cells. *Opdivo* has received approvals for several anti-cancer indications including bladder, blood, colon, head and neck, kidney, liver, lung, melanoma and stomach. The *Opdivo + Yervoy* regimen also is approved in multiple markets for the treatment of melanoma, RCC, and CRC. There are several ongoing potentially registrational studies for *Opdivo* across other tumor types and disease areas, in monotherapy and in combination with *Yervoy* and various anti-cancer agents.

**Eliquis**

*Eliquis* (apixaban) is an oral Factor Xa inhibitor, targeted at stroke prevention in adult patients with NVAF and the prevention and treatment of VTE disorders.

**Orencia**

*Orencia* (abatacept), a biological product, is a fusion protein indicated for adult patients with moderately to severely active RA and PSA and is also indicated for reducing signs and symptoms in certain pediatric patients with moderately to severely active polyarticular JIA.

**Sprycel**

*Sprycel* (dasatinib) is an oral inhibitor of multiple tyrosine kinase indicated for the first-line treatment of patients with Philadelphia chromosome-positive CML in chronic phase, the treatment of adults with chronic, accelerated, or myeloid or lymphoid blast phase CML with resistance or intolerance to prior therapy, including *Gleevec* (imatinib mesylate) and the treatment of children and adolescents aged 1 year to 18 years with chronic phase Philadelphia chromosome-positive CML.

**Yervoy**

*Yervoy* (ipilimumab), a biological product, is a monoclonal antibody for the treatment of patients with unresectable or metastatic melanoma.

**Empliciti**

*Empliciti* (elotuzumab), a biological product, is a humanized monoclonal antibody for the treatment of multiple myeloma.

**Baraclude**

*Baraclude* (entecavir) is an oral antiviral agent for the treatment of chronic hepatitis B.

**Reyataz Franchise**

The *Reyataz* (atazanavir sulfate) Franchise includes *Reyataz* - a protease inhibitor for the treatment of HIV and *Evotaz* (atazanavir 300 mg and cobicistat 150 mg) - a combination therapy containing *Reyataz* and *Tybost* * (cobicistat).

**Sustiva Franchise**

The *Sustiva* (efavirenz) Franchise is a non-nucleoside reverse transcriptase inhibitor for the treatment of HIV, which includes *Sustiva*, an antiretroviral drug, and bulk efavirenz, which is also included in the combination therapy, *Atripla*.

**Hepatitis C Franchise**

*Daklinza* (daclatasvir) is an NS5A replication complex inhibitor. *Sunvepra* (asunaprevir) is an NS3 protease inhibitor. *Beclabuvir* is an NS5B inhibitor.

We own or license a number of patents in the U.S. and foreign countries primarily covering our products. We have also developed many brand names and trademarks for our products. We consider the overall protection of our patents, trademarks, licenses and other intellectual property rights to be of material value and act to protect these rights from infringement.

In the pharmaceutical industry, the majority of an innovative product’s commercial value is usually realized during the period in which the product has market exclusivity. A product’s market exclusivity is generally determined by two forms of intellectual property: patent rights held by the innovator company and any regulatory forms of exclusivity to which the innovative drug is entitled.

Patents are a key determinant of market exclusivity for most branded pharmaceuticals. Patents provide the innovator with the right to exclude others from practicing an invention related to the medicine. Patents may cover, among other things, the active ingredient(s), various uses of a drug product, pharmaceutical formulations, drug delivery mechanisms and processes for (or intermediates useful in) the manufacture of products. Protection for individual products extends for varying periods in accordance with the expiration dates of patents in the various countries. The protection afforded, which may also vary from country to country, depends upon the type of patent, its scope of coverage and the availability of meaningful legal remedies in the country.
Market exclusivity is also sometimes influenced by RDP exclusivity rights. Many developed countries provide certain non-patent incentives for the development of medicines. For example, in the U.S., EU, Japan and certain other countries, RDP exclusivity rights are offered as incentives for research on medicines for rare diseases, or orphan drugs, and on medicines useful in treating pediatric patients. These incentives can provide a market exclusivity period on a product that expires beyond the patent term.

The U.S., EU and Japan each provide RDP, a period of time after the approval of a new drug during which the regulatory agency may not rely upon the innovator’s data to approve a competitor’s generic copy. In certain markets where patent protection and other forms of market exclusivity may have expired, RDP can be of particular importance. However, most regulatory forms of exclusivity do not prevent a competitor from gaining regulatory approval prior to the expiration of RDP exclusivity on the basis of the competitor’s own safety and efficacy data on its drug, even when that drug is identical to that marketed by the innovator. When these patent rights and other forms of exclusivity expire and generic versions of a medicine are approved and marketed, there are often substantial and rapid declines in the sales of the original innovative product. For further discussion of the impact of generic competition on our business, refer to “—Competition” below.

Specific aspects of the law governing market exclusivity and data regulatory protection for pharmaceuticals vary from country to country. The following summarizes key exclusivity rules in markets representing significant sales:

United States

In the U.S., most of our key products are protected by patents with varying terms depending on the type of patent and the filing date. A significant portion of a product’s patent life, however, is lost during the time it takes an innovative company to develop and obtain regulatory approval of a new drug. As compensation at least in part for the lost patent term due to regulatory review periods, the innovator may, depending on a number of factors, apply to the government to restore lost patent term by extending the expiration date of one patent up to a maximum term of five years, provided that the extension cannot cause the patent to be in effect for more than 14 years from the date of drug approval.

A company seeking to market an innovative pharmaceutical in the U.S. must submit a complete set of safety and efficacy data to the FDA. If the innovative pharmaceutical is a chemical product, the company files an NDA. If the medicine is a biological product, a BLA is filed. The type of application filed affects RDP exclusivity rights.

Chemical products

A competitor seeking to launch a generic substitute of a chemical innovative drug in the U.S. must file an aNDA with the FDA. In the aNDA, the generic manufacturer needs to demonstrate only “bioequivalence” between the generic substitute and the approved NDA drug. The aNDA relies upon the safety and efficacy data previously filed by the innovator in its NDA.

An innovator company is required to list certain of its patents covering the medicine with the FDA in what is commonly known as the Orange Book. Absent a successful patent challenge, the FDA cannot approve an aNDA until after the innovator’s listed patents expire. However, after the innovator has marketed its product for four years, a generic manufacturer may file an aNDA and allege that one or more of the patents listed in the Orange Book under an innovator’s NDA is either invalid or not infringed. This allegation is commonly known as a Paragraph IV certification. The innovator then must decide whether to file a patent infringement suit against the generic manufacturer. From time to time, aNDAs, including Paragraph IV certifications, are filed with respect to certain of our products. We evaluate these aNDAs on a case-by-case basis and, where warranted, file suit against the generic manufacturer to protect our patent rights.

In addition to patent protection, certain innovative pharmaceutical products can receive periods of regulatory exclusivity. An NDA that is designated as an orphan drug can receive seven years of exclusivity for the orphan indication. During this time period, neither NDAs nor aNDAs for the same drug product can be approved for the same orphan use. A company may also earn six months of additional exclusivity for a drug where specific clinical studies are conducted at the written request of the FDA to study the use of the medicine to treat pediatric patients, and submission to the FDA is made prior to the loss of basic exclusivity.

Medicines approved under an NDA can also receive several types of RDP. An innovative chemical pharmaceutical product is entitled to five years of RDP in the U.S., during which the FDA cannot approve generic substitutes. If an innovator’s patent is challenged, as described above, a generic manufacturer may file its aNDA after the fourth year of the five-year RDP period. A pharmaceutical drug product that contains an active ingredient that has been previously approved in an NDA, but is approved in a new formulation, but not for the drug itself, or for a new indication on the basis of new clinical studies, may receive three years of RDP for that formulation or indication.
Biologic products

The U.S. healthcare legislation enacted in 2010 created an approval pathway for biosimilar versions of innovative biological products that did not previously exist. Prior to that time, innovative biologics had essentially unlimited regulatory exclusivity. Under the new regulatory mechanism, the FDA can approve products that are similar to (but not generic copies of) innovative biologics on the basis of less extensive data than is required by a full BLA. After an innovator has marketed its product for four years, any manufacturer may file an application for approval of a “biosimilar” version of the innovator product. However, although an application for approval of a biosimilar version may be filed four years after approval of the innovator product, qualified innovative biological products will receive 12 years of regulatory exclusivity, meaning that the FDA may not approve a biosimilar version until 12 years after the innovative biological product was first approved by the FDA. The law also provides a mechanism for innovators to enforce the patents that protect innovative biological products and for biosimilar applicants to challenge the patents. Such patent litigation may begin as early as four years after the innovative biological product is first approved by the FDA.

In the U.S., the increased likelihood of generic and biosimilar challenges to innovators’ intellectual property has increased the risk of loss of innovators’ market exclusivity. First, generic companies have increasingly sought to challenge innovators’ basic patents covering major pharmaceutical products. Second, statutory and regulatory provisions in the U.S. limit the ability of an innovator company to prevent generic and biosimilar drugs from being approved and launched while patent litigation is ongoing. As a result of all of these developments, it is not possible to predict the length of market exclusivity for a particular product with certainty based solely on the expiration of the relevant patent(s) or the current forms of regulatory exclusivity.

European Union

Patents on pharmaceutical products are generally enforceable in the EU and, as in the U.S., may be extended to compensate for the patent term lost during the regulatory review process. Such extensions are granted on a country-by-country basis.

The primary route we use to obtain marketing authorization of pharmaceutical products in the EU is through the “centralized procedure.” This procedure is compulsory for certain pharmaceutical products, in particular those using biotechnological processes, and is also available for certain new chemical compounds and products. A company seeking to market an innovative pharmaceutical product through the centralized procedure must file a complete set of safety data and efficacy data as part of an MAA with the EMA. After the EMA evaluates the MAA, it provides a recommendation to the EC and the EC then approves or denies the MAA. It is also possible for new chemical products to obtain marketing authorization in the EU through a “mutual recognition procedure,” in which an application is made to a single member state, and if the member state approves the pharmaceutical product under a national procedure, then the applicant may submit that approval to the mutual recognition procedure of some or all other member states.

After obtaining marketing authorization approval, a company must obtain pricing and reimbursement for the pharmaceutical product, which is typically subject to member state law. In certain EU countries, this process can take place simultaneously while the product is marketed but in other EU countries, this process must be completed before the company can market the new product. The pricing and reimbursement procedure can take months and sometimes years to complete.

Throughout the EU, all products for which marketing authorizations have been filed after October/November 2005 are subject to an “8+2+1” regime. Eight years after the innovator has received its first community authorization for a medicinal product, a generic company may file a MAA for that product with the health authorities. If the MAA is approved, the generic company may not commercialize the product until after either 10 or 11 years have elapsed from the initial marketing authorization granted to the innovator. The possible extension to 11 years is available if the innovator, during the first eight years of the marketing authorization, obtains an additional indication that is of significant clinical benefit in comparison with existing treatments. For products that were filed prior to October/November 2005, there is a 10-year period of data protection under the centralized procedures and a period of either six or 10 years under the mutual recognition procedure (depending on the member state).

In contrast to the U.S., patents in the EU are not listed with regulatory authorities. Generic versions of pharmaceutical products can be approved after data protection expires, regardless of whether the innovator holds patents covering its drug. Thus, it is possible that an innovator may be seeking to enforce its patents against a generic competitor that is already marketing its product. Also, the European patent system has an opposition procedure in which generic manufacturers may challenge the validity of patents covering innovator products within nine months of grant.

In general, EU law treats chemically-synthesized drugs and biologically-derived drugs the same with respect to intellectual property and data protection. In addition to the relevant legislation and annexes related to biologic medicinal products, the EMA has issued guidelines that outline the additional information to be provided for biosimilar products, also known as generic biologics, in order to review an application for marketing approval.
In Japan, medicines of new chemical entities are generally afforded eight years of data exclusivity for approved indications and dosage. Patents on pharmaceutical products are enforceable. Generic copies can receive regulatory approval after data exclusivity and patent expirations. As in the U.S., patents in Japan may be extended to compensate for the patent term lost during the regulatory review process.

In general, Japanese law treats chemically-synthesized and biologically-derived drugs the same with respect to intellectual property and market exclusivity.

Rest of the World

In countries outside of the U.S., the EU and Japan, there is a wide variety of legal systems with respect to intellectual property and market exclusivity of pharmaceuticals. Most other developed countries utilize systems similar to either the U.S. or the EU. Among developing countries, some have adopted patent laws and/or regulatory exclusivity laws, while others have not. Some developing countries have formally adopted laws in order to comply with WTO commitments, but have not taken steps to implement these laws in a meaningful way. Enforcement of WTO actions is a long process between governments, and there is no assurance of the outcome. Thus, in assessing the likely future market exclusivity of our innovative drugs in developing countries, we take into account not only formal legal rights but political and other factors as well.

The following chart shows our key products together with the year in which the earliest basic exclusivity loss (patent rights or data exclusivity) occurred or is currently estimated to occur in the U.S., the EU and Japan. We also sell our pharmaceutical products in other countries; however, data is not provided on a country-by-country basis because individual country revenues are not significant outside the U.S., the EU and Japan. In many instances, the basic exclusivity loss date listed below is the expiration date of the patent that claims the active ingredient of the drug or the method of using the drug for the approved indication, if there is only one approved indication. In some instances, the basic exclusivity loss date listed in the chart is the expiration date of the data exclusivity period. In situations where there is only data exclusivity without patent protection, a competitor could seek regulatory approval by submitting its own clinical study data to obtain marketing approval prior to the expiration of data exclusivity.

We estimate the market exclusivity period for each of our products for the purpose of business planning only. The length of market exclusivity for any of our products is impossible to predict with certainty because of the complex interaction between patent and regulatory forms of exclusivity and the inherent uncertainties regarding patent litigation. There can be no assurance that a particular product will enjoy market exclusivity for the full period of time that appears in the estimate or that the exclusivity will be limited to the estimate.

Generally, the estimated LOE in the table below pertains to RDP or the Composition of Matter (COM) patent expiration for the respective products and patent term restoration (PTR) if granted.

<table>
<thead>
<tr>
<th>Prioritized Brands</th>
<th>U.S.</th>
<th>EU (a)</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opdivo (nivolumab)</td>
<td>2028</td>
<td>2030</td>
<td>2031</td>
</tr>
<tr>
<td>Eliquis (apixaban)</td>
<td>2026</td>
<td>2026</td>
<td>2026</td>
</tr>
<tr>
<td>Ocrevus (abatacept) (b)</td>
<td>2021</td>
<td>2021</td>
<td>2019</td>
</tr>
<tr>
<td>Sprycel (dasatinib)</td>
<td>2020  (c)</td>
<td>^^</td>
<td>2021</td>
</tr>
<tr>
<td>Yervoy (ipilimumab)</td>
<td>2025</td>
<td>2026</td>
<td>2025</td>
</tr>
<tr>
<td>Empliciti (elotuzumab)</td>
<td>2029</td>
<td>2029</td>
<td>2029</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Established Brands</th>
<th>U.S.</th>
<th>EU (a)</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reyataz (atazanavir sulfate) Franchise</td>
<td>Expired</td>
<td>2019</td>
<td>2019</td>
</tr>
<tr>
<td>Hepatitis C Franchise (d)</td>
<td>2028</td>
<td>2027</td>
<td>2028</td>
</tr>
</tbody>
</table>

(a) In EU countries where there is no granted PTR, the LOE is based on the COM patent or RDP expiry which is 2026 for Opdivo, 2022 for Eliquis, 2020 for Yervoy, and 2026 for Empliciti.
(b) BMS is not aware of an Ocrevus biosimilar on the market in the U.S., EU or Japan. For the U.S. and the EU, estimated LOE dates are based on method of use patents that expires in 2021. Formulation and additional patents expire in 2026 and beyond.
(c) In 2013, BMS entered into a settlement agreement with Apotex regarding a patent infringement suit covering the monohydrate form of dasatinib whereby Apotex can launch its generic dasatinib monohydrate aNDA product in September 2024, or earlier in certain circumstances.
(d) Hepatitis C Franchise relates to products containing daclatasvir. The LOE dates in the U.S. and EU do not reflect pending PTRs.

^^ In December 2018, the EPO's Opposition Division upheld the validity of the patent directed to the use of dasatinib to treat CML, which expires in 2024. Refer to “Item 8. Financial Statements and Supplementary Data—Note 18. Legal Proceedings and Contingencies” for more information.
R&D is critical to our long-term competitiveness. We concentrate our R&D efforts in the following disease areas with significant unmet medical needs: oncology, including IO; immunoscience with priorities in psoriasis, lupus, RA and inflammatory bowel disease; cardiovascular with priority in heart disease; and fibrotic disease with priorities in lung (IPF) and liver (NASH). We also continue to analyze and may selectively pursue promising leads in other areas. Our R&D pipeline includes potential medicines in various modalities that are mostly small (chemically manufactured) molecules and large (protein) molecules—also known as biologics—but also include millimolecules, antibody drug conjugates, and gene therapies. In addition to discovering and developing new molecular entities, we look for ways to expand the value of existing products through new indications and formulations that can provide additional benefits to patients.

In order for a new drug to reach the market, industry practice and government regulations in the U.S., the EU and most foreign countries provide for the determination of a drug’s effectiveness and safety through preclinical tests and controlled clinical evaluation. The clinical development of a potential new drug typically includes Phase I, Phase II and Phase III clinical studies that have been designed specifically to support an NDA for a particular indication, assuming the studies are successful.

Phase I clinical studies involve a small number of healthy volunteers or patients suffering from the indicated disease to test for safety and proper dosing. Phase II clinical studies involve a larger patient population to investigate side effects, efficacy and optimal dosage of the drug candidate. Phase III clinical studies are conducted to confirm Phase II results in a significantly larger patient population over a longer term and to provide reliable and conclusive data regarding the safety and efficacy of a drug candidate. Although regulatory approval is typically based on the results of Phase III clinical studies, there are times when approval can be granted based on data from earlier studies.

We consider our registrational studies to be our significant R&D programs. These programs may include both investigational compounds in Phases II and III development for initial indications and marketed products that are in development for additional indications or formulations. Expanding our currently marketed products, particularly Opdivo in combination with Yervoy and other agents in both first and second-line therapy with new indications, is a substantial portion of our R&D program strategy.

Drug development is time consuming, expensive and risky. The R&D process typically takes about fourteen years, with approximately two and a half years often spent in Phase III, or late-stage, development. On average, only about one in 10,000 molecules discovered by pharmaceutical industry researchers proves to be both medically effective and safe enough to become an approved medicine. Drug candidates can fail at any stage of the process, and even late-stage product candidates sometimes fail to receive regulatory approval. According to the KMR Group, based on industry success rates from 2013-2017, approximately 92% of small molecules that enter Phase I development fail to achieve regulatory approval. Small molecules that enter Phase II development have a failure rate of approximately 81% while approximately 32% fail Phase III development. For biologics, the failure rate is approximately 90% from Phase I development, approximately 78% from Phase II development and approximately 20% from Phase III development.

Total R&D expenses include the costs of discovery research, preclinical development, early-stage and late-stage clinical development, drug formulation, post-commercialization and medical support of marketed products, proportionate allocations of enterprise-wide costs and upfront and contingent milestone payments for licensing and acquiring assets. R&D expenses were $6.3 billion in 2018, $6.5 billion in 2017 and $5.0 billion in 2016, including license and asset acquisition charges of approximately $1.1 billion in 2018 and 2017 and $440 million in 2016. At the end of 2018, we employed approximately 7,700 people in R&D and related support activities, including a substantial number of physicians, scientists holding graduate or postgraduate degrees and higher-skilled technical personnel.

We manage our R&D programs on a product portfolio basis, investing resources in each stage of R&D from early discovery through late-stage development. We continually evaluate our portfolio of R&D assets to ensure that there is an appropriate balance of early-stage and late-stage programs to support the future growth of the Company. Spending on our late-stage development programs represented approximately 35-45% of our annual R&D expenses in the last three years. Opdivo is the only individual investigational compound or marketed product to represent 10% or more of our R&D expenses in any of the last three years.

As part of our operating model evolution, our R&D geographic footprint will significantly transform to foster speed and innovation in the future. The transformation involves the closing of our Hopewell, New Jersey and Wallingford, Connecticut R&D sites accompanied by additional investment in the expansion and opening of others. For example, we are expanding our Lawrenceville, New Jersey and Redwood City, California sites and opened a new R&D facility in Cambridge, Massachusetts in 2018. We supplement our internal drug discovery and development programs with alliances and collaborative agreements which help us bring new molecular agents, capabilities and platforms into our pipeline. Management continues to emphasize leadership, innovation, productivity and quality as strategies for success in our R&D activities.
Listed below are our investigational compounds that we have in clinical studies as well as the approved and potential indications for our marketed products in the related therapeutic area as of January 1, 2019. Whether any of the listed compounds ultimately becomes a marketed product depends on the results of clinical studies, the competitive landscape of the potential product’s market, reimbursement decisions by payers and the manufacturing processes necessary to produce the potential product on a commercial scale, among other factors. There can be no assurance that we will seek regulatory approval of any of these compounds or that, if such approval is sought, it will be obtained. There is also no assurance that a compound which gets approved will be commercially successful. At this stage of development, we cannot determine all intellectual property issues or all the patent protection that may, or may not, be available for these investigational compounds.

### ONCOLOGY

<table>
<thead>
<tr>
<th>PHASE I</th>
<th>PHASE II</th>
<th>PHASE III</th>
<th>APPROVED INDICATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPDIVO</strong> +</td>
<td><strong>OPDIVO</strong> +</td>
<td><strong>OPDIVO</strong> +</td>
<td><strong>OPDIVO</strong> +</td>
</tr>
<tr>
<td>--- Solid Tumors &amp;</td>
<td>--- 1L CRC</td>
<td>--- 1L Glioblastoma</td>
<td>--- 1L BRAF wild-type Metastatic Melanoma</td>
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<td>--- Non-Hodgkin Lymphoma</td>
<td>--- 1L HCC</td>
<td>--- Adjuvant Melanoma</td>
</tr>
<tr>
<td>Malignancies</td>
<td>(Diffuse Large B-cell Lymphoma)</td>
<td>--- 1L Head &amp; Neck</td>
<td>--- Advanced Hodgkin Lymphoma</td>
</tr>
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<td><strong>OPDIVO</strong> + + <strong>YERVOY</strong> +</td>
<td>--- Non-Hodgkin Lymphoma</td>
<td>--- 1L Head &amp; Neck Locally</td>
<td>--- Melanoma across BRAF status</td>
</tr>
<tr>
<td>--- Solid Tumors</td>
<td>(Follicular Lymphoma)</td>
<td>Advanced</td>
<td>--- Mesothelioma</td>
</tr>
<tr>
<td>Relatlimab + ^</td>
<td>--- Ovarian</td>
<td>--- 2L Esophageal</td>
<td>--- Previously treated advanced</td>
</tr>
<tr>
<td>--- Solid Tumors &amp;</td>
<td>--- Pan Tumor TMB High</td>
<td>--- Adjuvant Bladder</td>
<td>RCC</td>
</tr>
<tr>
<td>Hematologic</td>
<td>--- Pediatric</td>
<td>--- Adjuvant Esophageal/Gastroesophageal</td>
<td>--- Previously treated Gastric</td>
</tr>
<tr>
<td>Malignancies</td>
<td>--- Primary Testicular</td>
<td>--- Adjuvant Gastric</td>
<td>cancer (JPN)</td>
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<td>Lymphoma</td>
<td>--- Adjuvant HCC</td>
<td>--- Previously treated HCC</td>
</tr>
<tr>
<td>--- Solid Tumors</td>
<td><strong>OPDIVO</strong> +</td>
<td>--- Adjuvant RCC</td>
<td>--- Previously treated Metastatic</td>
</tr>
<tr>
<td><strong>Anti-TIM-3</strong> ^</td>
<td>--- Solid Tumors</td>
<td>--- NSCLC Neoadjuvant</td>
<td>Head &amp; Neck</td>
</tr>
<tr>
<td>--- Solid Tumors</td>
<td><strong>OPDIVO</strong> +</td>
<td>--- Refractory Hodgkin</td>
<td>--- Previously treated Metastatic</td>
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<tr>
<td><strong>HuMax-IL8</strong> ^</td>
<td>--- Prostate</td>
<td>Lymphoma</td>
<td>Melanoma</td>
</tr>
<tr>
<td>--- Solid Tumors</td>
<td><strong>OPDIVO</strong> + + <strong>YERVOY</strong> +</td>
<td>--- Unresectable NSCLC</td>
<td>--- Previously treated Metastatic</td>
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<tr>
<td><strong>EP4</strong> + Antagonist ^</td>
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<td>--- Solid Tumors</td>
<td>MSI-High CRC</td>
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<td><strong>OPDIVO</strong> + ^</td>
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<td>--- Solid Tumors</td>
<td>Non-squamous NSCLC</td>
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<tr>
<td>--- Solid Tumors</td>
<td>**IDO + <strong>OPDIVO</strong> + ^</td>
<td><strong>OPDIVO</strong> + ^</td>
<td>--- Previously treated Metastatic</td>
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<tr>
<td>**Anti-CTLA-4 Probody ^</td>
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<td>--- Solid Tumors</td>
<td>Squamous NSCLC</td>
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<tr>
<td>--- Solid Tumors</td>
<td><strong>NKTR-214</strong> + + <strong>OPDIVO</strong> + ^</td>
<td>--- Solid Tumors</td>
<td>--- Previously treated Metastatic</td>
</tr>
<tr>
<td><strong>Anti-ICOS</strong> ^</td>
<td>--- Solid Tumors</td>
<td><strong>OPDIVO</strong> + + <strong>YERVOY</strong> +</td>
<td>SCLC</td>
</tr>
<tr>
<td>--- Solid Tumors</td>
<td>--- Solid Tumors</td>
<td>--- 1L Bladder</td>
<td>--- Previously treated Metastatic</td>
</tr>
<tr>
<td><strong>Anti-CTLA-4 NF</strong> ^</td>
<td>**CCR5/5 Dual Antagonist ^</td>
<td>--- 1L Esophageal</td>
<td>Urothelial</td>
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<td>--- Solid Tumors</td>
<td>--- Solid Tumors</td>
<td>--- 1L Gastric</td>
<td>--- Adjuvant Melanoma</td>
</tr>
<tr>
<td><strong>Anti-TIGIT</strong> ^</td>
<td><strong>Cабiralizumab</strong> + ^</td>
<td>--- 1L Head &amp; Neck</td>
<td>--- Adolescent Metastatic Melanoma</td>
</tr>
<tr>
<td>--- Solid Tumors</td>
<td>--- Solid Tumors</td>
<td>--- 1L Mesothelioma</td>
<td>--- Metastatic Melanoma</td>
</tr>
<tr>
<td><strong>Anti-C73</strong> ^</td>
<td>--- Solid Tumors</td>
<td>--- 1L NSCLC</td>
<td><strong>EMPLICITI</strong> +</td>
</tr>
<tr>
<td>--- Solid Tumors</td>
<td><strong>Relatlimab</strong> + + <strong>OPDIVO</strong> +</td>
<td>--- 1L SCLC</td>
<td>--- Relapsed/Refractory Multiple</td>
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<tr>
<td><strong>BET Inhibitor</strong></td>
<td>--- Solid Tumors</td>
<td>--- Adjuvant Melanoma</td>
<td>Myeloma Pomalyst * Combo</td>
</tr>
<tr>
<td>--- Solid Tumors</td>
<td><strong>OPDIVO</strong> +</td>
<td>--- Adjuvant RCC</td>
<td>--- Relapsed/Refractory Multiple</td>
</tr>
<tr>
<td><strong>Ulocuplumab</strong> ^</td>
<td>--- Solid Tumors</td>
<td>--- NSCLC EGFR mutant</td>
<td>Myeloma Revlimid * Combo</td>
</tr>
<tr>
<td>--- Hematologic</td>
<td><strong>OPDIVO</strong> + + <strong>YERVOY</strong> +</td>
<td><strong>OPDIVO</strong> + + <strong>EMPLICITI</strong> +</td>
<td><strong>SPRYCIL</strong> +</td>
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<td>Malignancies</td>
<td>--- 1L Melanoma</td>
<td>--- Multiple Myeloma</td>
<td>--- 1L CML</td>
</tr>
<tr>
<td><strong>OPDIVO</strong> + + <strong>CABOZANTINIB</strong> +</td>
<td>--- 1L RCC ^</td>
<td><strong>EMPLICITI</strong> +</td>
<td>--- Pediatric</td>
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<td>--- 1L Metastatic Melanoma</td>
<td>--- Metastatic RCC</td>
<td><strong>EMPLICITI</strong> +</td>
<td>--- Refractory CML</td>
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<td>--- Relapsed/Refractory Multiple</td>
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<tr>
<td>Bladder Cancer</td>
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<td><strong>OPDIVO</strong> + + <strong>NKTR-214</strong> +</td>
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<td><strong>EMPLICITI</strong> +</td>
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<tr>
<td>--- 1L RCC ^</td>
<td>--- EMLICITI +</td>
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<tr>
<td><strong>RELATILIMAB</strong> + + <strong>OPDIVO</strong> +</td>
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<td>Myeloma Revlimid * Combo</td>
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<tr>
<td>--- 1L Melanoma</td>
<td>--- EMLICITI +</td>
<td><strong>SPRYCIL</strong> +</td>
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<tr>
<td><strong>EMPLICITI</strong> +</td>
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<td>--- 1L CML</td>
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<tr>
<td>--- 1L Multiple Myeloma</td>
<td>--- Relapsed/Refractory Multiple</td>
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<tr>
<td>Revlimid * Combo</td>
<td>--- Myeloma Revlimid * Combo</td>
<td>--- Refractory CML</td>
<td></td>
</tr>
</tbody>
</table>

Note: Above pipeline excludes clinical collaborations
+ Development Partnership: **OPDIVO, YERVOY, Relatlimab, EP4:** One (our collaboration with Ono also includes other early stage compounds); **EMPLICITI:** AbtVic; **NKTR-214:** Nektar; **Cабирализумаб:** Five Prime; **CABOZANTINIB:** Exelixis

^ Trial(s) exploring various combinations
# Partner-run study
### IMMUNOSCIENCE

<table>
<thead>
<tr>
<th>PHASE I</th>
<th>PHASE II</th>
<th>PHASE III</th>
<th>APPROVED INDICATIONS</th>
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<td>RORγT</td>
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<td>ORENCIA</td>
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<td>--Autoimmune Disease</td>
<td>--Autoimmune Diseases</td>
<td>--Idiopathic Inflammatory Myopathy</td>
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<td>--Autoimmune Disease</td>
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<td>BTK Max</td>
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<td>--RA</td>
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<td>--Autoimmune Disease</td>
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### CARDIOVASCULAR

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<tr>
<td>FPR-2 Agonist</td>
<td>Nitroxy Donor</td>
<td>ELIQUIS *</td>
<td>--Heart Failure</td>
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<tr>
<td>--Heart Failure</td>
<td>--Heart Failure</td>
<td>--Pediatric Venous Thromboembolism Prevention</td>
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<tr>
<td>APJ Agonist</td>
<td>Factor XII Inhibitor *</td>
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<td>--Heart Failure</td>
<td>--Thrombosis</td>
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<tr>
<td></td>
<td>ELIQUIS *</td>
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<tr>
<td></td>
<td>--Pediatric Heart Disease</td>
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### FIBROTIC DISEASES

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<td>HSP47 *</td>
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<tr>
<td>--Fibrosis</td>
<td>--Fibrosis</td>
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<tr>
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<td>Pegbelfermin (PEG-FGF21)</td>
</tr>
<tr>
<td></td>
<td>--Non-alcoholic Steatohepatitis</td>
</tr>
</tbody>
</table>

Note: Above pipeline excludes clinical collaborations

+ Development Partnership: ELIQUIS: Pfizer; Factor XII Inhibitor: Janssen; HSP47: Nitto Denko

As of January 18, 2019, the following potential registrational study readouts for Opdivo are anticipated through 2020:

<table>
<thead>
<tr>
<th>Tumor</th>
<th>Study Details</th>
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<tbody>
<tr>
<td>Non-Small Cell Lung Cancer</td>
<td>CM-227 - Opdivo + Yervoy (1st line) Part 1a</td>
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<td></td>
<td>CM-227 - Opdivo + Yervoy (1st line) Part 1b</td>
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<tr>
<td></td>
<td>CM-227 - Opdivo + Chem (1st line) Part 2</td>
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<tr>
<td></td>
<td>CM-9LA - Opdivo + Yervoy + Chem (1st line)</td>
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<tr>
<td></td>
<td>CM-722 - Opdivo + Yervoy (EGFR T790M Mutant)</td>
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<td>CM-816 - Opdivo + Chem (Neoadjuvant)</td>
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<tr>
<td>Hepatocellular Carcinoma</td>
<td>CM-459 - Opdivo (1st line)</td>
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<tr>
<td>Head and Neck Cancer</td>
<td>CM-651 - Opdivo + Yervoy (1st line)</td>
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<td>CM-714 - Opdivo + Yervoy (1st line)</td>
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<tr>
<td>Bladder Cancer</td>
<td>CM-901 - Opdivo + Chemo (1st line)</td>
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<td>CM-274 - Opdivo (Adjuvant)</td>
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<tr>
<td>Esophageal Cancer</td>
<td>CM-648 - Opdivo + Yervoy +/- Chemo (1st line)</td>
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<td>CM-577 - Opdivo (Adjuvant)</td>
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<tr>
<td>Renal Cancer</td>
<td>CM-9ER - Opdivo + Chemo (1st line)</td>
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<td>Glioblastoma</td>
<td>CM-548 - Opdivo + Chemo (1st line Methylated)</td>
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<td>CM-498 - Opdivo + Chemo (1st line Un-methylated)</td>
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<td>Mesothelioma</td>
<td>CM-743 - Opdivo + Yervoy (1st line)</td>
</tr>
<tr>
<td>Melanoma</td>
<td>CM-915 - Opdivo +/- Yervoy (Adjuvant)</td>
</tr>
</tbody>
</table>
Alliances

We enter into alliances with third parties that transfer rights to develop, manufacture, market and/or sell pharmaceutical products. These alliances include licensing, co-development and co-commercial arrangements as well as joint ventures. When such alliances involve sharing research and development costs, the overall investment risk to BMS for compounds that do not lead to revenue-generating products is reduced. However, profitability on alliance products is generally lower because profits from alliance products are shared with our alliance partners via profit sharing or royalties. We actively pursue such arrangements and view alliances as an important complement to our own discovery, development and commercialization activities.

Our alliance arrangements contain customary early termination provisions following material breaches, bankruptcy or product safety concerns. Such arrangements also typically provide for termination by BMS without cause. The amount of notice required for early termination generally ranges from immediately upon notice to 180 days after receipt of notice. Termination immediately upon notice is generally available where the other party files a voluntary bankruptcy petition or if a material safety issue arises with a product such that the medical risk/benefit is incompatible with the welfare of patients to continue to develop or commercialize the product. Termination with a notice period is generally available where an involuntary bankruptcy petition has been filed and has not been dismissed, a material breach by a party has occurred and not been cured or where BMS terminates without cause. Sometimes, BMS's right to terminate without cause may only be exercisable after a specified period of time has elapsed after the alliance agreement is signed. Our alliances typically do not otherwise contain provisions that provide the other party the right to terminate the alliance.

We typically do not retain any rights to another party's product or intellectual property after an alliance terminates. The loss of rights to one or more products that are marketed and sold by us pursuant to an alliance could be material to our results of operations and the loss of cash flows caused by such loss of rights could be material to our financial condition and liquidity. Alliance agreements may be structured to terminate on specific dates, upon the product's patent expiration date or without an expiry date. Profit sharing payments typically have no expiration date while royalty payments cease upon LOE, including patent expiration.

Refer to “Item 8. Financial Statements and Supplementary Data—Note 3. Alliances” for further information on our most significant alliance agreements as well as other alliance agreements.

Marketing, Distribution and Customers

We promote the appropriate use of our products directly to healthcare professionals and organizations such as doctors, nurse practitioners, physician assistants, pharmacists, technologists, hospitals, PBMs and MCOs. We also provide information about the appropriate use of our products to consumers in the U.S. through direct-to-consumer print, radio, television and digital advertising and promotion. In addition, we sponsor general advertising to educate the public about our innovative medical research and corporate mission. For a discussion of the regulation of promotion and marketing of pharmaceuticals, refer to “—Government Regulation” below.

Through our field sales and medical organizations, we explain the risks and benefits of the approved uses of our products to medical professionals. We work to gain access for our products on formularies and reimbursement plans (lists of recommended or approved medicines and other products), including Medicare Part D plans, by providing information about the clinical profiles of our products. Our marketing and sales of prescription pharmaceuticals is limited to the approved uses of the particular product, but we continue to develop scientific data and other information about potential additional uses of our products and provide such information as scientific exchange at scientific congresses or we share information about our products in other appropriate ways, including the development of publications, or in response to unsolicited inquiries from doctors, other medical professionals and MCOs.

Our operations include several marketing and sales organizations. Each product marketing organization is supported by a sales force, which may be responsible for selling one or more products. We also have marketing organizations that focus on certain classes of customers such as managed care entities or certain types of marketing tools, such as digital or consumer communications. Our sales forces focus on communicating information about new approved products or uses, as well as approved uses of established products, and promotion to physicians is increasingly targeted at physician specialists who treat the patients in need of our medicines.

Our products are sold principally to wholesalers, specialty distributors, and to a lesser extent, directly to distributors, retailers, hospitals, clinics, government agencies and pharmacies. Refer to “Item 8. Financial Statements and Supplementary Data—Note 2. Revenue” for gross revenues to the three largest pharmaceutical wholesalers in the U.S. as a percentage of our global gross revenues.

Our U.S. business has DSAs with substantially all of our direct wholesaler and distributor customers that allow us to monitor U.S. wholesaler and distributor inventory levels and requires those wholesalers and distributors to maintain inventory levels that are no more than one month of their demand. The DSAs, including those with our three largest wholesalers, expire in December 2020 subject to certain termination provisions.
Our non-U.S. businesses have significantly more direct customers. Information on available direct customer product level inventory and corresponding outmovement information and the reliability of third-party demand information varies widely. We limit our direct customer sales channel inventory reporting to where we can reliably gather and report inventory levels from our customers.

In a number of countries outside of the U.S., we contract with distributors to support certain products. The services provided by these distributors vary by market, but may include distribution and logistics; regulatory and pharmacovigilance; and/or sales, advertising or promotion. Sales in these distributor-based countries represented approximately 1% of the Company’s total revenues in 2018.

**Competition**

The markets in which we compete are generally broad based and highly competitive. We compete with other worldwide research-based drug companies, many smaller research companies with more limited therapeutic focus and generic drug manufacturers. Important competitive factors include product efficacy, safety and ease of use, price and demonstrated cost-effectiveness, marketing effectiveness, product labeling, customer service and R&D of new products and processes. Sales of our products can be impacted by new studies that indicate a competitor’s product is safer or more effective for treating a disease or particular form of disease than one of our products. Our revenues also can be impacted by additional labeling requirements relating to safety or convenience that may be imposed on products by the FDA or by similar regulatory agencies in different countries. If competitors introduce new products and processes with therapeutic or cost advantages, our products can be subject to progressive price reductions, decreased volume of sales or both.

Advancements in treating cancer with IO therapies continue to evolve at a rapid pace. Our IO products, particularly *Opdivo*, operate in a highly competitive marketplace. In addition to competing for market share with other IO products in approved indications such as lung cancer and melanoma, we face increased competition from existing competing IO products that receive FDA approval for additional indications and for new IO agents that receive FDA approval and enter the market. Furthermore, as therapies combining different IO products or IO products with existing chemotherapy or targeted therapy treatments are investigated for potential expanded approvals, we anticipate that our IO products will continue to experience intense competition.

Another competitive challenge we face is from generic pharmaceutical manufacturers. In the U.S. and the EU, the regulatory approval process exempts generics from costly and time-consuming clinical studies to demonstrate their safety and efficacy, allowing generic manufacturers to rely on the safety and efficacy of the innovator product. As a result, generic pharmaceutical manufacturers typically invest far less in R&D than research-based pharmaceutical companies and therefore can price their products significantly lower than branded products. Accordingly, when a branded product loses its market exclusivity, it normally faces intense price competition from generic forms of the product. Upon the expiration or loss of market exclusivity on a product, we can lose the major portion of that product's revenue in a very short period of time.

After the expiration of exclusivity, the rate of revenue decline of a product varies by country. In general, the decline in the U.S. market is more rapid than in most other developed countries, though we have observed rapid declines in a number of EU countries as well. Also, the declines in developed countries tend to be more rapid than in developing countries. The rate of revenue decline after the expiration of exclusivity has also historically been influenced by product characteristics. For example, drugs that are used in a large patient population (e.g., those prescribed by key primary care physicians) tend to experience more rapid declines than drugs in specialized areas of medicine (e.g., oncology). Drugs that are more complex to manufacture (e.g., sterile injectable products) usually experience a slower decline than those that are simpler to manufacture.

In certain countries outside the U.S., patent protection is weak or nonexistent and we must compete with generic versions shortly after we launch our innovative products. In addition, generic pharmaceutical companies may introduce a generic product before exclusivity has expired, and before the resolution of any related patent litigation. For more information about market exclusivity, refer to “—Products, Intellectual Property and Product Exclusivity.”

We believe our long-term competitive position depends upon our success in discovering and developing innovative, cost-effective products that serve unmet medical needs, along with our ability to manufacture products efficiently and to market them effectively in a highly competitive environment.
Pricing, Price Constraints and Market Access

Our medicines are priced based on a number of factors, including the value of scientific innovation for patients and society in the context of overall health care spend, economic factors impacting health care systems’ ability to provide appropriate and sustainable access and the necessity to sustain our investment in innovation platforms to address serious unmet medical needs. Central to price is the clinical value that this innovation brings to the market, the current landscape of alternative treatment options and the goals of ensuring appropriate patient access to this innovation and sustaining investment in creative platforms. We continue to explore new pricing approaches to ensure that patients have access to our medicines. Enhancing patient access to medicines is a priority for us. We are focused on offering creative tiered pricing, voluntary licensing, reimbursement support and patient assistance programs to optimize access while protecting innovation; advocating for sustainable healthcare policies and infrastructure, leveraging advocacy/payer’s input and utilizing partnerships as appropriate; and improving access to care and supportive services for vulnerable patients through partnerships and demonstration projects. An important factor on which the pricing of our medicines depends is government regulation. We have been subject to increasing international and domestic efforts by various governments to implement or strengthen measures to regulate pharmaceutical market access and product pricing and payment. While we operate globally in countries that have robust government-mandated, cost-containment programs, efforts to control the costs and to manage the use of our products remain strong in certain markets outside of the U.S. In the U.S., we are required to provide discounted pricing rebates to the federal government and respective state governments on purchases of pharmaceutical products under various federal and state healthcare programs. Federal government officials and legislators continue to face intense pressure from the public to manage the perceived high cost of pharmaceuticals and have responded by pursuing legislation and rules that would further reduce the cost of drugs for which the federal government pays. We are also monitoring efforts by states, including laws that have recently been enacted in California, Vermont, Nevada and New York, that are focused on providing drug pricing transparency, seeking additional rebates and limiting state spending on drugs. These international, federal and state legislative and regulatory developments could create new constraints on our ability to set prices and/or impact our market access in certain areas. For further discussion on the pricing pressure and its risk, refer to “Item 1A. Risk Factors.”

The growth of MCOs in the U.S. such as Optum (UHC), Silver Scripts (CVS) and Express Scripts (ESI), is also a major factor in the healthcare marketplace. Over half of the U.S. population now participates in some version of managed care. MCOs can include medical insurance companies, medical plan administrators, health-maintenance organizations, Medicare Part D prescription drug plans, alliances of hospitals and physicians and other physician organizations. Those organizations have been consolidating into fewer, larger entities, thus enhancing their purchasing strength and importance to us.

To successfully compete for business with MCOs, we must often demonstrate that our products offer not only medical benefits but also cost advantages as compared with other forms of care. Most new products that we introduce compete with other products already on the market or products that are later developed by competitors. As noted above, generic drugs are exempt from costly and time-consuming clinical studies to demonstrate their safety and efficacy and, as such, often have lower costs than brand-name drugs. MCOs that focus primarily on the immediate cost of drugs often favor generics for this reason. Many governments also encourage the use of generics as alternatives to brand-name drugs in their healthcare programs. Laws in the U.S. generally allow, and in many cases require, pharmacists to substitute generic drugs that have been rated under government procedures to be essentially equivalent to a brand-name drug. The substitution must be made unless the prescribing physician expressly forbids it.

Exclusion of a product from a formulary can lead to its sharply reduced usage in the MCO patient population. Consequently, pharmaceutical companies compete aggressively to have their products included. Where possible, companies compete for inclusion based upon unique features of their products, such as greater efficacy, better patient ease of use or fewer side effects. A lower overall cost of therapy is also an important factor. Products that demonstrate fewer therapeutic advantages must compete for inclusion based primarily on price. We have been generally, although not universally, successful in having our major products included on MCO formularies.

In many markets outside the U.S., we operate in an environment of government-mandated, cost-containment programs. In these markets, a significant portion of funding for healthcare services and the determination of pricing and reimbursement for pharmaceutical products are subject to either direct government control at the point of care or governments having significant power as large single payers. As a result, our products may face restricted access by both public and private payers and may be subject to assessments of comparative value and effectiveness against competitive products. Several governments have placed restrictions on physician prescription levels and patient reimbursements, emphasized greater use of generic drugs and/or enacted across-the-board price cuts or rebate schemes as methods of cost control. In most EU countries, for example, the government regulates pricing of a new product at launch often through direct price controls, international price comparisons, controlling profits and/or reference pricing. In other EU markets, such as Germany, the government does not set pricing restrictions at launch, but pricing freedom is subsequently limited. Companies may also face significant delays in market access for new products, mainly in France, Spain, Italy and Belgium, and more than a year can elapse before new medicines become available to patients in the market. Additionally, member states of the EU have regularly imposed new or additional cost containment measures for pharmaceuticals such as volume discounts, cost caps, cost sharing for increases in excess of prior year costs for individual products or aggregated market level spending, outcome-based pricing schemes and free products for a portion of the expected therapy period. In recent years, Italy, for example, has imposed mandatory price decreases and a claw-back rebate structure.
The existence of price differentials within the EU due to the different national pricing and reimbursement laws leads to significant parallel trade flows.

Government Regulation

The pharmaceutical industry is subject to extensive global regulations by regional, country, state and local agencies. The Federal Food, Drug, and Cosmetic Act, other Federal statutes and regulations, various state statutes and regulations (including newly enacted state laws regulating drug price transparency, rebates and drug spending), and laws and regulations of foreign governments govern to varying degrees the testing, approval, production, labeling, distribution, post-market surveillance, advertising, dissemination of information and promotion of our products. The lengthy process of laboratory and clinical testing, data analysis, manufacturing, development and regulatory review necessary for required governmental approvals is extremely costly and can significantly delay product introductions in a given market. Promotion, marketing, manufacturing and distribution of pharmaceutical products are extensively regulated in all major world markets. In addition, our operations are subject to complex Federal, state, local and foreign environmental and occupational safety laws and regulations. We anticipate that the laws and regulations affecting the manufacture and sale of current products and the introduction of new products will continue to require substantial scientific and technical effort, time and expense as well as significant capital investments.

The FDA is of particular importance in the U.S. It has jurisdiction over virtually all of our activities and imposes requirements covering the testing, safety, effectiveness, manufacturing, labeling, marketing, advertising and post-marketing surveillance of our products. In many cases, the FDA requirements have increased the amount of time and money necessary to develop new products and bring them to market in the U.S. The regulatory review process is a resource intensive undertaking for both the FDA and the pharmaceutical manufacturer. Improvements in the efficiency of this process can have significant impact on bringing new therapies to patients more quickly. The FDA can employ several tools to expedite certain applications, including fast track designation, accelerated approval and others. Recently, the FDA Oncology Center of Excellence (OCE) established two new pilot projects to test novel approaches to regulatory review for oncology drugs: the Real-Time Oncology Review (RTOR) and the Assessment Aid (AAid). Under the AAid pilot program, the FDA approved Empliciti on November 6, 2018 for an additional multiple myeloma indication in combination with pomalidomide and dexamethasone for the treatment of adult patients who have received at least two prior therapies, including lenalidomide and a proteasome inhibitor. This approval was achieved more than 7 weeks before the priority review Prescription Drug User Fee Act (PDUFA) date.

The FDA mandates that drugs be manufactured, packaged and labeled in conformity with cGMP established by the FDA. In complying with cGMP regulations, manufacturers must continue to expend time, money and effort in production, recordkeeping and quality control to ensure that products meet applicable specifications and other requirements to ensure product safety and efficacy. The FDA periodically inspects our drug manufacturing facilities to ensure compliance with applicable cGMP requirements. Failure to comply with the statutory and regulatory requirements subjects us to possible legal or regulatory action, such as suspension of manufacturing, seizure of product or voluntary recall of a product. Adverse experiences with the use of products must be reported to the FDA and could result in the imposition of market restrictions through labeling changes or product removal. Product approvals may be withdrawn if compliance with regulatory requirements is not maintained or if problems concerning safety or efficacy occur following approval.

The Federal government has extensive enforcement powers over the activities of pharmaceutical manufacturers, including authority to withdraw or delay product approvals, to commence actions to seize and prohibit the sale of unapproved or non-complying products, to halt manufacturing operations that are not in compliance with cGMPs, and to impose or seek injunctions, voluntary recalls, civil, monetary and criminal penalties. Such a restriction or prohibition on sales or withdrawal of approval of products marketed by us could materially adversely affect our business, financial condition and results of operations and cash flows.

Marketing authorization for our products is subject to revocation by the applicable governmental agencies. In addition, modifications or enhancements of approved products or changes in manufacturing locations are in many circumstances subject to additional FDA approvals, which may or may not be received and may be subject to a lengthy application process.

The distribution of pharmaceutical products is subject to the PDMA as part of the Federal Food, Drug, and Cosmetic Act, which regulates such activities at both the Federal and state level. Under the PDMA and its implementing regulations, states are permitted to require registration of manufacturers and distributors that provide pharmaceuticals even if such manufacturers or distributors have no place of business within the state. States are also permitted to adopt regulations limiting the distribution of product samples to licensed practitioners. The PDMA also imposes extensive licensing, personnel recordkeeping, packaging, quantity, labeling, product handling and facility storage and security requirements intended to prevent the sale of pharmaceutical product samples or other product diversions.

The FDA Amendments Act of 2007 imposed additional obligations on pharmaceutical companies and delegated more enforcement authority to the FDA in the area of drug safety. Key elements of this legislation give the FDA authority to (1) require that companies conduct post-marketing safety studies of drugs, (2) impose certain safety related drug labeling changes, (3) mandate risk mitigation measures such as the education of healthcare providers and the restricted distribution of medicines, (4) require companies to publicly disclose data from clinical studies and (5) pre-review television advertisements.
The marketing practices of all U.S. pharmaceutical manufacturers are subject to Federal and state healthcare laws that are used to protect the integrity of government healthcare programs. The OIG oversees compliance with applicable Federal laws, in connection with the payment for products by government funded programs, primarily Medicaid and Medicare. These laws include the Federal anti-kickback statute, which criminalizes the offering of something of value to induce the recommendation, order or purchase of products or services reimbursed under a government healthcare program. The OIG has issued a series of guidelines to segments of the healthcare industry, including the 2003 Compliance Program Guidance for Pharmaceutical Manufacturers, which includes a recommendation that pharmaceutical manufacturers, at a minimum, adhere to the PhRMA Code, a voluntary industry code of marketing practices. We subscribe to the PhRMA Code and have implemented a compliance program to address the requirements set forth in the guidance and our compliance with the healthcare laws. Failure to comply with these healthcare laws could subject us to administrative and legal proceedings, including actions by Federal and state government agencies. Such actions could result in the imposition of civil and criminal sanctions, which may include fines, penalties and injunctive remedies; the impact of which could materially adversely affect our business, financial condition and results of operations and cash flows.

We are also subject to the jurisdiction of various other Federal and state regulatory and enforcement departments and agencies, such as the Federal Trade Commission, the Department of Justice and the Department of Health and Human Services in the U.S. We are also licensed by the U.S. Drug Enforcement Administration to procure and produce controlled substances. We are, therefore, subject to possible administrative and legal proceedings and actions by these organizations. Such actions may result in the imposition of civil and criminal sanctions, which may include fines, penalties and injunctive or administrative remedies.

The U.S. healthcare industry is subject to various government-imposed regulations authorizing prices or price controls that have and will continue to have an impact on our total revenues. We participate in state government Medicaid programs, as well as certain other qualifying Federal and state government programs whereby discounts and rebates are provided to participating state and local government entities. We also participate in government programs that specify discounts to certain government entities; the most significant of which are the U.S. Department of Defense and the U.S. Department of Veterans Affairs. These entities receive minimum discounts based off a defined “non-federal average manufacturer price” for purchases. As a result of HR 3590 and the reconciliation bill containing a package of changes to the healthcare bill, we have and will continue to experience additional financial costs and certain other changes to our business. For example, minimum rebates on our Medicaid drug sales have increased from 15.1% to 23.1% and Medicaid rebates have also been extended to drugs used in risk-based Medicaid managed care plans. In addition, we extend discounts to certain critical access hospitals, cancer hospitals and other covered entities as required by the expansion of the 340B Drug Pricing Program under the Public Health Service Act.

We are required to provide a 50% discount (rising to 70% in 2019 and thereafter) on our brand-name drugs to patients who fall within the Medicare Part D coverage gap, also referred to as the “donut hole”, and pay an annual non-tax-deductible fee to the federal government based on an allocation of our market share of branded drug sales to certain government programs including Medicare, Medicaid, Department of Veterans Affairs, Department of Defense and TRICARE. The amount of the annual fee imposed on pharmaceutical manufacturers as a whole was $4.0 billion in 2017 and $4.1 billion in 2018. The fee will decrease to $2.8 billion in 2019 and thereafter.

Our activities outside the U.S. are also subject to regulatory requirements governing the testing, approval, safety, effectiveness, manufacturing, labeling and marketing of our products. These regulatory requirements vary from country to country. Whether or not FDA or EC approval has been obtained for a product, approval of the product by comparable regulatory authorities of countries outside of the U.S. or the EU, as the case may be, must be obtained prior to marketing the product in those countries. The approval process may be more or less rigorous from country to country and the time required for approval may be longer or shorter than that required in the U.S. Approval in one country does not assure that a product will be approved in another country.

For further discussion of these rebates and programs, refer to “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—GTN Adjustments” and “—Critical Accounting Policies.”

Sources and Availability of Raw Materials

In general, we purchase our raw materials and supplies required for the production of our products in the open market. For some products, we purchase our raw materials and supplies from one source (the only source available to us) or a single source (the only approved source among many available to us), thereby requiring us to obtain such raw materials and supplies from that particular source. We attempt, if possible, to mitigate our raw material supply risks through inventory management and alternative sourcing strategies. For further discussion of sourcing, refer to “—Manufacturing and Quality Assurance” below and discussions of particular products.
Manufacturing and Quality Assurance

We operate and manage our manufacturing network in a manner that permits us to improve efficiency while maintaining flexibility to reallocate manufacturing capacity. Pharmaceutical production processes are complex, highly regulated and vary widely from product to product. Given that shifting or adding manufacturing capacity can be a lengthy process requiring significant capital and other expenditures as well as regulatory approvals, we maintain and operate a flexible manufacturing network, consisting of internal and external resources that minimize unnecessary product transfers and inefficient uses of manufacturing capacity. For further discussion of the regulatory impact on our manufacturing, refer to “—Government Regulation” above.

Our significant pharmaceutical manufacturing facilities are located in the U.S., Puerto Rico, Ireland, France and Italy and require significant ongoing capital investment for both maintenance and compliance with increasing regulatory requirements. In addition, as our product portfolio continues to evolve, we expect to continue modification of our existing manufacturing network to meet complex processing standards that may be required for newly introduced products, including biologics. Biologics manufacturing involves more complex processes than those of traditional pharmaceutical operations. The FDA approved our large scale multi-product bulk biologics manufacturing facility in Devens, Massachusetts in May 2012 and we continue to make capital investments in this facility. We are in the startup phase of our new large-scale biologics manufacturing facility in Cruiserath, Ireland, which is expected to be approved for commercial use in early 2020.

We rely on third parties to manufacture or supply us with all or a portion of the active product ingredient or drug substance necessary for us to manufacture various products, such as Opdivo, Eliquis, Orenica, Sprycel, Yervoy, Baraclude, Reyataz and the Sustiva Franchise, and we continue to shift towards using third-party manufacturers for supply of our established brands. To maintain a stable supply of these products, we take a variety of actions including inventory management and maintenance of additional quantities of materials, when possible, that are designed to provide for a reasonable level of these ingredients to be held by the third-party supplier, us or both, so that our manufacturing operations are not interrupted. Certain supply arrangements extend over multiple years with committed amounts using expected near or long-term demand requirements that are subject to change. As an additional protection, in some cases, we take steps to maintain an approved back-up source where available. For example, we have the capability to manufacture Opdivo internally and also have arrangements with third-party manufacturers to meet demand.

In connection with acquisitions, divestitures, licensing and collaboration arrangements or distribution agreements of certain of our products, or in certain other circumstances, we have entered into agreements under which we have agreed to supply such products to third parties and intend to continue to enter into such agreements in the future. In addition to liabilities that could arise from our failure to supply such products under the agreements, these arrangements could require us to invest in facilities for the production of non-strategic products, result in additional regulatory filings and obligations or cause an interruption in the manufacturing of our own products.

Our success depends in great measure upon customer confidence in the quality of our products and in the integrity of the data that support their safety and effectiveness. Product quality arises from a total commitment to quality in all parts of our operations, including research and development, purchasing, facilities planning, manufacturing and distribution. We maintain records to demonstrate the quality and integrity of technical information and production processes.

Control of production processes involves established specifications and standards for ingredients, equipment and facilities, manufacturing methods and operations, packaging materials and labeling. We perform tests at various stages of production processes, on the final product and on product samples held on stability to ensure that the product meets regulatory requirements and conforms to our standards. These tests may involve chemical and physical analyses, microbiological testing or a combination of these along with other analyses. Quality control testing is provided by business unit/site and third-party laboratories. Quality assurance groups routinely monitor manufacturing procedures and systems used by us, our subsidiaries and third-party suppliers to assure quality and compliance requirements are met.

Environmental Regulation

Our facilities and operations are subject to extensive U.S. and foreign laws and regulations relating to environmental protection and human health and safety, including those governing discharges of pollutants into the air and water; the use, management and disposal of hazardous, radioactive and biological materials and wastes; and the cleanup of contamination. Pollution controls and permits are required for many of our operations, and these permits are subject to modification, renewal or revocation by the issuing authorities.

Our environment, health and safety group monitors our operations around the world, providing us with an overview of regulatory requirements and overseeing the implementation of our standards for compliance. We also incur operating and capital costs for such matters on an ongoing basis, which were not material for 2018, 2017 and 2016. In addition, we invested in projects that reduce resource use of energy and water. Although we believe that we are in substantial compliance with applicable environmental, health and safety requirements and the permits required for our operations, we nevertheless could incur additional costs, including civil or criminal fines or penalties, clean-up costs or third-party claims for property damage or personal injury, for violations or liabilities under these laws.
Many of our current and former facilities have been in operation for many years, and over time, we and other operators of those facilities have generated, used, stored or disposed of substances or wastes that are considered hazardous under Federal, state and/or foreign environmental laws, including CERCLA. As a result, the soil and groundwater at or under certain of these facilities is or may be contaminated, and we may be required to make significant expenditures to investigate, control and remediate such contamination, and in some cases to provide compensation and/or restoration for damages to natural resources. Currently, we are involved in investigation and remediation at 13 current or former facilities. We have also been identified as a PRP under applicable laws for environmental conditions at approximately 18 former waste disposal or reprocessing facilities operated by third parties at which investigation and/or remediation activities are ongoing.

We may face liability under CERCLA and other Federal, state and foreign laws for the entire cost of investigation or remediation of contaminated sites, or for natural resource damages, regardless of fault or ownership at the time of the disposal or release. In addition, at certain sites we bear remediation responsibility pursuant to contractual obligations. Generally, at third-party operator sites involving multiple PRPs, liability has been or is expected to be apportioned based on the nature and amount of hazardous substances disposed of by each party at the site and the number of financially viable PRPs. For additional information about these matters, refer to “Item 8. Financial Statements and Supplementary Data—Note 18. Legal Proceedings and Contingencies.”

**Employees**

We have approximately 23,300 employees as of December 31, 2018.

**Foreign Operations**

We have significant operations outside the U.S. They are conducted both through our subsidiaries and through distributors.

International operations are subject to certain risks, which are inherent in conducting business abroad, including, but not limited to, currency fluctuations, possible nationalization or expropriation, price and exchange controls, counterfeit products, limitations on foreign participation in local enterprises and other restrictive governmental actions. Our international businesses are also subject to government-imposed constraints, including laws on pricing or reimbursement for use of products.

**Bristol-Myers Squibb Website**

Our internet website address is [www.bms.com](http://www.bms.com). On our website, we make available, free of charge, our annual, quarterly and current reports, including amendments to such reports, as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These documents are also available on the SEC’s website at [www.sec.gov](http://www.sec.gov).

Information relating to corporate governance at Bristol-Myers Squibb, including our Principles of Integrity, Code of Ethics for Senior Financial Officers, Code of Business Conduct and Ethics for Directors, (collectively, the “Codes”), Corporate Governance Guidelines, and information concerning our Executive Committee, Board of Directors, including Board Committees and Committee charters, and transactions in Bristol-Myers Squibb securities by directors and executive officers, is available on our website under the “About Us—Our Company,” “—Leadership” and “Investors” captions and in print to any stockholder upon request. Any waivers to the Codes by directors or executive officers and any material amendment to the Code of Business Conduct and Ethics for Directors and Code of Ethics for Senior Financial Officers will be posted promptly on our website. Information relating to stockholder services, including our Dividend Reinvestment Plan and direct deposit of dividends, is available on our website under the “Investors—Shareholder Services” caption. In addition, information about our sustainability programs is available on our website under the “About Us—Sustainability” caption. The foregoing information regarding our website and its content is for your convenience only. The information contained in or connected to our website is not deemed to be incorporated by reference in this 2018 Form 10-K or filed with the SEC.

We incorporate by reference certain information from parts of our definitive proxy statement for our 2019 Annual Meeting of Shareholders (“2019 Proxy Statement”). The SEC allows us to disclose important information by referring to it in that manner. Please refer to such information. Our 2019 Proxy Statement will be available on our website under the “Investors—SEC Filings” caption within 120 days after the end of our fiscal year.
Any of the risks and uncertainties described below could significantly and negatively affect our business, prospects, financial condition, operating results, or credit ratings, which could cause the trading price of our common stock to decline. Additional risks and uncertainties not presently known to us, or risks that we currently consider immaterial, could also impair our business operations or financial condition. The following discussion of risk factors contains “forward-looking” statements, as discussed in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Special Note Regarding Forward-Looking Statements.”

We also face certain risks in connection with our proposed acquisition of Celgene as described above in Item 1 of this Form 10-K. We encourage you to consider the risks below under the caption “—Risks Related to the Proposed Acquisition of Celgene” and the risk factors set forth in our registration statement on Form S-4 (Registration No. 333-229464), initially filed with the SEC on February 1, 2019 and subsequently amended on February 1, 2019 and February 20, 2019, for additional risk factors relating to our proposed acquisition of Celgene.

Risks Related to Our Business

The public announcement of data from our clinical studies, or those of our competitors, or news of any developments related to our, or our competitors’, products or late-stage compounds may cause significant volatility in our stock price and depending on the data, may result in an adverse impact on our business, financial condition or results of operations. If the development of any of our key IO compounds, whether alone or as part of a combination therapy, is delayed or discontinued or a clinical study does not meet one or more of its primary endpoints, our stock price could decline significantly and there may be an adverse impact on our business, financial condition or results of operations.

We are focusing our efforts and resources in disease areas of high unmet need. With our more focused portfolio, investors are placing heightened scrutiny on some of our products or late-stage compounds. In particular, Opdivo is the backbone of our IO portfolio. During 2018, we announced multiple regulatory milestones for Opdivo that resulted in label expansions for new indications. We have, however, also experienced setbacks and may continue to do so as there are further developments in our clinical studies. In 2019, we expect to receive further data from ongoing clinical studies, including further information from CheckMate-227, a combination study in the first-line lung cancer setting and decisions from health authorities regarding potential label expansions.

The announcement of data from our clinical studies, or those of our competitors, or news of any developments related to our, or our competitors’, products or late-stage compounds, such as Opdivo, may cause significant volatility in our stock price and depending on the news, may result in an adverse impact on our business, financial condition or results of operations. Furthermore, the announcement of any negative or unexpected data or the discontinuation of development of any of our key IO compounds, whether alone or as part of a combination therapy, any delay in our anticipated timelines for filing for regulatory approval or a significant advancement of a competitor, may cause our stock price to decline significantly and may have an adverse impact on our business, financial condition or results of operations. There is no assurance that data from our clinical studies will support filings for regulatory approval, or that our key IO compounds may prove to be effective or as effective as other competing compounds, or even if approved, that any of our key IO compounds will become commercially successful for all approved indications.

We depend on several key products for most of our revenues, cash flows and earnings.

We derive a majority of our revenue and earnings from several key products. Our six prioritized brands comprised approximately 86% of revenues in 2018. Growth products such as Opdivo and Eliquis represented, and are expected to increasingly represent, a significant part of our revenue, earnings and cash flows. A reduction in revenue from any of these products could adversely impact our earnings and cash flows. Also, if one of our major products were to become subject to issues such as loss of patent protection, significant changes in demand, formulary access changes, material product liability, unexpected side effects, regulatory proceedings, negative publicity, supply disruption from our manufacturing operations or third-party supplier or a significant advancement of competing products, we may incur an adverse impact on our business, financial condition, results of operations or trading price of our stock.

We may experience difficulties or delays in the development and commercialization of new products.

Compounds or products may appear promising in development but fail to reach market within the expected or optimal timeframe, or at all. In addition, product extensions or additional indications may not be approved. Furthermore, products or indications approved under the U.S. FDA’s Accelerated Approval Program may be contingent upon verification and description of clinical benefit in confirmatory studies and such studies may not be successful. For example, in November 2018, we announced that the CheckMate-451 study did not meet its primary endpoint of overall survival with Opdivo+Yervoy versus placebo as a maintenance therapy in patients with extensive-stage SCLC after completion of first-line platinum-based chemotherapy.
Developing and commercializing new compounds and products include inherent risks and uncertainties, including (i) due to efficacy and safety concerns, delayed or denied regulatory approvals, delays or challenges with producing products on a commercial scale or excessive costs to manufacture them; (ii) failure to enter into or implement optimal alliances for the development and/or commercialization of new products; (iii) failure to maintain a consistent scope and variety of promising late-stage products; (iv) failure of one or more of our products to achieve or maintain commercial viability; and (v) changes in regulatory approval processes may cause delays or denial of new product approvals.

Regulatory approval delays are especially common when a product is expected to have a Risk Evaluation and Mitigation Strategy, as required by the FDA to address significant risk/benefit issues. The inability to bring a product to market or a significant delay in the expected approval and related launch date of a new product could negatively impact our revenues and earnings. In addition, if certain acquired pipeline programs are canceled or we believe their commercial prospects have been reduced, we may recognize material non-cash impairment charges for those programs. Finally, losing key molecules and intermediaries or our compound library through a natural or man-made disaster or act of sabotage could negatively impact the product development cycle.

We face intense competition from other manufacturers.

BMS is dependent on the market access, uptake and expansion for marketed brands, new product introductions, new indications, product extensions and co-promotional activities with alliance partners, to deliver future growth. Competition is keen and includes (i) lower-priced generics and increasingly aggressive generic commercialization tactics, (ii) new competitive products entering the marketplace, particularly in IO, (iii) lower prices for other companies’ products, real or perceived superior efficacy (benefit) or safety (risk) profiles or other differentiating factors, (iv) technological advances and patents attained by our competitors, (v) clinical study results from our products or a competitor’s products that affect the value proposition for our products, (vi) business combinations among our competitors and major third-party payers and (vii) competing interests for external partnerships to develop and bring new products to markets. If we are unable to compete successfully against our competitors’ products in the marketplace, this could have a material negative impact on our revenues and earnings.

We could lose market exclusivity of a product earlier than expected.

In the pharmaceutical and biotechnology industries, the majority of an innovative product’s commercial value is realized during its market exclusivity period. In the U.S. and in some other countries, when market exclusivity expires and generic versions are approved and marketed or when biosimilars are introduced (even if only for a competing product), there are usually very substantial and rapid declines in a product’s revenues.

Market exclusivity for our products is based upon patent rights and certain regulatory forms of exclusivity. The scope of our patent rights varies from country to country and may also be dependent on the availability of meaningful legal remedies in a country. The failure to obtain patent and other intellectual property rights, or limitations on the use or loss of such rights, could be material to us. In some countries, including certain EU member states, basic patent protections for our products may not exist because certain countries did not historically offer the right to obtain specific types of patents and/or we (or our licensors) did not file in those countries. In addition, the patent environment can be unpredictable and the validity and enforceability of patents cannot be predicted with certainty. Absent relevant patent protection for a product, once the data exclusivity period expires, generic versions can be approved and marketed.

Generic and biosimilar product manufacturers as well as other groups seeking financial gain are also increasingly seeking to challenge patents before they expire, and we could face earlier-than-expected competition for any products at any time. Patents covering our key products have been, and are likely to continue to be, subject to patent litigation. For example, in February 2017 one of the EU patents for Sprycel was revoked by the Opposition Division of the EPO. We may experience a decline in European revenues upon the entry of generics into the market. Refer to “Item 8. Financial Statements and Supplementary Data—Note 18. Legal Proceedings and Contingencies” for further information. In some cases, manufacturers may seek regulatory approval by submitting their own clinical study data to obtain marketing approval or choose to launch a generic product “at risk” before the expiration of the applicable patent(s) and/or before the final resolution of related patent litigation. There is no assurance that a particular product will enjoy market exclusivity for the full time period that appears in the estimates disclosed in this 2018 Form 10-K or that we assume when we provide our financial guidance. In addition, some countries, such as India, are allowing competitors to manufacture and sell competing generic products, which negatively impacts the protections afforded the Company. Lower-priced biosimilars for BMS biologic products or competing biologics could negatively impact our volumes and prices.

Litigation claiming infringement of intellectual property may adversely affect our future revenues and operating earnings.

Third parties may claim that we infringe upon their intellectual property. Resolving an intellectual property infringement claim can be costly and time consuming and may require us to enter into license agreements, which may not be available on commercially reasonable terms. A successful claim of patent or other intellectual property infringement could subject us to significant damages or an injunction preventing the manufacture, sale, or use of the affected product or products. Any of these events could have a material adverse effect on our profitability and financial condition. In addition, if the proposed Celgene acquisition is consummated, we will also be subject to certain intellectual property claims of Celgene.
Adverse outcomes in other legal matters could negatively affect our business.

Current or future lawsuits, claims, proceedings and government investigations could preclude or delay the commercialization of our products or could adversely affect our operations, profitability, liquidity or financial condition, after any possible insurance recoveries, where available. Such legal matters include (i) intellectual property disputes; (ii) adverse decisions in litigation, including product liability and commercial cases; (iii) anti-bribery regulations, such as the U.S. Foreign Corrupt Practice Act or UK Bribery Act, including compliance with ongoing reporting obligations to the government resulting from any settlements; (iv) recalls or withdrawals of pharmaceutical products or forced closings of manufacturing plants; (v) the failure to fulfill obligations under supply contracts with the government and other customers; (vi) product pricing and promotional matters; (vii) lawsuits and claims asserting, or investigations into, violations of securities, antitrust, Federal and state pricing, consumer protection, data privacy and other laws; (viii) environmental, health, safety and sustainability matters; and (ix) tax liabilities resulting from assessments from tax authorities.

Increased pricing pressure and other restrictions in the U.S. and abroad from MCOs, institutional purchasers and government agencies and programs, among others, could negatively affect our revenues and profit margins.

Our products continue to be subject to increasing pressures across the portfolio from market access, pricing and discounting and other restrictions in the U.S., the EU and other regions around the world, including from (i) rules and practices of MCOs and institutional and governmental purchasers; (ii) government administrative and policy changes and changes in laws and regulations for federal healthcare programs such as Medicare and Medicaid, other government actions and inquiries at the federal level (including the proposals contained in the “American Patient First Blueprint”) that seek to amend pharmaceutical pricing and rebate reimbursement practices such as using international pricing indexes, modifying the federal Anti-Kickback statute discount safe harbor, accelerating generic drug approval processes, promoting the use of biosimilar drugs and the option of applying step therapy, listing prices of products in advertising and granting additional authority to governmental agencies to manage drug utilization and negotiate drug prices and laws at the state level that have recently been enacted in California, Vermont, Nevada and New York that are focused on drug pricing transparency and/or limiting state spending on drugs; (iii) the potential impact of changes to pharmaceutical reimbursement, changes resulting from our implementation of the guidance in the final rule issued by the Centers for Medicare & Medicaid Services (“CMS”) on the calculation of Average Manufacturer Price and Best Price and changes that are required based on the guidance from the CMS from the rule that was deferred; (iv) the impact of the increased pricing pressure from Medicare Part D formularies, Medicare Part B reimbursement rates to physicians, expanded utilization under the 340B Drug Pricing Program, as well as commercial formularies in general; (v) reimbursement delays; (vi) government price erosion mechanisms across Europe and in other countries, resulting in deflation for pharmaceutical product pricing; (vii) collection delays or failures to pay in government-funded public hospitals outside the U.S.; (viii) the impact on pricing from parallel trade and drug importation across borders; (ix) other developments in technology and/or industry practices that could impact the reimbursement policies and practices of third-party payers; and (x) inhibited market access due to real or perceived differences in value propositions for our products compared to competing products.

We are subject to a variety of U.S. and international laws and regulations.

We are currently subject to a number of government laws and regulations and in the future, could become subject to new government laws and regulations. The costs of compliance with such laws and regulations, or the negative results of non-compliance, could adversely affect our business, our operating results and the financial condition of our Company; these include (i) additional healthcare reform initiatives in the U.S. or in other countries, including additional mandatory discounts or fees; (ii) new laws, regulations and judicial or other governmental decisions affecting pricing, drug reimbursement, receivable payments and access or marketing within or across jurisdictions; (iii) changes in intellectual property law; (iv) changes in accounting standards; (v) new and increasing data privacy regulations and enforcement, particularly in the EU and the U.S.; (vi) emerging and new global regulatory requirements for reporting payments and other value transfers to healthcare professionals; and (vii) the potential impact of importation restrictions, legislative and/or other regulatory changes.

Changes to tax regulations could negatively impact our earnings.

We are subject to income taxes in the U.S. and various other countries globally. In particular, although the passage of the Tax Cuts and Jobs Act of 2017 reduced the U.S. tax rate to 21%, our future earnings could be negatively impacted by changes in tax legislation including changing tax rates and tax base such as limiting, phasing-out or eliminating deductions or tax credits, taxing certain excess income from intellectual property, changing rules for earnings repatriations and changing other tax laws in the U.S. or other countries.

Third-party royalties represent a significant percentage of our pretax income and operating cash flow.

We have entered into several arrangements which entitle us to potential royalties from third parties for out-licensed intellectual property, commercialization rights and sales-based contingent proceeds related to the divestiture of businesses. In many of these arrangements we have minimal, if any, continuing involvement that contribute to the financial success of those activities. Royalties have continued to represent a significant percentage of our pretax income, including royalties related to the divestiture of Plavix® and Avapro®/Avalide®, our Erbitux® and diabetes businesses (including the transfer of certain future royalty rights pertaining to Amylin, Onglyza® and Farxiga® product sales), our Sanofi arrangement, out-licensed intellectual property and the Merck patent infringement settlement. Pretax income generated from royalties was approximately $1.7 billion in 2018. Our pretax income could be adversely affected if the royalty streams decline in future periods.
The failure of third parties to meet their contractual, regulatory and other obligations could adversely affect our business. We rely on suppliers, vendors, outsourcing partners, alliance partners and other third parties to research, develop, manufacture, commercialize, co-promote and sell our products, manage certain marketing, selling, human resource, finance, IT and other business unit and functional services and meet their contractual, regulatory and other obligations. Using these third parties poses a number of risks, such as: (i) they may not perform to our standards or legal requirements, for example, in relation to the outsourcing of significant clinical development activities for innovative medicines to some contract research organizations; (ii) they may not produce reliable results; (iii) they may not perform in a timely manner; (iv) they may not maintain confidentiality of our proprietary information; (v) they may incur a significant cyberattack or business disruption; (vi) disputes may arise with respect to ownership of rights to technology developed with our partners; and (vii) disagreements could cause delays in, or termination of, the research, development or commercialization of the product or result in litigation or arbitration. Moreover, some third parties are located in markets subject to political and social risk, corruption, infrastructure problems and natural disasters, in addition to country specific privacy and data security risk given current legal and regulatory environments. The failure of any critical third party to meet its obligations, including for future royalty and milestone payments; adequately deploy business continuity plans in the event of a crisis; and/or satisfactorily resolve significant disagreements with us or address other factors, could have a material adverse impact on our operations and results. In addition, if these third parties violate, or are alleged to have violated, any laws or regulations, including the local pharmaceutical code, U.S. Foreign Corrupt Practice Act, UK Bribery Act and other similar laws and regulations, during the performance of their obligations for us, it is possible that we could suffer financial and reputational harm or other negative outcomes, including possible legal consequences.

Failure to execute our business strategy could adversely impact our growth and profitability. Our strategy is focused on delivering innovative, transformational medicines to patients in a focused set of disease areas. If we are unable to successfully execute on this strategy, this could negatively impact our future results of operations and market capitalization. In connection with this strategy, we are in the process of acquiring Celgene, a leading innovative biotech company that complements our existing portfolio of medicines and pipeline assets across our key disease areas of focus. Our ability to successfully complete the acquisition and successfully integrate Celgene could impact our results of operations. If we are not able to achieve the cost savings that we expect, this could negatively impact our operating margin and earnings results. In addition, we may be unable to consistently maintain an adequate pipeline, through internal R&D programs or transactions with third parties, to support future revenue growth. Competition among pharmaceutical companies for acquisition and product licensing opportunities is intense, and we may not be able to locate suitable acquisition targets or licensing partners at reasonable prices, or successfully execute such transactions. If we are unable to support and grow our marketed products, successfully execute the launches of newly approved products, advance our late-stage pipeline, manage change from our operating model evolution and manage our costs effectively, our operating results and financial condition could be negatively impacted.

Failure to attract and retain highly qualified personnel could affect our ability to successfully develop and commercialize products. Our success is largely dependent on our continued ability to attract and retain highly qualified scientific, technical and management personnel, as well as personnel with expertise in clinical R&D, governmental regulation and commercialization. Competition for qualified personnel in the biopharmaceutical field is intense. We cannot be sure that we will be able to attract and retain quality personnel or that the costs of doing so will not materially increase.

Any businesses or assets that we acquire in the future may underperform, we may not be able to successfully integrate them into our existing business and the occurrence of a number of unexpected factors could prevent or substantially delay the consummation of an anticipated acquisition, divestiture or merger. We have acquired, or in-licensed, a number of other assets and we expect to continue to support our pipeline with compounds or products obtained through licensing and acquisitions. Future revenues, profits and cash flows of an acquired company’s products, technologies and pipeline candidates, may not materialize due to low product uptake, delayed or missed pipeline opportunities, the inability to capture expected synergies, increased competition, safety concerns, regulatory issues, supply chain problems or other factors beyond our control. Substantial difficulties, costs and delays could result from integrating our acquisitions, including for (i) R&D, manufacturing, distribution, sales, marketing, promotion and information technology activities; (ii) policies, procedures, processes, controls and compliance; and (iii) tax considerations. In addition, due to the substantial amount of debt that we expect to incur to finance the cash portion of the proposed Celgene acquisition consideration, there can be no assurance that, if the acquisition is consummated, we will choose to continue to invest in these technologies.
We could experience difficulties and delays in the manufacturing, distribution and sale of our products. Our product supply and related patient access could be negatively impacted by, among other things: (i) product seizures or recalls or forced closings of manufacturing plants; (ii) our failure, or the failure of any of our suppliers, to comply with cGMP and other applicable regulations or quality assurance guidelines that could lead to manufacturing shutdowns, product shortages or delays in product manufacturing; (iii) manufacturing, quality assurance/quality control, supply problems or governmental approval delays; (iv) the failure of a sole source or single source supplier to provide us with the necessary raw materials, supplies or finished goods within a reasonable timeframe and with required quality; (v) the failure of a third-party manufacturer to supply us with bulk active or finished product on time; (vi) construction or regulatory approval delays for new facilities or the expansion of existing facilities, including those intended to support future demand for our biologics products, such as Opdivo; (vii) the failure to meet new and emerging regulations requiring products to be tracked throughout the distribution channels using unique identifiers to verify their authenticity in the supply chain; (viii) other manufacturing or distribution issues, including limits to manufacturing capacity and changes in the types of products produced, such as biologics, physical limitations or other business interruptions; and (ix) disruption in supply chain continuity, including from natural disasters, acts of war or terrorism or other external factors over which we have no control impacting one or more of our facilities or at a critical supplier. For example, our new biologics manufacturing facility in Cruiserath, Ireland is expected to be approved for commercial use in early 2020. A delay in the planned opening of the site could impact the supply of our products or require us to obtain product supply from third parties at a significant cost.

Product labeling changes for our marketed products could result in a negative impact on revenues and profit margins. We or regulatory authorities may need to change the labeling for any pharmaceutical product, including after a product has been marketed for several years. These changes are often the result of additional data from post-marketing studies, head-to-head studies, adverse events reports, studies that identify biomarkers (objective characteristics that can indicate a particular response to a product or therapy) or other studies or post-marketing experience that produce important additional information about a product. New information added to a product’s label can affect its risk-benefit profile, leading to potential recalls, withdrawals or declining revenue, as well as product liability claims. Sometimes additional information from these studies identifies a portion of the patient population that may be non-responsive to a medicine or would be at higher risk of adverse reactions and labeling changes based on such studies may limit the patient population. The studies providing such additional information may be sponsored by us, but they could also be sponsored by competitors, insurance companies, government institutions, MCOs, scientists, investigators or other interested parties. While additional safety and efficacy information from such studies assist us and healthcare providers in identifying the best patient population for each product, it can also negatively impact our revenues due to inventory returns and a more limited patient population going forward. Additionally, certain study results, especially from head-to-head studies, could affect a product’s formulary listing, which could also adversely affect revenues.

The illegal distribution and sale by third parties of counterfeit or unregistered versions of our products or stolen products could have a negative impact on our revenues, earnings, reputation and business. Third parties may illegally distribute and sell counterfeit versions of our products, which do not meet our rigorous manufacturing and testing standards. A patient who receives a counterfeit drug may be at risk for a number of dangerous health consequences. Our reputation and business could suffer harm as a result of counterfeit drugs sold under our brand name. Thefts of inventory at warehouses, plants or while in-transit, which are then not properly stored and are later sold through unauthorized channels, could adversely impact patient safety, our reputation and our business. In addition, diversion of products from their authorized market into other channels may result in reduced revenues and negatively affect our profitability.

We are dependent on information technology and our systems and infrastructure face certain risks, including from cybersecurity breaches and data leakage. We rely extensively on IT systems, networks and services, including internet sites, data hosting and processing facilities and tools, physical security systems and other hardware, software and technical applications and platforms, some of which are managed, hosted provided and/or used for third-parties or their vendors, to assist in conducting our business. A significant breakdown, invasion, corruption, destruction or interruption of critical information technology systems or infrastructure, by our workforce, others with authorized access to our systems or unauthorized persons could negatively impact operations. The ever-increasing use and evolution of technology, including cloud-based computing, creates opportunities for the unintentional dissemination or intentional destruction of confidential information stored in our, or our third-party providers’, systems, portable media or storage devices. We could also experience a business interruption, theft of confidential information or reputational damage from industrial espionage attacks, malware or other cyber-attacks, which may compromise our system infrastructure or lead to data leakage, either internally or at our third-party providers. Although the aggregate impact on our operations and financial condition has not been material to date, we have been the target of events of this nature and expect them to continue as cybersecurity threats have been rapidly evolving in sophistication and becoming more prevalent in the industry. We have invested in industry appropriate protections and monitoring practices of our data and IT to reduce these risks and continue to monitor our systems on an ongoing basis for any current or potential threats. While we maintain cyber insurance, this insurance may not, however, be sufficient to cover the financial, legal, business or reputational losses that may result from an interruption or breach of our systems. There can be no assurance that our continuing efforts will prevent breakdowns or breaches to our or our third-party providers’ databases or systems that could adversely affect our business.
Adverse changes in U.S. and global economic and political conditions could adversely affect our profitability.

Global economic and political risks pose significant challenges to a company’s growth and profitability and are difficult to mitigate. We generated approximately 45% of our revenues outside of the U.S. in 2018. As such, our revenues, earnings and cash flow are exposed to risk from a strengthening U.S. dollar. We have exposure to customer credit risks in Europe, South America and other markets including from government-guaranteed hospital receivables in markets where payments are not received on time. We have significant operations in Europe, including for manufacturing and distribution. The results of our operations could be negatively impacted by any member country exiting the eurozone monetary union or EU, including the planned exit of the UK from the EU, in particular an exit without a withdrawal agreement and associated transition period in place, may have an impact on our research, commercial and general business operations in the UK and the EU, including the approval and supply of our products.

In addition, any discontinuation or modification of the LIBOR and any future initiatives to regulate, reform or change the manner of administration of benchmarks could result in adverse consequences to the return on, value of and market for our securities and other instruments whose returns are linked to any such benchmark. Additionally, future pension plan funding requirements continue to be sensitive to global economic conditions and the related impact on equity markets. Also, disruptions in the credit markets or a downgrade of our current credit rating could increase our future borrowing costs and impair our ability to access capital and credit markets on terms commercially acceptable to us, which could adversely affect our liquidity and capital resources or significantly increase our cost of capital. Finally, our business, operations may be adversely affected by political volatility, conflicts or crises in individual countries or regions, including terrorist activities or war.

There can be no guarantee that we will pay dividends or repurchase stock.

The declaration, amount and timing of any dividends fall within the discretion of our Board of Directors. The Board's decision will depend on many factors, including our financial condition, earnings, capital requirements, debt service obligations, industry practice, legal requirements, regulatory constraints and other factors that our Board may deem relevant. A reduction or elimination of our dividend payments or dividend program could adversely affect our stock price. In addition, we could, at any time, decide not to buy back any more shares in the market, which could also adversely affect our stock price.

Increased use of social media platforms present risks and challenges.

We are increasing our use of social media to communicate Company news and events. The inappropriate and/or unauthorized use of certain media vehicles could cause brand damage or information leakage or could lead to legal implications, including from the improper collection and/or dissemination of personally identifiable information from employees, patients, healthcare professionals or other stakeholders. In addition, negative or inaccurate posts or comments about us on any social networking website could damage our reputation, brand image and goodwill. Further, the disclosure of non-public Company-sensitive information by our workforce or others through external media channels could lead to information loss. Identifying new points of entry as social media continues to expand presents new challenges.
Risks Related to the Proposed Acquisition of Celgene

We may not realize the anticipated benefits and synergies from our proposed acquisition of Celgene.

On January 3, 2019, we announced that we have entered into a definitive merger agreement with Celgene under which we will acquire Celgene. While we and Celgene will continue to operate independently until the completion of the acquisition, the success of the acquisition will depend, in part, on our ability to realize the anticipated benefits from successfully combining our and Celgene’s businesses and we plan on devoting substantial management attention and resources to integrating our business practices and operations with Celgene’s so that we can fully realize the anticipated benefits of the acquisition. Nonetheless, difficulties may arise during the process of combining the operations of our companies that could result in the failure to achieve the synergies or free cash flow that we anticipate, the loss of key employees that may be difficult to replace in the very competitive pharmaceutical field, the disruption of each company’s ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with customers, suppliers, distributors, alliance partners, creditors, clinical trial investigators or managers of its clinical trials. As a result, the anticipated benefits of the acquisition may not be realized fully within the expected timeframe or at all or may take longer to realize or cost more than expected, which could materially impact the business, cash flow, financial condition or results of operations as well as adversely impact the price of the shares of the combined company.

In addition, at times, the attention of certain members of each company’s management and each company’s resources may be focused on completion of the merger and the integration of the businesses of the two companies and diverted from day-to-day business operations, which may disrupt each company’s ongoing business and the business of the combined company.

We and Celgene are the targets of a securities class action and derivative lawsuit in connection with the acquisition, described under “Item 8. Financial Statements and Supplementary Data—Note 18. Legal Proceedings and Contingencies,” and could become targets of additional actions and lawsuits, which could result in substantial costs and may delay or prevent the acquisition from being completed.

Failure to complete our pending acquisition of Celgene could negatively impact our stock price and our future business and financial results.

Our obligations and the obligations of Celgene to complete the merger are subject to satisfaction or waiver of a number of conditions. There can be no assurance that the conditions to completion of the acquisition will be satisfied or waived or that the acquisition will be completed. If the acquisition is not consummated for any reason, we may receive negative reactions from our shareholders, providers, vendors, regulators and employees and we may be subjected to various material risks, including the possibility that the price of our common stock and other securities may decline to the extent that current market prices reflect a market assumption that the acquisition will be completed.

Also, in the event of a termination of the merger agreement under certain specified circumstances, we could be required to reimburse expenses of Celgene or pay Celgene a termination fee of up to $2.2 billion and we could be subject to litigation related to any failure to complete the merger or to specifically enforce our obligation to perform our obligations under the merger agreement. In addition, the merger agreement places certain restrictions on the conduct of our businesses prior to completion of the merger, and such restrictions, the waiver of which is subject to consent of Celgene, may prevent us from making certain acquisitions, taking certain other specified actions or otherwise pursuing business opportunities during the pendency of the merger that we would have made, taken or pursued if these restrictions were not in place.

If any of these risks materialize, they may materially and adversely affect our businesses, financial condition, financial results, ratings, stock prices and/or bond prices.

We will incur significant additional indebtedness to finance our pending acquisition of Celgene as well as transaction and acquisition-related costs in connection with the acquisition, which will limit our operating flexibility.

Upon completion of the acquisition, we will increase our indebtedness, which will include acquisition debt financing of approximately $33.5 billion and the assumption of approximately $19.9 billion of Celgene’s debt, resulting in us having a higher debt-to-equity ratio. In addition, Celgene shareholders will also receive one tradeable contingent value right for each share of Celgene representing the right to receive $9.00 in cash upon the achievement of future regulatory milestones. As a result of the acquisition and increased indebtedness, we anticipate that our corporate credit ratings will be decreased by one or more ratings agencies. The increased indebtedness and any payments pursuant to the contingent value right will significantly reduce the amount of cash flow available to fund our efforts to combine our business with Celgene and realize expected benefits of the pending acquisition, to pursue other acquisitions, and to engage in investments in product development, capital expenditures, dividend payments, share repurchases and other activities, which could, among other things, limit our flexibility in planning for, or reacting to, changes in or challenges relating to our business and industry and, together with any decrease in our credit ratings, increase our borrowing costs. In addition, under certain circumstances, we could be required to repurchase Celgene’s outstanding debt securities, and we cannot provide assurances that we would have sufficient funds to do so.
We expect to incur a number of non-recurring costs in connection with the acquisition, whether or not the acquisition is completed, which will be mostly comprised of transaction costs, facilities and systems consolidation costs and employment-related costs. Although we expect that the realization of efficiencies related to the integration of the businesses will offset at least a portion of these costs, this net benefit may not be accomplished in the near term or at all.

We and Celgene may have difficulty attracting, motivating and retaining executives and other key employees in light of the proposed acquisition.

Due to the specialized scientific and managerial nature of our business, we and Celgene rely heavily on our ability to attract and retain qualified scientific, technical and managerial personnel. The competition for qualified personnel in the pharmaceutical field is intense and our success after the transaction will depend in part on our ability to retain scientific and technical personnel and other key employees of Celgene. Uncertainty about the effect of the merger on our and Celgene employees may have an adverse effect on each of us and Celgene separately and consequently the combined business. This uncertainty may impair our and/or Celgene’s ability to attract, retain and motivate key personnel. Employee retention may be particularly challenging during the pendency of the merger, as our and Celgene’s employees may experience uncertainty about their future roles in the combined business.

Additionally, Celgene’s officers and employees may hold shares of Celgene common stock, and, if the merger is completed, these officers and employees may be entitled to cash and/or the merger consideration in respect of such shares of Celgene common stock. Officers and employees may hold Celgene Stock Options, Celgene RSUs, Celgene PSUs and Celgene RSAs that are subject to accelerated vesting upon a termination without cause and/or a resignation for “good reason” following completion of the merger. Pursuant to employment agreements and/or other agreements or arrangements with Celgene, certain key employees of Celgene are also entitled to receive severance payments upon a termination without cause and/or a resignation for “good reason” following completion of the merger. Under these agreements, certain key employees of Celgene potentially could resign from his or her employment following specified circumstances set forth in his or her applicable agreement, including an adverse change in his or her title, authority or responsibilities, compensation and benefits or primary office location. These payments, individually or in the aggregate, could make retention of Celgene officers and employees more difficult.

Furthermore, if our and Celgene’s key employees depart or are at risk of departing, including because of issues relating to the uncertainty and difficulty of integration, financial security or a desire not to become employees of the combined business, we may have to incur significant costs in retaining such individuals or in identifying, hiring and retaining replacements for departing employees and may lose significant expertise and talent relating to the business of Celgene, and our ability to realize the anticipated benefits of the merger may be materially and adversely affected. Accordingly, no assurance can be given that we will be able to attract or retain key employees of Celgene to the same extent that Celgene has been able to attract or retain employees in the past.

If our pending acquisition of Celgene is consummated, our stockholders’ ownership percentage will be diluted.

If the proposed acquisition is consummated, we will issue to Celgene shareholders shares of our common stock. As a result of the issuance of these shares of our common stock, our shareholders will own a smaller percentage of the combined company after the acquisition and will therefore have a reduced voting interest after the acquisition. Based on preliminary estimates which may materially change after the completion of the merger, the proposed acquisition is expected to be dilutive to our 2019 GAAP EPS, principally due to the amortization of intangible assets associated with Celgene’s currently marketed product rights as well as additional interest, acquisition and integration costs. Although we expect the transaction to be accretive to our 2019 non-GAAP EPS, unexpected factors may result in lower or delayed accretion or even in dilution to our EPS in 2019 or in future years.

The combined company will be subject to the risks that Celgene faces, in addition to the risks faced by Bristol-Myers Squibb.

Celgene has several commercialized products as well as a diverse early- and late-stage pipeline that includes five potential near-term product launches. If we consummate our acquisition of Celgene, the combined company may be negatively affected if the expiration or loss of patent protection for any of these commercialized products occurs, or upon the “at-risk” launch by a manufacturer of a generic version of any of these products. In addition, if the combined company fails to obtain timely, or at all, requisite regulatory approvals in the U.S. and internationally for products in development or if research and development for the early-stage pipeline requires greater financial investment than we anticipated, our business, cash flow, financial condition and results of operations may be harmed.

If we consummate our acquisition of Celgene, we will assume Celgene’s risks arising from legal proceedings. Like many pharmaceutical companies in the current legal environment, Celgene is involved in various patent, product liability, consumer, commercial, securities, environmental and tax litigations and claims, government investigations and other legal proceedings that arise from time to time in the ordinary course of its business. We cannot predict with certainty the eventual outcome of Celgene’s pending or future legal proceedings and an adverse outcome in any of these matters could be material to our business, cash flow, financial condition or results of operations.
Item 1B.  UNRESOLVED STAFF COMMENTS.

None.

Item 2.  PROPERTIES.

Our principal executive offices are located at 430 East 29th Street, 14th Floor, New York, NY. We own or lease manufacturing, R&D, administration, storage and distribution facilities at approximately 160 sites worldwide. We believe our manufacturing properties, in combination with our third-party manufacturers, are in good operating condition and provide adequate production capacity for our current and projected operations. For further information about our manufacturing properties, refer to “Item 1. Business—Manufacturing and Quality Assurance.”

Our significant manufacturing and R&D locations by geographic area were as follows at December 31, 2018:

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<th>Geographic Area</th>
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Item 3.  LEGAL PROCEEDINGS.

Information pertaining to legal proceedings can be found in “Item 8. Financial Statements and Supplementary Data—Note 18. Legal Proceedings and Contingencies” and is incorporated by reference herein.

Item 4.  MINE SAFETY DISCLOSURES.

Not applicable.
Executive Officers of the Registrant

Listed below is information on our executive officers as of February 25, 2019. Executive officers are elected by the Board of Directors for an initial term, which continues until the first Board meeting following the next Annual Meeting of Shareholders, and thereafter, are elected for a one-year term or until their successors have been elected. Executive officers serve at the discretion of the Board of Directors.

<table>
<thead>
<tr>
<th>Name and Current Position</th>
<th>Age</th>
<th>Employment History for the Past 5 Years</th>
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</table>
| Giovanni Caforio, M.D.                            | 54  | 2011 to 2013 – President, U.S. Pharmaceuticals  
2013 to 2014 – Executive Vice President and Chief Commercial Officer  
2014 to 2015 – Chief Operating Officer and Director of the Company  
2015 to 2017 – Chief Executive Officer and Director of the Company  
2017 to present – Chairman of the Board and Chief Executive Officer |
| Chairman of the Board and Chief Executive Officer |      |                                                                                                                                                                                                                                                                                                                                                                           |
| Member of the Leadership Team                     |      |                                                                                                                                                                                                                                                                                                                                                                           |
| Charles A. Bancroft                                | 59  | 2011 to 2016 – Chief Financial Officer and Executive Vice President, Global Services  
2016 to present – Chief Financial Officer and Executive Vice President, Global Business Operations                                                                                                                                                                                                                                                      |
| Chief Financial Officer and Executive Vice President, Global Business Operations |      |                                                                                                                                                                                                                                                                                                                                                                           |
| Member of the Leadership Team                     |      |                                                                                                                                                                                                                                                                                                                                                                           |
| Paul Biondi                                        | 49  | 2010 to 2015 – Senior Vice President, R&D Operations  
2015 to 2018 – Head of Business Development  
2018 to present – Senior Vice President and Head of Strategy & Business Development                                                                                                                                                                                                                                     |
| Senior Vice President, Strategy and Business      |      |                                                                                                                                                                                                                                                                                                                                                                           |
| Development                                        |      |                                                                                                                                                                                                                                                                                                                                                                           |
| Member of the Leadership Team                     |      |                                                                                                                                                                                                                                                                                                                                                                           |
| Christopher Boerner, Ph.D.                         | 48  | 2012 to 2014 – Senior Vice President, Commercial, Seattle Genetics  
2014 to 2015 – Executive Vice President, Seattle Genetics  
2015 to 2017 – President and Head of U.S. Commercial  
2017 to 2018 – President and Head, International Markets  
2018 to present – Executive Vice President and Chief Commercial Officer |
| Executive Vice President, Chief Commercial Officer |      |                                                                                                                                                                                                                                                                                                                                                                           |
| Member of the Leadership Team                     |      |                                                                                                                                                                                                                                                                                                                                                                           |
| Adam Dubow                                         | 52  | 2013 to 2015 – Vice President and Assistant General Counsel, China, Japan and Intercon Region and EMAC Region  
2015 to 2018 – Vice President and Associate General Counsel, Research and Development  
2018 to present – Senior Vice President, Chief Compliance and Ethics Officer                                                                                                                                                                                                                          |
| Senior Vice President, Chief Compliance and Ethics Officer |      |                                                                                                                                                                                                                                                                                                                                                                           |
| Member of the Leadership Team                     |      |                                                                                                                                                                                                                                                                                                                                                                           |
| John E. Elicker                                    | 59  | 2012 to 2017 – Senior Vice President, Public Affairs and Investor Relations  
2017 to present – Senior Vice President, Corporate Affairs and Investor Relations                                                                                                                                                                                                                                          |
| Senior Vice President, Corporate Affairs and Investor Relations |      |                                                                                                                                                                                                                                                                                                                                                                           |
| Member of the Leadership Team                     |      |                                                                                                                                                                                                                                                                                                                                                                           |
| Ann Powell Judge                                   | 53  | 2009 to 2013 – Chief Human Resources Officer, Shire Pharmaceuticals  
2013 to 2016 – Senior Vice President, Global Human Resources  
2016 to present – Senior Vice President, Chief Human Resources Officer                                                                                                                                                                                                                                           |
| Senior Vice President, Chief Human Resources Officer |      |                                                                                                                                                                                                                                                                                                                                                                           |
| Member of the Leadership Team                     |      |                                                                                                                                                                                                                                                                                                                                                                           |
| Sandra Leung                                       | 58  | 2007 to 2014 – General Counsel and Corporate Secretary  
2014 to 2015 – Executive Vice President, General Counsel and Corporate Secretary  
2015 to present – Executive Vice President, General Counsel                                                                                                                                                                                                                                               |
| Executive Vice President, General Counsel         |      |                                                                                                                                                                                                                                                                                                                                                                           |
| Member of the Leadership Team                     |      |                                                                                                                                                                                                                                                                                                                                                                           |
| Thomas J. Lynch., M.D.                             | 58  | 2017 to present – Executive Vice President and Chief Scientific Officer                                                                                                                                                                                                                                         |
| Executive Vice President and Chief Scientific Officer |      |                                                                                                                                                                                                                                                                                                                                                                           |
| Member of the Leadership Team                     |      |                                                                                                                                                                                                                                                                                                                                                                           |
| Karen Santiago                                     | 48  | 2012 to 2015 – Vice President Finance, Global Manufacturing and Supply  
2015 to 2016 – Vice President Finance, U.S. Commercial and Global Capability Hub  
2016 to 2018 – Lead, Enabling Functions and Finance Transformation  
2018 to present – Senior Vice President and Corporate Controller                                                                                                                                                                                                                                      |
| Senior Vice President and Corporate Controller     |      |                                                                                                                                                                                                                                                                                                                                                                           |
| Louis S. Schmukler                                 | 63  | 2011 to 2017 – President, Global Product Development and Supply  
2017 to present – Senior Vice President and President, Global Product Development and Supply                                                                                                                                                                                                                     |
| Senior Vice President and President, Global Product Development and Supply |      |                                                                                                                                                                                                                                                                                                                                                                           |
| Member of the Leadership Team                     |      |                                                                                                                                                                                                                                                                                                                                                                           |
| Paul von Autenried                                 | 57  | 2012 to 2016 – Senior Vice President, Enterprise Services and Chief Information Officer  
2016 to present – Senior Vice President, Chief Information Officer                                                                                                                                                                                                                                           |
| Senior Vice President, Chief Information Officer   |      |                                                                                                                                                                                                                                                                                                                                                                           |
| Member of the Leadership Team                     |      |                                                                                                                                                                                                                                                                                                                                                                           |
PART II

Item 5.  MARKET FOR THE REGISTRANT’S COMMON STOCK AND OTHER STOCKHOLDER MATTERS.

Bristol-Myers Squibb common stock is traded on the New York Stock Exchange (Symbol: BMY).

Holders of Common Stock

The number of record holders of our common stock at January 31, 2019 was 39,418.

The number of record holders is based upon the actual number of holders registered on our books at such date based on information provided by EQ Shareowner Services (formerly Wells Fargo Shareowner Services), our transfer agent, and does not include holders of shares in “street names” or persons, partnerships, associations, corporations or other entities identified in security position listings maintained by depository trust companies.

Equity Compensation Plan Information

Information required by this item will be contained in our 2019 Proxy Statement under the heading “Items to be Voted Upon—Item 2—Advisory Vote to Approve the Compensation of our Named Executive Officers—Equity Compensation Plan Information,” which information is incorporated herein by reference.

Performance Graph

The following graph compares the cumulative total stockholders' returns of our common shares with the cumulative total stockholders' returns of the companies listed in the Standard & Poor's 500 Index and a composite peer group of major pharmaceutical companies comprised of AbbVie, Amgen, AstraZeneca, Biogen, Celgene, Gilead, GlaxoSmithKline, Johnson & Johnson, Lilly, Merck, Novartis, Pfizer, Roche and Sanofi. The graph assumes $100 investment on December 31, 2013 in each of our common shares, the S&P 500 Index and the stock of our peer group companies, including reinvestment of dividends, for the years ended December 31, 2014, 2015, 2016, 2017 and 2018. The stock price performance on the following graph is not necessarily indicative of future stock price performance.
Unregistered Sales of Equity Securities and Use of Proceeds

The following table summarizes the surrenders of our equity securities during the three months ended December 31, 2018:

<table>
<thead>
<tr>
<th>Period</th>
<th>Total Number of Shares Purchased (a)</th>
<th>Average Price Paid per Share (a)</th>
<th>Total Number of Shares Purchased as Part of Publicly Announced Programs (b)</th>
<th>Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 1 to 31, 2018</td>
<td>7,987</td>
<td>$62.01</td>
<td>—</td>
<td>$1,348</td>
</tr>
<tr>
<td>November 1 to 30, 2018</td>
<td>13,978</td>
<td>$52.52</td>
<td>—</td>
<td>$1,348</td>
</tr>
<tr>
<td>December 1 to 31, 2018</td>
<td>16,110</td>
<td>$53.02</td>
<td>—</td>
<td>$1,348</td>
</tr>
<tr>
<td>Three months ended December 31, 2018</td>
<td>38,075</td>
<td></td>
<td>—</td>
<td></td>
</tr>
</tbody>
</table>

(a) Includes shares repurchased as part of publicly announced programs and shares of common stock surrendered to the Company to satisfy tax withholding obligations in connection with the vesting of awards under our long-term incentive program.

(b) In May 2010, the Board of Directors authorized the repurchase of up to $3.0 billion of common stock and in June 2012 increased its authorization for the repurchase of common stock by an additional $3.0 billion. In October 2016, the Board of Directors approved a new share repurchase program authorizing the repurchase of an additional $3.0 billion of common stock. The stock repurchase program does not have an expiration date.
Item 6. SELECTED FINANCIAL DATA.

The following table sets forth our selected historical consolidated financial information for each of the five periods indicated. This information should be read together with “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and with the consolidated financial statements and related notes included elsewhere in this 2018 Form 10-K.

The selected historical financial information as of and for the years ended December 31, 2018, 2017, 2016, 2015 and 2014 are derived from our audited consolidated financial statements and related notes.

Five Year Financial Summary

<table>
<thead>
<tr>
<th>Amounts in Millions, except per share data</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income Statement Data:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$22,561</td>
<td>$20,776</td>
<td>$19,427</td>
<td>$16,560</td>
<td>$15,879</td>
</tr>
<tr>
<td>Net Earnings</td>
<td>4,947</td>
<td>975</td>
<td>4,507</td>
<td>1,631</td>
<td>2,029</td>
</tr>
<tr>
<td>Net Earnings/(Loss) Attributable to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Noncontrolling Interest</td>
<td>27</td>
<td>(32)</td>
<td>50</td>
<td>66</td>
<td>25</td>
</tr>
<tr>
<td>BMS</td>
<td>4,920</td>
<td>1,007</td>
<td>4,457</td>
<td>1,565</td>
<td>2,004</td>
</tr>
<tr>
<td><strong>Net Earnings per Common Share Attributable to BMS:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$3.01</td>
<td>$0.61</td>
<td>$2.67</td>
<td>$0.94</td>
<td>$1.21</td>
</tr>
<tr>
<td>Diluted</td>
<td>3.01</td>
<td>0.61</td>
<td>2.65</td>
<td>0.93</td>
<td>1.20</td>
</tr>
<tr>
<td><strong>Average common shares outstanding:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>1,633</td>
<td>1,645</td>
<td>1,671</td>
<td>1,667</td>
<td>1,657</td>
</tr>
<tr>
<td>Diluted</td>
<td>1,637</td>
<td>1,652</td>
<td>1,680</td>
<td>1,679</td>
<td>1,670</td>
</tr>
<tr>
<td><strong>Cash dividends paid on BMS common and preferred stock:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$2,613</td>
<td>$2,577</td>
<td>$2,547</td>
<td>$2,477</td>
<td>$2,398</td>
</tr>
<tr>
<td><strong>Cash dividends declared per common share:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$1.61</td>
<td>$1.57</td>
<td>$1.53</td>
<td>$1.49</td>
<td>$1.45</td>
</tr>
<tr>
<td><strong>Financial Position Data at December 31:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$6,911</td>
<td>$5,421</td>
<td>$4,237</td>
<td>$2,385</td>
<td>$5,571</td>
</tr>
<tr>
<td>Marketable securities (a)</td>
<td>3,748</td>
<td>3,871</td>
<td>4,832</td>
<td>6,545</td>
<td>6,272</td>
</tr>
<tr>
<td>Total Assets</td>
<td>34,986</td>
<td>33,551</td>
<td>33,707</td>
<td>31,748</td>
<td>33,749</td>
</tr>
<tr>
<td>Long-term debt (a)</td>
<td>6,895</td>
<td>6,975</td>
<td>6,465</td>
<td>6,550</td>
<td>7,242</td>
</tr>
<tr>
<td>Equity</td>
<td>14,127</td>
<td>11,847</td>
<td>16,347</td>
<td>14,424</td>
<td>14,983</td>
</tr>
</tbody>
</table>

(a) Includes current and non-current portion.
Management’s discussion and analysis of results of operations and financial condition is provided as a supplement to and should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this 2018 Form 10-K to enhance the understanding of our results of operations, financial condition and cash flows.

EXECUTIVE SUMMARY

Bristol-Myers Squibb Company is a global specialty biopharmaceutical company whose mission is to discover, develop and deliver innovative medicines that help patients prevail over serious diseases. Refer to the Summary of Abbreviated Terms at the end of this 2018 Form 10-K for terms used throughout the document.

In 2018, we received 14 approvals for new medicines and additional indications and formulations of currently marketed medicines in major markets (the U.S., EU, Japan and China) including multiple regulatory milestone achievements for Opdivo and Opdivo+Yervoy combinations. We are committed to investigating Opdivo alone and in combination with Yervoy and other anti-cancer agents for a wide array of tumor types, including broad programs in lung, head & neck, liver, kidney, bladder and stomach. We continue to believe that the breadth and depth of our IO portfolio positions us well for the future. We have 17 new IO compounds in clinical development and studies across more than 35 different tumor types. In addition, we advanced certain other non-IO R&D programs in our pipeline, including TYK2 inhibitor for the treatment of psoriasis and other autoimmune diseases, Factor Xla inhibitor for the treatment of thrombosis (in collaboration with Janssen), and Pegbelfermin (PEG-FGF21) for the treatment of NASH.

In 2018, our revenues increased 9% as a result of higher demand for our prioritized brands including Opdivo and Eliquis partially offset by increased competition for established brands, primarily HIV brands and Daklinza. The $2.40 increase in GAAP EPS was primarily due to 2017 tax charges attributed to tax reform and higher revenues. These items were partially offset by higher losses on equity investments. After adjusting for the impact of tax reform, equity investment losses and other specified items, non-GAAP EPS increased $0.97 primarily as a result of higher revenues, higher royalties and licensing income and a lower effective tax rate. Cost savings resulting from our transformation initiatives continue to be redeployed in R&D and other areas of higher priorities.

On January 3, 2019, we announced that we have entered into a definitive merger agreement with Celgene under which we will acquire Celgene. For further discussion on our pending acquisition with Celgene and on our other acquisitions, divestitures and licensing arrangements, refer to “Item 1A. Risk Factors,” “Item 8. Financial Statements and Supplementary Data—Note 4. Acquisitions, Divestitures, Licensing and Other Arrangements” and “—Note 19. Subsequent Event.”

In 2017, our revenues increased 7% as a result of higher demand for our prioritized brands including Opdivo and Eliquis partially offset by increased competition for established brands, primarily Daklinza. The $2.04 decrease in GAAP EPS was due to tax charges attributed to tax reform ($1.76 per share) and to a lesser extent higher license, asset acquisition and restructuring related charges and lower divestiture-related income. These items were partially offset by higher revenues, royalties and licensing income and a patent-infringement settlement. After adjusting for the impact of tax reform and other specified items, non-GAAP EPS increased $0.18 primarily as a result of higher revenues partially offset by product mix and higher R&D expenses supporting Opdivo and other IO programs.

Highlights

The following table summarizes our financial information:

<table>
<thead>
<tr>
<th>Dollars in Millions, except per share data</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>$22,561</td>
<td>$20,776</td>
<td>$19,427</td>
</tr>
<tr>
<td>Diluted Earnings Per Share</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GAAP</td>
<td>$3.01</td>
<td>$0.61</td>
<td>$2.65</td>
</tr>
<tr>
<td>Non-GAAP</td>
<td>3.98</td>
<td>3.01</td>
<td>2.83</td>
</tr>
</tbody>
</table>

Our non-GAAP financial measures, including non-GAAP earnings and related EPS information, are adjusted to exclude specified items that represent certain costs, expenses, gains and losses and other items impacting the comparability of financial results. For a detailed listing of all specified items and further information and reconciliations of non-GAAP financial measures refer to “—Non-GAAP Financial Measures.”
## Significant Product and Pipeline Approvals

The following is a summary of the 14 significant approvals received in 2018.

<table>
<thead>
<tr>
<th>Product</th>
<th>Date</th>
<th>Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opdivo</strong></td>
<td>August 2018</td>
<td>Approval in Japan for patients with MPM which has progressed after chemotherapy.</td>
</tr>
<tr>
<td></td>
<td>August 2018</td>
<td>Approval in Japan for adjuvant treatment of melanoma.</td>
</tr>
<tr>
<td></td>
<td>August 2018</td>
<td>FDA approval as the first and only IO treatment option for patients with metastatic SCLC whose cancer has progressed after platinum-based chemotherapy and at least one other line of therapy.</td>
</tr>
<tr>
<td></td>
<td>July 2018</td>
<td>EC approval for the adjuvant treatment of adult patients with melanoma with involvement of lymph nodes or metastatic disease who have undergone complete resection.</td>
</tr>
<tr>
<td></td>
<td>June 2018</td>
<td>Approval in China for the treatment of locally advanced or metastatic NSCLC after prior platinum-based chemotherapy in adult patients without EGFR or ALK genomic tumor aberrations.</td>
</tr>
<tr>
<td><strong>Opdivo+Yervoy</strong></td>
<td>August 2018</td>
<td>Approval in Japan of Opdivo plus low-dose Yervoy for the treatment of unresectable or metastatic RCC.</td>
</tr>
<tr>
<td></td>
<td>July 2018</td>
<td>FDA approval of Opdivo plus low-dose Yervoy for the treatment of adult and pediatric patients 12 years and older with MSI-H or dMMR mCRC that has progressed following treatment with fluoropyrimidine, oxaliplatin and irinotecan.</td>
</tr>
<tr>
<td></td>
<td>May 2018</td>
<td>Approval in Japan of Opdivo+Yervoy combination for previously untreated patients with unresectable melanoma.</td>
</tr>
<tr>
<td></td>
<td>April 2018</td>
<td>FDA approval of Opdivo+Yervoy combination for previously untreated patients with intermediate and poor-risk advanced RCC.</td>
</tr>
<tr>
<td><strong>Orencia</strong></td>
<td>February 2018</td>
<td>Approval in Japan for an intravenously administered treatment of moderate to severe polyarticular JIA in patients two years of age and older.</td>
</tr>
<tr>
<td><strong>Empliciti</strong></td>
<td>November 2018</td>
<td>FDA approval of Empliciti injection for intravenous use in combination with pomalidomide and dexamethasone for the treatment of adult patients with multiple myeloma who have received at least two prior therapies, including lenalidomide and a proteasome inhibitor.</td>
</tr>
<tr>
<td><strong>Sprycel</strong></td>
<td>December 2018</td>
<td>FDA expanded the indication for Sprycel to include the treatment of pediatric patients one year of age and older with newly diagnosed Philadelphia chromosome-positive ALL in combination with chemotherapy.</td>
</tr>
<tr>
<td></td>
<td>July 2018</td>
<td>EC expanded the indication for Sprycel to include the treatment of children and adolescents aged 1 year to 18 years with chronic phase Philadelphia chromosome-positive CML and to include a powder for oral suspension.</td>
</tr>
<tr>
<td><strong>Yervoy</strong></td>
<td>January 2018</td>
<td>EC approval of advanced (unresectable or metastatic) melanoma in pediatric patients 12 years of age and older.</td>
</tr>
</tbody>
</table>

Refer to “—Product and Pipeline Developments” for all of the developments in our marketed products and late-stage pipeline in 2018 and in early 2019.
Strategy

Our focus as a specialty biopharmaceutical company is on discovering, developing and delivering transformational medicines that address serious unmet medical needs. Our strategy is to combine the resources, scale and capability of a pharmaceutical company with the speed and focus on innovation of the biotech industry. Our four strategic priorities are to drive business performance, continue to build a leading franchise in IO, maintain a diversified portfolio both within and outside of IO, and continue our disciplined approach to capital allocation, including establishing partnerships, collaborations and in-licensing or acquiring investigational compounds as an essential component of successfully delivering transformational medicines to patients.

We are developing new medicines in the following core therapeutic areas: (1) oncology with a priority in certain tumor types; (2) immunoscience with priorities in psoriasis, lupus, RA and inflammatory bowel disease; (3) cardiovascular with a priority in heart disease and; (4) fibrotic disease with priorities in lung and liver. We continue to advance the next wave of innovative medicines by investing significantly in our pipeline both internally and through business development activities. We expect that our planned acquisition of Celgene will further position us as a leading biopharmaceutical company, expanding our oncology and immunoscience portfolios with several near-term assets and additional external partnerships. We continue to invest in our IO portfolio by pursuing both monotherapy and combination approaches, and advancing our next wave of early assets. We entered into several new collaboration agreements across our therapeutic areas of focus and expanded others to research and develop Opdivo and other approved or investigational oncology agents in combination regimens. We remain focused and well-resourced in our cancer development programs and seek to broaden the use of Opdivo in earlier lines of therapy, expand into new tumors, accelerate next wave IO mechanisms and develop treatment options for refractory IO patients. Beyond cancer, we continue to advance our early stage portfolio in immunoscience, cardiovascular and fibrotic diseases and strengthen our partnerships with a diverse group of companies and academic institutions in new and expanded research activities. We believe our differentiated internal and external focus contributes to the advancing of our pipeline of potentially transformational medicines.

Our commercial model has been evolving and revenues from our prioritized brands continue to grow which demonstrates strong execution of our strategy. We continue to drive growth of Opdivo by expanding into additional indications and tumor types both as a monotherapy and in combination with Yervoy and other anti-cancer agents. Eliquis continues to grow, leveraging its best in class clinical profile and extensive real world data and is now the number one novel oral anticoagulant in total prescriptions in the U.S. We are building on the continued success of our other prioritized brands and remain strongly committed to Orencia and Sprycel. Through our operating model transformation, our commercial infrastructure is uniquely leveraged for potential growth.

Our operating model continues to evolve and we have been successful in focusing commercial, R&D and manufacturing resources on prioritized brands and markets, strengthening our R&D capabilities in tumor biology, patient selection and new biomarkers, delivering leaner administrative functions and streamlining our manufacturing network to reflect the importance of biologics in our current and future portfolio. The evolution in our operating model, which focuses on maintaining a disciplined approach in marketing, selling and administrative expenses, will enable us to deliver the necessary strategic, financial and operational flexibility to invest in the highest priority opportunities within our portfolio.

Looking ahead, we will continue to implement our biopharma strategy by driving the growth of prioritized brands, executing product launches, investing in our diverse and innovative pipeline, aided by strategic business development, focusing on prioritized markets, increasing investments in our biologics manufacturing capabilities and maintaining a culture of continuous improvement.

Acquisitions, Divestitures, Licensing and Collaboration Arrangements

Acquisitions, divestitures, licensing and collaboration arrangements allow us to focus our resources behind our growth opportunities that drive the greatest long-term value. We are focused on the following core therapeutic areas: oncology, including IO, immunoscience, cardiovascular and fibrosis. Significant acquisitions, divestitures and licensing and collaboration arrangements during the past three years are summarized below. Refer to “Item 8. Financial Statements and Supplementary Data — Note 3. Alliances” and “—Note 4. Acquisitions, Divestitures, Licensing and Other Arrangements” for further information.

2018 Arrangements

Nektar: BMS and Nektar commenced a worldwide license and collaboration for the development and commercialization of NKTR-214, Nektar’s investigational immuno-stimulatory therapy.

Janssen: BMS and Janssen commenced a worldwide collaboration for the development and commercialization of a Factor Xla program including BMS’s Factor Xla inhibitor, BMS-986177, an investigational anticoagulant compound being studied for the prevention and treatment of major thrombotic conditions.
Promedior: BMS notified Promedior that the Company would not be exercising a warrant obtained in 2015 to purchase all outstanding shares of Promedior.

Rigel: BMS notified Rigel Pharmaceuticals, Inc., that the Company would discontinue its participation in the preclinical collaboration of cancer immunotherapies based on Rigel's small molecule TGF beta receptor kinase inhibitors originally commenced in 2015.

Bavarian Nordic: BMS notified Bavarian Nordic A/S that the Company will not be exercising its option to globally license and commercialize Prostvac*, Bavarian Nordic’s investigational PSA-targeting cancer immunotherapy.

2017 Arrangements

Ono: BMS acquired an exclusive license to develop and commercialize ONO-4578, Ono’s Prostaglandin E2 receptor 4 antagonist for the treatment of cancer. BMS acquired worldwide rights except in Japan, South Korea, and Taiwan where it was added to the existing collaboration and in China and ASEAN countries where Ono retained exclusive rights.

Halozyme: BMS and Halozyme entered into a global collaboration and license agreement to develop subcutaneously administered BMS IO medicines using Halozyme's ENHANZE* drug-delivery technology which may allow for more rapid delivery of large volume injectable medications.

IFM: BMS acquired all of the outstanding shares of IFM providing BMS with full rights to IFM's preclinical STING and NLRP3 agonist programs focused on enhancing the innate immune response for treating cancer.

Biogen: BMS out-licensed to Biogen exclusive rights to develop and commercialize BMS-986168, an anti-eTau compound in development for Progressive Supranuclear Palsy.

Roche: BMS out-licensed to Roche exclusive rights to develop and commercialize BMS-986089, an anti-myostatin adnectin in development for Duchenne Muscular Dystrophy.

CytomX: BMS and CytomX expanded their initial 2014 strategic collaboration to discover novel cancer treatment therapies that will include up to eight additional targets using CytomX’s proprietary Probody platform for the treatment of cancer.

2016 Arrangements

PsiOxus: BMS acquired exclusive worldwide rights to PsiOxus's NG-348, a pre-clinical stage, “armed” oncolytic virus with the goal of addressing solid tumors.

Padlock: BMS acquired all of the outstanding shares of Padlock providing BMS with full rights to Padlock’s PAD inhibitor discovery program focused on the development of treatment approaches for patients with RA.

Cormorant: BMS acquired all of the outstanding shares of Cormorant providing BMS with full rights to Cormorant’s lead candidate HuMax-IL8, a monoclonal antibody that represents a potentially complementary IO mechanism of action to T-cell directed antibodies and co-stimulatory molecules.

Nitto Denko: BMS acquired an exclusive worldwide license to develop and commercialize Nitto Denko's investigational siRNA molecules targeting heat shock protein 47 (HSP47) in vitamin A containing formulations including Nitto Denko's lead asset ND-L02-s0201, currently in development for the treatment of advanced liver fibrosis, and the option to receive exclusive licenses for HSP47 siRNAs in vitamin A containing formulations for the treatment of lung and other organ fibrosis.
## RESULTS OF OPERATIONS

### Regional Revenues

The composition of the changes in revenues was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th>2018 vs. 2017</th>
<th>2017 vs. 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Revenues</td>
<td>Analysis of % Change</td>
<td>Total Revenues</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Foreign Change (b)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>$12,586</td>
<td>11 %</td>
<td>$11,358</td>
</tr>
<tr>
<td></td>
<td>$11,358</td>
<td></td>
<td>$10,720</td>
</tr>
<tr>
<td>Europe</td>
<td>5,658</td>
<td>13 %</td>
<td>4,988</td>
</tr>
<tr>
<td></td>
<td>4,988</td>
<td></td>
<td>4,215</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>3,733</td>
<td>(4)%</td>
<td>3,877</td>
</tr>
<tr>
<td></td>
<td>3,877</td>
<td></td>
<td>3,964</td>
</tr>
<tr>
<td>Other (a)</td>
<td>584</td>
<td>6 %</td>
<td>553</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>528</td>
</tr>
<tr>
<td>Total</td>
<td>$22,561</td>
<td>9 %</td>
<td>$20,776</td>
</tr>
<tr>
<td></td>
<td>$20,776</td>
<td></td>
<td>$19,427</td>
</tr>
</tbody>
</table>

(a) Other revenues include royalties and alliance-related revenues for products not sold by our regional commercial organizations.
(b) Foreign exchange impacts were derived by applying the prior period average currency rates to the current period sales.

U.S. revenues in 2018 were impacted by higher demand for Opdivo and Eliquis partially offset by lower demand for established brands due to increased competition, primarily HIV brands and Daklinza. The higher growth rate in the U.S. was due to additional indication approvals for Opdivo. Average U.S. net selling prices in 2018 were unchanged after charge-backs, rebates and discounts. Refer to “—Product Revenues Commentary” for additional information.

Europe revenues in 2018 were impacted by higher demand for Eliquis and Opdivo and foreign exchange, partially offset by lower demand for established brands due to increased competition and lower average net selling prices.

Rest of the World revenues in 2018 were impacted by lower demand for established brands due to increased competition, lower average net selling prices and foreign exchange, partially offset by higher demand for Opdivo and Eliquis.

U.S. revenues in 2017 were impacted by higher demand for Eliquis and Opdivo partially offset by lower demand for established brands due to increased competition, primarily Daklinza and HIV brands. Average U.S. net selling prices were approximately 2% higher after charge-backs, rebates and discounts. Refer to “—Product Revenues Commentary” for additional information.

Europe revenues in 2017 were impacted by higher demand for Opdivo and Eliquis partially offset by lower demand for Daklinza due to increased competition and lower average net selling prices.

Rest of the World revenues in 2017 were impacted by lower demand for established brands, including Daklinza, due to increased competition and out-licensing of a mature brand product, partially offset by higher demand for Opdivo and Eliquis and lower average net selling prices.

No single country outside the U.S. contributed more than 10% of total revenues in 2018, 2017 and 2016.
**GTN Adjustments**

We recognize revenue net of GTN adjustments that are further described in “—Critical Accounting Policies.”

The activities and ending reserve balances for each significant category of GTN adjustments were as follows:

<table>
<thead>
<tr>
<th>Dollars in Millions</th>
<th>Charge-Backs and Cash Discounts</th>
<th>Medicaid and Medicare Rebates</th>
<th>Other Rebates, Returns, Discounts and Adjustments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at January 1, 2017</td>
<td>$126</td>
<td>$520</td>
<td>$1,160</td>
<td>$1,806</td>
</tr>
<tr>
<td>Current period</td>
<td>2,087</td>
<td>2,090</td>
<td>2,135</td>
<td>6,312</td>
</tr>
<tr>
<td>Prior period</td>
<td>(3)</td>
<td>(4)</td>
<td>(64)</td>
<td>(71)</td>
</tr>
<tr>
<td>Payments and returns</td>
<td>(2,004)</td>
<td>(1,810)</td>
<td>(2,107)</td>
<td>(5,921)</td>
</tr>
<tr>
<td>Foreign currency translation and other</td>
<td>3</td>
<td>—</td>
<td>104</td>
<td>107</td>
</tr>
<tr>
<td>Balance at December 31, 2017</td>
<td>$209</td>
<td>$796</td>
<td>$1,228</td>
<td>$2,233</td>
</tr>
<tr>
<td>Current period</td>
<td>2,738</td>
<td>3,258</td>
<td>2,693</td>
<td>8,689</td>
</tr>
<tr>
<td>Prior period</td>
<td>(3)</td>
<td>(33)</td>
<td>(60)</td>
<td>(96)</td>
</tr>
<tr>
<td>Payments and returns</td>
<td>(2,695)</td>
<td>(2,960)</td>
<td>(2,424)</td>
<td>(8,079)</td>
</tr>
<tr>
<td>Assets/related liabilities held-for-sale</td>
<td>—</td>
<td>—</td>
<td>(28)</td>
<td>(28)</td>
</tr>
<tr>
<td>Foreign currency translation and other</td>
<td>(4)</td>
<td>—</td>
<td>(53)</td>
<td>(57)</td>
</tr>
<tr>
<td>Balance at December 31, 2018</td>
<td>$245</td>
<td>$1,061</td>
<td>$1,356</td>
<td>$2,662</td>
</tr>
</tbody>
</table>

The reconciliation of gross product sales to net product sales by each significant category of GTN adjustments was as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross product sales</td>
<td>$30,174</td>
<td>$25,499</td>
<td>$22,364</td>
<td>18%</td>
<td>14%</td>
</tr>
<tr>
<td>GTN Adjustments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charge-backs and cash discounts</td>
<td>(2,735)</td>
<td>(2,084)</td>
<td>(1,582)</td>
<td>31%</td>
<td>32%</td>
</tr>
<tr>
<td>Medicaid and Medicare rebates</td>
<td>(3,225)</td>
<td>(2,086)</td>
<td>(1,382)</td>
<td>55%</td>
<td>51%</td>
</tr>
<tr>
<td>Other rebates, returns, discounts and adjustments</td>
<td>(2,633)</td>
<td>(2,071)</td>
<td>(1,698)</td>
<td>27%</td>
<td>22%</td>
</tr>
<tr>
<td>Total GTN Adjustments</td>
<td>(8,593)</td>
<td>(6,241)</td>
<td>(4,662)</td>
<td>38%</td>
<td>34%</td>
</tr>
<tr>
<td>Net product sales</td>
<td>$21,581</td>
<td>$19,258</td>
<td>$17,702</td>
<td>12%</td>
<td>9%</td>
</tr>
</tbody>
</table>

**GTN adjustments percentage**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>GTN adjustments</td>
<td>28%</td>
<td>24%</td>
<td>21%</td>
</tr>
<tr>
<td>U.S.</td>
<td>36%</td>
<td>31%</td>
<td>26%</td>
</tr>
<tr>
<td>Non-U.S.</td>
<td>13%</td>
<td>13%</td>
<td>13%</td>
</tr>
</tbody>
</table>

GTN adjustments are primarily a function of product sales volume, regional and payer channel mix, contractual or legislative discounts and rebates. GTN adjustments are increasing at a higher rate than gross product sales due to higher U.S. *Eliquis* gross product sales, which has a relatively high GTN adjustment percentage as a result of competitive pressures to maintain its position on healthcare payer formularies allowing patients continued access through their medical plans.
# Product Revenues

<table>
<thead>
<tr>
<th>Prioritized Brands</th>
<th>Year Ended December 31,</th>
<th>% Change</th>
<th>2018 vs. 2017</th>
<th>2017 vs. 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td><strong>Opdivo</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>$4,239</td>
<td>$3,102</td>
<td>$2,664</td>
<td>37%</td>
</tr>
<tr>
<td>Non-U.S.</td>
<td>$2,496</td>
<td>$1,846</td>
<td>$1,110</td>
<td>35%</td>
</tr>
<tr>
<td><strong>Eliquis</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>$3,760</td>
<td>$2,887</td>
<td>$1,963</td>
<td>30%</td>
</tr>
<tr>
<td>Non-U.S.</td>
<td>$2,678</td>
<td>$1,985</td>
<td>$1,380</td>
<td>35%</td>
</tr>
<tr>
<td><strong>Ocrenica</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>$1,875</td>
<td>$1,704</td>
<td>$1,532</td>
<td>10%</td>
</tr>
<tr>
<td>Non-U.S.</td>
<td>$835</td>
<td>$775</td>
<td>$733</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Sprycel</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>$1,091</td>
<td>$1,105</td>
<td>$969</td>
<td>(1)%</td>
</tr>
<tr>
<td>Non-U.S.</td>
<td>$909</td>
<td>$900</td>
<td>$855</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Yervoy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>$941</td>
<td>$908</td>
<td>$802</td>
<td>4%</td>
</tr>
<tr>
<td>Non-U.S.</td>
<td>$389</td>
<td>$336</td>
<td>$251</td>
<td>16%</td>
</tr>
<tr>
<td><strong>Empiciti</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>$164</td>
<td>$151</td>
<td>$133</td>
<td>9%</td>
</tr>
<tr>
<td>Non-U.S.</td>
<td>$83</td>
<td>$80</td>
<td>$17</td>
<td>4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Established Brands</th>
<th>Year Ended December 31,</th>
<th>% Change</th>
<th>2018 vs. 2017</th>
<th>2017 vs. 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td><strong>Baraclude</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>$32</td>
<td>$53</td>
<td>$66</td>
<td>(40)%</td>
</tr>
<tr>
<td>Non-U.S.</td>
<td>$712</td>
<td>$999</td>
<td>$1,126</td>
<td>(29)%</td>
</tr>
<tr>
<td><strong>Reyataz Franchise</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>$157</td>
<td>$327</td>
<td>$484</td>
<td>(52)%</td>
</tr>
<tr>
<td>Non-U.S.</td>
<td>$270</td>
<td>$371</td>
<td>$428</td>
<td>(27)%</td>
</tr>
<tr>
<td><strong>Sustiva Franchise</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>$27</td>
<td>$622</td>
<td>$901</td>
<td>(96)%</td>
</tr>
<tr>
<td>Non-U.S.</td>
<td>$256</td>
<td>$107</td>
<td>$164</td>
<td>**</td>
</tr>
<tr>
<td><strong>Hepatitis C Franchise</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>$17</td>
<td>$109</td>
<td>$827</td>
<td>**</td>
</tr>
<tr>
<td>Non-U.S.</td>
<td>$33</td>
<td>$297</td>
<td>$751</td>
<td>(89)%</td>
</tr>
<tr>
<td><strong>Other Brands</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>$316</td>
<td>$390</td>
<td>$379</td>
<td>(19)%</td>
</tr>
<tr>
<td>Non-U.S.</td>
<td>$1,314</td>
<td>$1,722</td>
<td>$1,892</td>
<td>(24)%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$22,561</td>
<td>$20,776</td>
<td>$19,427</td>
<td>9%</td>
</tr>
<tr>
<td>U.S.</td>
<td>$12,586</td>
<td>$11,358</td>
<td>$10,720</td>
<td>11%</td>
</tr>
<tr>
<td>Non-U.S.</td>
<td>$9,975</td>
<td>$9,418</td>
<td>$8,707</td>
<td>6%</td>
</tr>
</tbody>
</table>

** Change in excess of 100%
**Opdivo** (nivolumab) — a fully human monoclonal antibody that binds to the PD-1 on T and NKT cells that has been approved for several anti-cancer indications including bladder, blood, colon, head and neck, kidney, liver, lung, melanoma and stomach and continues to be investigated across other tumor types and disease areas.

- U.S. revenues increased in both periods due to higher demand. The higher growth rate in 2018 was primarily due to the approvals for the treatment of adjuvant melanoma, liver cancer and the **Opdivo+Yervoy** combination for kidney cancer, which is partially offset by the decline in lung cancer indication.
- International revenues increased in both periods due to higher demand as a result of approvals for additional indications and launches in new countries. The lower growth rate in 2018 was primarily due to additional competition for **Opdivo** in the NSCLC indication.

**Eliquis** (apixaban) — an oral Factor Xa inhibitor, targeted at stroke prevention in adult patients with NVAF and the prevention and treatment of VTE disorders.

- U.S. revenues increased in both periods due to market share gains partially offset by lower average net selling prices.
- International revenues increased in both periods due to higher demand attributed to market share gains and growth of the novel oral anticoagulants market.

**Orencia** (abatacept) — a fusion protein indicated for adult patients with moderate to severe active RA and PsA and is also indicated for reducing signs and symptoms in certain pediatric patients with moderately to severely active polyarticular JIA.

- U.S. revenues increased in both periods due to higher demand and higher average net selling prices.
- International revenues increased in both periods due to higher demand. We may experience additional competition in Europe from biosimilars of competitor products in future periods.

**Sprycel** (dasatinib) — an oral inhibitor of multiple tyrosine kinase indicated for the first-line treatment of adults with Philadelphia chromosome-positive CML in chronic phase and the treatment of adults with chronic, accelerated, or myeloid or lymphoid blast phase CML with resistance or intolerance to prior therapy, including **Gleevec** (imatinib mesylate).

- U.S. revenues decreased in 2018 due to inventory workdown offset by higher average net selling prices. U.S. revenues increased in 2017 due to higher demand and higher average net selling prices.
- International revenues remained unchanged in 2018. International revenues increased in 2017 due to higher demand. We may experience a decline in European revenues in the event that generic dasatinib product enters the market.

**Yervoy** (ipilimumab) — a monoclonal antibody for the treatment of patients with unresectable or metastatic melanoma.

- U.S. revenues increased in both periods due to higher demand. Revenue growth rate in 2018 decreased due to lower demand resulting from other IO products being used in the adjuvant treatment of patients with melanoma, including **Opdivo**.
- International revenues increased in both periods due to higher demand primarily in Europe following the approval of the **Opdivo+Yervoy** combination therapy for melanoma.

**Baraclude** (entecavir) — an oral antiviral agent for the treatment of chronic hepatitis B.

- International revenues decreased in both periods due to lower demand resulting from increased competition.

**Reyataz** (atazanavir sulfate) Franchise — Includes **Reyataz** - a protease inhibitor for the treatment of HIV and **Evotaz** (atazanavir 300 mg and cobicistat 150 mg) - a combination therapy containing **Reyataz** and **Tybost** (cobicistat).

- The LOE for **Reyataz** in the U.S. occurred in December 2017, as a result revenues will continue to decline.
- International revenues decreased in both periods due to lower demand resulting from increased competition.

**Sustiva** (efavirenz) Franchise — a non-nucleoside reverse transcriptase inhibitor for the treatment of HIV, which includes **Sustiva**, an antiretroviral drug, and bulk efavirenz, which is also included in the combination therapy, **Atripla**.

- The LOE for **Sustiva** in the U.S. occurred in December 2017. Gilead terminated BMS's participation in the U.S. and Canada joint venture following the launch of a generic version of **Sustiva** in the U.S. As a result, BMS's share of **Atripla** revenues will further decline during the next two years. Refer to “Item 8. Financial Statements—Note 3. Alliances” for further discussion.
- International revenues for 2018 include $204 million of U.S. **Atripla** royalty revenue.
Hepatitis C Franchise — Daklinza (daclatasvir) - an NS5A replication complex inhibitor; Sunvepra (asunaprevir) - an NS3 protease inhibitor; and beclabuvir - an NS5B inhibitor.

- U.S. and international revenues decreased in both periods due to lower demand resulting from increased competition.

Other Brands — includes all other brands, including those which have lost exclusivity in major markets, OTC brands and royalty revenue.

- International revenues decreased in 2018 primarily due to lower Plavix* royalties as a result of the adoption of amended revenue guidance, the expiration of rights to Abilify* in Canada, lower diabetes product supply sales and continued generic erosion. The revenue decrease in 2017 was due to out-licensing and divestiture of certain other brands and continued generic erosion.

Estimated End-User Demand

Pursuant to the SEC Consent Order described under “—SEC Consent Order”, we monitor the level of inventory on hand in the U.S. wholesaler distribution channel and outside of the U.S. in the direct customer distribution channel. We are obligated to disclose products with levels of inventory in excess of one month on hand or expected demand, subject to a de minimis exception. Estimated levels of inventory in the distribution channel in excess of one month on hand for the following products were not material to our results of operations as of the dates indicated. At December 31, 2018, Daklinza had 6 months of inventory on hand in the U.S. as a result of minimum required stock levels to support patient demand. We expect inventory on hand levels of Daklinza to exceed one month over the near term. Below are international products that had estimated levels of inventory in the distribution channel in excess of one month on hand at September 30, 2018.

Dafalgan, an analgesic product sold principally in Europe, had 1.2 months of inventory on hand internationally at direct customers compared to 1.3 months of inventory on hand at June 30, 2018. The level of inventory on hand was primarily due to the ordering patterns of pharmacists in France.

Efferalgan, an analgesic product sold principally in Europe, had 1.7 months of inventory on hand internationally at direct customers compared to also 1.4 months of inventory on hand at June 30, 2018. The level of inventory on hand was primarily due to the ordering patterns of pharmacists in France.

Fervex, a cold and flu product, had 1.3 months of inventory on hand at direct customers compared to 1.5 months of inventory on hand at June 30, 2018. The level of inventory on hand was primarily due to the ordering patterns of pharmacists in France.

Daklinza, a Hepatitis C product, had 1.2 months of inventory on hand internationally at direct customers compared to 1.4 months of inventory on hand at June 30, 2018. The level of inventory on hand was attributable to low volume in-market sales in Canada.

Perfalgan, an analgesic product, had 1.3 months of inventory on hand internationally at direct customers compared to 1.5 months of inventory on hand at June 30, 2018. The level of inventory on hand was primarily in the Gulf Countries due to extended delivery lead time.

Sustiva, an HIV product, had 1.1 months of inventory on hand internationally at direct customers compared to 1.0 months of inventory on hand at June 30, 2018. The level of inventory on hand was attributable to low volume in-market sales in Canada.

In the U.S., we generally determine our months on hand estimates using inventory levels of product on hand and the amount of out-movement provided by our three largest wholesalers, which account for approximately 97% of total gross sales of U.S. products. Factors that may influence our estimates include generic competition, seasonality of products, wholesaler purchases in light of increases in wholesaler list prices, new product launches, new warehouse openings by wholesalers and new customer stockings by wholesalers. In addition, these estimates are calculated using third-party data, which may be impacted by their recordkeeping processes.
Our non-U.S. businesses have significantly more direct customers. Information on available direct customer product level inventory and corresponding out-movement information and the reliability of third-party demand information varies widely. We limit our direct customer sales channel inventory reporting to where we can influence demand. When this information does not exist or is otherwise not available, we have developed a variety of methodologies to estimate such data, including using historical sales made to direct customers and third-party market research data related to prescription trends and end-user demand. Given the difficulties inherent in estimating third-party demand information, we evaluate our methodologies to estimate direct customer product level inventory and to calculate months on hand on an ongoing basis and make changes as necessary. Factors that may affect our estimates include generic competition, seasonality of products, price increases, new product launches, new warehouse openings by direct customers, new customer stockings by direct customers and expected direct customer purchases for governmental bidding situations. As such, all of the information required to estimate months on hand in the direct customer distribution channel for non-U.S. business for the year ended December 31, 2018 is not available prior to the filing of this 2018 Form 10-K. We will disclose any product with levels of inventory in excess of one month on hand or expected demand, subject to a de minimis exception, in the next quarterly report on Form 10-Q.

**Expenses**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of products sold</td>
<td>$6,547</td>
<td>$6,094</td>
<td>$4,969</td>
<td>7%</td>
<td>23%</td>
</tr>
<tr>
<td>Marketing, selling and administrative</td>
<td>4,551</td>
<td>4,751</td>
<td>4,979</td>
<td>(4)%</td>
<td>(5)%</td>
</tr>
<tr>
<td>Research and development</td>
<td>6,345</td>
<td>6,482</td>
<td>5,012</td>
<td>(2)%</td>
<td>29%</td>
</tr>
<tr>
<td>Other income (net)</td>
<td>(850)</td>
<td>(1,682)</td>
<td>(1,448)</td>
<td>(49)%</td>
<td>16%</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$16,593</td>
<td>$15,645</td>
<td>$13,512</td>
<td>6%</td>
<td>16%</td>
</tr>
</tbody>
</table>

**Cost of products sold**

Cost of products sold include material, internal labor and overhead costs from our owned manufacturing sites, third-party product supply costs and other supply chain costs managed by our global manufacturing and supply organization. Cost of products sold also includes royalties and profit sharing, certain excise taxes, foreign currency hedge settlement gains and losses and the amortization of acquired developed technology costs. Cost of products sold typically vary between periods as a result of product mix and volume (particularly royalties and profit sharing), and to a lesser extent changes in foreign currency, price, inflation and costs attributed to manufacturing site exits.

- Cost of products sold increased in 2018 due to higher royalties and profit sharing of $905 million resulting primarily from higher Eliquis sales partially offset by product cost improvements, a $146 million impairment charge in 2017 to reduce the carrying value of the small molecule active pharmaceutical ingredient manufacturing operations in Swords, Ireland, and lower inventory charges.
- Cost of products sold increased in 2017 due to higher royalties and profit sharing of $753 million resulting primarily from higher Eliquis sales and a $146 million impairment charge as discussed above. The remaining increase was primarily due to higher sales volume, inventory charges, manufacturing startup costs and foreign currency.

**Marketing, selling and administrative**

Marketing, selling and administrative expenses primarily include salary and benefit costs, third-party professional and marketing fees, outsourcing fees, shipping and handling costs, advertising and product promotion. Expenses are managed through regional commercialization organizations or global enabling functions such as finance, legal, information technology and human resources. Certain expenses are shared with alliance partners based upon contractual agreements. Expenses typically vary between periods due to new product launch promotional activities.

- Marketing, selling and administrative expenses decreased in 2018 due to lower advertising, promotion and marketing expenses, lower costs attributed to transformation initiatives and lower branded prescription drug fee, partially offset by higher BMS foundation grants.
- Marketing, selling and administrative expenses decreased in 2017 due to lower advertising, promotion and sales-force expenses supporting Daklinza and other established brands and lower BMS foundation grants.
Research and development activities include discovery research, preclinical and clinical development, drug formulation and medical support of marketed products. Expenses include salary and benefit costs, third-party grants and fees paid to clinical research organizations, supplies, upfront and contingent milestone payments for licensing and asset acquisitions of investigational compounds, IPRD impairment charges and proportionate allocations of enterprise-wide costs. The allocations include facilities, information technology, employee stock compensation costs and other appropriate costs. Certain expenses are shared with alliance partners based upon contractual agreements. Expenses typically vary between periods for a number of reasons, including the timing of license and asset acquisition charges and IPRD impairment charges.

- Research and development expense decreased in 2018 due to lower site exit costs and IPRD impairment charges, partially offset by expansion of Opdivo and other IO development programs, including NKTR-214.
- Research and development expense increased in 2017 due to higher license and asset acquisition charges, site exit charges, IPRD impairment charges and expansion of Opdivo and other IO development programs.

Significant charges included in R&D expense were as follows:

<table>
<thead>
<tr>
<th>Dollars in Millions</th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Nektar</td>
<td>1,050 (a)</td>
</tr>
<tr>
<td>Cormorant</td>
<td>60 (b)</td>
</tr>
<tr>
<td>IFM</td>
<td>25 (b)</td>
</tr>
<tr>
<td>CytomX</td>
<td>—</td>
</tr>
<tr>
<td>Halozyme</td>
<td>—</td>
</tr>
<tr>
<td>Flexus</td>
<td>—</td>
</tr>
<tr>
<td>Cardioxyl</td>
<td>—</td>
</tr>
<tr>
<td>PsiOxus</td>
<td>—</td>
</tr>
<tr>
<td>Ono</td>
<td>—</td>
</tr>
<tr>
<td>Padlock</td>
<td>—</td>
</tr>
<tr>
<td>Nitto Denko</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>—</td>
</tr>
<tr>
<td>License and asset acquisition charges</td>
<td>1,135</td>
</tr>
<tr>
<td>F-Star</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>—</td>
</tr>
<tr>
<td>IPRD impairments</td>
<td>—</td>
</tr>
<tr>
<td>Site exit costs</td>
<td>79</td>
</tr>
<tr>
<td>Research and development significant charges</td>
<td>1,214</td>
</tr>
</tbody>
</table>

(a) Upfront payment
(b) Milestone payment

- License and asset acquisition charges resulted from strategic transactions to acquire or license certain investigational oncology, cardiovascular, immunoscience and fibrotic disease compounds (or options to acquire or license) as disclosed in “—Acquisitions, Divestitures, Licensing and Collaboration Arrangements.”
- IPRD impairment charges includes the discontinued development of an investigational compound which was part of our alliance with F-Star in 2017.
- Site exit costs resulted from the expected exit of R&D sites in the U.S. through 2020 primarily due to the reduction in the estimated useful lives of the related assets and an impairment charge in 2017 to reduce the carrying value of an R&D facility in Wallingford, Connecticut.
Other income (net)

- Other income (net) decreased in 2018 primarily due to losses on equity investments related to Nektar and a patent infringement settlement in 2017 partially offset by lower restructuring and debt redemption charges.
- Other income (net) increased in 2017 primarily due to a patent infringement settlement and out-licensing income partially offset by lower divestiture gains and related service fees and higher restructuring and debt redemption charges.

Components of other income (net) were as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest expense</td>
<td>$183</td>
<td>$196</td>
<td>$167</td>
</tr>
<tr>
<td>Investment income</td>
<td>(173)</td>
<td>(126)</td>
<td>(97)</td>
</tr>
<tr>
<td>Loss/(gain) on equity investments</td>
<td>512</td>
<td>(23)</td>
<td>37</td>
</tr>
<tr>
<td>Provision for restructuring</td>
<td>131</td>
<td>293</td>
<td>109</td>
</tr>
<tr>
<td>Litigation and other settlements</td>
<td>76</td>
<td>(487)</td>
<td>47</td>
</tr>
<tr>
<td>Equity in net income of affiliates</td>
<td>(93)</td>
<td>(75)</td>
<td>(77)</td>
</tr>
<tr>
<td>Divestiture gains</td>
<td>(178)</td>
<td>(164)</td>
<td>(576)</td>
</tr>
<tr>
<td>Royalties and licensing income</td>
<td>(1,353)</td>
<td>(1,351)</td>
<td>(719)</td>
</tr>
<tr>
<td>Transition and other service fees</td>
<td>(12)</td>
<td>(37)</td>
<td>(238)</td>
</tr>
<tr>
<td>Pension and postretirement</td>
<td>(27)</td>
<td>(1)</td>
<td>(72)</td>
</tr>
<tr>
<td>Intangible asset impairment</td>
<td>64</td>
<td>—</td>
<td>15</td>
</tr>
<tr>
<td>Loss on debt redemption</td>
<td>—</td>
<td>109</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>20</td>
<td>(16)</td>
<td>(44)</td>
</tr>
<tr>
<td>Other income (net)</td>
<td>$(850)</td>
<td>$(1,682)</td>
<td>$(1,448)</td>
</tr>
</tbody>
</table>

- Loss/(gain) on equity investments includes a fair value adjustment of $534 million related to the Company's equity investment in Nektar in 2018.
- Restructuring charges relate to changes to the Company's operating model to drive continued success in the near- and long-term through a more focused investment in commercial opportunities for key brands and markets, a competitive and more agile R&D organization that can accelerate the pipeline, streamline operations and realign manufacturing capabilities that broaden biologics capabilities to reflect the current and future portfolio as well as streamline and simplify our small-molecule supply network. The new operating model is expected to enable the Company to deliver the strategic, financial and operational flexibility necessary to invest in the highest priorities across the Company. Aggregate restructuring charges of $268 million and $826 million have been incurred in 2018 and 2017, respectively, for all actions including accelerated depreciation and impairment charges resulting from early site exits.
- Litigation and other settlements include $481 million for BMS's share of a patent-infringement settlement related to Merck's PD-1 antibody Keytruda* in 2017 and $70 million related to intellectual property and product liability settlements in 2018, including $42 million recognized subsequent to the Company's earnings release for the fourth quarter of 2018.
- Divestiture gains include divestiture of multiple mature global product lines in oncology and infectious therapy in 2018, additional contingent consideration for the diabetes business in 2017 and certain OTC brands and investigational HIV medicines businesses in 2016.
- Royalties and licensing income includes Keytruda* royalties in 2018 and 2017, upfront licensing fees from Biogen and Roche in connection with the out-licensing of certain investigational genetically defined disease compounds in 2017 and contingent consideration from the Erbitux* and diabetes business divestitures in 2018, 2017 and 2016, including the transfer of certain royalty rights pertaining to diabetes product sales. A $50 million fee for amending a royalty rate and $25 million sales-based milestone was also included in 2018.
- Transition and other service fees include fees resulting from the divestiture of the diabetes and investigational HIV medicines businesses in 2017 and 2016.
- Pension and postretirement includes the interest cost, expected return on plan assets and amortization components of the net periodic benefit cost (credit) as well as net charges for settlements, curtailments and special termination benefits of $121 million in 2018, $162 million in 2017 and $92 million in 2016.
- Intangible asset impairment includes $64 million in 2018 for an out-licensed asset obtained in the 2010 acquisition of ZymoGenetics, Inc., which did not meet its primary endpoint in a Phase II clinical study.
- A debt redemption loss of $109 million resulted from the early redemption of certain long-term debt obligations in 2017.
Accordance with GAAP. and forecasting for future periods. This information is not intended to be considered in isolation or as a substitute for net earnings or diluted EPS prepared in

Information is among the primary indicators we use as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning

EPS information is an indication of our baseline performance before items that are considered by us to not be reflective of our ongoing results. In addition, this

Non-GAAP information is intended to portray the results of our baseline performance, supplement or enhance management, analysts and investors’ overall

understanding of our underlying financial performance and facilitate comparisons among current, past and future periods. For example, non-GAAP earnings and

EPS information is an indication of our baseline performance before items that are considered by us to not be reflective of our ongoing results. In addition, this

information is among the primary indicators we use as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning

and forecasting for future periods. This information is not intended to be considered in isolation or as a substitute for net earnings or diluted EPS prepared in accordance with GAAP.

### Non-GAAP Financial Measures

Our non-GAAP financial measures, including non-GAAP earnings and related EPS information, are adjusted to exclude certain costs, expenses, gains and losses and other specified items that are evaluated on an individual basis. These items are adjusted after considering their quantitative and qualitative aspects and typically have one or more of the following characteristics, such as being highly variable, difficult to project, unusual in nature, significant to the results of a particular period or not indicative of future operating results. Similar charges or gains were recognized in prior periods and will likely reoccur in future periods including restructuring costs, accelerated depreciation and impairment of property, plant and equipment and intangible assets, R&D charges in connection with the acquisition or licensing of third-party intellectual property rights, divestiture gains or losses, pension, legal and other contractual settlement charges and debt redemption gains or losses, among other items. Deferred and current income taxes attributed to these items are also adjusted for considering their individual impact to the overall tax expense, deductibility and jurisdictional tax rates.

Non-GAAP information is intended to portray the results of our baseline performance, supplement or enhance management, analysts and investors’ overall understanding of our underlying financial performance and facilitate comparisons among current, past and future periods. For example, non-GAAP earnings and EPS information is an indication of our baseline performance before items that are considered by us to not be reflective of our ongoing results. In addition, this information is among the primary indicators we use as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting for future periods. This information is not intended to be considered in isolation or as a substitute for net earnings or diluted EPS prepared in accordance with GAAP.

### Income Taxes

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings Before Income Taxes</td>
<td>$5,968</td>
<td>$5,131</td>
<td>$5,915</td>
</tr>
<tr>
<td>Provision for Income Taxes</td>
<td>1,021</td>
<td>4,156</td>
<td>1,408</td>
</tr>
<tr>
<td>Effective Tax Rate</td>
<td>17.1%</td>
<td>81.0%</td>
<td>23.8%</td>
</tr>
</tbody>
</table>

Impact of Specified Items

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
</table>

Changes in the effective tax rate was primarily due to new U.S. tax reform legislation known as the Tax Cuts and Jobs Act of 2017 (the Act) enacted on December 22, 2017. The Act moved from a worldwide tax system to a quasi-territorial tax system and was comprised of broad and complex changes to the U.S. tax code including, but not limited to, (1) reduced the U.S. tax rate from 35% to 21%; (2) added a deemed repatriation transition tax on certain foreign earnings and profits; (3) generally eliminated U.S. federal income taxes on dividends from foreign subsidiaries; (4) included certain income of controlled foreign companies in U.S. taxable income (GILTI); (5) created a new minimum tax referred to as a base erosion anti-abuse income tax; (6) limited certain research-based credits; and (7) eliminated the domestic manufacturing deduction.

Although many aspects of the Act were not effective until 2018, additional tax expense of $2.9 billion was recognized in the fourth quarter of 2017 upon enactment of the Act. The additional expense increased the effective tax rate by 56.7% and included a $2.6 billion one-time deemed repatriation transition tax on previously untaxed post-1986 foreign earnings and profits (including related tax reserves). Those earnings were effectively taxed at a 15.5% rate to the extent that the specified foreign corporations held cash and certain other assets and an 8.0% rate on the remaining earnings and profits. The remaining $285 million of additional tax expense included an adjustment to measure net deferred tax assets at the new U.S. tax rate of 21%. The accounting for the reduction of deferred tax assets to the 21% tax rate was complete as of December 31, 2017. The provisional tax charge for the deemed repatriation transition tax was reduced by $56 million in 2018 upon completion of the accounting which reduced the effective tax rate by 0.9%.

In addition, the tax impact attributed to specified items, including non-deductible R&D charges, valuation allowances for certain tax assets resulting from equity investment losses and other jurisdiction tax rates increased the effective tax rate by 0.9% in 2018, 3.3% in 2017 and 1.8% in 2016.

After considering the impact of specified items including the transitional impacts of the Act discussed above, the effective tax rate decreased by 3.9% in 2018 primarily due to the on-going impact of the Act and tax reserve releases partially offset by taxes attributed to internal cash repatriations and earnings mix between high and low tax jurisdictions. After considering the impact of specified items, the effective tax rate decreased by 1.0% in 2017 primarily due to the adoption of amended income tax accounting guidance related to share-based payments and the early adoption of intra-entity transfers of assets other than inventory partially offset by earnings mix between high and low tax jurisdictions. Refer to “Item 8. Financial Statements and Supplementary Data—Note 7. Income Taxes” for further information.
Specified items were as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impairment charges</td>
<td>$17</td>
<td>$146</td>
<td>—</td>
</tr>
<tr>
<td>Accelerated depreciation and other shutdown costs</td>
<td>41</td>
<td>3</td>
<td>21</td>
</tr>
<tr>
<td><strong>Cost of products sold</strong></td>
<td>58</td>
<td>149</td>
<td>21</td>
</tr>
<tr>
<td><strong>Marketing, selling and administrative</strong></td>
<td>2</td>
<td>1</td>
<td>—</td>
</tr>
<tr>
<td>License and asset acquisition charges</td>
<td>1,135</td>
<td>1,130</td>
<td>439</td>
</tr>
<tr>
<td>IPRD impairments</td>
<td>—</td>
<td>75</td>
<td>13</td>
</tr>
<tr>
<td>Site exit costs</td>
<td>79</td>
<td>383</td>
<td>83</td>
</tr>
<tr>
<td><strong>Research and development</strong></td>
<td>1,214</td>
<td>1,588</td>
<td>535</td>
</tr>
<tr>
<td>Loss/(gain) on equity investments (a)</td>
<td>512</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Provision for restructuring</td>
<td>131</td>
<td>293</td>
<td>109</td>
</tr>
<tr>
<td>Litigation and other settlements</td>
<td>70</td>
<td>(481)</td>
<td>40</td>
</tr>
<tr>
<td>Divestiture gains</td>
<td>(177)</td>
<td>(126)</td>
<td>(559)</td>
</tr>
<tr>
<td>Royalties and licensing income</td>
<td>(75)</td>
<td>(497)</td>
<td>(10)</td>
</tr>
<tr>
<td>Pension and postretirement</td>
<td>121</td>
<td>162</td>
<td>91</td>
</tr>
<tr>
<td>Intangible asset impairment</td>
<td>64</td>
<td>—</td>
<td>15</td>
</tr>
<tr>
<td>Loss on debt redemption</td>
<td>—</td>
<td>109</td>
<td>—</td>
</tr>
<tr>
<td><strong>Other income (net)</strong></td>
<td>646</td>
<td>(540)</td>
<td>(314)</td>
</tr>
<tr>
<td><strong>Increase to pretax income</strong></td>
<td>1,920</td>
<td>1,198</td>
<td>242</td>
</tr>
<tr>
<td>Income taxes on items above</td>
<td>(268)</td>
<td>(87)</td>
<td>51</td>
</tr>
<tr>
<td>Income taxes attributed to U.S. tax reform</td>
<td>(56)</td>
<td>2,911</td>
<td>—</td>
</tr>
<tr>
<td><strong>Income taxes</strong></td>
<td>(324)</td>
<td>2,824</td>
<td>51</td>
</tr>
<tr>
<td><strong>Increase to net earnings</strong></td>
<td>1,596</td>
<td>4,022</td>
<td>293</td>
</tr>
<tr>
<td>Noncontrolling interest</td>
<td>—</td>
<td>(59)</td>
<td>—</td>
</tr>
<tr>
<td><strong>Increase to net earnings used for Diluted Non-GAAP EPS calculation</strong></td>
<td>$1,596</td>
<td>$3,963</td>
<td>$293</td>
</tr>
</tbody>
</table>

(a) Specified items included these amounts upon adoption of amended guidance for the recognition and measurement of financial assets and liabilities in 2018.

The reconciliations from GAAP to Non-GAAP were as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Earnings Attributable to BMS used for Diluted EPS Calculation — GAAP</td>
<td>$4,920</td>
<td>$1,007</td>
<td>$4,457</td>
</tr>
<tr>
<td>Specified Items</td>
<td>1,596</td>
<td>3,963</td>
<td>293</td>
</tr>
<tr>
<td>Net Earnings Attributable to BMS used for Diluted EPS Calculation — Non-GAAP</td>
<td>$6,516</td>
<td>$4,970</td>
<td>$4,750</td>
</tr>
<tr>
<td>Average Common Shares Outstanding — Diluted</td>
<td>1,637</td>
<td>1,652</td>
<td>1,680</td>
</tr>
<tr>
<td>Diluted EPS Attributable to BMS — GAAP</td>
<td>$3.01</td>
<td>$0.61</td>
<td>$2.65</td>
</tr>
<tr>
<td>Diluted EPS Attributable to Specified Items</td>
<td>0.97</td>
<td>2.40</td>
<td>0.18</td>
</tr>
<tr>
<td>Diluted EPS Attributable to BMS — Non-GAAP</td>
<td>$3.98</td>
<td>$3.01</td>
<td>$2.83</td>
</tr>
</tbody>
</table>
Financial Position, Liquidity and Capital Resources

Our net cash position was as follows:

<table>
<thead>
<tr>
<th>Dollars in Millions</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$6,911</td>
<td>$5,421</td>
</tr>
<tr>
<td>Marketable securities — current</td>
<td>1,973</td>
<td>1,391</td>
</tr>
<tr>
<td>Marketable securities — non-current</td>
<td>1,775</td>
<td>2,480</td>
</tr>
<tr>
<td>Total cash, cash equivalents and marketable securities</td>
<td>10,659</td>
<td>9,292</td>
</tr>
<tr>
<td>Short-term debt obligations</td>
<td>(1,703)</td>
<td>(987)</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>(5,646)</td>
<td>(6,975)</td>
</tr>
<tr>
<td>Net cash position</td>
<td>$3,310</td>
<td>$1,330</td>
</tr>
</tbody>
</table>

Cash, cash equivalents and marketable securities held in the U.S. were approximately $9.3 billion at December 31, 2018. Most of the remaining $1.4 billion is held primarily in our international affiliates for local operating needs. We are subject to a one-time deemed repatriation transition tax in which $2.1 billion will be payable over the next eight years as a result of U.S. tax reform. We expect to have more flexibility in accessing cash and future cash that may be generated in foreign subsidiaries. We believe that our existing cash, cash equivalents and marketable securities together with cash generated from operations and issuance of commercial paper in the U.S. will be sufficient to satisfy our normal cash requirements for at least the next few years, including dividends, capital expenditures, milestone payments, working capital, deemed repatriation transition tax and $1.3 billion of debt maturing in 2019.

Management continuously evaluates the Company’s capital structure to ensure the Company is financed efficiently, which may result in the repurchase of common stock and debt securities, termination of interest rate swap contracts prior to maturity and issuance of debt securities. The average amount of commercial paper outstanding was $19 million at a weighted-average rate of 1.27% during 2018. The maximum amount of commercial paper outstanding was $300 million with no outstanding borrowings at December 31, 2018.

Dividend payments were $2.6 billion in 2018 and 2017 and $2.5 billion in 2016. Dividend decisions are made on a quarterly basis by our Board of Directors. Annual capital expenditures were approximately $1.0 billion in 2018, $1.1 billion in 2017 and $1.2 billion in 2016 and are expected to be approximately $800 million in 2019 and $600 million in 2020. We continue to expand our biologics manufacturing capabilities and other facility-related activities. For example, we constructed a new large-scale biologics manufacturing facility in Ireland that will produce multiple therapies for our growing biologics portfolio when approved for commercial use in early 2020. We also paid $1.85 billion to Nektar in 2018 for certain collaboration rights and 8.3 million shares of its common stock representing a 4.8% ownership interest.

Our investment portfolio includes non-current marketable securities, which are subject to changes in fair value as a result of interest rate fluctuations and other market factors. Our investment policy establishes limits on the amount and time to maturity of investments with any institution. The policy also requires that investments are only entered into with corporate and financial institutions that meet high credit quality standards. Refer to “Item 8. Financial Statements and Supplementary Data—Note 9. Financial Instruments and Fair Value Measurements” for further information.

As of December 31, 2018, we had three revolving credit facilities totaling $5.0 billion, which consisted of a 364-day $2.0 billion facility that was scheduled to expire in March 2019 and two five-year $1.5 billion facilities that were extended to September 2022 and July 2023, respectively. All of these facilities provide for customary terms and conditions with no financial covenants and our two $1.5 billion revolving facilities are extendable annually by one year on the anniversary date with the consent of the lenders. No borrowings were outstanding under any of these revolving facilities as of December 31, 2018 or 2017.

In connection with our pending acquisition of Celgene, in January 2019 we entered into a bridge commitment letter that provides for up to $33.5 billion in a 364-day senior unsecured bridge loan facility. We also entered into an $8 billion term loan credit agreement consisting of a $1 billion 364-day tranche, a $4 billion three-year tranche and a $3 billion five-year tranche. The term loan reduced the commitments under the bridge facility to $25.5 billion. If we obtain additional funding by issuing securities or obtaining other loans, the amount of the bridge facility will be correspondingly reduced. The bridge loan and the term loan are subject to customary terms and conditions and do not have any financial covenants. No amounts will be borrowed under either the bridge loan or the term loan prior to the closing of the pending acquisition of Celgene.

In January 2019, we also entered into two new revolving credit facilities totaling $3.0 billion: a 364-day $2.0 billion facility expiring in January 2020 and a three-year $1.0 billion facility expiring in January 2022. The 364-day $2.0 billion facility replaced our existing 364-day $2.0 billion revolving facility, which was terminated concurrently upon the effectiveness of the new 364-day facility, and supports our commercial paper borrowings, if any. Each of these facilities provide for customary terms and conditions with no financial covenants.

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No borrowings were outstanding under these two revolving facilities or on our two $1.5 billion revolving facilities as of February 25, 2019.

Following the announcement of our pending acquisition of Celgene, we also entered into forward starting interest rate swap option contracts (swaptions), with a total notional value of $7.6 billion, to hedge future interest rate risk associated with the anticipated issuance of long-term debt to fund the acquisition. The swaptions provide us with the right to enter into forward starting interest rate swap contracts for periods of 10 and 30 years through January 2020.

Additional regulations in the U.S. could be passed in the future including additional healthcare reform initiatives, further changes to tax laws, additional pricing laws and potential importation restrictions which may reduce our results of operations, operating cash flow, liquidity and financial flexibility. We continue to monitor the potential impact of the economic conditions in certain European and other countries and the related impact on prescription trends, pricing discounts and creditworthiness of our customers. We believe these economic conditions will not have a material impact on our liquidity, cash flow or financial flexibility.

The UK voted to depart from the EU during June 2016. Similar to other companies in our industry, certain regulatory, trade, labor and other aspects of our business will likely be affected over time. However, we currently do not believe that these matters and other related financial effects will have a material impact on our consolidated results of operations, financial position or liquidity. Our sales in the UK represent less than 3% of our consolidated revenues.

Credit Ratings

In January 2019, Moody's placed BMS under review for downgrade and Standard & Poor's placed BMS on CreditWatch with negative implications, each following the announcement to acquire Celgene. BMS's current long-term and short-term credit ratings assigned by Moody's Investors Service are A2 and Prime-1, respectively, and BMS's current long-term and short-term credit ratings assigned by Standard & Poor's are A+ and A-1+, respectively. The long-term ratings reflect the agencies' opinion that we have a low default risk but are somewhat susceptible to adverse effects of changes in circumstances and economic conditions. The short-term ratings reflect the agencies' opinion that we have good to extremely strong capacity for timely repayment. Any credit rating downgrade may affect the interest rate of any debt we may incur, the fair market value of existing debt and our ability to access the capital markets generally. The current long-term and short-term ratings do not reflect any impact from the proposed acquisition of Celgene.

Cash Flows

The following is a discussion of cash flow activities:

<table>
<thead>
<tr>
<th>Dollars in Millions</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow provided by/(used in):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating activities</td>
<td>$5,940</td>
<td>$5,275</td>
<td>$3,058</td>
</tr>
<tr>
<td>Investing activities</td>
<td>(874)</td>
<td>(66)</td>
<td>1,480</td>
</tr>
<tr>
<td>Financing activities</td>
<td>(3,535)</td>
<td>(4,077)</td>
<td>(2,653)</td>
</tr>
</tbody>
</table>

Operating Activities

Cash flow from operating activities represents the cash receipts and disbursements from all of our activities other than investing and financing activities. Operating cash flow is derived by adjusting net earnings for noncontrolling interest, non-cash operating items, gains and losses attributed to investing and financing activities and changes in operating assets and liabilities resulting from timing differences between the receipts and payments of cash and when the transactions are recognized in our results of operations. As a result, changes in cash from operating activities reflect the timing of cash collections from customers and alliance partners; payments to suppliers, alliance partners and employees; customer discounts and rebates; and tax payments in the ordinary course of business. For example, annual employee bonuses are typically paid in the first quarter of the subsequent year. In addition, cash collections continue to be impacted by longer payment terms for certain biologic products in the U.S., primarily our newer oncology products including Opdivo, Yervoy and Empliciti (90 days to 120 days). The longer payment terms are used to more closely align with the insurance reimbursement timing for physicians and cancer centers following administration to the patients.
The $700 million change in cash flow from operating activities compared to 2017 was primarily attributable to:

- Higher cash collections and timing of payments in the ordinary course of business of approximately $2.2 billion.
- Partially offset by:
  - Higher R&D licensing and collaboration payments of approximately $600 million primarily due to the Nektar transaction in 2018;
  - Lower litigation settlement proceeds of approximately $500 million primarily due to the Merck settlement in 2017; and
  - Lower out-license proceeds of approximately $400 million primarily due to the Biogen and Roche transactions in 2017.

The $2.2 billion change in cash flow from operating activities compared to 2016 was primarily attributable to:

- Higher cash collections and timing of payments in the ordinary course of business of approximately $400 million;
- Lower income tax payments of approximately $1.5 billion;
- Litigation settlement proceeds of approximately $500 million primarily due to the Merck settlement; and
- Out-licensing proceeds of $500 million primarily due to the Biogen and Roche transactions.
- Partially offset by:
  - Higher R&D licensing payments of approximately $400 million primarily due to the CytomX, Halozyme and Nitto Denko transactions; and
  - Higher contributions to pension plans of approximately $300 million.

**Investing Activities**

Cash requirements from investing activities include cash used for acquisitions, manufacturing and facility-related capital expenditures and purchases of marketable securities with original maturities greater than 90 days at the time of purchase reduced by proceeds from business divestitures (including royalties) and the sale and maturity of marketable securities.

The $800 million change in cash flow from investing activities compared to 2017 was primarily attributable to:

- Lower net sales and maturities of marketable securities with maturities greater than 90 days of approximately $900 million; and
- Higher net acquisition and other payments of approximately $500 million primarily due to the purchase of 8.3 million shares of Nektar common stock in 2018.
- Partially offset by:
  - Higher business divestiture proceeds of approximately $500 million primarily due to the divestiture of manufacturing operations in Swords, Ireland and certain mature brands.

The $1.5 billion change in cash flow from investing activities compared to 2016 was primarily attributable to:

- Lower net sales of marketable securities with maturities greater than 90 days of approximately $700 million;
- Lower business divestiture proceeds of approximately $600 million primarily due to certain OTC brands and investigational HIV medicines businesses in 2016; and
- Higher asset acquisition payments of approximately $300 million primarily due to the acquisition of IFM in 2017.

**Financing Activities**

Cash requirements from financing activities include cash used to pay dividends, repurchase common stock and repay long-term debt and other borrowings reduced by proceeds from the exercise of stock options and issuance of long-term debt and other borrowings.

The $500 million change in cash flow from financing activities compared to 2017 was primarily attributable to:

- Lower repurchases of common stock of $2.1 billion primarily due to the accelerated share repurchase agreements in 2017.
- Partially offset by:
  - Lower net borrowings of $1.5 billion primarily due to the issuance of long-term debt used to repurchase common stock in 2017.

The $1.4 billion change in cash flow from financing activities compared to 2016 was primarily attributable to:

- Higher repurchase of common stock of $2.2 billion primarily due to the accelerated share repurchase agreements.
- Partially offset by:
  - Higher net borrowing activity of $900 million primarily to fund the repurchase of common stock.
## Contractual Obligations and Off-Balance Sheet Arrangements

Payments due by period for our contractual obligations at December 31, 2018 were as follows:

<table>
<thead>
<tr>
<th>Obligations Expiring by Period</th>
<th>Total</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>Later Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term borrowings</td>
<td>$454</td>
<td>$454</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>6,776</td>
<td>1,250</td>
<td>—</td>
<td>—</td>
<td>750</td>
<td>817</td>
<td>3,959</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>2,832</td>
<td>192</td>
<td>183</td>
<td>183</td>
<td>183</td>
<td>167</td>
<td>1,924</td>
</tr>
<tr>
<td>Operating leases</td>
<td>663</td>
<td>122</td>
<td>92</td>
<td>77</td>
<td>69</td>
<td>61</td>
<td>242</td>
</tr>
<tr>
<td>Purchase obligations</td>
<td>3,074</td>
<td>1,087</td>
<td>620</td>
<td>430</td>
<td>353</td>
<td>291</td>
<td>293</td>
</tr>
<tr>
<td>Uncertain tax positions</td>
<td>72</td>
<td>72</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Deemed repatriation transition tax</td>
<td>2,119</td>
<td>79</td>
<td>101</td>
<td>196</td>
<td>196</td>
<td>299</td>
<td>1,248</td>
</tr>
<tr>
<td>Total</td>
<td>$15,990</td>
<td>$3,256</td>
<td>$996</td>
<td>$886</td>
<td>$1,551</td>
<td>$1,635</td>
<td>$7,666</td>
</tr>
</tbody>
</table>

(a) Includes estimated future interest payments and periodic cash settlements of derivatives.
(b) Includes only short-term uncertain tax benefits because of uncertainties regarding the timing of resolution.
(c) Excludes pension and other liabilities because of uncertainties regarding the timing of resolution.

In addition to the above, we are committed to an aggregated $14.0 billion of potential future research and development milestone payments to third parties for in-licensing, asset acquisitions and development programs including early-stage milestones of $5.5 billion (milestones achieved through Phase III clinical studies) and late-stage milestones of $8.5 billion (milestones achieved post Phase III clinical studies). Payments generally are due and payable only upon achievement of certain developmental and regulatory milestones for which the specific timing cannot be predicted. Some of these agreements also provide for sales-based milestones aggregating $4.4 billion that we would be obligated to pay to alliance partners upon achievement of certain sales levels in addition to royalties. We also have certain manufacturing, development and commercialization obligations in connection with alliance arrangements. It is not practicable to estimate the amount of these obligations. Refer to “Item 8. Financial Statements and Supplementary Data—Note 3. Alliances” for further information regarding our alliances. We do not have any off-balance sheet arrangements that are material or reasonably likely to become material to our financial condition or results of operations.

### SEC Consent Order / FCPA Settlement

As previously disclosed, on August 4, 2004, we entered into a final settlement with the SEC, concluding an investigation concerning certain wholesaler inventory and accounting matters. The settlement was reached through a Consent, a copy of which was attached as Exhibit 10 to our quarterly report on Form 10-Q for the period ended September 30, 2004.

Under the terms of the Consent, we agreed, subject to certain defined exceptions, to limit sales of all products sold to our direct customers (including wholesalers, distributors, hospitals, retail outlets, pharmacies and government purchasers) based on expected demand or on amounts that do not exceed approximately one month of inventory on hand, without making a timely public disclosure of any change in practice. We also agreed in the Consent to certain measures that we have implemented including: (a) establishing a formal review and certification process of our annual and quarterly reports filed with the SEC; (b) establishing a business risk and disclosure group; (c) retaining an outside consultant to comprehensively study and help re-engineer our accounting and financial reporting processes; (d) publicly disclosing any sales incentives offered to direct customers for the purpose of inducing them to purchase products in excess of expected demand; and (e) ensuring that our budget process gives appropriate weight to inputs that come from the bottom to the top, and not just from the top to the bottom, and adequately documenting that process.

We have established a company-wide policy to limit our sales to direct customers for the purpose of complying with the Consent. This policy includes the adoption of various procedures to monitor and limit sales to direct customers in accordance with the terms of the Consent. These procedures include a governance process to escalate to appropriate management levels potential questions or concerns regarding compliance with the policy and timely resolution of such questions or concerns. In addition, compliance with the policy is monitored on a regular basis.

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We maintain DSAs with our U.S. pharmaceutical wholesalers, which account for nearly 100% of our gross U.S. revenues. Under the current terms of the DSAs, our wholesaler customers provide us with weekly information with respect to months on hand product-level inventories and the amount of out-movement of products. The three largest wholesalers currently account for approximately 97% of our gross U.S. revenues. The inventory information received from our wholesalers, together with our internal information, is used to estimate months on hand product level inventories at these wholesalers. We estimate months on hand product inventory levels for our U.S. business’s wholesaler customers other than the three largest wholesalers by extrapolating from the months on hand calculated for the three largest wholesalers. In contrast, our non-U.S. business has significantly more direct customers, limited information on direct customer product level inventory and corresponding out-movement information and the reliability of third-party demand information, where available, varies widely. Accordingly, we rely on a variety of methods to estimate months on hand product level inventories for these business units.

We believe the above-described procedures provide a reasonable basis to ensure compliance with the Consent.

Recently Issued Accounting Standards

For recently issued accounting standards, refer to “Item 8. Financial Statements and Supplementary Data—Note 1. Accounting Policies and Recently Issued Accounting Standards.”

Critical Accounting Policies

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses. Our critical accounting policies are those that significantly impact our financial condition and results of operations and require the most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Because of this uncertainty, actual results may vary from these estimates.

Revenue Recognition

Our accounting policy for revenue recognition has a substantial impact on reported results and relies on certain estimates. Revenue is recognized following a five-step model: (1) identify the customer contract; (2) identify the contract's performance obligation; (3) determine the transaction price; (4) allocate the transaction price to the performance obligation; and (5) recognize revenue when or as a performance obligation is satisfied. Revenue is also reduced for GTN sales adjustments discussed below, all of which involve significant estimates and judgment after considering legal interpretations of applicable laws and regulations, historical experience, payer channel mix (e.g. Medicare or Medicaid), current contract prices under applicable programs, unbilled claims and processing time lags and inventory levels in the distribution channel. Estimates are assessed each period and adjusted as required to revise information or actual experience.

GTN Adjustments

The following categories of GTN adjustments involve significant estimates, judgments and information obtained from external sources. Refer to “Item 8. Financial Statements and Supplementary Data—Note 2. Revenue.” for further discussion and analysis of each significant category of GTN sales adjustments.

Charge-backs and cash discounts

Our U.S. business participates in programs with government entities, the most significant of which are the U.S. Department of Defense and the U.S. Department of Veterans Affairs, and other parties, including covered entities under the 340B Drug Pricing Program, whereby pricing on products is extended below wholesaler list price to participating entities. These entities purchase products through wholesalers at the lower program price and the wholesalers then charge us the difference between their acquisition cost and the lower program price. Accounts receivable is reduced for the estimated amount of unprocessed charge-back claims attributable to a sale (typically within a two to four week time lag).

In the U.S. and certain other countries, cash discounts are offered as an incentive for prompt payment, generally approximating 2% of the sales price. Accounts receivable is reduced for the estimated amount of unprocessed cash discounts (typically within a one month time lag).

Medicaid and Medicare rebates

Our U.S. business participates in state government Medicaid programs and other qualifying Federal and state government programs requiring discounts and rebates to participating state and local government entities. All discounts and rebates provided through these programs are included in our Medicaid rebate accrual. Medicaid rebates have also been extended to drugs used in managed Medicaid plans. The estimated amount of unpaid or unbilled rebates is presented as a liability.
Rebates and discounts are offered to managed healthcare organizations in the U.S. managing prescription drug programs and Medicare Advantage prescription drug plans covering the Medicare Part D drug benefit. We also pay a 50% point of service discount to the CMS when the Medicare Part D beneficiaries are in the coverage gap (“donut hole”). The estimated amount of unpaid or unbilled rebates and discounts is presented as a liability.

Other rebates, returns, discounts and adjustments

Other GTN sales adjustments include sales returns and all other programs based on applicable laws and regulations for individual non-U.S. countries as well as rebates offered to managed healthcare organizations in the U.S. to a lesser extent. The non-U.S. programs include several different pricing schemes such as cost caps, volume discounts, outcome-based pricing schemes and pricing claw-backs that are based on sales of individual companies or an aggregation of all companies participating in a specific market. The estimated amount of unpaid or unbilled rebates and discounts is presented as a liability.

Estimated returns for established products are determined after considering historical experience and other factors including levels of inventory in the distribution channel, estimated shelf life, product recalls, product discontinuances, price changes of competitive products, introductions of generic products, introductions of competitive new products and lower demand following the LOE. Estimated returns for new products are determined after considering historical sales return experience of similar products, such as those within the same product line, similar therapeutic area and/or similar distribution model and estimated levels of inventory in the distribution channel and projected demand. The estimated amount for product returns is presented as a liability.

Use of information from external sources

Information from external sources is used to estimate GTN adjustments. Our estimate of inventory at the wholesalers are based on the projected prescription demand-based sales for our products and historical inventory experience, as well as our analysis of third-party information, including written and oral information obtained from certain wholesalers with respect to their inventory levels and sell-through to customers and third-party market research data, and our internal information. The inventory information received from wholesalers is a product of their recordkeeping process and excludes inventory held by intermediaries to whom they sell, such as retailers and hospitals.

We have also continued the practice of combining retail and mail prescription volume on a retail-equivalent basis. We use this methodology for internal demand forecasts. We also use information from external sources to identify prescription trends, patient demand and average selling prices. Our estimates are subject to inherent limitations of estimates that rely on third-party information, as certain third-party information was itself in the form of estimates, and reflect other limitations including lags between the date as of which third-party information is generated and the date on which we receive third-party information.

Pension Benefits

Accounting for pension and postretirement benefit plans requires actuarial valuations based on significant assumptions for discount rates and expected long-term rates of return on plan assets. In consultation with our actuaries, these significant assumptions and others such as salary growth, retirement, turnover, lump sum election rates, healthcare trends and mortality rates are evaluated and selected based on expectations or actual experience during each remeasurement date. Pension expense could vary within a range of outcomes and have a material effect on reported earnings, projected benefit obligations and future cash funding. Actual results in any given year may differ from those estimated because of economic and other factors.

The yield on high quality corporate bonds that coincides with the cash flows of the plans’ estimated payouts is used in determining the discount rate. The Citi Pension Discount curve is used for the U.S. plans. The present value of benefit obligations at December 31, 2018 for the U.S. pension plans was determined using a 4.1% discount rate. If the assumed discount rate used in determining the U.S. pension plans’ projected benefit obligation at December 31, 2018 was reduced by an additional 1%, the projected benefit obligation would increase by approximately $500 million.

The expected long-term rate of return on plan assets is estimated considering expected returns for individual asset classes with input from external advisors. We also consider long-term historical returns including actual performance compared to benchmarks for similar investments. The Bristol-Myers Squibb Retirement Income Plan's pension expense for 2018 was determined using an average 6.6% expected long-term rate of return on plan assets. Other U.S. Plans' pension expense was determined using a 7.8% expected long-term rate of return on plan assets. If the expected long-term rate of return on plan assets used in determining the U.S. plans’ pension expense for 2018 was reduced by 1%, such expense would increase by $42 million.

Long-lived Assets

Other Intangible Assets

Other intangible assets were $1.1 billion at December 31, 2018, including licenses ($192 million of which $84 million is allocated to unapproved products), developed technology rights ($501 million), capitalized software ($366 million) and IPRD ($32 million). Intangible assets are assessed for impairment whenever current facts or circumstances warrant a review, although IPRD is assessed at least annually. Intangible assets are highly vulnerable to impairment charges, particularly newly acquired assets for recently launched products or IPRD. These assets are initially measured at fair value and therefore any reduction in expectations used in the valuations could potentially lead to impairment. Some of the more common potential risks leading to impairment include competition, earlier than expected LOE, pricing pressures, adverse regulatory changes or clinical study results, delay or failure to obtain regulatory approval and additional development costs, inability to achieve expected synergies, higher operating costs, changes in tax laws and other macro-economic changes. The complexity in estimating the fair value of intangible assets in connection with an impairment test is similar to the initial valuation.

Property, Plant and Equipment

Property, plant and equipment is tested for impairment whenever current facts or circumstances require a review including whether it is more likely than not that the asset will be disposed of prior to its estimated remaining useful life. Additionally, these long-lived assets are periodically reviewed to determine if any change in facts or circumstances would result in a change to the estimated useful life of the asset, possibly resulting in the acceleration of depreciation. If such circumstances exist, an estimate of undiscounted future cash flows generated by the asset, or the appropriate grouping of assets, is compared to the carrying value to determine whether an impairment exists at its lowest level of identifiable cash flows. If an asset is determined to be impaired, the loss is measured based on the difference between the asset’s fair value and its carrying value. Expectations of future cash flows are subject to change based upon the near and long-term production volumes and margins generated by the asset as well as any potential alternative future use. Accelerated depreciation, impairment and other related charges for certain manufacturing and R&D facilities were $137 million in 2018, $533 million in 2017 and $104 million in 2016. Additional charges will continue to occur as a result of the Company’s restructuring actions announced in 2016.

Assets Held-for-Sale

The following criteria is considered before concluding assets are classified as held-for-sale; (1) management’s commitment to a plan to sell, (2) availability for immediate sale in its present condition, (3) initiation of an active program to identify a buyer, (4) probability of a completed sale within one year, (5) actively marketed for sale at a reasonable price in relation to its current fair value, and (6) likelihood of significant changes to the plan will be made or that the plan will be withdrawn. If all of the criteria is met as of the balance sheet date, the assets and liabilities are presented separately in the balance sheet as held-for-sale at the lower of their carrying amount or fair value less costs to sell and are no longer depreciated or amortized while classified as held-for-sale. We have classified $479 million of assets and $152 million of liabilities as held-for-sale at December 31, 2018 which are related to the planned sale of the UPSA consumer health business, a division of BMS which manufactures and markets pain treatment and other OTC products for domestic sale in France and export sales outside of France.

Income Taxes

Valuation allowances are recognized to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. The assessment of whether or not a valuation allowance is required often requires significant judgment including long-range forecasts of future taxable income and evaluation of tax planning initiatives. Adjustments to the deferred tax valuation allowances are made to earnings in the period when such assessments are made. Our deferred tax assets were $2.1 billion at December 31, 2018 (net of valuation allowances of $3.2 billion) and $2.3 billion at December 31, 2017 (net of valuation allowances of $2.8 billion).

The U.S. Federal net operating loss carryforwards were $206 million at December 31, 2018. These carryforwards were acquired as a result of certain acquisitions and are subject to limitations under Section 382 of the Internal Revenue Code. The net operating loss carryforwards expire in varying amounts beginning in 2022. The foreign and state net operating loss carryforwards expired in varying amounts beginning in 2018 (certain amounts have unlimited lives).

As discussed more fully in “Item 8. Financial Statements and Supplementary Data—Note 7. Income Taxes”, a provisional tax charge of $2.6 billion attributable to the one-time deemed repatriation transition tax on certain foreign earnings was recognized in the fourth quarter of 2017. The accounting for the reduction of deferred tax assets to the 21% tax rate was complete as of December 31, 2017, and the tax charge for the deemed repatriation transition tax is complete as of December 31, 2018. The provisional tax charge for the deemed repatriation transition tax was reduced by $56 million in 2018.
Prior to the Mead Johnson split-off in 2009, the following transactions occurred: (i) an internal spin-off of Mead Johnson shares while still owned by us; (ii) conversion of Mead Johnson Class B shares to Class A shares; and (iii) conversion of Mead Johnson & Company to a limited liability company. These transactions as well as the split-off of Mead Johnson through the exchange offer should qualify as tax-exempt transactions under the Internal Revenue Code based upon a private letter ruling received from the Internal Revenue Service related to the conversion of Mead Johnson Class B shares to Class A shares, and outside legal opinions.

Certain assumptions, representations and covenants by Mead Johnson were relied upon regarding the future conduct of its business and other matters which could affect the tax treatment of the exchange. For example, the current tax law generally creates a presumption that the exchange would be taxable to us, if Mead Johnson or its shareholders were to engage in transactions that result in a 50% or greater change in its stock ownership during a four year period beginning two years before the exchange offer, unless it is established that the exchange offer were not part of a plan or series of related transactions to effect such a change in ownership. If the internal spin-off or exchange offer were determined not to qualify as a tax exempt transaction, the transaction could be subject to tax as if the exchange was a taxable sale by us at market value.

In addition, a negative basis or excess loss account (ELA) existed in our investment in stock of Mead Johnson prior to these transactions. We received an opinion from outside legal counsel to the effect that it is more likely than not that we eliminated the ELA as part of these transactions and do not have taxable income with respect to the ELA. The tax law in this area is complex and it is possible that even if the internal spin-off and the exchange offer is tax exempt under the Internal Revenue Code, the IRS could assert that we have additional taxable income for the period with respect to the ELA. We could be exposed to additional taxes if this were to occur. Based upon our understanding of the Internal Revenue Code and opinion from outside legal counsel, a tax reserve of $244 million was established reducing the gain on disposal of Mead Johnson included in discontinued operations in 2009.

We agreed to certain tax related indemnities with Mead Johnson as set forth in the tax sharing agreement, including certain taxes related to its business prior to the completion of the IPO and created as part of the restructuring to facilitate the IPO. Mead Johnson has also agreed to indemnify us for potential tax effects resulting from the breach of certain representations discussed above as well as certain transactions related to the acquisition of Mead Johnson’s stock or assets.

Liabilities are established for possible assessments by tax authorities resulting from known tax exposures including, but not limited to, transfer pricing matters, tax credits and deductibility of certain expenses. Such liabilities represent a reasonable provision for taxes ultimately expected to be paid and may need to be adjusted over time as more information becomes known.


**Contingencies**

In the normal course of business, we are subject to contingencies, such as legal proceedings and claims arising out of our business, that cover a wide range of matters, including, among others, government investigations, shareholder lawsuits, product and environmental liability, contractual claims and tax matters. We recognize accruals for such contingencies when it is probable that a liability will be incurred and the amount of the loss can be reasonably estimated. These estimates are subject to uncertainties that are difficult to predict and, as such, actual results could vary from these estimates.

Our R&D programs are managed on a portfolio basis from early discovery through late-stage development and include a balance of early-stage and late-stage programs to support future growth. Our late stage R&D programs in Phase III development include both investigational compounds for initial indications and additional indications or formulations for marketed products. Spending on these programs represent approximately 35-45% of our annual R&D expenses in the last three years. *Opdivo* was the only investigational compound or marketed product that represented greater than 10% of our R&D expenses in the last three years. Our late-stage development programs could potentially have an impact on our revenue and earnings within the next few years if regulatory approvals are obtained and products are successfully commercialized. The following are the developments in our marketed products and our late-stage pipeline:

<table>
<thead>
<tr>
<th>Product</th>
<th>Indication</th>
<th>Date</th>
<th>Developments</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Opdivo</em></td>
<td>Melanoma</td>
<td>August 2018</td>
<td>Approval in Japan for treatment of adjuvant melanoma.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>July 2018</td>
<td>EC approval for the adjuvant treatment of adult patients with involvement of lymph nodes or metastatic disease who have undergone complete resection.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>June 2018</td>
<td>Announced results from the Phase III CheckMate-238 trial evaluating <em>Opdivo</em> versus <em>Yervoy</em> in patients with stage IIIB/C or stage IV melanoma who are at high risk of recurrence following complete surgical resection demonstrated statistically longer recurrence-free survival for <em>Opdivo</em>, the primary endpoint of the study, versus <em>Yervoy</em> at a minimum follow-up of 24 months across key subgroups, including disease stages and BRAF mutation status.</td>
</tr>
<tr>
<td></td>
<td>Multiple Myeloma</td>
<td>June/August 2018</td>
<td>Announced in June 2018 that the FDA lifted a partial clinical hold placed on CheckMate-602, a randomized, open-label Phase III study evaluating the addition of <em>Opdivo</em> to pomalidomide and dexamethasone in patients with relapsed or refractory multiple myeloma. The decision follows consultation with the FDA and agreement on amendments to the study protocol. In August 2018, the Company discontinued further enrollment of this study following a futility analysis.</td>
</tr>
<tr>
<td></td>
<td>NSCLC</td>
<td>June 2018</td>
<td>Approval in China for the treatment of locally advanced or metastatic NSCLC after prior platinum-based chemotherapy in adult patients without EGFR or ALK genomic tumor aberrations.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>April 2018</td>
<td>Announced that the pivotal, randomized Phase III CheckMate-078 trial evaluating <em>Opdivo</em> versus docetaxel in a predominantly Chinese population with previously treated advanced NSCLC demonstrated superior overall survival benefit in the primary endpoint regardless of PD-L1 expression or tumor histology.</td>
</tr>
<tr>
<td></td>
<td>SCCHN</td>
<td>January 2019</td>
<td>Acceptance in China of sBLA filing for patients who had previously been treated for metastatic or recurrent SCCHN.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>April 2018</td>
<td>Announced two-year overall survival data from CheckMate-141, a Phase III study, evaluating <em>Opdivo</em> compared with investigator’s choice chemotherapy (cetuximab, docetaxel or methotrexate) in patients with recurrent or metastatic SCCHN after failure on platinum-based therapy.</td>
</tr>
<tr>
<td></td>
<td>SCLC</td>
<td>October 2018</td>
<td>Announced topline results from the Phase III CheckMate-331 study did not meet its primary endpoint of overall survival with <em>Opdivo</em> versus chemotherapy in patients with previously treated relapsed SCLC.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>August 2018</td>
<td>FDA approval as the first and only IO treatment option for patients with metastatic SCLC whose cancer has progressed after platinum-based chemotherapy and at least one other line of therapy.</td>
</tr>
<tr>
<td></td>
<td>Various</td>
<td>August 2018</td>
<td>Approval in Japan for patients with MPM which has progressed after chemotherapy.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>August 2018</td>
<td>Approval in Japan of an every 2 week/30 minute infusion dose and administration schedule for <em>Opdivo</em> in six indications.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>June 2018</td>
<td>Announced preliminary data from the ongoing PIVOT Phase I/II Study, which is evaluating the combination of <em>Opdivo</em> with Nektar's investigational medicine, NKTR-214. The preliminary results presented at the 2018 American Society of Clinical Oncology reported safety, efficacy and biomarker data for patients enrolled in the Phase I dose-escalation stage of the study and for the first patients consecutively enrolled in select dose expansion cohorts in Phase II.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>April 2018</td>
<td>EC approval of an every four-week (Q4W) <em>Opdivo</em> dosing schedule of 480 mg infused over 60 minutes as an option for patients with advanced melanoma and previously treated RCC as well as the approval of a two-week <em>Opdivo</em> dosing option of 240 mg infused over 30 minutes to replace weight-based dosing for all six approved monotherapy indications in the EU.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>March 2018</td>
<td>FDA approval of the Company's sBLA to update <em>Opdivo</em> dosing to include 480 mg infused every four weeks for a majority of approved indications as well as a shorter 30 minute infusion across all approved indications.</td>
</tr>
<tr>
<td>Product</td>
<td>Indication</td>
<td>Date</td>
<td>Developments</td>
</tr>
<tr>
<td>---------</td>
<td>------------</td>
<td>------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>CRC</td>
<td>Melanoma</td>
<td>October 2018</td>
<td>Announced new data from a cohort of the CheckMate-142 study in which Opdivo plus low-dose Yervoy demonstrated durable clinical benefit as a first-line treatment in patients with MSI-H or dMMR mCRC.</td>
</tr>
<tr>
<td></td>
<td>mCRPC</td>
<td>February 2019</td>
<td>Announced results from an interim analysis of the Phase II CheckMate-650 trial evaluating Opdivo+Yervoy in patients with mCRPC that showed that among 32 asymptomatic or minimally symptomatic patients whose disease had progressed after second-generation hormone therapy and who had not received chemotherapy, with a median follow-up of 11.9 months, the objective response rate was 25%. Additionally, among 30 patients whose disease progressed after taxane-based chemotherapy (cohort 2), with a median follow-up of 13.5 months, the objective response rate was 10%.</td>
</tr>
<tr>
<td></td>
<td>mUC</td>
<td>October 2018</td>
<td>Announced follow-up data evaluating Opdivo monotherapy and Opdivo in combination with Yervoy in patients with platinum-pretreated mUC. Results from the Phase I/II CheckMate-032 trial showed that patients who received the combination of Opdivo 0.1 mg/kg plus Yervoy 3 mg/kg experienced a higher objective response rate compared to those who received Opdivo 3 mg/kg plus Yervoy 1 mg/kg or Opdivo alone.</td>
</tr>
<tr>
<td></td>
<td>NSCLC</td>
<td>January 2019</td>
<td>Announced voluntary withdrawal of the Company's sBLA for the Opdivo plus low-dose Yervoy for treatment of first-line advanced NSCLC in patients with TMB greater than or equal to 10 mutations per megabase as data from CheckMate-227, Part 1a, will not be available within the PDUFA goal date of May 20, 2019.</td>
</tr>
<tr>
<td></td>
<td>NSCLC</td>
<td>October 2018</td>
<td>Announced updates regarding regulatory actions by the CHMP in the EU for the ongoing review of its applications for an indication in metastatic first-line NSCLC with Opdivo plus low-dose Yervoy in patients with TMB greater than or equal to 10 mutations per megabase. The CHMP requested additional information from CheckMate-227, including an overall survival analysis of Opdivo+Yervoy in patients who have TMB less than 10 mutations per megabase.</td>
</tr>
<tr>
<td></td>
<td>NSCLC</td>
<td>June 2018</td>
<td>Announced results from a part of the Phase III CheckMate-227 trial that evaluated Opdivo plus low-dose Yervoy and Opdivo plus chemotherapy versus chemotherapy in patients with first-line NSCLC with PD-L1 expression &lt;1%, across squamous and non-squamous tumor histologies extended progression-free survival.</td>
</tr>
<tr>
<td></td>
<td>SCLC</td>
<td>May 2018</td>
<td>Announced the EMA validated a type II variation application for treatment in adult patients with first-line metastatic NSCLC who have TMB greater than or equal to 10 mutations per megabase.</td>
</tr>
<tr>
<td></td>
<td>RCC</td>
<td>February 2019</td>
<td>Announced new results from the Phase III CheckMate-214 study, showing that therapy with Opdivo plus low-dose Yervoy continued to demonstrate long-term survival benefits in patients with previously untreated advanced or metastatic RCC.</td>
</tr>
<tr>
<td></td>
<td>RCC</td>
<td>January 2019</td>
<td>Announced the EC approval of Opdivo plus low-dose Yervoy for previously untreated patients with intermediate and poor-risk advanced RCC.</td>
</tr>
<tr>
<td></td>
<td>RCC</td>
<td>August 2018</td>
<td>Approval in Japan of Opdivo plus low-dose Yervoy for the treatment of unresectable or metastatic RCC.</td>
</tr>
<tr>
<td></td>
<td>RCC</td>
<td>June 2018</td>
<td>Announced patient-reported outcomes data from the Phase III CheckMate-214 trial in intermediate- and poor-risk patients with advanced RCC treated with Opdivo plus low-dose Yervoy versus sunitinib over a two-year follow-up period reported significant and sustained health-related quality of life improvements.</td>
</tr>
<tr>
<td></td>
<td>RCC</td>
<td>April 2018</td>
<td>FDA approval of Opdivo+Yervoy combination for previously untreated patients with intermediate and poor-risk advanced RCC.</td>
</tr>
<tr>
<td></td>
<td>SCLC</td>
<td>November 2018</td>
<td>Announced patient-reported outcomes from the Phase III CheckMate-451 study did not meet its primary endpoint of overall survival with Opdivo+Yervoy versus placebo as a maintenance therapy in patients with extensive-stage SCLC after completion of first-line platinum-based chemotherapy.</td>
</tr>
<tr>
<td>Eliquis</td>
<td>NVAF</td>
<td>November 2018</td>
<td>Announced findings from the largest real-world data analysis of NVAF patient populations aged 80 and older receiving direct oral anticoagulants showing that Eliquis is associated with lower rates of stroke or systemic embolism and major bleeding than rivaroxaban or dabigatran.</td>
</tr>
<tr>
<td>Product</td>
<td>Indication</td>
<td>Date</td>
<td>Developments</td>
</tr>
<tr>
<td>---------------</td>
<td>--------------</td>
<td>-------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Orencia</td>
<td>JIA</td>
<td>January 2019</td>
<td>Received a positive CHMP opinion for polyarticular JIA via subcutaneous injection in pediatric patients down to two years of age.</td>
</tr>
<tr>
<td>Empliciti</td>
<td>RRMM</td>
<td>November 2018</td>
<td>FDA approval of Empliciti injection for intravenous use in combination with pomalidomide and dexamethasone for the treatment of adult patients with multiple myeloma who have received at least two prior therapies, including lenalidomide and a proteasome inhibitor.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>September 2018</td>
<td>Announced the EMA has validated the Company's type II variation application for Empliciti in combination with pomalidomide and low-dose dexamethasone for the treatment of adult patients with multiple myeloma who have received at least two prior therapies, including lenalidomide and a proteasome inhibitor (PI), and have demonstrated disease progression on the last therapy.</td>
</tr>
<tr>
<td>Sprycel</td>
<td>ALL</td>
<td>February 2019</td>
<td>Announced EC approval of Sprycel, in both tablet and powder for oral suspension formulations, in combination with chemotherapy for the treatment of pediatric patients with newly diagnosed Philadelphia chromosome-positive ALL.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>December 2018</td>
<td>FDA expanded the indication for Sprycel to include the treatment of pediatric patients one year of age and older with newly diagnosed Philadelphia chromosome-positive ALL in combination with chemotherapy.</td>
</tr>
<tr>
<td></td>
<td>CML</td>
<td>July 2018</td>
<td>EC expanded the indication for Sprycel to include the treatment of children and adolescents aged 1 year to 18 years with chronic phase Philadelphia chromosome positive CML and to include a powder for oral suspension.</td>
</tr>
<tr>
<td>Yervoy</td>
<td>Melanoma</td>
<td>January 2018</td>
<td>EC approval of advanced (unresectable or metastatic) melanoma in pediatric patients 12 years of age and older.</td>
</tr>
<tr>
<td>TYK2 Inhibitor</td>
<td>Psoriasis</td>
<td>September 2018</td>
<td>Announced results from a Phase II study of BMS-986165, an oral, selective TYK2 inhibitor which delivered significant skin clearance in patients with moderate to severe plaque psoriasis.</td>
</tr>
</tbody>
</table>

**Special Note Regarding Forward-Looking Statements**

This 2018 Form 10-K (including documents incorporated by reference) and other written and oral statements we make from time to time contain certain “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. You can identify these forward-looking statements by the fact they use words such as “should,” “could,” “expect,” “anticipate,” “estimate,” “target,” “may,” “project,” “guidance,” “intend,” “plan,” “believe,” “will” and other words and terms of similar meaning and expression in connection with any discussion of future operating or financial performance. One can also identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. Such forward-looking statements are based on historical performance and current expectations and projections about our future financial results, goals, plans and objectives and involve inherent risks, assumptions and uncertainties, including internal or external factors that could delay, divert or change any of them in the next several years, and could cause our future financial results, goals, plans and objectives to differ materially from those expressed in, or implied by, the statements. These statements are likely to relate to, among other things, our goals, plans and objectives regarding our financial position, results of operations, cash flows, market position, product development, product approvals, sales efforts, expenses, performance or results of current and anticipated products, our pending acquisition of Celgene and the outcome of contingencies such as legal proceedings and financial results. No forward-looking statement can be guaranteed. We have included important factors in the cautionary statements included in this 2018 Form 10-K, particularly under “Item 1A. Risk Factors,” that we believe could cause actual results to differ materially from any forward-looking statement.

Although we believe we have been prudent in our plans and assumptions, no assurance can be given that any goal or plan set forth in forward-looking statements can be achieved and readers are cautioned not to place undue reliance on such statements, which speak only as of the date made. Additional risks that we may currently deem immaterial or that are not presently known to us could also cause the forward-looking events discussed in this 2018 Form 10-K not to occur. Except as otherwise required by federal securities law, we undertake no obligation to release publicly any updates or revisions to any forward-looking statements as a result of new information, future events, changed circumstances or otherwise after the date of this 2018 Form 10-K.
Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are exposed to market risk resulting from changes in currency exchange rates and interest rates. Certain derivative financial instruments are used when available on a cost-effective basis to hedge our underlying economic exposure. All of our financial instruments, including derivatives, are subject to counterparty credit risk considered as part of the overall fair value measurement. Derivative financial instruments are not used for trading purposes.

Foreign Exchange Risk

Significant amounts of our revenues, earnings and cash flow are exposed to changes in foreign currency rates. Our primary net foreign currency translation exposures are the euro and Japanese yen. Foreign currency forward contracts are used to manage risk primarily arising from certain intercompany purchases and sales transactions; we are also exposed to foreign exchange transaction risk arising from non-functional currency denominated assets and liabilities and earnings denominated in non-U.S. dollar currencies. Foreign currency forward contracts are used to offset these exposures but are not designated as hedges.

We estimate that a 10% appreciation in the underlying currencies being hedged from their levels against the U.S. dollar (with all other variables held constant) would decrease the fair value of foreign exchange forward contracts by $231 million and $175 million at December 31, 2018 and December 31, 2017, respectively, reducing earnings over the remaining life of the contracts.

We are also exposed to translation risk on non-U.S. dollar-denominated net assets. Non-U.S. dollar borrowings are used to hedge the foreign currency exposures of our net investment in certain foreign affiliates and are designated as hedges of net investments. The effective portion of foreign exchange gains or losses on these hedges is included in the foreign currency translation component of Accumulated other comprehensive loss. If our net investment decreases below the equivalent value of the non-U.S. debt borrowings, the change in the remeasurement basis of the debt would be subject to recognition in income as changes occur. For additional information, refer to “Item 8. Financial Statements and Supplementary Data—Note 9. Financial Instruments and Fair Value Measurements.”

Interest Rate Risk

We use fixed-to-floating interest rate swap contracts designated as fair value hedges to provide an appropriate balance of fixed and floating rate debt. We use cross-currency interest rate swap contracts designated to hedge the Company's net investment in its Japan subsidiary. The fair values of these contracts as well as our marketable debt securities are analyzed at year-end to determine their sensitivity to interest rate changes. In this sensitivity analysis, if there were a 100 basis point increase in short-term or long-term interest rates as of December 31, 2018 and December 31, 2017, the expected adverse impact on our earnings would not be material.

We estimate that an increase of 100 basis points in long-term interest rates at December 31, 2018 and December 31, 2017 would decrease the fair value of long-term debt by $482 million and $569 million, respectively.

Credit Risk

We monitor our investments with counterparties with the objective of minimizing concentrations of credit risk. Our investment policy is to invest only in institutions that meet high credit quality standards and establishes limits on the amount and time to maturity of investments with any individual counterparty. The policy also requires that investments are only entered into with corporate and financial institutions that meet high credit quality standards.

The use of derivative instruments exposes us to credit risk if the counterparty fails to perform when the fair value of a derivative instrument contract is positive. If the counterparty fails to perform, collateral is not required by any party whether derivatives are in an asset or liability position. We have a policy of diversifying derivatives with counterparties to mitigate the overall risk of counterparty defaults. For additional information, refer to “Item 8. Financial Statements and Supplementary Data—Note 9. Financial Instruments and Fair Value Measurements.”
### BRISTOL-MYERS SQUIBB COMPANY

**CONSOLIDATED STATEMENTS OF EARNINGS**

Dollars in Millions, Except Per Share Data

<table>
<thead>
<tr>
<th>Earnings</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net product sales</td>
<td>$21,581</td>
<td>$19,258</td>
<td>$17,702</td>
</tr>
<tr>
<td>Alliance and other revenues</td>
<td>980</td>
<td>1,518</td>
<td>1,725</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>22,561</td>
<td>20,776</td>
<td>19,427</td>
</tr>
<tr>
<td>Cost of products sold</td>
<td>6,547</td>
<td>6,094</td>
<td>4,969</td>
</tr>
<tr>
<td>Marketing, selling and administrative</td>
<td>4,551</td>
<td>4,751</td>
<td>4,979</td>
</tr>
<tr>
<td>Research and development</td>
<td>6,345</td>
<td>6,482</td>
<td>5,012</td>
</tr>
<tr>
<td>Other income (net)</td>
<td>(850)</td>
<td>(1,682)</td>
<td>(1,448)</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>16,593</td>
<td>15,645</td>
<td>13,512</td>
</tr>
<tr>
<td>Earnings Before Income Taxes</td>
<td>5,968</td>
<td>5,131</td>
<td>5,915</td>
</tr>
<tr>
<td>Provision for Income Taxes</td>
<td>1,021</td>
<td>4,156</td>
<td>1,408</td>
</tr>
<tr>
<td><strong>Net Earnings</strong></td>
<td>4,947</td>
<td>975</td>
<td>4,507</td>
</tr>
<tr>
<td>Noncontrolling Interest</td>
<td>27</td>
<td>(32)</td>
<td>50</td>
</tr>
<tr>
<td><strong>Net Earnings Attributable to BMS</strong></td>
<td>$4,920</td>
<td>$1,007</td>
<td>$4,457</td>
</tr>
</tbody>
</table>

**Earnings per Common Share**

<table>
<thead>
<tr>
<th></th>
<th>Basic</th>
<th>Diluted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>$3.01</td>
<td>$0.61</td>
</tr>
<tr>
<td>Diluted</td>
<td>3.01</td>
<td>0.61</td>
</tr>
</tbody>
</table>

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Dollars in Millions

<table>
<thead>
<tr>
<th>Comprehensive Income</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Earnings</td>
<td>$4,947</td>
<td>$975</td>
<td>$4,507</td>
</tr>
<tr>
<td>Other Comprehensive (Loss)/Income, net of taxes and reclassifications to earnings:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivatives qualifying as cash flow hedges</td>
<td>70</td>
<td>(57)</td>
<td>4</td>
</tr>
<tr>
<td>Pension and postretirement benefits</td>
<td>53</td>
<td>214</td>
<td>(17)</td>
</tr>
<tr>
<td>Available-for-sale securities</td>
<td>(25)</td>
<td>39</td>
<td>16</td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td>(254)</td>
<td>18</td>
<td>(38)</td>
</tr>
<tr>
<td><strong>Total Other Comprehensive (Loss)/Income</strong></td>
<td>(156)</td>
<td>214</td>
<td>(35)</td>
</tr>
<tr>
<td>Comprehensive Income</td>
<td>4,791</td>
<td>1,189</td>
<td>4,472</td>
</tr>
<tr>
<td>Comprehensive Income/(Loss) Attributable to Noncontrolling Interest</td>
<td>27</td>
<td>(32)</td>
<td>50</td>
</tr>
<tr>
<td><strong>Comprehensive Income Attributable to BMS</strong></td>
<td>$4,764</td>
<td>$1,221</td>
<td>$4,422</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
## ASSETS

### Current Assets:
- Inventories: 1,195 million (2018), 1,166 million (2017)


### Other Intangible Assets: 1,091 million (2018), 1,210 million (2017)


### Marketable Securities: 1,775 million (2018), 2,480 million (2017)

### Other Assets: 2,024 million (2018), 1,533 million (2017)

### Total Assets: $34,986 million (2018), $33,551 million (2017)

## LIABILITIES

### Current Liabilities:

### Total Current Liabilities: 10,654 million (2018), 9,563 million (2017)


### Pension and Other Liabilities: 1,048 million (2018), 1,164 million (2017)


### Total Liabilities: 20,859 million (2018), 21,704 million (2017)

## COMMITMENTS AND CONTINGENCIES

## EQUITY

### Bristol-Myers Squibb Company Shareholders’ Equity:
- Preferred stock, $2 convertible series, par value $1 per share: Authorized 10 million shares; issued and outstanding 3,590 in 2018 and 4,070 in 2017, liquidation value of $50 per share
- Common stock, par value of $0.10 per share: Authorized 4.5 billion shares; 2.2 billion issued in both 2018 and 2017
- Accumulated other comprehensive loss: (2,762) million (2018), (2,289) million (2017)
- Less cost of treasury stock — 576 million common shares in 2018 and 575 million common shares in 2017

### Total Bristol-Myers Squibb Company Shareholders' Equity: 14,031 million (2018), 11,741 million (2017)


### Total Equity: 14,127 million (2018), 11,847 million (2017)

### Total Liabilities and Equity: $34,986 million (2018), $33,551 million (2017)

The accompanying notes are an integral part of these consolidated financial statements.
# BRISTOL-MYERS SQUIBB COMPANY
## CONSOLIDATED STATEMENTS OF CASH FLOWS
### Dollars in Millions

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows From Operating Activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net earnings</td>
<td>$ 4,947</td>
<td>$ 975</td>
<td>$ 4,507</td>
</tr>
<tr>
<td>Adjustments to reconcile net earnings to net cash provided by operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization, net</td>
<td>637</td>
<td>789</td>
<td>382</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>86</td>
<td>1,010</td>
<td>(204)</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>221</td>
<td>199</td>
<td>205</td>
</tr>
<tr>
<td>Impairment charges</td>
<td>126</td>
<td>327</td>
<td>63</td>
</tr>
<tr>
<td>Pension settlements and amortization</td>
<td>186</td>
<td>236</td>
<td>169</td>
</tr>
<tr>
<td>Divestiture gains and royalties</td>
<td>(992)</td>
<td>(706)</td>
<td>(1,187)</td>
</tr>
<tr>
<td>Asset acquisition charges</td>
<td>85</td>
<td>760</td>
<td>274</td>
</tr>
<tr>
<td>Loss/(gain) on equity investments</td>
<td>512</td>
<td>(23)</td>
<td>37</td>
</tr>
<tr>
<td>Other adjustments</td>
<td>(44)</td>
<td>120</td>
<td>(36)</td>
</tr>
<tr>
<td><strong>Changes in operating assets and liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>(429)</td>
<td>(431)</td>
<td>(803)</td>
</tr>
<tr>
<td>Inventories</td>
<td>(216)</td>
<td>(29)</td>
<td>(152)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(59)</td>
<td>320</td>
<td>104</td>
</tr>
<tr>
<td>Deferred income</td>
<td>84</td>
<td>(642)</td>
<td>(64)</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>162</td>
<td>2,597</td>
<td>(453)</td>
</tr>
<tr>
<td>Other</td>
<td>634</td>
<td>(227)</td>
<td>216</td>
</tr>
<tr>
<td><strong>Net Cash Provided by Operating Activities</strong></td>
<td>$ 5,940</td>
<td>$ 5,275</td>
<td>$ 3,058</td>
</tr>
<tr>
<td><strong>Cash Flows From Investing Activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale and maturities of marketable securities</td>
<td>2,379</td>
<td>6,412</td>
<td>4,809</td>
</tr>
<tr>
<td>Purchase of marketable securities</td>
<td>(2,305)</td>
<td>(5,437)</td>
<td>(3,089)</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(951)</td>
<td>(1,055)</td>
<td>(1,215)</td>
</tr>
<tr>
<td>Divestiture and other proceeds</td>
<td>1,249</td>
<td>722</td>
<td>1,334</td>
</tr>
<tr>
<td>Acquisition and other payments</td>
<td>(1,246)</td>
<td>(708)</td>
<td>(359)</td>
</tr>
<tr>
<td><strong>Net Cash (Used in)/Provided by Investing Activities</strong></td>
<td>(874)</td>
<td>(66)</td>
<td>1,480</td>
</tr>
<tr>
<td><strong>Cash Flows From Financing Activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term debt obligations, net</td>
<td>(543)</td>
<td>727</td>
<td>125</td>
</tr>
<tr>
<td>Issuance of long-term debt</td>
<td>—</td>
<td>1,488</td>
<td>—</td>
</tr>
<tr>
<td>Repayment of long-term debt</td>
<td>(5)</td>
<td>(1,224)</td>
<td>(15)</td>
</tr>
<tr>
<td>Repurchase of common stock</td>
<td>(320)</td>
<td>(2,469)</td>
<td>(231)</td>
</tr>
<tr>
<td>Dividends</td>
<td>(2,613)</td>
<td>(2,577)</td>
<td>(2,547)</td>
</tr>
<tr>
<td>Other</td>
<td>(54)</td>
<td>(22)</td>
<td>15</td>
</tr>
<tr>
<td><strong>Net Cash Used in Financing Activities</strong></td>
<td>(3,535)</td>
<td>(4,077)</td>
<td>(2,653)</td>
</tr>
<tr>
<td>Effect of Exchange Rates on Cash and Cash Equivalents</td>
<td>(41)</td>
<td>52</td>
<td>(33)</td>
</tr>
<tr>
<td>Increase in Cash and Cash Equivalents</td>
<td>1,490</td>
<td>1,184</td>
<td>1,852</td>
</tr>
<tr>
<td>Cash and Cash Equivalents at Beginning of Year</td>
<td>5,421</td>
<td>4,237</td>
<td>2,385</td>
</tr>
<tr>
<td><strong>Cash and Cash Equivalents at End of Year</strong></td>
<td>$ 6,911</td>
<td>$ 5,421</td>
<td>$ 4,237</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
Note 1. ACCOUNTING POLICIES AND RECENTLY ISSUED ACCOUNTING STANDARDS

Basis of Consolidation

The consolidated financial statements are prepared in conformity with U.S. GAAP, including the accounts of Bristol-Myers Squibb Company and all of its controlled majority-owned subsidiaries and certain variable interest entities. All intercompany balances and transactions are eliminated. Material subsequent events are evaluated and disclosed through the report issuance date. Refer to the Summary of Abbreviated Terms at the end of this 2018 Form 10-K for terms used throughout the document.

Alliance and license arrangements are assessed to determine whether the terms provide economic or other control over the entity requiring consolidation of an entity. Entities controlled by means other than a majority voting interest are referred to as variable interest entities and are consolidated when BMS has both the power to direct the activities of the variable interest entity that most significantly impacts its economic performance and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the entity.

Business Segment Information

BMS operates in a single segment engaged in the discovery, development, licensing, manufacturing, marketing, distribution and sale of innovative medicines that help patients prevail over serious diseases. A global research and development organization and supply chain organization are responsible for the discovery, development, manufacturing and supply of products. Regional commercial organizations market, distribute and sell the products. The business is also supported by global corporate staff functions. The determination of a single segment is consistent with the financial information regularly reviewed by the chief executive officer for purposes of evaluating performance, allocating resources, setting incentive compensation targets, and planning and forecasting future periods. For further information on product and regional revenue, see “—Note 2. Revenue.”

Use of Estimates and Judgments

The preparation of financial statements requires the use of management estimates, judgments and assumptions. The most significant assumptions are estimates in determining the fair value and potential impairment of intangible assets; sales rebate and return accruals; legal contingencies; income taxes; and pension and postretirement benefits. Actual results may differ from estimated results.

Reclassifications

Certain prior period amounts were reclassified to conform to the current period presentation. Loss/(gain) on equity investments previously presented in Impairment charges and Other adjustments in the consolidated statements of cash flows is now presented separately.

Revenue Recognition

Effective January 1, 2018, we adopted ASC 606 using the modified retrospective method. Refer to “—Note 2. Revenue” for a detailed discussion of accounting policies related to revenue recognition, including deferred revenue and royalties. Refer to “—Note 3. Alliances” for further detail regarding alliances.

Income Taxes

The provision for income taxes includes income taxes paid or payable for the current year plus the change in deferred taxes during the year. Deferred taxes result from differences between the financial and tax basis of assets and liabilities and are adjusted for changes in tax rates and tax laws when changes are enacted. Valuation allowances are recognized to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. The assessment of whether or not a valuation allowance is required often requires significant judgment including the long-range forecast of future taxable income and the evaluation of tax planning initiatives. Adjustments to the deferred tax valuation allowances are made to earnings in the period when such assessments are made.

Tax benefits are recognized from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefit recognized in the financial statements for a particular tax position is based on the largest benefit that is more likely than not to be realized upon settlement.
Cash and Cash Equivalents

Cash and cash equivalents include bank deposits, time deposits, commercial paper and money market funds. Cash equivalents consist of highly liquid investments with original maturities of three months or less at the time of purchase and are recognized at cost, which approximates fair value.

Marketable Debt Securities

Marketable debt securities are classified as “available-for-sale” on the date of purchase and reported at fair value. Fair value is determined based on observable market quotes or valuation models using assessments of counterparty credit worthiness, credit default risk or underlying security and overall capital market liquidity. Marketable debt securities are reviewed for impairment by assessing if the decline in market value of the investment below the carrying value is other than temporary, which considers the intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value, the duration and extent that the market value has been less than cost and the investee's financial condition.

Investments in Equity Securities

Investments in equity securities with readily determinable fair values are recorded at fair value with changes in fair value recorded in Other income (net). Investments in equity securities without readily determinable fair values are recorded at cost minus any impairment, plus or minus changes in their estimated fair value resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Changes in the estimated fair value of investments in equity securities without readily determinable fair values are recorded in Other income (net). Investments in 50% or less owned companies are accounted for using the equity method of accounting when the ability to exercise significant influence over the operating and financial decisions of the investee is maintained. The share of net income or losses of equity investments accounted for using the equity method are included in Other income (net). Investments in equity securities without readily determinable fair values and investments in equity accounted for using the equity method are assessed for potential impairment on a quarterly basis based on qualitative factors.

Inventory Valuation

Inventories are stated at the lower of average cost or market.

Property, Plant and Equipment and Depreciation

Expenditures for additions, renewals and improvements are capitalized at cost. Depreciation is computed on a straight-line method based on the estimated useful lives of the related assets ranging from 20 to 50 years for buildings and 3 to 20 years for machinery, equipment and fixtures.

Current facts or circumstances are periodically evaluated to determine if the carrying value of depreciable assets to be held and used may not be recoverable. If such circumstances exist, an estimate of undiscounted future cash flows generated by the long-lived asset, or appropriate grouping of assets, is compared to the carrying value to determine whether an impairment exists at its lowest level of identifiable cash flows. If an asset is determined to be impaired, the loss is measured based on the difference between the asset’s fair value and its carrying value. An estimate of the asset’s fair value is based on quoted market prices in active markets, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques using unobservable fair value inputs, such as a discounted value of estimated future cash flows.

Capitalized Software

Eligible costs to obtain internal use software are capitalized and amortized over the estimated useful life of the software.

Acquisitions

Businesses acquired are consolidated upon obtaining control. The fair value of assets acquired and liabilities assumed are recognized at the date of acquisition. Any excess of the purchase price over the estimated fair values of the net assets acquired is recognized as goodwill. Business acquisition costs are expensed when incurred. Contingent consideration from potential development, regulatory, approval and sales-based milestones and sales-based royalties are included in the purchase price for business combinations and are excluded for asset acquisitions. Amounts allocated to the lead investigational compounds for asset acquisitions are expensed at the date of acquisition.
Goodwill, Acquired In-Process Research and Development and Other Intangible Assets

The fair value of acquired intangible assets is typically determined using an income-based approach referred to as the excess earnings method utilizing Level 3 fair value inputs. The market participant valuations assume a global view considering all potential jurisdictions and indications based on discounted after-tax cash flow projections, risk adjusted for estimated probability of technical and regulatory success (for IPRD).

Finite-lived intangible assets, including licenses, developed technology rights and IPRD projects that reach commercialization are amortized on a straight-line basis over their estimated useful life. Estimated useful lives are determined considering the period the assets are expected to contribute to future cash flows.

Goodwill is tested at least annually for impairment by assessing qualitative factors or performing a quantitative analysis in determining whether it is more likely than not that the fair value of net assets are below their carrying amounts. Examples of qualitative factors assessed include our share price, financial performance compared to budgets, long-term financial plans, macroeconomic, industry and market conditions as well as the substantial excess of fair value over the carrying value of net assets from the annual impairment test performed in a prior year. Each relevant factor is assessed both individually and in the aggregate.

IPRD is tested for impairment on an annual basis and more frequently if events occur or circumstances change that would indicate a potential reduction in the fair values of the assets below their carrying value. Impairment charges are recognized to the extent the carrying value of IPRD is determined to exceed its fair value.

Finite-lived intangible assets are tested for impairment when facts or circumstances suggest that the carrying value of the asset may not be recoverable. If the carrying value exceeds the projected undiscounted pretax cash flows of the intangible asset, an impairment loss equal to the excess of the carrying value over the estimated fair value (discounted after-tax cash flows) is recognized.

Restructuring

Restructuring charges are recognized as a result of actions to streamline operations and reduce the number of facilities. Estimating the impact of restructuring plans, including future termination benefits and other exit costs requires judgment. Actual results could vary from these estimates.

Contingencies

Loss contingencies from legal proceedings and claims may occur from government investigations, shareholder lawsuits, product and environmental liability, contractual claims, tax and other matters. Accruals are recognized when it is probable that a liability will be incurred and the amount of loss can be reasonably estimated. Gain contingencies (including contingent proceeds related to the divestitures) are not recognized until realized. Legal fees are expensed as incurred.

Advertising and Product Promotion Costs

Advertising and product promotion costs are expensed as incurred. Advertising and product promotion costs are included in Marketing, selling and administrative expenses and were $672 million in 2018, $740 million in 2017 and $789 million in 2016.

Foreign Currency Translation

Foreign subsidiary earnings are translated into U.S. dollars using average exchange rates. The net assets of foreign subsidiaries are translated into U.S. dollars using current exchange rates. The U.S. dollar effects that arise from translating the net assets of these subsidiaries at changing rates are recognized in Other Comprehensive (Loss)/Income.

Research and Development

Research and development costs are expensed as incurred. Clinical study costs are accrued over the service periods specified in the contracts and adjusted as necessary based upon an ongoing review of the level of effort and costs actually incurred. Research and development costs are presented net of reimbursements from alliance partners. Upfront and contingent development milestone payments for asset acquisitions of investigational compounds are also included in research and development expense if there are no alternative future uses.
Cash Flow

Payments for licensing and asset acquisitions of investigational compounds are included in operating activities as well as out-licensing proceeds. Payments for the acquisition of an ownership interest in a legal entity, including acquisitions that do not meet the accounting definition of a business are included in investing activities, as well as divestiture proceeds, royalties and other consideration received subsequent to the related sale of the asset or business. Other adjustments reflected in operating activities include divestiture gains and losses and related royalties, asset acquisition charges, gains and losses on equity investments and gains and losses on debt redemption.

Recently Adopted Accounting Standards

Revenue from Contracts with Customers

Amended guidance for revenue recognition was adopted in the first quarter of 2018 using the modified retrospective method with the cumulative effect of the change recognized in Retained earnings. The new guidance, referred to as ASC 606, requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers and replaces most of the existing revenue recognition standards in U.S. GAAP. A five-step model is utilized to achieve the core principle: (1) identify the customer contract; (2) identify the contract’s performance obligation; (3) determine the transaction price; (4) allocate the transaction price to the performance obligation; and (5) recognize revenue when or as a performance obligation is satisfied.

The timing of recognizing revenue for typical net product sales to our customers did not significantly change. However, transaction prices are no longer required to be fixed or determinable and certain variable consideration might be recognized prior to the occurrence or resolution of the contingent event. As a result, certain revenue previously deferred under the prior standard because the transaction price was not fixed or determinable is now accounted for as variable consideration and might be recognized earlier provided such terms are sufficient to reliably estimate the ultimate price expected to be realized.

Estimated future royalties and contingent fees related to certain arrangements are now recognized prior to the third party sale or event occurring to the extent it is probable that a significant reversal in the amount of estimated cumulative revenue will not occur. The new guidance pertaining to the separation of licensing rights and related fee recognition did not significantly change the timing of recognizing revenue in our existing alliance arrangements that are currently generating revenue.

The cumulative effect of the accounting change resulted in recognizing contract assets of $214 million and a $168 million increase in Retained earnings net of tax.

The cumulative effect was primarily attributed to royalties and licensing rights reacquired by alliance partners that are expected to be received in the future and are not eligible for the licensing exclusion. As a result of the new guidance and cumulative effect adjustment, revenue was approximately $197 million lower in 2018, compared to what would have been reported under the previous guidance. Refer to “—Note 2. Revenue” for further information.

Gains and Losses from the Derecognition of Nonfinancial Assets

Amended guidance for gains and losses from the derecognition of nonfinancial assets (ASC 610) was adopted in the first quarter of 2018 using the modified retrospective method. The amendments clarify the scope of asset derecognition guidance, add guidance for partial sales of nonfinancial assets and clarify recognizing gains and losses from the transfer of nonfinancial assets in contracts with noncustomers. Certain transactions such as the sale or transfer of product rights that do not constitute a business will require accounting similar to ASC 606 including the potential recognition of variable consideration. The amended guidance may result in earlier recognition of variable consideration depending on the facts and circumstances of each transaction.

The cumulative effect of the accounting change resulted in recognizing contract assets of $167 million and a $130 million increase in Retained earnings net of tax.

The cumulative effect was primarily attributed to royalties and termination fees for licensing rights reacquired by third parties that are expected to be received in the future and are not eligible for the licensing exclusion. As a result of the new guidance and cumulative effect adjustment, Other income (net) was approximately $140 million lower in 2018, compared to what would have been reported under the previous guidance.
**Presentation of Net Periodic Pension and Postretirement Benefits**

Amended guidance requiring all net periodic benefit components for defined benefit pension and other postretirement plans other than service costs to be recorded outside of income from operations (other income) was adopted in the first quarter of 2018 on a retrospective basis. Cost of products sold; Marketing, selling and administrative; and Research and development expenses increased in the aggregate with a corresponding offset in Other income (net).

As adjusted amounts upon adoption of the new guidance are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31, 2017</th>
<th></th>
<th>Year Ended December 31, 2016</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As Reported</td>
<td>As Adjusted</td>
<td>As Reported</td>
<td>As Adjusted</td>
</tr>
<tr>
<td>Cost of products sold</td>
<td>$6,066</td>
<td>$6,094</td>
<td>$4,946</td>
<td>$4,969</td>
</tr>
<tr>
<td>Marketing, selling and administrative</td>
<td>4,687</td>
<td>4,751</td>
<td>4,911</td>
<td>4,979</td>
</tr>
<tr>
<td>Research and development</td>
<td>6,411</td>
<td>6,482</td>
<td>4,940</td>
<td>5,012</td>
</tr>
<tr>
<td>Other income (net)</td>
<td>(1,519)</td>
<td>(1,682)</td>
<td>(1,285)</td>
<td>(1,448)</td>
</tr>
</tbody>
</table>

**Definition of a Business**

Amended guidance that revises the definition of a business was adopted prospectively in the first quarter of 2018. The amendments provide an initial screen that when substantially all of the fair value of the gross assets acquired or disposed of is concentrated in a single identifiable asset or a group of similar identifiable assets, an integrated set of assets and activities would not represent a business. If the screen is not met, the set must include an input and a substantive process that together significantly contribute to the ability to create outputs for the set to represent a business. The amendment also narrows the definition of the term “output” and requires the transfer of an organized work force when outputs do not exist. The amended guidance may result in more transactions being accounted for as assets in the future with the impact to our results of operations dependent on the individual facts and circumstances of each transaction.

**Recognition and Measurement of Financial Assets and Liabilities**

Amended guidance for the recognition, measurement, presentation and disclosures of financial instruments was adopted using the modified retrospective method in the first quarter of 2018. The new guidance requires that fair value adjustments for equity investments with readily determinable fair values be reported through earnings. The new guidance also requires a qualitative impairment assessment for equity investments without a readily determinable fair value based upon observable price changes and a charge through earnings if an impairment exists. The cumulative effect of the accounting change resulted in a $36 million reduction to Other Comprehensive (Loss)/Income and a corresponding $34 million increase to Retained earnings, net of tax. Refer to “—Note 5. Other Income (Net)” for further information and the impact on the results of operations.

**Accounting for Hedging Activities**

Amended guidance for derivatives and hedging was adopted using the modified retrospective method in the first quarter of 2018. The amended guidance revises and expands items eligible for hedge accounting, simplifies hedge effectiveness testing and changes the timing of recognition and presentation for certain hedged items. Certain disclosure requirements were also modified for hedging activities on a prospective basis. The adoption of the amended standard did not have a material impact on the Company’s results of operations.

**Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income**

Amended guidance for the reclassification of certain tax effects from accumulated other comprehensive income was adopted prospectively in the fourth quarter of 2018. The new guidance permits the reclassification of the income tax effect on amounts recorded within accumulated other comprehensive income impacted by the Tax Cuts and Jobs Act into Retained earnings. The Company recorded a cumulative effect adjustment to increase Accumulated other comprehensive loss by $283 million with a corresponding increase to Retained earnings.
Collaborative Arrangements

Amended guidance clarifying the interaction between ASC 606, Revenue from Contracts with Customers, and ASC 808, Collaborative Arrangements, was adopted retrospectively to the first quarter of 2018. The amended guidance clarifies when certain transactions between collaborative arrangement participants should be accounted for and presented as revenue under ASC 606. The adoption of the amended guidance did not have an impact on the Company’s results of operations.

Recently Issued Accounting Standards Not Yet Adopted

Leases

In February 2016, the FASB issued amended guidance on lease accounting. The amended guidance requires the recognition of a right-of-use asset and a lease liability, initially measured at the present value of future lease payments for leases with a term longer than 12 months. The amended guidance will be adopted on January 1, 2019, on a modified retrospective approach. The Company's assessment of the amended guidance is substantially complete, including our implementation of a leasing software system procured from a third party vendor, our gathering of lease information data, our assessment of the reasonable certainty of exercising renewal and termination options, and our evaluation of changes and enhancements to processes and internal controls. Based on our assessment, we intend to elect the package of practical expedients on adoption, apply the short-term lease recognition exemption for leases with terms of 12 months or less that do not include an option to purchase the underlying asset that we are reasonably certain to exercise, and apply a portfolio approach to discount our real property lease liabilities using the Company's incremental borrowing rate, as most real property leases do not provide an implicit rate. Lease terms vary based on the nature of operations and the market dynamics in each country; however, all leased facilities are classified as operating leases with remaining lease terms between 1 and 20 years, and comprise approximately 90% of our total lease obligation, the discounted value of which is approximately $600 million as of December 31, 2018. The amended guidance is not expected to materially impact the Company’s results of operations other than the recognition of the right-of-use asset and lease liability. Sublease income is not material to the Company's results of operations. The cumulative effect of the accounting change is not expected to be material to the Company's results of operations.

Financial Instruments - Measurement of Credit Losses

In June 2016, the FASB issued amended guidance for the measurement of credit losses on financial instruments. Entities will be required to use a forward-looking estimated loss model. Available-for-sale debt security credit losses will be recognized as allowances rather than a reduction in amortized cost. The guidance is effective January 1, 2020 with early adoption permitted in 2019 on a modified retrospective approach. The amended guidance is not expected to materially impact the Company’s results of operations.

Goodwill Impairment Testing

In January 2017, the FASB issued amended guidance that simplifies the recognition and measurement of a goodwill impairment loss by eliminating Step 2 of the quantitative impairment test. As a result, impairment charges will be required for the amount by which the reporting units carrying amount exceeds its fair value up to the amount of its allocated goodwill. The guidance is effective on a prospective basis on January 1, 2020, with early adoption permitted for interim or annual goodwill impairment tests performed after January 1, 2017. The amended guidance is not expected to materially impact the Company’s results of operations.
### Note 2. Revenue

The following table summarizes the disaggregation of revenue by nature:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td><strong>Net product sales</strong></td>
<td>$ 21,581</td>
</tr>
<tr>
<td>Alliance revenues</td>
<td>647</td>
</tr>
<tr>
<td>Other revenues</td>
<td>333</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$ 22,561</td>
</tr>
</tbody>
</table>

Net product sales represent more than 90% of the Company’s total revenues for the years ended December 31, 2018, 2017 and 2016. Products are sold principally to wholesalers or distributors and to a lesser extent, directly to retailers, hospitals, clinics, government agencies and pharmacies. Customer orders are generally fulfilled within a few days of receipt resulting in minimal order backlog. Contractual performance obligations are usually limited to transfer of control of the product to the customer. The transfer occurs either upon shipment or upon receipt of the product in certain non-U.S. countries after considering when the customer obtains legal title to the product and when the Company obtains a right of payment. At these points, customers are able to direct the use of and obtain substantially all of the remaining benefits of the product. Gross revenue to the three largest pharmaceutical wholesalers in the U.S. as a percentage of global gross revenues were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>McKesson Corporation</td>
<td>25%</td>
<td>24%</td>
<td>22%</td>
</tr>
<tr>
<td>AmerisourceBergen Corporation</td>
<td>20%</td>
<td>18%</td>
<td>18%</td>
</tr>
<tr>
<td>Cardinal Health, Inc.</td>
<td>17%</td>
<td>15%</td>
<td>14%</td>
</tr>
</tbody>
</table>

Wholesalers are initially invoiced at contractual list prices. Payment terms are typically 30 to 90 days based on customary practices in each country with the exception of certain biologic products in the U.S., including *Opdivo*, *Yervoy* and *Empliciti* (90 days to 120 days). Revenue is reduced from wholesaler list price at the time of recognition for expected charge-backs, discounts, rebates, sales allowances and product returns, which are referred to as GTN adjustments. These reductions are attributed to various commercial arrangements, managed healthcare organizations and government programs such as Medicare, Medicaid and the 340B Drug Pricing Program containing various pricing implications such as mandatory discounts, pricing protection below wholesaler list price or other discounts when Medicare Part D beneficiaries are in the coverage gap. In addition, non-U.S. government programs include different pricing schemes such as cost caps, volume discounts, outcome-based pricing and pricing claw-backs determined on sales of individual companies or an aggregation of companies participating in a specific market. Charge-backs and cash discounts are reflected as a reduction to receivables and settled through the issuance of credits to the customer, typically within one month. All other rebates, discounts and adjustments, including Medicaid and Medicare, are reflected as a liability and settled through cash payments to the customer, typically within various time periods ranging from a few months to one year.

Significant judgment is required in estimating GTN adjustments considering legal interpretations of applicable laws and regulations, historical experience, payer channel mix, current contract prices under applicable programs, unbilled claims, processing time lags and inventory levels in the distribution channel.

The following table summarizes GTN adjustments:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross product sales</strong></td>
<td>$ 30,174</td>
<td>$ 25,499</td>
<td>$ 22,364</td>
</tr>
<tr>
<td><strong>GTN adjustments</strong> (a)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charge-backs and cash discounts</td>
<td>(2,735)</td>
<td>(2,084)</td>
<td>(1,582)</td>
</tr>
<tr>
<td>Medicaid and Medicare rebates</td>
<td>(3,225)</td>
<td>(2,086)</td>
<td>(1,382)</td>
</tr>
<tr>
<td>Other rebates, returns, discounts and adjustments</td>
<td>(2,633)</td>
<td>(2,071)</td>
<td>(1,698)</td>
</tr>
<tr>
<td><strong>Total GTN adjustments</strong></td>
<td>(8,593)</td>
<td>(6,241)</td>
<td>(4,662)</td>
</tr>
<tr>
<td><strong>Net product sales</strong></td>
<td>$ 21,581</td>
<td>$ 19,258</td>
<td>$ 17,702</td>
</tr>
</tbody>
</table>

(a) Includes adjustments for provisions for product sales made in prior periods resulting from changes in estimates of $96 million, $71 million and $155 million for the years ended December 31, 2018, 2017 and 2016, respectively.
Alliance and other revenues consist primarily of amounts related to collaborations and out-licensing arrangements. Each of these arrangements are evaluated for whether they represent contracts that are within the scope of the revenue recognition guidance in their entirety or contain aspects that are within the scope of the guidance, either directly or by reference based upon the application of the guidance related to the derecognition of nonfinancial assets (ASC 610).

Performance obligations are identified and separated when the other party can benefit directly from the rights, goods or services either on their own or together with other readily available resources and when the rights, goods or services are not highly interdependent or interrelated.

Transaction prices for these arrangements may include fixed up-front amounts as well as variable consideration such as contingent development and regulatory milestones, sales-based milestones and royalties. The most likely amount method is used to estimate contingent development, regulatory and sales-based milestones because the ultimate outcomes are binary in nature. The expected value method is used to estimate royalties because a broad range of potential outcomes exist, except for instances in which such royalties relate to a license. Variable consideration is included in the transaction price only to the extent a significant reversal in the amount of cumulative revenue recognized is not probable of occurring when the uncertainty associated with the variable consideration is subsequently resolved. Significant judgment is required in estimating the amount of variable consideration to recognize when assessing factors outside of BMS’s influence such as likelihood of regulatory success, limited availability of third party information, expected duration of time until resolution, lack of relevant past experience, historical practice of offering fee concessions and a large number and broad range of possible amounts. To the extent arrangements include multiple performance obligations that are separable, the transaction price assigned to each distinct performance obligation is reflective of the relative stand-alone selling price and recognized at a point in time upon the transfer of control.

Three types of out-licensing arrangements are typically utilized: (1) arrangements when we out-license intellectual property to another party and have no further performance obligations; (2) arrangements that include a license and an additional performance obligation to supply product upon the request of the third party; and (3) collaboration arrangements, which include transferring a license to a third party to jointly develop and commercialize a product.

Most out-licensing arrangements consist of a single performance obligation that is satisfied upon execution of the agreement when the development and commercialization rights are transferred to a third party. Up-front fees are recognized immediately and included in Other income (net). Although contingent development and regulatory milestone amounts are assessed each period for the likelihood of achievement, they are typically constrained and recognized when the uncertainty is subsequently resolved for the full amount of the milestone and included in Other income (net). Sales-based milestones and royalties are recognized when the milestone is achieved or the subsequent sales occur. Sales-based milestones are included in Other income (net) and royalties are included in Alliance and other revenue.

Certain out-licensing arrangements may also include contingent performance obligations to supply commercial product to the third party upon its request. The license and supply obligations are accounted for as separate performance obligations as they are considered distinct because the third party can benefit from the license either on its own or together with other supply resources readily available to it and the obligations are separately identifiable from other obligations in the contract in accordance with the revenue recognition guidance. After considering the standalone selling prices in these situations, up-front fees, contingent development and regulatory milestone amounts and sales-based milestone and royalties are allocated to the license and recognized in the manner described above. Consideration for the supply obligation is usually based upon stipulated cost-plus margin contractual terms which represent a standalone selling price. The supply consideration is recognized at a point in time upon transfer of control of the product to the third party and included in Alliance and other revenue. The above fee allocation between the license and the supply represents the amount of consideration that the Company expects to be entitled to for the satisfaction of the separate performance obligations.

Although collaboration arrangements are unique in nature, both parties are active participants in the operating activities and are exposed to significant risks and rewards depending on the commercial success of the activities. Performance obligations inherent in these arrangements may include the transfer of certain development or commercialization rights, ongoing development and commercialization services and product supply obligations. Except for certain product supply obligations which are considered distinct and accounted for as separate performance obligations similar to the manner discussed above, all other performance obligations are not considered distinct and are combined into a single performance obligation since the transferred rights are highly integrated and interrelated to our obligation to jointly develop and commercialize the product with the third party. As a result, up-front fees are recognized ratably over time throughout the expected period of the collaboration activities and included in Other income (net) as the license is combined with other development and commercialization obligations. Contingent development and regulatory milestones that are no longer constrained are recognized in a similar manner on a prospective basis. Royalties and profit sharing are recognized when the underlying sales and profits occur and are included in Alliance and other revenue. Refer to “—Note 3. Alliances” for further information.
The following table summarizes the disaggregation of revenue by product and region:

<table>
<thead>
<tr>
<th>Prioritized Brands</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opdivo</td>
<td>$6,735</td>
<td>$4,948</td>
<td>$3,774</td>
</tr>
<tr>
<td>Eliquis</td>
<td>6,438</td>
<td>4,872</td>
<td>3,343</td>
</tr>
<tr>
<td>Ocrenia</td>
<td>2,710</td>
<td>2,479</td>
<td>2,265</td>
</tr>
<tr>
<td>Sprycel</td>
<td>2,000</td>
<td>2,005</td>
<td>1,824</td>
</tr>
<tr>
<td>Yervoy</td>
<td>1,330</td>
<td>1,244</td>
<td>1,053</td>
</tr>
<tr>
<td>Empliciti</td>
<td>247</td>
<td>231</td>
<td>150</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Established Brands</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baraclude</td>
<td>744</td>
<td>1,052</td>
<td>1,192</td>
</tr>
<tr>
<td>Reyataz Franchise</td>
<td>427</td>
<td>698</td>
<td>912</td>
</tr>
<tr>
<td>Sustiva Franchise</td>
<td>283</td>
<td>729</td>
<td>1,065</td>
</tr>
<tr>
<td>Hepatitis C Franchise</td>
<td>17</td>
<td>406</td>
<td>1,578</td>
</tr>
<tr>
<td>Other Brands</td>
<td>1,630</td>
<td>2,112</td>
<td>2,271</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$22,561</strong></td>
<td><strong>$20,776</strong></td>
<td><strong>$19,427</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>United States</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>$12,586</td>
<td>$11,358</td>
<td>$10,720</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>5,658</td>
<td>4,988</td>
<td>4,215</td>
</tr>
<tr>
<td>Rest of World</td>
<td>3,733</td>
<td>3,877</td>
<td>3,964</td>
</tr>
<tr>
<td>Other (a)</td>
<td>584</td>
<td>553</td>
<td>528</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$22,561</strong></td>
<td><strong>$20,776</strong></td>
<td><strong>$19,427</strong></td>
</tr>
</tbody>
</table>

(a) Other revenues included royalties and alliance-related revenues for products not sold by our regional commercial organizations.

The following table summarizes contract assets as of December 31, 2018 and January 1, 2018:

<table>
<thead>
<tr>
<th>Dollars in Millions</th>
<th>December 31, 2018</th>
<th>January 1, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid expenses and other</td>
<td>$35</td>
<td>$349</td>
</tr>
<tr>
<td>Other assets</td>
<td>19</td>
<td>32</td>
</tr>
<tr>
<td><strong>Total Contract Assets</strong></td>
<td>$54</td>
<td>$381</td>
</tr>
</tbody>
</table>

Contract assets are primarily estimated future royalties and termination fees not eligible for the licensing exclusion and therefore recognized upon the adoption of ASC 606 and ASC 610. Contract assets are reduced and receivables are increased in the period the underlying sales occur. Contingent development and regulatory milestones from out-licensing arrangements of $1.3 billion were constrained and not recognized after considering the likelihood of a significant reversal of cumulative amount of revenue occurring. Cumulative catch-up adjustments to revenue affecting contract assets or contract liabilities were not material during the year ended December 31, 2018. Revenue recognized from performance obligation satisfied in prior periods was $495 million for the year ended December 31, 2018, consisting primarily of royalties for out-licensing arrangements and revised estimates for GTN adjustments related to prior period sales.

Sales commissions and other incremental costs of obtaining customer contracts are expensed as incurred as the amortization periods would be less than one year.

**Note 3. ALLIANCES**

BMS enters into collaboration arrangements with third parties for the development and commercialization of certain products. Although each of these arrangements is unique in nature, both parties are active participants in the operating activities of the collaboration and exposed to significant risks and rewards depending on the commercial success of the activities. BMS may either in-license intellectual property owned by the other party or out-license its intellectual property to the other party. These arrangements also typically include research, development, manufacturing, and/or commercial activities and can cover a single investigational compound or commercial product or multiple compounds and/or products in various life cycle stages. The rights and obligations of the parties can be global or limited to geographic regions. We refer to these collaborations as alliances and our partners as alliance partners.
The most common activities between BMS and its alliance partners are presented in results of operations as follows:

- When BMS is the principal in the end customer sale, 100% of product sales are included in Net product sales. When BMS’s alliance partner is the principal in the end customer sale, BMS’s contractual share of the third-party sales and/or royalty income are included in Alliance revenues as the sale of commercial products are considered part of BMS’s ongoing major or central operations. Refer to “—Note 2. Revenue” for information regarding recognition criteria.
- Amounts payable to BMS by alliance partners (who are the principal in the end customer sale) for supply of commercial products are included in Alliance revenues as the sale of commercial products are considered part of BMS’s ongoing major or central operations.
- Profit sharing, royalties and other sales-based fees payable by BMS to alliance partners are included in Cost of products sold as incurred.
- Cost reimbursements between the parties are recognized as incurred and included in Cost of products sold; Marketing, selling and administrative expenses; or Research and development expenses, based on the underlying nature of the related activities subject to reimbursement.
- Upfront and contingent development and approval milestones payable to BMS by alliance partners for investigational compounds and commercial products are deferred and amortized over the expected period of BMS’s development and co-promotion obligation through the market exclusivity period or the periods in which the related compounds or products are expected to contribute to future cash flows. The amortization is presented consistent with the nature of the payment under the arrangement. For example, amounts received for investigational compounds are presented in Other income (net) as the activities being performed at that time are not related to the sale of commercial products included in BMS’s ongoing major or central operations; amounts received for commercial products are presented in alliance revenue as the sale of commercial products are considered part of BMS’s ongoing major or central operations.
- Upfront and contingent approval milestones payable by BMS to alliance partners for commercial products are capitalized and amortized over the shorter of the contractual term or the periods in which the related products are expected to contribute to future cash flows. The amortization is included in Cost of products sold.
- Upfront and contingent milestones payable by BMS to alliance partners prior to regulatory approval are expensed as incurred and included in Research and development expense.
- Royalties and other contingent consideration payable to BMS by alliance partners related to the divestiture of such businesses are included in Other income (net) when earned.
- All payments between BMS and its alliance partners are presented in Cash Flows From Operating Activities, except as otherwise described below.

Selected financial information pertaining to our alliances was as follows, including net product sales when BMS is the principal in the third-party customer sale for products subject to the alliance. Expenses summarized below do not include all amounts attributed to the activities for the products in the alliance, but only the payments between the alliance partners or the related amortization if the payments were deferred or capitalized. Certain prior period amounts included below were revised to exclude amounts for arrangements that no longer meet the criteria for collaboration arrangements.

<table>
<thead>
<tr>
<th>Revenues from alliances:</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net product sales</td>
<td>$8,359</td>
<td>$6,917</td>
<td>$5,530</td>
</tr>
<tr>
<td>Alliance revenues</td>
<td>647</td>
<td>962</td>
<td>1,252</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$9,006</td>
<td>$7,879</td>
<td>$6,782</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Payments to/(from) alliance partners:</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of products sold</td>
<td>$3,439</td>
<td>$2,718</td>
<td>$2,126</td>
</tr>
<tr>
<td>Marketing, selling and administrative</td>
<td>(104)</td>
<td>(62)</td>
<td>(30)</td>
</tr>
<tr>
<td>Research and development</td>
<td>1,044</td>
<td>(28)</td>
<td>(9)</td>
</tr>
<tr>
<td>Other income (net)</td>
<td>(67)</td>
<td>(46)</td>
<td>(42)</td>
</tr>
</tbody>
</table>

Selected Alliance Balance Sheet Information:

<table>
<thead>
<tr>
<th>Dollars in Millions</th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Receivables – from alliance partners</td>
<td>$395</td>
</tr>
<tr>
<td>Accounts payable – to alliance partners</td>
<td>904</td>
</tr>
<tr>
<td>Deferred income from alliances (a)</td>
<td>491</td>
</tr>
</tbody>
</table>

(a) Includes unamortized upfront and milestone payments.
Specific information pertaining to each of our significant alliances is discussed below, including their nature and purpose; the significant rights and obligations of the parties; specific accounting policy elections; and the income statement classification of and amounts attributable to payments between the parties.

**Pfizer**

BMS and Pfizer jointly develop and commercialize **Eliquis**, an anticoagulant discovered by BMS. Pfizer funds between 50% and 60% of all development costs depending on the study. Profits and losses are shared equally on a global basis except in certain countries where Pfizer commercializes **Eliquis** and pays BMS a sales-based fee.

Co-exclusive license rights were granted to Pfizer in exchange for an upfront payment and potential milestone payments. Both parties assumed certain obligations to actively participate in a joint executive committee and various other operating committees and have joint responsibilities for the research, development, distribution, sales and marketing activities of the alliance using resources in their own infrastructures. BMS and Pfizer manufacture the product in the alliance and BMS is the principal in the end customer product sales in the U.S., significant countries in Europe, as well as Canada, Australia, China, Japan and South Korea. In 2015, BMS transferred full commercialization rights to Pfizer in certain smaller countries in order to simplify operations. In the transferred countries, BMS supplies the product to Pfizer at cost plus a percentage of the net sales price to end-customers which is recorded in full upon transfer of control of the product to Pfizer.

The Company did not allocate consideration to the rights transferred to Pfizer as such rights were not sold separately by BMS or any other party, nor could Pfizer receive any benefit for the delivered rights without the fulfillment of other ongoing obligations by BMS under the alliance agreement. As such, the global alliance was treated as a single unit of accounting and upfront proceeds and any subsequent contingent milestone proceeds are amortized over the expected period of BMS's co-promotion obligation through the market exclusivity period. BMS received $884 million in non-refundable upfront, milestone and other licensing payments related to **Eliquis** through December 31, 2018. Amortization of the **Eliquis** deferred income is included in Other income (net) as **Eliquis** was not a commercial product at the commencement of the alliance.

Summarized financial information related to this alliance was as follows:

<table>
<thead>
<tr>
<th>Holloway</th>
<th>Year Ended December 31,</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues from Pfizer alliance:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net product sales</td>
<td>$</td>
<td>6,329</td>
<td>$</td>
<td>4,808</td>
</tr>
<tr>
<td>Alliance revenues</td>
<td>109</td>
<td>64</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$</td>
<td>6,438</td>
<td>$</td>
<td>4,872</td>
</tr>
<tr>
<td><strong>Payments to/(from) Pfizer:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of products sold – Profit sharing</td>
<td>$</td>
<td>3,078</td>
<td>$</td>
<td>2,314</td>
</tr>
<tr>
<td>Other income (net) – Amortization of deferred income</td>
<td>(55)</td>
<td>(55)</td>
<td>(55)</td>
<td></td>
</tr>
<tr>
<td><strong>Selected Alliance Balance Sheet Information:</strong></td>
<td></td>
<td>December 31,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dollars in Millions</td>
<td></td>
<td>2018</td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>$</td>
<td>220</td>
<td>$</td>
<td>193</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>786</td>
<td>625</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred income</td>
<td>$</td>
<td>410</td>
<td>$</td>
<td>466</td>
</tr>
</tbody>
</table>

68
Otsuka

BMS and Otsuka co-promote Sprycel in the U.S. and the EU. Both parties actively participate in various governance committees, however, BMS has control over the decision making. BMS is responsible for the development and manufacture of the product and is also the principal in the end customer product sales. A fee is paid to Otsuka based on net sales levels in the Oncology Territory (U.S., Japan and the EU) that equates to $294 million on the first $1 billion of annual net sales plus 1% of net sales in excess of $1 billion.

Summarized financial information related to this alliance was as follows:

<table>
<thead>
<tr>
<th>Dollar in Millions</th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Revenues from Otsuka alliances:</td>
<td></td>
</tr>
<tr>
<td>Net product sales – Oncology territory</td>
<td>$1,705</td>
</tr>
<tr>
<td>Payments to Otsuka:</td>
<td></td>
</tr>
<tr>
<td>Cost of products sold – Oncology fee</td>
<td>$297</td>
</tr>
</tbody>
</table>

BMS also had a worldwide commercialization agreement with Otsuka, to co-develop and co-promote Abilify*. The U.S. portion of the agreement expired in April 2015 and the EU portion expired in June 2014. In other countries where BMS had the exclusive right to sell Abilify*, expiration occurred on a country-by-country basis with the last expiration in Canada in January 2018.

Ono

BMS and Ono jointly develop and commercialize Opdivo, Yervoy and several BMS investigational compounds in Japan, South Korea and Taiwan. BMS is responsible for supply of the products. Profits, losses and development costs are shared equally for all combination therapies involving compounds of both parties. Otherwise, sharing is 80% and 20% for activities involving only one of the party’s compounds.

BMS and Ono also jointly develop and commercialize Orencia in Japan. BMS is responsible for the order fulfillment and distribution of the intravenous formulation and Ono is responsible for the subcutaneous formulation. Both formulations are jointly promoted by both parties with assigned customer accounts and BMS is responsible for the product supply. A co-promotion fee of 60% is paid when a sale is made to the other party’s assigned customer.

In 2017, Ono granted BMS an exclusive license for the development and commercialization of ONO-4578, Ono’s Prostaglandin E2 receptor 4 antagonist. BMS acquired worldwide rights except in Japan, South Korea, and Taiwan where it was added to the existing collaboration and in China and ASEAN countries where Ono retained exclusive rights. BMS paid $40 million to Ono, which was included in Research and development expense in 2017. Ono is eligible to receive subsequent clinical, regulatory and sales-based milestone payments of up to $480 million and royalties in countries where BMS has exclusive licensing rights.

In 2018, BMS provided Ono with a right to accept NKTR-214 into their alliance upon completion of a Phase I clinical study of Opdivo and NKTR-214 in the Ono Territory. If the right is exercised, Ono will partially reimburse BMS for development costs incurred with the study and share in certain future development costs, contingent milestone payments, profits and losses under the collaboration with Nektar.

Summarized financial information related to this alliance was as follows:

<table>
<thead>
<tr>
<th>Dollar in Millions</th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Revenues from Ono alliances:</td>
<td></td>
</tr>
<tr>
<td>Net product sales</td>
<td>$165</td>
</tr>
<tr>
<td>Alliance revenues</td>
<td>294</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$459</td>
</tr>
</tbody>
</table>

BMS is the principal in the end customer product sales and has the exclusive right to develop, manufacture and commercialize Opdivo worldwide except in Japan, South Korea and Taiwan. Ono is entitled to receive royalties of 4% in North America and 15% in all territories excluding the three countries listed above, subject to customary adjustments.
Gilead

BMS and Gilead operate a joint venture in Europe to develop and commercialize a combination product named *Atripla*, which combines BMS's *Sustiva* with Gilead's *Truvada*. The joint venture is consolidated by Gilead, who is the principal in end customer product sales. BMS receives a percentage of end customer sales which is recorded in Alliance revenues. The joint venture will continue until either party terminates the arrangement or the last patent expires that allows market exclusivity to *Atripla*.

Prior to 2018, BMS and Gilead operated a joint venture in the U.S. and Canada for *Atripla*, which was terminated following the launch of a generic version of *Sustiva* by a third-party in the U.S. As a result, deferred income and alliance receivables attributed to *Sustiva* product held by the joint venture at December 31, 2017 was reduced by $438 million to reflect the post-termination selling price. BMS is entitled to a fee equal to 55% of *Atripla* U.S. net sales multiplied by the ratio of the difference in the average net selling prices of *Atripla* and *Truvada* to the *Atripla* average net selling price in 2018. The fee is reduced to 35% in 2019 and 15% in 2020, of *Atripla* U.S. net sales multiplied by the ratio described above. BMS supplies *Sustiva* at cost plus a markup to Gilead during this three-year period but may terminate the supply agreement after a notice period.

Summarized financial information related to this alliance was as follows:

<table>
<thead>
<tr>
<th>Revenues from Gilead alliances:</th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Alliance revenues</td>
<td>$253</td>
</tr>
<tr>
<td>Equity in net loss of affiliates</td>
<td>$2</td>
</tr>
</tbody>
</table>

Nektar

In 2018, BMS and Nektar commenced a worldwide license and collaboration for the development and commercialization of NKTR-214, Nektar's investigational immuno-stimulatory therapy designed to selectively expand specific cancer-fighting T cells and natural killer cells directly in the tumor micro-environment. The *Opdivo* and NKTR-214 combination therapy is currently in Phase II clinical studies for multiple cancer indications and in Phase III clinical studies for melanoma and RCC. A joint development plan agreed by the parties contemplates development in various indications and tumor types with each party responsible for the supply of their own product. BMS's share of the development costs associated with therapies comprising a BMS medicine used in combination with NKTR-214 is 67.5%, subject to certain cost caps for Nektar. The parties will also jointly commercialize the therapies, subject to regulatory approval. BMS's share of global NKTR-214 profits and losses will be 35% subject to certain annual loss caps for Nektar.

BMS paid Nektar $1.85 billion for the rights discussed above and 8.3 million shares of Nektar common stock representing a 4.8% ownership interest. BMS's equity ownership is subject to certain lock-up, standstill and voting provisions for a five-year period. The amount of the up-front payment allocated to the equity investment was $800 million after considering Nektar's stock price on the date of closing and current limitations on trading the securities. The remaining $1.05 billion of the up-front payment was allocated to the rights discussed above and included in Research and development expense in the second quarter of 2018. BMS will also pay up to $1.8 billion upon the achievement of contingent development, regulatory and sales-based milestones over the life of the alliance period. Research and development expense payable under this agreement with Nektar was $59 million for the year ended December 31, 2018.
BMS and AbbVie jointly develop and commercialize Empliciti, a humanized monoclonal antibody for the treatment of multiple myeloma. Both parties participate in development and U.S. commercialization committees in which BMS has final decision making authority. AbbVie funds 20% of global development costs and BMS is solely responsible for supply, distribution and sales and marketing activities and is the principal in the end customer product sales. AbbVie shares 30% of all profits and losses in the U.S. and is paid tiered royalties outside of the U.S. AbbVie is also entitled to receive an additional $100 million if certain regulatory events occur and $200 million if certain sales thresholds are achieved. The agreement may be terminated immediately by BMS or by either party for material breaches (subsequent to a notice period).

Summarized financial information related to this alliance was as follows:

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues from AbbVie alliance:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net product sales</td>
<td>$162</td>
<td>$150</td>
<td>$132</td>
</tr>
<tr>
<td><strong>Payments to AbbVie:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of products sold – Profit sharing</td>
<td>$44</td>
<td>$41</td>
<td>$34</td>
</tr>
</tbody>
</table>

Note 4. ACQUISITIONS, DIVESTITURES, LICENSING AND OTHER ARRANGEMENTS

Acquisitions

Acquisitions are evaluated to determine whether it is a business, an asset or a group of assets. The following transactions were accounted for as asset acquisitions since they were determined not to be a business as that term is defined in ASC 805 primarily because no significant processes were acquired. As a result, the amounts allocated to the lead investigational compounds were expensed and not capitalized. Consideration for each transaction upon execution for the last 3 years was allocated as follows:

<table>
<thead>
<tr>
<th>Dollars in Millions</th>
<th>Year</th>
<th>Upfront Payment</th>
<th>R&amp;D Expense</th>
<th>Deferred Tax Assets (a)</th>
<th>Contingent Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFM (b)</td>
<td>2017</td>
<td>$325</td>
<td>$311</td>
<td>$14</td>
<td>$2,020</td>
</tr>
<tr>
<td>Cormorant</td>
<td>2016</td>
<td>35</td>
<td>35</td>
<td>—</td>
<td>485</td>
</tr>
<tr>
<td>Padlock</td>
<td>2016</td>
<td>150</td>
<td>139</td>
<td>11</td>
<td>453</td>
</tr>
</tbody>
</table>

(a) Relates to net operating loss and tax credit carryforwards.
(b) Includes $25 million for certain negotiation rights to collaborate, license or acquire an NLRP3 antagonist program from a newly formed entity established by the former shareholders of IFM.

IFM

In 2017, BMS acquired all of the outstanding shares of IFM, a private biotechnology company focused on developing therapies that modulate novel targets in the innate immune system to treat cancer, autoimmunity and inflammatory diseases. The acquisition provided BMS with full rights to IFM's preclinical STING and NLRP3 agonist programs focused on enhancing the innate immune response for treating cancer. Contingent consideration includes development, regulatory and sales-based milestone payments, of which $25 million was included in Research and development expense in 2018, following the commencement of a Phase I clinical study. BMS may pay up to $555 million in additional contingent milestones for any subsequent products selected from IFM's preclinical STING and NLRP3 agonist programs which is not included in the contingent consideration amount in the table above.

Cormorant

In 2016, BMS acquired all of the outstanding shares of Cormorant, a private pharmaceutical company focused on developing therapies for cancer and rare diseases. The acquisition provided BMS with full rights to Cormorant's lead candidate HuMax-IL8, a Phase I/II monoclonal antibody that represents a potentially complementary IO mechanism of action to T-cell directed antibodies and co-stimulatory molecules. Contingent consideration includes development and regulatory milestone payments, of which $60 million was included in Research and development expense in 2018, upon conclusion of the 18-month reversion option period.
**Padlock**

In 2016, BMS acquired all of the outstanding shares of Padlock, a private biotechnology company dedicated to creating new medicines to treat destructive autoimmune diseases. The acquisition provided BMS with full rights to Padlock’s PAD inhibitor discovery program focused on the development of potentially transformative treatment approaches for patients with RA. Padlock’s PAD discovery program may have additional utility in treating systemic lupus erythematosus and other autoimmune diseases. Contingent consideration includes development and regulatory milestone payments.

**Cardioxyl**

In 2015, BMS acquired all of the outstanding shares of Cardioxyl, a private biotechnology company focused on the discovery and development of novel therapeutic agents for cardiovascular disease. The acquisition provided BMS with full rights to CXL-1427, a nitroxyl prodrug in Phase II development for acute decompensated heart failure. Contingent consideration includes development, regulatory and sales-based milestone payments, of which $100 million was included in Research and development expense in 2017 following the commencement of a Phase II clinical study.

**Flexus**

In 2015, BMS acquired all of the outstanding shares of Flexus, a private biotechnology company focused on the discovery and development of novel anti-cancer therapeutics. The acquisition provided BMS with full rights to F001287, a preclinical small molecule IDO1-inhibitor targeted immunotherapy. In addition, BMS acquired Flexus's IDO/TDO discovery program which includes its IDO-selective, IDO/TDO dual and TDO-selective compounds. Contingent consideration includes development and regulatory milestone payments of which $350 million and $100 million were included in Research and development expense in 2017 and 2016, respectively, following the commencement of Phase I, Phase II, and Phase III clinical studies.

**Divestitures**

The following table summarizes proceeds, gains and royalty income resulting from divestitures. Revenue and pretax earnings related to all divestitures and assets held-for-sale were not material in all periods presented (excluding divestiture gains).

<table>
<thead>
<tr>
<th></th>
<th>Proceeds (a)</th>
<th>Divestiture Gains</th>
<th>Royalty Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diabetes Business</td>
<td>$579</td>
<td>$405</td>
<td>$333</td>
</tr>
<tr>
<td>Erbitux* Business</td>
<td>216</td>
<td>218</td>
<td>252</td>
</tr>
<tr>
<td>Manufacturing Operations</td>
<td>160</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Plavix* and Avapro*/Avalide*</td>
<td>80</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Investigational HIV Business</td>
<td>—</td>
<td>—</td>
<td>387</td>
</tr>
<tr>
<td>OTC Business</td>
<td>—</td>
<td>—</td>
<td>317</td>
</tr>
<tr>
<td>Mature Brands and Other</td>
<td>212</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>$1,247</td>
<td>$651</td>
<td>$1,317</td>
</tr>
</tbody>
</table>

(a) Includes royalties received subsequent to the related sale of the asset or business.

**Diabetes Business**

In February 2014, BMS and AstraZeneca terminated their diabetes business alliance agreements and BMS sold to AstraZeneca substantially all of the diabetes business comprising the alliance. The divestiture included the shares of Amylin and the resulting transfer of its Ohio manufacturing facility; the intellectual property related to Onglyza* and Farxiga* (including BMS's interest in the out-licensing agreement for Onglyza* in Japan); and the purchase of BMS’s manufacturing facility located in Mount Vernon, Indiana in 2015.

Consideration for the transaction included a $2.7 billion payment at closing; contingent regulatory and sales-based milestone payments of up to $1.4 billion (including $800 million related to approval milestones and $600 million related to sales-based milestones, payable in 2020); tiered royalty payments ranging from 10% to 25% based on net sales through 2025 and payments up to $225 million if and when certain assets are transferred to AstraZeneca. AstraZeneca will also pay BMS for any required product supply at a price approximating the product cost as well as negotiated transitional service fees.
Consideration allocated to the development and supply agreements was amortized over the applicable service periods. Amortization of deferred income attributed to the development agreement ended in December 2016 and was $113 million in 2016 and included in Other income (net) as the sale of these services was not considered part of BMS’s ongoing major or central operations. Amortization of deferred income attributed to the supply agreement ended in December 2017 and was recorded in Alliance revenues. Revenues attributed to the supply agreement were included in Alliance revenues and were not material in 2018, 2017 and 2016. Royalties are presented in Other income (net) and were $457 million in 2018, $229 million in 2017 and $227 million in 2016. Contingent consideration of $100 million was received in 2017 resulting in an additional gain upon achievement of a regulatory approval milestone.

In September 2015, BMS transferred a percentage of its future royalty rights on Amylin net product sales in the U.S. to CPPIB. The transferred rights represent approximately 70% of potential future royalties BMS is entitled to in 2019 to 2025. In exchange for the transfer, BMS received an additional tiered-based royalty on Amylin net product sales in the U.S. from CPPIB in 2016 through 2018. These royalties are presented in Other income (net) and were $45 million in 2018, $100 million in 2017 and $134 million in 2016.

In November 2017, BMS transferred a percentage of its future royalty rights on a portion of Onglyza* and Farxiga* net product sales to Royalty Pharma. The transferred rights represent approximately 20% to 25% of potential future royalties BMS is entitled to for those products in 2020 to 2025. In exchange for the transfer, BMS will receive an additional tiered-based royalty on Onglyza* and Farxiga* net product sales from Royalty Pharma in 2018 and 2019. These royalties are presented in Other income (net) (net) and were $159 million in 2018.

*Erbitux* Business

BMS had a commercialization agreement with Lilly through Lilly’s subsidiary ImClone for the co-development and promotion of Erbitux* in the U.S., Canada and Japan. BMS was the principal in the end customer product sales in North America and paid Lilly a distribution fee for 39% of Erbitux* net sales in North America plus a share of certain royalties paid by Lilly.

In October 2015, BMS transferred its rights to Erbitux* in North America to Lilly in exchange for tiered sales-based royalties through September 2018, which were included in Other income (net). Royalties earned were $145 million in 2018, $207 million in 2017 and $227 million in 2016.

BMS transferred its co-commercialization rights in Japan to Merck KGaA in 2015 in exchange for sales-based royalties through 2032 which is included in Other income (net) when earned. Royalties earned were $17 million in 2017 and $19 million in 2016. As a result of the adoption of ASC 610 in the first quarter of 2018, estimated future royalties resulting from the transfer of rights to Merck KGaA were recorded as a cumulative effect adjustment in Retained earnings. Subsequent changes in estimates will be recorded in Other income (net). Refer to “—Note 1. Accounting Policies and Recently Issued Accounting Standards” for further details.

*Manufacturing Operations*

In 2017, BMS sold its small molecule active pharmaceutical ingredient manufacturing operations in Swords, Ireland to SK Biotek for approximately $165 million, subject to certain adjustments. Initial proceeds of $158 million were received in the first quarter of 2018. The transaction was accounted for as the sale of a business. The divestiture includes the transfer of the facility, the majority of employees at the site, inventories and certain third-party contract manufacturing obligations. The assets were reduced to their estimated relative fair value after considering the purchase price resulting in an impairment charge of $146 million that was included in Cost of products sold. SK Biotek will provide certain manufacturing services for BMS through 2022.

*Plavix* and Avapro* / Avalide*

Sanofi reacquired BMS's co-development and co-commercialization agreements for Plavix* and Avapro* / Avalide* in 2013. Consideration for the transfer of rights included quarterly royalties through December 31, 2018 and a $200 million terminal payment received in 2018 of which $120 million was allocated to opt-out markets and $80 million was allocated to BMS's 49.9% interest in the Europe and Asia territory partnership. Royalties expected to be received in 2018 and the portion of terminal payment allocated to opt-out markets was reflected as a contract asset and cumulative effect adjustment upon adoption of ASC 610 in 2018 as BMS had fulfilled its performance obligation. The $80 million allocated to BMS's partnership interest was deferred as of December 31, 2018 and will be recognized in Other income (net) when transfer to Sanofi in 2019. Refer to “—Note 1. Accounting Policies and Recently Issued Accounting Standards” for further details.

Royalties earned from Sanofi in the territory covering the Americas and Australia and opt-out markets were presented in Alliance revenues and aggregated $26 million in 2018, $200 million in 2017 and $195 million in 2016. Royalties attributed to the territory covering Europe and Asia earned by the territory partnership and paid to BMS were included in equity in net income of affiliates and amounted to $96 million in 2018, $95 million in 2017 and $95 million in 2016.
**Investigational HIV Business**

In 2016, BMS sold its investigational HIV medicines business consisting of a number of R&D programs at different stages of discovery and development to ViiV Healthcare. BMS received $350 million and is also entitled to receive from ViiV Healthcare contingent development and regulatory milestone payments of up to $1.1 billion, sales-based milestone payments of up to $4.3 billion and future tiered royalties. BMS earned transitional fees of $10 million and $105 million for certain R&D and other services in 2017 and 2016, respectively.

**OTC Business**

In 2016, BMS sold to Reckitt an OTC business containing brands sold primarily in Mexico and Brazil for $317 million for a gain of $277 million, including the trademarks, inventory and certain other assets exclusively related to the products and a manufacturing facility located in Mexico primarily dedicated to the products.

**Mature Brands and Other**

Divestitures include several brands sold to Cheplapharm resulting in proceeds of $153 million and divestiture gains of $127 million in 2018.

**Assets Held-For-Sale**

In 2018, BMS agreed to sell its UPSA consumer health business for $1.6 billion. The transaction is expected to close in the second quarter of 2019 and will be accounted for as a sale of a business. The business was accounted for as held-for-sale as of December 31, 2018. Accordingly, assets of $479 million were reclassified to assets held-for-sale and included within prepaid expenses and other, including $79 million of receivables, $81 million of inventory, $187 million of property, plant and equipment and $127 million of goodwill. Additionally, liabilities of $152 million were reclassified to liabilities related to assets held-for-sale and included within accrued liabilities, including of $78 million of accrued liabilities, $35 million accounts payable, $25 million of deferred tax liabilities and $14 million of other liabilities at December 31, 2018.

In 2017, BMS agreed to sell an R&D facility in Wallingford, Connecticut. The transaction closed in 2018 and was accounted for as a sale of an asset. The facility was accounted for as held-for-sale as of December 31, 2017 and reduced to its estimated relative fair value resulting in an impairment charge of $79 million that was included in Research and development expense.

**Licensing and Other Arrangements**

**Promedior**

In 2015, BMS purchased a warrant that gives BMS the exclusive right to acquire Promedior, a biotechnology company whose lead asset, PRM-151, is being developed for the treatment of IPF and MF. The warrant is exercisable upon delivery of Phase II data following either of the IPF or MF Phase II clinical studies being directed by Promedior. The upfront payment allocated to the warrant was $84 million and included in Research and development expense in 2015. The remaining $66 million of the $150 million upfront payment was allocated to Promedior's obligation to complete the Phase II studies which was amortized over the expected period of the Phase II studies. The allocation was determined using Level 3 inputs. In 2018, BMS notified Promedior that it would not exercise its warrant to purchase all outstanding shares of Promedior.

**Halozyme**

In 2017, BMS and Halozyme entered into a global collaboration and license agreement to develop subcutaneously administered BMS IO medicines using Halozyme's ENHANZE * drug-delivery technology. This technology may allow for more rapid delivery of large volume injectable medications through subcutaneous delivery. BMS paid $105 million to Halozyme for access to the technology which was included in Research and development expense. BMS designated multiple IO targets, including PD-1, to develop using the ENHANZE * technology and has an option to select additional targets within five years from the effective date up to a maximum of 11 targets. BMS may pay contingent development, regulatory and sales-based milestones up to $160 million if achieved for each of the nominated collaboration targets, additional milestone payments for combination products and future royalties on sales of products using the ENHANZE * technology.

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CytomX

In 2017, BMS expanded its strategic collaboration with CytomX to discover novel therapies using CytomX’s proprietary Probody platform. As part of the original May 2014 collaboration to discover, develop and commercialize Probody therapeutics, BMS selected four oncology targets, including CTLA-4. Pursuant to the expanded agreement, CytomX granted BMS exclusive worldwide rights to develop and commercialize Probody therapeutics for up to eight additional targets. BMS paid CytomX $75 million for the rights to the initial four targets which was expensed as R&D prior to 2017. BMS paid $200 million to CytomX for access to the additional targets which was included in Research and development expense in 2017. BMS will also reimburse CytomX for certain research costs over the collaboration period, pay contingent development, regulatory and sales-based milestones up to $448 million if achieved for each collaboration target and future royalties.

Biogen

In 2017, BMS out-licensed to Biogen exclusive rights to develop and commercialize BMS-986168, an anti-eTau compound in development for Progressive Supranuclear Palsy. Biogen paid $300 million to BMS which was included in Other income (net). BMS is also entitled to contingent development, regulatory and sales-based milestone payments of up to $410 million if achieved and future royalties. BMS originally acquired the rights to this compound in 2014 through its acquisition of iPierian. Biogen assumed all of BMS’s remaining obligations to the former stockholders of iPierian.

Roche

In 2017, BMS out-licensed to Roche exclusive rights to develop and commercialize BMS-986089, an anti-myostatin adnectin in development for Duchenne Muscular Dystrophy. Roche paid $170 million to BMS which was included in Other income (net). BMS is also entitled to contingent development and regulatory milestone payments of up to $205 million if achieved and future royalties.

Nitto Denko

In 2016, BMS and Nitto Denko entered into an exclusive worldwide license agreement granting BMS the right to develop and commercialize Nitto Denko's investigational siRNA molecules targeting HSP47 in vitamin A containing formulations, which includes Nitto Denko's lead asset ND-L02-s0201, currently in Phase II study for the treatment of advanced liver fibrosis. BMS paid $100 million to Nitto Denko which was included in Research and development expense. BMS may pay contingent development, regulatory and sales-based milestones up to $898 million if achieved and future royalties. The agreement also grants BMS the option to receive exclusive licenses for HSP47 siRNAs in vitamin A containing formulations for the treatment of lung fibrosis and other organ fibrosis.

F-Star

In 2014, BMS acquired an exclusive option to purchase F-Star and its lead asset FS102, an anti-HER2 antibody fragment, in development for the treatment of breast and gastric cancer among a well-defined population of HER2-positive patients. In 2017, BMS discontinued development of FS102 and did not exercise its option, resulting in an IPRD charge of $75 million included in Research and development expense and attributed to noncontrolling interest.
Note 5. OTHER INCOME (NET)

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest expense</td>
<td>$183</td>
<td>$196</td>
<td>$167</td>
</tr>
<tr>
<td>Investment income</td>
<td>(173)</td>
<td>(126)</td>
<td>(97)</td>
</tr>
<tr>
<td>Loss/(gain) on equity investments</td>
<td>512</td>
<td>(23)</td>
<td>37</td>
</tr>
<tr>
<td>Provision for restructuring</td>
<td>131</td>
<td>293</td>
<td>109</td>
</tr>
<tr>
<td>Litigation and other settlements</td>
<td>76</td>
<td>(487)</td>
<td>47</td>
</tr>
<tr>
<td>Equity in net income of affiliates</td>
<td>(93)</td>
<td>(75)</td>
<td>(77)</td>
</tr>
<tr>
<td>Divestiture gains</td>
<td>(178)</td>
<td>(164)</td>
<td>(576)</td>
</tr>
<tr>
<td>Royalties and licensing income</td>
<td>(1,353)</td>
<td>(1,351)</td>
<td>(719)</td>
</tr>
<tr>
<td>Transition and other service fees</td>
<td>(12)</td>
<td>(37)</td>
<td>(238)</td>
</tr>
<tr>
<td>Pension and postretirement</td>
<td>(27)</td>
<td>(1)</td>
<td>(72)</td>
</tr>
<tr>
<td>Intangible asset impairment</td>
<td>64</td>
<td>—</td>
<td>15</td>
</tr>
<tr>
<td>Loss on debt redemption</td>
<td>—</td>
<td>109</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>20</td>
<td>(16)</td>
<td>(44)</td>
</tr>
<tr>
<td>Other income (net)</td>
<td>$ (850)</td>
<td>$ (1,682)</td>
<td>$ (1,448)</td>
</tr>
</tbody>
</table>

- Loss/(gain) on equity investments includes a fair value adjustment of $534 million related to the Company's equity investment in Nektar in 2018.
- Litigation and other settlements include $481 million for BMS's share of a patent-infringement settlement related to Merck's PD-1 antibody Keytruda* in 2017.
- Royalties and licensing income includes royalties resulting from business divestitures, intellectual property legal settlements and upfront licensing fees including $470 million from Biogen and Roche in 2017.
- Transition and other service fees were primarily related to the divestiture of the diabetes and investigational HIV medicines businesses in 2016.

Note 6. RESTRUCTURING

In October 2016, the Company announced a restructuring plan to evolve and streamline its operating model and expects to incur charges in connection with employee workforce reductions and early site exits. The majority of charges are expected to be incurred through 2020, range between $1.5 billion to $2.0 billion, and consist of employee termination benefit costs, contract termination costs, accelerated depreciation, impairment charges and other site exit costs. Cash outlays in connection with these actions are expected to be approximately 40% to 50% of the total charges. Charges of approximately $1.1 billion have been recognized for these actions since the announcement including an impairment charge for a small molecule manufacturing operation in Swords, Ireland. Restructuring charges are recognized upon meeting certain criteria, including finalization of committed plans, reliable estimates and discussions with local works councils in certain markets.

Other restructuring charges in addition to the above actions recognized prior were primarily related to specialty care transformation initiatives designed to create a more simplified organization across all functions and geographic markets. In addition, accelerated depreciation and other charges were incurred in connection with the expected early exits of a small molecule manufacturing site in Cruiserath, Ireland and a R&D facility in Wallingford, Connecticut. Refer to “—Note 4. Acquisitions, Divestitures, Licensing and Other Arrangements” for further information.

Employee workforce reductions were approximately 900 in 2018, 1,900 in 2017 and 1,100 in 2016.
The following tables summarize the charges and activity related to the restructuring actions:

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee termination costs</td>
<td>$ 87</td>
<td>$ 267</td>
<td>$ 97</td>
</tr>
<tr>
<td>Other termination costs</td>
<td>44</td>
<td>26</td>
<td>12</td>
</tr>
<tr>
<td>Provision for restructuring</td>
<td>131</td>
<td>293</td>
<td>109</td>
</tr>
<tr>
<td>Accelerated depreciation</td>
<td>113</td>
<td>289</td>
<td>72</td>
</tr>
<tr>
<td>Asset impairments</td>
<td>16</td>
<td>241</td>
<td>13</td>
</tr>
<tr>
<td>Other shutdown costs</td>
<td>8</td>
<td>3</td>
<td>19</td>
</tr>
<tr>
<td><strong>Total charges</strong></td>
<td><strong>$ 268</strong></td>
<td><strong>$ 826</strong></td>
<td><strong>$ 213</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of products sold</td>
<td>$ 57</td>
<td>$ 149</td>
<td>$ 21</td>
</tr>
<tr>
<td>Marketing, selling and administrative</td>
<td>1</td>
<td>1</td>
<td>—</td>
</tr>
<tr>
<td>Research and development</td>
<td>79</td>
<td>383</td>
<td>83</td>
</tr>
<tr>
<td>Other income (net)</td>
<td>131</td>
<td>293</td>
<td>109</td>
</tr>
<tr>
<td><strong>Total charges</strong></td>
<td><strong>$ 268</strong></td>
<td><strong>$ 826</strong></td>
<td><strong>$ 213</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liability at January 1</td>
<td>$ 186</td>
<td>$ 114</td>
<td>$ 125</td>
</tr>
<tr>
<td>Charges</td>
<td>148</td>
<td>319</td>
<td>116</td>
</tr>
<tr>
<td>Change in estimates</td>
<td>(17)</td>
<td>(26)</td>
<td>(7)</td>
</tr>
<tr>
<td>Provision for restructuring</td>
<td>131</td>
<td>293</td>
<td>109</td>
</tr>
<tr>
<td>Foreign currency translation and other</td>
<td>1</td>
<td>18</td>
<td>—</td>
</tr>
<tr>
<td>Payments</td>
<td>(219)</td>
<td>(239)</td>
<td>(120)</td>
</tr>
<tr>
<td><strong>Liability at December 31</strong></td>
<td><strong>$ 99</strong></td>
<td><strong>$ 186</strong></td>
<td><strong>$ 114</strong></td>
</tr>
</tbody>
</table>

**Note 7. INCOME TAXES**

The provision/(benefit) for income taxes consisted of:

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current: U.S.</td>
<td>$ 485</td>
<td>$ 2,782</td>
<td>$ 1,144</td>
</tr>
<tr>
<td>Non-U.S.</td>
<td>450</td>
<td>364</td>
<td>468</td>
</tr>
<tr>
<td><strong>Total Current</strong></td>
<td>935</td>
<td>3,146</td>
<td>1,612</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred: U.S.</td>
<td>29</td>
<td>1,063</td>
<td>(101)</td>
</tr>
<tr>
<td>Non-U.S.</td>
<td>57</td>
<td>(53)</td>
<td>(103)</td>
</tr>
<tr>
<td><strong>Total Deferred</strong></td>
<td>86</td>
<td>1,010</td>
<td>(204)</td>
</tr>
<tr>
<td><strong>Total Provision</strong></td>
<td><strong>$ 1,021</strong></td>
<td><strong>$ 4,156</strong></td>
<td><strong>$ 1,408</strong></td>
</tr>
</tbody>
</table>
The reconciliation of the effective tax rate to the U.S. statutory Federal income tax rate was:

<table>
<thead>
<tr>
<th>Dollars in Millions</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings before income taxes:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>$2,338</td>
<td>$2,280</td>
<td>$3,100</td>
</tr>
<tr>
<td>Non-U.S.</td>
<td>3,630</td>
<td>2,851</td>
<td>2,815</td>
</tr>
<tr>
<td>Total</td>
<td>$5,968</td>
<td>$5,131</td>
<td>$5,915</td>
</tr>
<tr>
<td>U.S. statutory rate</td>
<td>1,253</td>
<td>1,796</td>
<td>2,070</td>
</tr>
<tr>
<td>Deemed repatriation transition tax</td>
<td>(56)</td>
<td>2,611</td>
<td>—</td>
</tr>
<tr>
<td>Deferred tax remeasurement</td>
<td>—</td>
<td>285</td>
<td>—</td>
</tr>
<tr>
<td>Global intangible low taxed income (GILTI)</td>
<td>94</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Foreign tax effect of certain operations in Ireland, Puerto Rico and Switzerland</td>
<td>(202)</td>
<td>(561)</td>
<td>(442)</td>
</tr>
<tr>
<td>U.S. Federal valuation allowance</td>
<td>119</td>
<td>—</td>
<td>(29)</td>
</tr>
<tr>
<td>U.S. Federal, state and foreign contingent tax matters</td>
<td>(55)</td>
<td>72</td>
<td>87</td>
</tr>
<tr>
<td>U.S. Federal research based credits</td>
<td>(138)</td>
<td>(144)</td>
<td>(144)</td>
</tr>
<tr>
<td>Goodwill allocated to divestitures</td>
<td>—</td>
<td>4</td>
<td>34</td>
</tr>
<tr>
<td>U.S. Branded Prescription Drug Fee</td>
<td>21</td>
<td>52</td>
<td>52</td>
</tr>
<tr>
<td>Non-deductible R&amp;D charges</td>
<td>17</td>
<td>266</td>
<td>100</td>
</tr>
<tr>
<td>Puerto Rico excise tax</td>
<td>(152)</td>
<td>(131)</td>
<td>(131)</td>
</tr>
<tr>
<td>Domestic manufacturing deduction</td>
<td>—</td>
<td>(78)</td>
<td>(122)</td>
</tr>
<tr>
<td>State and local taxes (net of valuation allowance)</td>
<td>67</td>
<td>77</td>
<td>23</td>
</tr>
<tr>
<td>Foreign and other</td>
<td>53</td>
<td>(93)</td>
<td>(90)</td>
</tr>
<tr>
<td>Total</td>
<td>$1,021</td>
<td>$4,156</td>
<td>$1,408</td>
</tr>
</tbody>
</table>

New Tax reform legislation was enacted on December 22, 2017, known as the Tax Cuts and Jobs Act of 2017 (The Act). The Act moved from a worldwide tax system to a quasi-territorial tax system and was comprised of broad and complex changes to the U.S. tax code including, but not limited to, (1) reduced the U.S. tax rate from 35% to 21%; (2) added a deemed repatriation transition tax on certain foreign earnings and profits; (3) generally eliminated U.S. federal income taxes on dividends from foreign subsidiaries; (4) included certain income of controlled foreign companies in U.S. taxable income (GILTI); (5) created a new minimum tax referred to as a base erosion anti-abuse income tax; (6) limited certain U.S. Federal research based credits; and (7) eliminated the domestic manufacturing deduction.

Although many aspects of the Act were not effective until 2018, additional tax expense of $2.9 billion was recognized in the fourth quarter of 2017 upon its enactment, including a $2.6 billion one-time deemed repatriation transition tax on previously untaxed post-1986 foreign earnings and profits (including related tax reserves). Those earnings were effectively taxed at a 15.5% rate to the extent that the specified foreign corporations held cash and certain other assets and an 8.0% rate on the remaining earnings and profits. The remaining additional tax expense included an adjustment to measure net deferred tax assets at the new U.S. tax rate of 21%. The provisional tax charge for the deemed repatriation transition tax (including related tax reserves) under Staff Accounting Bulletin No. 118 was reduced by $56 million in 2018.

The accounting for the reduction of deferred tax assets to the 21% tax rate was complete as of December 31, 2017, and the tax charge for the deemed repatriation transition tax is complete as of December 31, 2018.

Prior to the enactment of the act, earnings for certain of our manufacturing operations in low tax jurisdictions, such as Switzerland, Ireland and Puerto Rico, were indefinitely reinvested. As a result of the transition tax under the Act, the Company is no longer indefinitely reinvested with respect to its undistributed earnings from foreign subsidiaries and has provided a deferred tax liability or foreign and state income and withholding tax that would apply. The Company remains indefinitely reinvested with respect to its financial statement basis in excess of tax basis of its foreign subsidiaries. A determination of the deferred tax liability with respect to this basis difference is not practicable. BMS operates under a favorable tax grant in Puerto Rico not scheduled to expire prior to 2023.

A valuation allowance was set up in 2018 as a result of the Nektar equity investment fair value losses that would be considered limited as a capital loss.

U.S. Federal, state and foreign contingent tax matters includes a $119 million tax benefit in 2018 with respect to lapse of statutes.
Goodwill allocated to business divestitures as well as the U.S. Branded Prescription Drug Fee are not deductible for tax purposes.

R&D charges primarily from acquisition related and milestone payments to former shareholders are not deductible for tax purposes. These include Cormorant and IFM in 2018; Flexus, Cardioxyl and IFM in 2017; and Flexus, Padlock and Cormorant in 2016.

Puerto Rico imposes an excise tax on the gross company purchase price of goods sold from our manufacturer in Puerto Rico. The excise tax is recognized in Cost of products sold when the intra-entity sale occurs. For U.S. income tax purposes, the excise tax is not deductible but results in foreign tax credits that are generally recognized in our provision for income taxes when the excise tax is incurred.

Deferred Taxes and Valuation Allowance

The components of current and non-current deferred income tax assets/(liabilities) were as follows:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2018</th>
<th>December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deferred tax assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign net operating loss carryforwards</td>
<td>$2,978</td>
<td>$2,872</td>
</tr>
<tr>
<td>State net operating loss and credit carryforwards</td>
<td>121</td>
<td>143</td>
</tr>
<tr>
<td>U.S. Federal net operating loss and credit carryforwards</td>
<td>67</td>
<td>99</td>
</tr>
<tr>
<td>Deferred income</td>
<td>188</td>
<td>212</td>
</tr>
<tr>
<td>Milestone payments and license fees</td>
<td>552</td>
<td>386</td>
</tr>
<tr>
<td>Pension and postretirement benefits</td>
<td>26</td>
<td>131</td>
</tr>
<tr>
<td>Intercompany profit and other inventory items</td>
<td>670</td>
<td>651</td>
</tr>
<tr>
<td>Other foreign deferred tax assets</td>
<td>327</td>
<td>312</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>54</td>
<td>60</td>
</tr>
<tr>
<td>Other</td>
<td>352</td>
<td>280</td>
</tr>
<tr>
<td><strong>Total deferred tax assets</strong></td>
<td>$5,335</td>
<td>$5,146</td>
</tr>
<tr>
<td><strong>Valuation allowance</strong></td>
<td>(3,193)</td>
<td>(2,827)</td>
</tr>
<tr>
<td><strong>Deferred tax assets net of valuation allowance</strong></td>
<td>$2,142</td>
<td>$2,319</td>
</tr>
</tbody>
</table>

**Deferred tax liabilities**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>(61)</td>
<td>(11)</td>
</tr>
<tr>
<td>Acquired intangible assets</td>
<td>(220)</td>
<td>(216)</td>
</tr>
<tr>
<td>Goodwill and other</td>
<td>(533)</td>
<td>(527)</td>
</tr>
<tr>
<td><strong>Total deferred tax liabilities</strong></td>
<td>(814)</td>
<td>(754)</td>
</tr>
<tr>
<td><strong>Deferred tax assets, net</strong></td>
<td>$1,328</td>
<td>$1,565</td>
</tr>
</tbody>
</table>

Recognized as:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred income taxes – non-current</td>
<td>$1,371</td>
<td>$1,610</td>
</tr>
<tr>
<td>Income taxes payable – non-current</td>
<td>(18)</td>
<td>(45)</td>
</tr>
<tr>
<td>Liabilities related to assets held-for-sale</td>
<td>(25)</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,328</td>
<td>$1,565</td>
</tr>
</tbody>
</table>

The U.S. Federal net operating loss carryforwards were $206 million at December 31, 2018. These carryforwards were acquired as a result of certain acquisitions and are subject to limitations under Section 382 of the Internal Revenue Code. The net operating loss carryforwards expire in varying amounts beginning in 2022. The foreign and state net operating loss carryforwards expire in varying amounts beginning in 2018 (certain amounts have unlimited lives).

At December 31, 2018, a valuation allowance of $3.2 billion was established for the following items: $2.9 billion primarily for foreign net operating loss and tax credit carryforwards, $134 million for state deferred tax assets including net operating loss and tax credit carryforwards and $138 million for U.S. Federal deferred tax assets including equity fair value adjustments and U.S. Federal net operating loss carryforwards.
Changes in the valuation allowance were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2018</td>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>$2,827</td>
<td>$3,078</td>
<td>$3,534</td>
<td></td>
</tr>
<tr>
<td>Provision</td>
<td>458</td>
<td>50</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>Utilization</td>
<td>(43)</td>
<td>(335)</td>
<td>(355)</td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td>(48)</td>
<td>341</td>
<td>(142)</td>
<td></td>
</tr>
<tr>
<td>Acquisitions</td>
<td>—</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Non U.S. rate change</td>
<td>(1)</td>
<td>(309)</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$3,193</td>
<td>$2,827</td>
<td>$3,078</td>
<td></td>
</tr>
</tbody>
</table>

Income tax payments were $747 million in 2018, $546 million in 2017 and $2.0 billion in 2016.

Business is conducted in various countries throughout the world and is subject to tax in numerous jurisdictions. A significant number of tax returns that are filed are subject to examination by various Federal, state and local tax authorities. Tax examinations are often complex, as tax authorities may disagree with the treatment of items reported requiring several years to resolve. Liabilities are established for possible assessments by tax authorities resulting from known tax exposures including, but not limited to, transfer pricing matters, tax credit deductibility of certain expenses, and deemed repatriation transition tax. Such liabilities represent a reasonable provision for taxes ultimately expected to be paid and may need to be adjusted over time as more information becomes known. The effect of changes in estimates related to contingent tax liabilities is included in the effective tax rate reconciliation above.

Additional information regarding unrecognized tax benefits is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2018</td>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>$1,155</td>
<td>$995</td>
<td>$944</td>
<td></td>
</tr>
<tr>
<td>Gross additions to tax positions related to current year</td>
<td>48</td>
<td>173</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>Gross additions to tax positions related to prior years</td>
<td>21</td>
<td>30</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>Gross additions to tax positions assumed in acquisitions</td>
<td>—</td>
<td>—</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Gross reductions to tax positions related to prior years</td>
<td>(106)</td>
<td>(22)</td>
<td>(22)</td>
<td></td>
</tr>
<tr>
<td>Settlements</td>
<td>2</td>
<td>(20)</td>
<td>(13)</td>
<td></td>
</tr>
<tr>
<td>Reductions to tax positions related to lapse of statute</td>
<td>(119)</td>
<td>(13)</td>
<td>(4)</td>
<td></td>
</tr>
<tr>
<td>Cumulative translation adjustment</td>
<td>(6)</td>
<td>12</td>
<td>(9)</td>
<td></td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$995</td>
<td>$1,155</td>
<td>$995</td>
<td></td>
</tr>
</tbody>
</table>

Unrecognized tax benefits that if recognized would impact the effective tax rate:

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrecognized tax benefits that if recognized would impact the effective tax rate</td>
<td>$853</td>
<td>$1,002</td>
<td>$854</td>
</tr>
</tbody>
</table>

Accrued interest:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued interest</td>
<td>167</td>
<td>148</td>
</tr>
<tr>
<td>Accrued penalties</td>
<td>11</td>
<td>15</td>
</tr>
</tbody>
</table>

Accrued interest and penalties payable for unrecognized tax benefits are included in either current or non-current income taxes payable. Interest and penalties related to unrecognized tax benefits are included in income tax expense.

BMS is currently under examination by a number of tax authorities which have proposed or are considering proposing material adjustments to tax positions for issues such as transfer pricing, certain tax credits and the deductibility of certain expenses. It is reasonably possible that new issues will be raised by tax authorities which may require adjustments to the amount of unrecognized tax benefits; however, an estimate of such adjustments cannot reasonably be made at this time.

It is also reasonably possible that the total amount of unrecognized tax benefits at December 31, 2018 could decrease in the range of approximately $320 million to $360 million in the next twelve months as a result of the settlement of certain tax audits and other events. The expected change in unrecognized tax benefits may result in the payment of additional taxes, adjustment of certain deferred taxes and/or recognition of tax benefits. It is reasonably possible that new issues will be raised by tax authorities that may increase unrecognized tax benefits; however, an estimate of such increases cannot reasonably be made at this time. BMS believes that it has adequately provided for all open tax years by tax jurisdiction.
The following is a summary of major tax jurisdictions for which tax authorities may assert additional taxes based upon tax years currently under audit and subsequent years that will likely be audited:

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Periods</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>2008 to 2012, 2015 to 2018</td>
</tr>
<tr>
<td>Canada</td>
<td>2009 to 2018</td>
</tr>
<tr>
<td>France</td>
<td>2015 to 2018</td>
</tr>
<tr>
<td>Germany</td>
<td>2008 to 2018</td>
</tr>
<tr>
<td>Italy</td>
<td>2017 to 2018</td>
</tr>
<tr>
<td>Mexico</td>
<td>2013 to 2018</td>
</tr>
</tbody>
</table>

Note 8. EARNINGS PER SHARE

<table>
<thead>
<tr>
<th>Amounts in Millions, Except Per Share Data</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Earnings Attributable to BMS used for Basic and Diluted EPS Calculation</td>
<td>$4,920</td>
<td>$1,007</td>
<td>$4,457</td>
</tr>
<tr>
<td>Weighted-average common shares outstanding - basic</td>
<td>1,633</td>
<td>1,645</td>
<td>1,671</td>
</tr>
<tr>
<td>Incremental shares attributable to share-based compensation plans</td>
<td>4</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>Weighted-average common shares outstanding - diluted</td>
<td>1,637</td>
<td>1,652</td>
<td>1,680</td>
</tr>
<tr>
<td>Earnings per share - basic</td>
<td>$3.01</td>
<td>$0.61</td>
<td>$2.67</td>
</tr>
<tr>
<td>Earnings per share - diluted</td>
<td>$3.01</td>
<td>$0.61</td>
<td>$2.65</td>
</tr>
</tbody>
</table>

Note 9. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Financial instruments include cash and cash equivalents, marketable securities, accounts receivable and payable, debt instruments and derivatives.

Changes in exchange rates and interest rates create exposure to market risk. Certain derivative financial instruments are used when available on a cost-effective basis to hedge the underlying economic exposure. These instruments qualify as cash flow, net investment and fair value hedges upon meeting certain criteria, including effectiveness of offsetting hedged exposures. Changes in fair value of derivatives that do not qualify for hedge accounting are recognized in earnings as they occur. Derivative financial instruments are not used for trading purposes.

Financial instruments are subject to counterparty credit risk which is considered as part of the overall fair value measurement. Counterparty credit risk is monitored on an ongoing basis and mitigated by limiting amounts outstanding with any individual counterparty, utilizing conventional derivative financial instruments and only entering into agreements with counterparties that meet high credit quality standards. The consolidated financial statements would not be materially impacted if any counterparty failed to perform according to the terms of its agreement. Collateral is not required by any party whether derivatives are in an asset or liability position under the terms of the agreements.

Fair Value Measurements – The fair value of financial instruments are classified into one of the following categories:

- **Level 1** inputs utilize unadjusted quoted prices in active markets accessible at the measurement date for identical assets or liabilities. The fair value hierarchy provides the highest priority to Level 1 inputs.

- **Level 2** inputs utilize observable prices for similar instruments and quoted prices for identical or similar instruments in non-active markets. Additionally, certain corporate debt securities utilize a third-party matrix pricing model using significant inputs corroborated by market data for substantially the full term of the assets. Equity and fixed income funds are primarily invested in publicly traded securities valued at the respective NAV of the underlying investments. Level 2 derivative instruments are valued using LIBOR yield curves, less credit valuation adjustments, and observable forward foreign exchange rates at the reporting date. Valuations of derivative contracts may fluctuate considerably from volatility in underlying foreign currencies and underlying interest rates driven by market conditions and the duration of the contract.

- **Level 3** unobservable inputs are used when little or no market data is available. There were no Level 3 financial assets or liabilities as of December 31, 2018 and 2017.
Financial assets and liabilities measured at fair value on a recurring basis are summarized below:

<table>
<thead>
<tr>
<th>Dollars in Millions</th>
<th>December 31, 2018</th>
<th>December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and cash equivalents - Money market and other securities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Level 1</strong></td>
</tr>
<tr>
<td><strong>Cash and cash equivalents - Money market and other securities</strong></td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>** Marketable securities:**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>—</td>
<td>971</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>—</td>
<td>273</td>
</tr>
<tr>
<td>Corporate debt securities</td>
<td>—</td>
<td>2,379</td>
</tr>
<tr>
<td>Equity investments</td>
<td>—</td>
<td>125</td>
</tr>
<tr>
<td>** Derivative assets**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity investments</td>
<td></td>
<td>44</td>
</tr>
<tr>
<td><strong>Derivative liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>—</td>
</tr>
</tbody>
</table>

**Available-for-sale Securities**

Changes in fair value of equity investments are included in Other income (net) upon adoption of ASU 2016-01 in the first quarter of 2018. The following table summarizes our debt and equity securities, classified as available-for-sale:

<table>
<thead>
<tr>
<th>Dollars in Millions</th>
<th>December 31, 2018</th>
<th>December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Certificates of deposit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortized Cost</td>
<td>$ 971</td>
<td>$ 141</td>
</tr>
<tr>
<td>Gross Unrealized Gains</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Gross Unrealized Losses</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Fair Value</td>
<td>$ 971</td>
<td>$ 141</td>
</tr>
<tr>
<td><strong>Commercial paper</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortized Cost</td>
<td>273</td>
<td>50</td>
</tr>
<tr>
<td>Gross Unrealized Gains</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Gross Unrealized Losses</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Fair Value</td>
<td>273</td>
<td>50</td>
</tr>
<tr>
<td><strong>Corporate debt securities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortized Cost</td>
<td>2,416</td>
<td>3,555</td>
</tr>
<tr>
<td>Gross Unrealized Gains</td>
<td>—</td>
<td>3</td>
</tr>
<tr>
<td>Gross Unrealized Losses</td>
<td>(37)</td>
<td>(10)</td>
</tr>
<tr>
<td>Fair Value</td>
<td>2,379</td>
<td>3,548</td>
</tr>
<tr>
<td><strong>Equity investments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortized Cost</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>Gross Unrealized Gains</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Gross Unrealized Losses</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Fair Value</td>
<td>3,623</td>
<td>3,806</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 3,660</td>
<td>$ 3,777</td>
</tr>
<tr>
<td><strong>Equity investments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortized Cost</td>
<td>479</td>
<td>132</td>
</tr>
<tr>
<td>Gross Unrealized Gains</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Gross Unrealized Losses</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Fair Value</td>
<td>479</td>
<td>132</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 4,102</td>
<td>$ 3,938</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dollars in Millions</th>
<th>December 31, 2018</th>
<th>December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current marketable securities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,973</td>
<td>1,391</td>
</tr>
<tr>
<td><strong>Non-current marketable securities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,775</td>
<td>2,480</td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>354</td>
<td>67</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 4,102</td>
<td>$ 3,938</td>
</tr>
</tbody>
</table>

(a) Includes equity investments with readily determinable fair values not measured using the fair value option as of December 31, 2017.
(b) Includes equity and fixed income funds measured using the fair value option at December 31, 2017. Refer to “— Note. 1 Accounting Policies and Recently Issued Accounting Standards” for more information.
(c) All non-current marketable securities mature within five years as of December 31, 2018 and December 31, 2017.

Equity investments not measured at fair value and excluded from the above table were limited partnerships and other equity method investments of $114 million at December 31, 2018 and $66 million at December 31, 2017 and other equity investments without readily determinable fair values of $206 million at December 31, 2018 and $152 million at December 31, 2017. These amounts are included in Other assets. Adjustments to equity investments without readily determinable fair values were $19 million resulting from observable price changes for similar securities of the same issuer and were recorded in Other income (net).

The following table summarizes net loss recorded for equity investments with readily determinable fair values held as of December 31, 2018:

<table>
<thead>
<tr>
<th>Dollars in Millions</th>
<th>Year Ended December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss recognized</td>
<td>$ (530)</td>
</tr>
<tr>
<td>Less: Net gain recognized for equity investments sold</td>
<td>7</td>
</tr>
<tr>
<td>Net unrealized loss on equity investments held</td>
<td>$ (537)</td>
</tr>
</tbody>
</table>
Qualifying Hedges and Non-Qualifying Derivatives

Cash Flow Hedges — Foreign currency forward contracts are used to hedge certain forecasted intercompany inventory purchases and sales transactions and certain foreign currency transactions. The fair value for contracts designated as cash flow hedges is temporarily reported in Accumulated other comprehensive loss and included in earnings when the hedged item affects earnings. Upon adoption of the amended guidance for derivatives and hedging, the entire change in fair value of the hedging instrument included in the assessment of hedge effectiveness is recorded in the derivatives qualifying as cash flow hedges component of Other Comprehensive (Loss)/Income. The net gain or loss on foreign currency forward contracts is expected to be reclassified to net earnings (primarily included in Cost of products sold) within the next 12 months. The notional amount of outstanding foreign currency forward contracts was primarily attributed to the euro of $1.2 billion and Japanese yen of $464 million at December 31, 2018.

The earnings impact related to discontinued cash flow hedges and hedge ineffectiveness was not significant during all periods presented. Cash flow hedge accounting is discontinued when the forecasted transaction is no longer probable of occurring within 60 days after the originally forecasted date or when the hedge is no longer effective. Assessments to determine whether derivatives designated as qualifying hedges are highly effective in offsetting changes in the cash flows of hedged items are performed at inception and on a quarterly basis. Foreign currency forward contracts not designated as hedging instruments are used to offset exposures in certain foreign currency denominated assets, liabilities and earnings. Changes in the fair value of these derivatives are recognized in earnings as they occur.

Net Investment Hedges — Non-U.S. dollar borrowings of €950 million ($1.1 billion) at December 31, 2018 are designated to hedge euro currency exposures of the net investment in certain foreign affiliates. These borrowings are designated as net investment hedges and recognized in long term debt. The effective portion of foreign exchange gain on the remeasurement of euro debt was $45 million and $48 million in 2018 and 2016, respectively, and a loss of $134 million in 2017, and were recorded in the foreign currency translation component of Accumulated other comprehensive loss with the related offset in long-term debt.

In January 2018, BMS entered into $300 million of cross-currency interest rate swap contracts maturing in December 2022 designated to hedge Japanese yen currency exposures of the Company's net investment in its Japan subsidiary. Contract fair value changes are recorded in the foreign currency translation component of Other Comprehensive (Loss)/Income with a related offset in Pension and other liabilities.

Fair Value Hedges — Fixed to floating interest rate swap contracts are designated as fair value hedges and used as an interest rate risk management strategy to create an appropriate balance of fixed and floating rate debt. The contracts and underlying debt for the hedged benchmark risk are recorded at fair value. The effective interest rate for the contracts is one-month LIBOR (2.50% as of December 31, 2018) plus an interest rate spread ranging from 0.3% to 4.6%. Gains or losses resulting from changes in fair value of the underlying debt attributable to the hedged benchmark interest rate risk are recorded in interest expense with an associated offset to the carrying value of debt. Since the specific terms and notional amount of the swap are intended to match those of the debt being hedged, all changes in fair value of the swap are recorded in interest expense with an associated offset to the derivative asset or liability on the consolidated balance sheet. As a result, there was no net impact in earnings. When the underlying swap is terminated prior to maturity, the fair value adjustment to the underlying debt is amortized as a reduction to interest expense over the remaining term of the debt.

The following summarizes the fair value of outstanding derivatives:

<table>
<thead>
<tr>
<th>Dollars in Millions</th>
<th>December 31, 2018</th>
<th>December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Asset (a)</td>
<td>Liability (b)</td>
</tr>
<tr>
<td></td>
<td>Notional</td>
<td>Fair Value</td>
</tr>
<tr>
<td>Interest rate swap contracts</td>
<td>$ — $</td>
<td>$ — $</td>
</tr>
<tr>
<td>Cross-currency interest rate swap contracts</td>
<td>50</td>
<td>—</td>
</tr>
<tr>
<td>Foreign currency forward contracts</td>
<td>1,503</td>
<td>44</td>
</tr>
<tr>
<td>Derivatives not designated as hedging instruments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency forward contracts</td>
<td>54</td>
<td>—</td>
</tr>
</tbody>
</table>

(a) Included in prepaid expenses and other and other assets.
(b) Included in accrued liabilities and pension and other liabilities.
The following table summarizes the financial statement classification and amount of gain/(loss) recognized on hedging instruments:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>Cost of products sold</td>
</tr>
<tr>
<td>Interest rate swap contracts</td>
<td>$</td>
</tr>
<tr>
<td>Cross-currency interest rate swap contracts</td>
<td>—</td>
</tr>
<tr>
<td>Foreign currency forward contracts</td>
<td>4</td>
</tr>
</tbody>
</table>

The following table summarizes the effect of derivative and non-derivative instruments designated as hedging instruments in Other Comprehensive (Loss)/Income:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Derivatives qualifying as cash flow hedges</td>
<td></td>
</tr>
<tr>
<td>Foreign currency forward contracts gain/(loss):</td>
<td>$86</td>
</tr>
<tr>
<td>Recognized in Other Comprehensive (Loss)/Income</td>
<td>$86</td>
</tr>
<tr>
<td>Reclassified to Cost of products sold</td>
<td>(4)</td>
</tr>
<tr>
<td>Reclassified to Other income (net)</td>
<td>—</td>
</tr>
</tbody>
</table>

Derivatives qualifying as net investment hedges

Cross-currency interest rate swap contracts loss:
Recognized in Other Comprehensive (Loss)/Income: (5) — —

Non-derivatives qualifying as net investment hedges

Non-U.S. dollar borrowings gain/(loss):
Recognized in Other Comprehensive (Loss)/Income: 45 (134) 48

(a) The amount is expected to be reclassified into earnings in the next 12 months.

Debt Obligations

Short-term debt obligations include:

<table>
<thead>
<tr>
<th></th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>$</td>
</tr>
<tr>
<td>Non-U.S. short-term borrowings</td>
<td>320</td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td>1,249</td>
</tr>
<tr>
<td>Other</td>
<td>134</td>
</tr>
<tr>
<td>Total</td>
<td>$1,703</td>
</tr>
</tbody>
</table>

The average amount of commercial paper outstanding was $19 million and $389 million at a weighted-average interest rate of 1.27% and 1.17% during 2018 and 2017, respectively. The maximum amount of commercial paper outstanding was $300 million with no outstanding borrowings at December 31, 2018. The maximum amount of commercial paper outstanding was $1.3 billion with $299 million outstanding borrowings at December 31, 2017.
Long-term debt and the current portion of long-term debt includes:

<table>
<thead>
<tr>
<th>Dollars in Millions</th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Principal Value:</td>
<td></td>
</tr>
<tr>
<td>1.750% Notes due 2019</td>
<td>500</td>
</tr>
<tr>
<td>1.600% Notes due 2019</td>
<td>750</td>
</tr>
<tr>
<td>2.000% Notes due 2022</td>
<td>750</td>
</tr>
<tr>
<td>7.150% Notes due 2023</td>
<td>302</td>
</tr>
<tr>
<td>3.250% Notes due 2023</td>
<td>500</td>
</tr>
<tr>
<td>1.000% Euro Notes due 2025</td>
<td>655</td>
</tr>
<tr>
<td>6.800% Notes due 2026</td>
<td>256</td>
</tr>
<tr>
<td>3.250% Notes due 2027</td>
<td>750</td>
</tr>
<tr>
<td>1.750% Euro Notes due 2035</td>
<td>655</td>
</tr>
<tr>
<td>5.875% Notes due 2036</td>
<td>287</td>
</tr>
<tr>
<td>6.125% Notes due 2038</td>
<td>226</td>
</tr>
<tr>
<td>3.250% Notes due 2042</td>
<td>500</td>
</tr>
<tr>
<td>4.500% Notes due 2044</td>
<td>500</td>
</tr>
<tr>
<td>6.875% Notes due 2097</td>
<td>87</td>
</tr>
<tr>
<td>0.13% - 5.75% Other - maturing 2019 - 2024</td>
<td>58</td>
</tr>
<tr>
<td>Subtotal</td>
<td>6,776</td>
</tr>
<tr>
<td>Adjustments to Principal Value:</td>
<td></td>
</tr>
<tr>
<td>Fair value of interest rate swap contracts</td>
<td>(10)</td>
</tr>
<tr>
<td>Unamortized basis adjustment from swap terminations</td>
<td>201</td>
</tr>
<tr>
<td>Unamortized bond discounts and issuance costs</td>
<td>(72)</td>
</tr>
<tr>
<td>Total</td>
<td>$6,895</td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td>1,249</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>5,646</td>
</tr>
</tbody>
</table>

The fair value of long-term debt was $7.1 billion and $7.5 billion at December 31, 2018 and 2017, respectively, valued using Level 2 inputs which are based upon the quoted market prices for the same or similar debt instruments. The fair value of short-term borrowings approximates the carrying value due to the short maturities of the debt instruments.

Senior unsecured notes were issued in registered public offerings in 2017. The notes rank equally in right of payment with all of BMS’s existing and future senior unsecured indebtedness and are redeemable in whole or in part, at any time at a predetermined redemption price. The following table summarizes the issuance of long-term debt obligations in 2017 (none in 2018 and 2016):

<table>
<thead>
<tr>
<th>Dollars in Millions</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Value:</td>
<td></td>
</tr>
<tr>
<td>1.600% Notes due 2019</td>
<td>750</td>
</tr>
<tr>
<td>3.250% Notes due 2027</td>
<td>750</td>
</tr>
<tr>
<td>Total</td>
<td>1,500</td>
</tr>
<tr>
<td>Proceeds net of discount and deferred loan issuance costs</td>
<td>1,488</td>
</tr>
<tr>
<td>Forward starting interest rate swap contracts terminated:</td>
<td></td>
</tr>
<tr>
<td>Notional amount</td>
<td>750</td>
</tr>
<tr>
<td>Realized gain</td>
<td>6</td>
</tr>
<tr>
<td>Unrealized loss</td>
<td>(2)</td>
</tr>
</tbody>
</table>
BMS repaid $750 million of 0.875% Notes at maturity in 2017. The Company repurchased certain long-term debt obligations with interest rates ranging from 5.875% to 6.875% in 2017. The following summarizes the debt redemption activity:

<table>
<thead>
<tr>
<th>Dollars in Millions</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal amount</td>
<td>$337</td>
</tr>
<tr>
<td>Carrying value</td>
<td>366</td>
</tr>
<tr>
<td>Debt redemption price</td>
<td>474</td>
</tr>
<tr>
<td>Loss on debt redemption (^{(a)})</td>
<td>(109)</td>
</tr>
</tbody>
</table>

\(^{(a)}\) Including acceleration of debt issuance costs, gain on previously terminated interest rate swap contracts and other related fees.

Interest payments were $212 million in 2018, $215 million in 2017 and $191 million in 2016 net of amounts received from interest rate swap contracts.

At December 31, 2018, the Company had three separate revolving credit facilities totaling $5.0 billion from a syndicate of lenders including two $1.5 billion facilities expiring in September 2022 and July 2023 that are extendable annually by one year on the anniversary date with the consent of the lenders. In January 2019, an existing 364 day $2.0 billion facility expiring in March 2019 was replaced with a new 364 day $2.0 billion facility expiring in January 2020 and a new three-year $1.0 billion facility expiring in January 2022 was entered into. All credit facilities provide for customary terms and conditions with no financial covenants. No borrowings were outstanding under any revolving credit facility at December 31, 2018 or 2017.

Available financial guarantees provided in the form of bank overdraft facilities, stand-by letters of credit and performance bonds were approximately $1.0 billion at December 31, 2018. Stand-by letters of credit are issued through financial institutions in support of guarantees for various obligations. Performance bonds are issued to support a range of ongoing operating activities, including sale of products to hospitals and foreign ministries of health, bonds for customs, duties and value added tax and guarantees related to miscellaneous legal actions.

**Note 10. RECEIVABLES**

<table>
<thead>
<tr>
<th>Dollars in Millions</th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>$4,914</td>
</tr>
<tr>
<td>Less charge-backs and cash discounts</td>
<td>(245)</td>
</tr>
<tr>
<td>Less bad debt allowances</td>
<td>(33)</td>
</tr>
<tr>
<td>Net trade receivables</td>
<td>4,636</td>
</tr>
<tr>
<td>Alliance receivables</td>
<td>395</td>
</tr>
<tr>
<td>Prepaid and refundable income taxes</td>
<td>218</td>
</tr>
<tr>
<td>Royalties, VAT and other</td>
<td>716</td>
</tr>
<tr>
<td>Receivables</td>
<td>$5,965</td>
</tr>
</tbody>
</table>

Non-U.S. receivables sold on a nonrecourse basis were $756 million in 2018, $637 million in 2017 and $618 million in 2016. In the aggregate, receivables from three pharmaceutical wholesalers in the U.S. represented 70% and 65% of total trade receivables at December 31, 2018 and 2017, respectively.

Changes to the allowances for bad debt, charge-backs and cash discounts were as follows:

<table>
<thead>
<tr>
<th>Dollars in Millions</th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>$252</td>
</tr>
<tr>
<td>Provision</td>
<td>2,739</td>
</tr>
<tr>
<td>Utilization</td>
<td>(2,707)</td>
</tr>
<tr>
<td>Other</td>
<td>(6)</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$278</td>
</tr>
</tbody>
</table>
### Note 11. Inventories

<table>
<thead>
<tr>
<th></th>
<th>December 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>Finished goods</td>
<td>$396</td>
<td>$384</td>
<td></td>
</tr>
<tr>
<td>Work in process</td>
<td>1,026</td>
<td>931</td>
<td></td>
</tr>
<tr>
<td>Raw and packaging materials</td>
<td>202</td>
<td>273</td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>$1,624</td>
<td>$1,588</td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>$1,195</td>
<td>$1,166</td>
<td></td>
</tr>
<tr>
<td>Other assets</td>
<td>429</td>
<td>422</td>
<td></td>
</tr>
</tbody>
</table>

Other assets include inventory expected to remain on hand beyond one year in both periods.

### Note 12. Property, Plant and Equipment and Leases

<table>
<thead>
<tr>
<th></th>
<th>December 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$104</td>
<td>$100</td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>5,231</td>
<td>4,848</td>
<td></td>
</tr>
<tr>
<td>Machinery, equipment and fixtures</td>
<td>2,962</td>
<td>3,059</td>
<td></td>
</tr>
<tr>
<td>Construction in progress</td>
<td>548</td>
<td>980</td>
<td></td>
</tr>
<tr>
<td>Gross property, plant and equipment</td>
<td>8,845</td>
<td>8,987</td>
<td></td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(3,818)</td>
<td>(3,986)</td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>$5,027</td>
<td>$5,001</td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>$3,772</td>
<td>$3,617</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>1,140</td>
<td>1,266</td>
<td></td>
</tr>
<tr>
<td>Rest of the World</td>
<td>115</td>
<td>118</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$5,027</td>
<td>$5,001</td>
<td></td>
</tr>
</tbody>
</table>

Depreciation expense was $505 million in 2018, $682 million in 2017 and $448 million in 2016.

Annual minimum rental commitments for non-cancelable operating leases (primarily real estate and motor vehicles) are approximately $100 million in each of the next five years and an aggregate $200 million thereafter. Operating lease expense was approximately $130 million in 2018, $120 million in 2017 and $140 million in 2016. Sublease income and capital lease obligations were not material for all periods presented.

### Note 13. Goodwill and Other Intangible Assets

<table>
<thead>
<tr>
<th></th>
<th>Estimated Usefulness</th>
<th>December 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td>$6,538</td>
<td>$6,863</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Other intangible assets:

<table>
<thead>
<tr>
<th></th>
<th>Estimated Usefulness</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licenses</td>
<td>5 – 15 years</td>
<td>$510</td>
<td>$567</td>
</tr>
<tr>
<td>Developed technology rights</td>
<td>9 – 15 years</td>
<td>2,357</td>
<td>2,357</td>
</tr>
<tr>
<td>Capitalized software</td>
<td>3 – 10 years</td>
<td>1,156</td>
<td>1,381</td>
</tr>
<tr>
<td>IPRD</td>
<td>32</td>
<td></td>
<td>32</td>
</tr>
<tr>
<td>Gross other intangible assets</td>
<td></td>
<td>4,055</td>
<td>4,337</td>
</tr>
<tr>
<td>Less accumulated amortization</td>
<td>(2,964)</td>
<td>(3,127)</td>
<td></td>
</tr>
<tr>
<td>Total other intangible assets</td>
<td></td>
<td>$1,091</td>
<td>$1,210</td>
</tr>
</tbody>
</table>
An out of period adjustment was included in the year ended December 31, 2018 to reduce Goodwill and increase Accumulated other comprehensive loss by $180 million attributed to goodwill from prior acquisitions of foreign entities previously not recorded in the correct local currency. The adjustment did not impact the consolidated results of operations and was not material to previously reported balance sheets.

Amortization expense of other intangible assets was $198 million in 2018, $190 million in 2017 and $178 million in 2016. Future annual amortization expense of other intangible assets is expected to be approximately $230 million in 2019, $190 million in 2020, $160 million in 2021, $130 million in 2022, and $100 million in 2023.

Other intangible asset impairment charges were $84 million in 2018, $80 million in 2017 and $33 million in 2016. In 2018, a $64 million impairment charge was recorded in Other income (net) for an out-licensed asset obtained in the 2010 acquisition of ZymoGenetics, Inc., which did not meet its primary endpoint in a Phase II clinical study. A $75 million IPRD charge was recognized and attributed to noncontrolling interest after BMS declined to exercise its option to purchase F-Star in 2017.

Note 14 . ACCRUED LIABILITIES

<table>
<thead>
<tr>
<th>Dollars in Millions</th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Rebates and returns</td>
<td>$2,417</td>
</tr>
<tr>
<td>Employee compensation and benefits</td>
<td>848</td>
</tr>
<tr>
<td>Research and development</td>
<td>805</td>
</tr>
<tr>
<td>Dividends</td>
<td>669</td>
</tr>
<tr>
<td>Royalties</td>
<td>391</td>
</tr>
<tr>
<td>Branded Prescription Drug Fee</td>
<td>188</td>
</tr>
<tr>
<td>Liabilities related to assets held-for-sale</td>
<td>152</td>
</tr>
<tr>
<td>Litigation and other settlements</td>
<td>118</td>
</tr>
<tr>
<td>Restructuring</td>
<td>85</td>
</tr>
<tr>
<td>Pension and postretirement benefits</td>
<td>35</td>
</tr>
<tr>
<td>Other</td>
<td>781</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>$6,489</td>
</tr>
</tbody>
</table>
### Note 15. EQUITY

<table>
<thead>
<tr>
<th>Dollars and Shares in Millions</th>
<th>Common Stock</th>
<th>Capital in Excess of Par Value of Stock</th>
<th>Accumulated Other Comprehensive Loss</th>
<th>Retained Earnings</th>
<th>Treasury Stock</th>
<th>Noncontrolling Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Shares</td>
<td>Par Value</td>
<td>Shares</td>
<td>Cost</td>
<td>Shares</td>
<td>Cost</td>
</tr>
<tr>
<td>Balance at January 1, 2016</td>
<td>2,208</td>
<td>$221</td>
<td>1,459</td>
<td>(2,468)</td>
<td>31,613</td>
<td>539</td>
</tr>
<tr>
<td>Net earnings</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4,457</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other Comprehensive (Loss)/Income</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(35)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Cash dividends declared (c)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(2,557)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Stock repurchase program</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4</td>
<td>(231)</td>
<td>—</td>
</tr>
<tr>
<td>Stock compensation</td>
<td>—</td>
<td>266</td>
<td>—</td>
<td>(7)</td>
<td>11</td>
<td>—</td>
</tr>
<tr>
<td>Distributions</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Balance at December 31, 2016</td>
<td>2,208</td>
<td>$221</td>
<td>1,725</td>
<td>(2,503)</td>
<td>33,513</td>
<td>536</td>
</tr>
<tr>
<td>Accounting change - cumulative effect (a)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(787)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Adjusted balance at January 1, 2017</td>
<td>2,208</td>
<td>$221</td>
<td>1,725</td>
<td>(2,503)</td>
<td>32,726</td>
<td>536</td>
</tr>
<tr>
<td>Net earnings</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1,007</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other Comprehensive (Loss)/Income</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>214</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Cash dividends declared (c)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(2,573)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Stock repurchase program</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>44</td>
<td>(2,477)</td>
<td>—</td>
</tr>
<tr>
<td>Stock compensation</td>
<td>—</td>
<td>173</td>
<td>—</td>
<td>(5)</td>
<td>7</td>
<td>—</td>
</tr>
<tr>
<td>Variable interest entity</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Distributions</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Balance at December 31, 2017</td>
<td>2,208</td>
<td>$221</td>
<td>1,898</td>
<td>(2,289)</td>
<td>31,160</td>
<td>575</td>
</tr>
<tr>
<td>Accounting change - cumulative effect (b)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(34)</td>
<td>332</td>
<td>—</td>
</tr>
<tr>
<td>Adjusted balance at January 1, 2018</td>
<td>2,208</td>
<td>$221</td>
<td>1,898</td>
<td>(2,323)</td>
<td>31,492</td>
<td>575</td>
</tr>
<tr>
<td>Net earnings</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4,920</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other Comprehensive (Loss)/Income</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(156)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Cash dividends declared (c)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(2,630)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Stock repurchase program</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>5</td>
<td>(313)</td>
<td>—</td>
</tr>
<tr>
<td>Stock compensation</td>
<td>—</td>
<td>183</td>
<td>—</td>
<td>(4)</td>
<td>(12)</td>
<td>—</td>
</tr>
<tr>
<td>Adoption of ASU 2018-02 (b)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(283)</td>
<td>283</td>
<td>—</td>
</tr>
<tr>
<td>Distributions</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Balance at December 31, 2018</td>
<td>2,208</td>
<td>$221</td>
<td>2,081</td>
<td>(2,762)</td>
<td>34,065</td>
<td>576</td>
</tr>
</tbody>
</table>

(a) Cumulative effect resulting from adoption of ASU 2016-16.
(b) Refer to “—Note 1. Accounting Policies and Recently Issued Accounting Standards” for additional information.
(c) Cash dividends declared per common share were $1.61, $1.57 and $1.53 in 2018, 2017 and 2016, respectively.

BMS has a stock repurchase program authorized by its Board of Directors allowing for repurchases in the open market or through private transactions, including plans established in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934. The stock repurchase program does not have an expiration date and may be suspended or discontinued at any time. Treasury stock is recognized at the cost to reacquire the shares. Shares issued from treasury are recognized utilizing the first-in first-out method.

BMS repurchased $2 billion of its common stock in 2017 through accelerated share repurchase agreements. The agreements were funded through a combination of debt and cash.
The components of Other Comprehensive (Loss)/Income were as follows:

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pretax</td>
<td>Tax</td>
<td>After Tax</td>
</tr>
<tr>
<td>Derivatives qualifying as cash flow hedges:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized gains/(losses)</td>
<td>$86</td>
<td>$(9)</td>
<td>$77</td>
</tr>
<tr>
<td>Reclassified to net earnings (a)</td>
<td>(4)</td>
<td>(3)</td>
<td>(7)</td>
</tr>
<tr>
<td>Derivatives qualifying as cash flow hedges</td>
<td>82</td>
<td>(12)</td>
<td>70</td>
</tr>
<tr>
<td>Pension and postretirement benefits:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial (losses)/gains</td>
<td>(89)</td>
<td>(3)</td>
<td>(92)</td>
</tr>
<tr>
<td>Amortization (b)</td>
<td>65</td>
<td>(13)</td>
<td>52</td>
</tr>
<tr>
<td>Settlements (b)</td>
<td>121</td>
<td>(28)</td>
<td>93</td>
</tr>
<tr>
<td>Pension and postretirement benefits</td>
<td>97</td>
<td>(44)</td>
<td>53</td>
</tr>
<tr>
<td>Available-for-sale securities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized (losses)/gains</td>
<td>(30)</td>
<td>5</td>
<td>(25)</td>
</tr>
<tr>
<td>Realized (gains)/losses (b)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Available-for-sale securities</td>
<td>(30)</td>
<td>5</td>
<td>(25)</td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td>(245)</td>
<td>(9)</td>
<td>(254)</td>
</tr>
<tr>
<td>Total Other Comprehensive (Loss)/Income</td>
<td>$ (96)</td>
<td>$(60)</td>
<td>$(156)</td>
</tr>
</tbody>
</table>

(a) Included in Cost of products sold.
(b) Included in Other income (net).

The accumulated balances related to each component of Other Comprehensive (Loss)/Income, net of taxes, were as follows:

<table>
<thead>
<tr>
<th>December 31,</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Derivatives qualifying as cash flow hedges</td>
<td>$</td>
<td>51</td>
</tr>
<tr>
<td>Pension and postretirement benefits</td>
<td>(2,102)</td>
<td>(1,883)</td>
</tr>
<tr>
<td>Available-for-sale securities</td>
<td>(30)</td>
<td>32</td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td>(681)</td>
<td>(419)</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>$ (2,762)</td>
<td>$ (2,289)</td>
</tr>
</tbody>
</table>

**Note 16. RETIREMENT BENEFITS**

BMS sponsors defined benefit pension plans, defined contribution plans and termination indemnity plans for regular full-time employees. The principal defined benefit pension plan is the Bristol-Myers Squibb Retirement Income Plan (the “Plan”), covering most U.S. employees and representing approximately 66% of the consolidated pension plan assets and 60% of the obligations. Future benefits related to service for this plan were eliminated in 2009. BMS contributes at least the minimum amount required by the ERISA. Plan benefits are based primarily on the participant’s years of credited service and final average compensation. As of December 2018, Plan assets consist primarily of fixed-income securities.

In December 2018, BMS announced plans to fully terminate the Bristol-Myers Squibb Retirement Income Plan (the “Plan”). Pension obligations related to the Plan of $3.6 billion will be distributed through a combination of lump sum payments to eligible Plan participants who elect such payments and through the purchase of a group annuity contract from Athene Annuity and Life Company ("Athene"), a wholly-owned insurance subsidiary of Athene Holding Ltd. The benefit obligation for the Plan as of December 31, 2018 was therefore determined on a plan termination basis for which it is assumed that a portion of eligible active and deferred vested participants will elect lump sum payments. The remaining obligation expected to be transferred to Athene includes an annuity purchase price premium. The Plan has sufficient assets to satisfy all transaction obligations. The transaction is expected to close in the third quarter of 2019 at which time the Company expects to record a total non-cash pre-tax pension settlement charge of approximately $1.5 billion to $2.0 billion.
The net periodic benefit cost/(credit) of defined benefit pension plans includes:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service cost — benefits earned during the year</td>
<td>$26</td>
<td>$25</td>
<td>$24</td>
</tr>
<tr>
<td>Interest cost on projected benefit obligation</td>
<td>193</td>
<td>188</td>
<td>192</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>(386)</td>
<td>(411)</td>
<td>(418)</td>
</tr>
<tr>
<td>Amortization of prior service credits</td>
<td>(4)</td>
<td>(4)</td>
<td>(3)</td>
</tr>
<tr>
<td>Amortization of net actuarial loss</td>
<td>74</td>
<td>82</td>
<td>84</td>
</tr>
<tr>
<td>Settlements and curtailments</td>
<td>121</td>
<td>159</td>
<td>91</td>
</tr>
<tr>
<td>Special termination benefits</td>
<td>—</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Net periodic benefit cost/(credit)</td>
<td>$24</td>
<td>$42</td>
<td>$29</td>
</tr>
</tbody>
</table>

Pension settlement charges were recognized after determining the annual lump sum payments will exceed the annual interest and service costs for certain pension plans, including the primary U.S. pension plan in 2018, 2017 and 2016.

Changes in defined benefit pension plan obligations, assets, funded status and amounts recognized in the consolidated balance sheets were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit obligations at beginning of year</td>
<td>$6,749</td>
<td>$6,440</td>
</tr>
<tr>
<td>Service cost—benefits earned during the year</td>
<td>26</td>
<td>25</td>
</tr>
<tr>
<td>Interest cost</td>
<td>193</td>
<td>188</td>
</tr>
<tr>
<td>Settlements and Curtailments</td>
<td>(278)</td>
<td>(330)</td>
</tr>
<tr>
<td>Actuarial (gains)/losses</td>
<td>(523)</td>
<td>368</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(123)</td>
<td>(121)</td>
</tr>
<tr>
<td>Foreign currency and other</td>
<td>(78)</td>
<td>179</td>
</tr>
<tr>
<td>Benefit obligations at end of year</td>
<td>$5,966</td>
<td>$6,749</td>
</tr>
</tbody>
</table>

Fair value of plan assets at beginning of year  
<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value of plan assets at beginning of year</td>
<td>$6,749</td>
<td>$5,831</td>
</tr>
<tr>
<td>Actual return on plan assets</td>
<td>(203)</td>
<td>804</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>71</td>
<td>396</td>
</tr>
<tr>
<td>Settlements</td>
<td>(276)</td>
<td>(330)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(123)</td>
<td>(121)</td>
</tr>
<tr>
<td>Foreign currency and other</td>
<td>(89)</td>
<td>169</td>
</tr>
<tr>
<td>Fair value of plan assets at end of year</td>
<td>$6,129</td>
<td>$6,749</td>
</tr>
</tbody>
</table>

Funded status  
<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funded status</td>
<td>$163</td>
<td>—</td>
</tr>
</tbody>
</table>

Assets/(Liabilities) recognized:  
<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other assets</td>
<td>$622</td>
<td>$487</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>(32)</td>
<td>(31)</td>
</tr>
<tr>
<td>Pension and other liabilities</td>
<td>(427)</td>
<td>(456)</td>
</tr>
<tr>
<td>Funded status</td>
<td>$163</td>
<td>—</td>
</tr>
</tbody>
</table>

Recognized in Accumulated other comprehensive loss:  
<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net actuarial losses</td>
<td>$2,717</td>
<td>$2,849</td>
</tr>
<tr>
<td>Prior service credit</td>
<td>(30)</td>
<td>(36)</td>
</tr>
<tr>
<td>Total</td>
<td>$2,687</td>
<td>$2,813</td>
</tr>
</tbody>
</table>

The accumulated benefit obligation for defined benefit pension plans was $6.0 billion and $6.7 billion at December 31, 2018 and 2017, respectively.
Additional information related to pension plans was as follows:

<table>
<thead>
<tr>
<th>Dollars in Millions</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension plans with projected benefit obligations in excess of plan assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projected benefit obligation</td>
<td>$1,275</td>
<td>$1,166</td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td>817</td>
<td>678</td>
</tr>
<tr>
<td>Pension plans with accumulated benefit obligations in excess of plan assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated benefit obligation</td>
<td>$1,181</td>
<td>$1,008</td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td>757</td>
<td>550</td>
</tr>
</tbody>
</table>

Actuarial Assumptions

Weighted-average assumptions used to determine defined benefit pension plan obligations at December 31 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>3.5%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Rate of compensation increase</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

Weighted-average actuarial assumptions used to determine defined benefit pension plan net periodic benefit cost/(credit) for the years ended December 31 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>3.1%</td>
<td>3.5%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Expected long-term return on plan assets</td>
<td>6.2%</td>
<td>7.0%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Rate of compensation increase</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

The yield on high quality corporate bonds matching the duration of the benefit obligations is used in determining the discount rate. The Citi Pension Discount curve is used in developing the discount rate for the U.S. plans.

The expected return on plan assets was determined using the expected rate of return and a calculated value of assets, referred to as the “market-related value” which approximated the fair value of plan assets at December 31, 2018. Differences between assumed and actual returns are amortized to the market-related value on a straight-line basis over a three-year period. Several factors are considered in developing the expected return on plan assets, including long-term historical returns and input from external advisors. Individual asset class return forecasts were developed based upon market conditions, for example, price-earnings levels and yields and long-term growth expectations. The expected long-term rate of return is the weighted-average of the target asset allocation of each individual asset class.

Historical long-term actual annualized returns for U.S. pension plans were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 years</td>
<td>10.4%</td>
<td>6.8%</td>
<td>6.1%</td>
</tr>
<tr>
<td>15 years</td>
<td>7.8%</td>
<td>9.3%</td>
<td>7.1%</td>
</tr>
<tr>
<td>20 years</td>
<td>7.1%</td>
<td>7.5%</td>
<td>7.7%</td>
</tr>
</tbody>
</table>

Actuarial gains and losses resulted from changes in actuarial assumptions (such as changes in the discount rate and revised mortality rates) and from differences between assumed and actual experience (such as differences between actual and expected return on plan assets). Actuarial gains in 2018 related to plan benefit obligations were primarily the result of increases in discount rates. Actuarial losses in 2017 related to plan benefit obligations were primarily the result of decreases in discount rates. Gains and losses are amortized over the life expectancy of the plan participants for U.S. plans (33 years in 2019) and expected remaining service periods for most other plans to the extent they exceed 10% of the higher of the market-related value or the projected benefit obligation for each respective plan. As the result of adopting ASU 2017-07, refer to “—Note 1. Accounting Policies and Recently Issued Accounting Standards” for further details, the periodic benefit cost or credit is included in Other income (net) except for the service cost component which is included in Cost of products sold, Research and development, and Marketing, selling and administrative expenses.
Postretirement Benefit Plans

Comprehensive medical and group life benefits are provided for substantially all U.S. retirees electing to participate in comprehensive medical and group life plans and to a lesser extent certain benefits for non-U.S. employees. The medical plan is contributory. Contributions are adjusted periodically and vary by date of retirement. The life insurance plan is noncontributory. Plan assets consist principally of equity and fixed-income securities. Postretirement benefit plan obligations were $253 million and $298 million at December 31, 2018 and 2017, respectively, and the fair value of plan assets were $331 million and $364 million at December 31, 2018 and 2017, respectively. The weighted-average discount rate used to determine benefit obligations was 3.9% and 3.3% at December 31, 2018 and 2017, respectively. The net periodic benefit credits were not material.

Plan Assets

The fair value of pension and postretirement plan assets by asset category at December 31, 2018 and 2017 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2018</th>
<th></th>
<th></th>
<th></th>
<th>December 31, 2017</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
<td>Level 3</td>
<td>Total</td>
<td>Level 1</td>
<td>Level 2</td>
<td>Level 3</td>
<td>Total</td>
</tr>
<tr>
<td>Equity securities</td>
<td>$124</td>
<td>$799</td>
<td>$124</td>
<td>$799</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity funds</td>
<td>2</td>
<td>160</td>
<td>477</td>
<td>1,358</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed income funds</td>
<td>—</td>
<td>606</td>
<td>—</td>
<td>606</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate debt securities</td>
<td>—</td>
<td>3,865</td>
<td>—</td>
<td>3,865</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury and agency securities</td>
<td>—</td>
<td>553</td>
<td>—</td>
<td>553</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term investment funds</td>
<td>—</td>
<td>55</td>
<td>—</td>
<td>55</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Insurance contracts</td>
<td>—</td>
<td>—</td>
<td>134</td>
<td>134</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>311</td>
<td>214</td>
<td>—</td>
<td>214</td>
<td></td>
<td></td>
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<tr>
<td>Other</td>
<td>—</td>
<td>105</td>
<td>19</td>
<td>124</td>
<td></td>
<td>92</td>
<td>13</td>
<td>105</td>
</tr>
</tbody>
</table>

Plan assets subject to leveling $437 $5,659 $153 $6,249 $1,173 $4,957 $151 $6,281

Plan assets measured at NAV as a practical expedient

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2018</th>
<th></th>
<th></th>
<th></th>
<th>December 31, 2017</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity funds</td>
<td>$ —</td>
<td></td>
<td></td>
<td>$ —</td>
<td></td>
<td></td>
<td></td>
<td>$ 488</td>
</tr>
<tr>
<td>Venture capital and limited partnerships</td>
<td>121</td>
<td>154</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>91</td>
<td>191</td>
<td></td>
<td>191</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total plan assets measured at NAV as a practical expedient $212 $833

Net plan assets $6,461 $7,114

The investment valuation policies per investment class are as follows:

Level 1 inputs utilize unadjusted quoted prices in active markets accessible at the measurement date for identical assets or liabilities. The fair value hierarchy provides the highest priority to Level 1 inputs. These instruments include equity securities, equity funds and fixed income funds publicly traded on a national securities exchange, and cash and cash equivalents. Cash and cash equivalents are highly liquid investments with original maturities of three months or less at the time of purchase and are recognized at cost, which approximates fair value. Pending trade sales and purchases are included in cash and cash equivalents until final settlement.

Level 2 inputs utilize observable prices for similar instruments, quoted prices for identical or similar instruments in non-active markets, and other observable inputs that can be corroborated by market data for substantially the full term of the assets or liabilities. Equity funds, fixed income funds, and short-term investment funds classified as Level 2 within the fair value hierarchy are valued at the NAV of their shares held at year end, which represents fair value. Corporate debt securities and U.S. Treasury and agency securities classified as Level 2 within the fair value hierarchy are valued utilizing observable prices for similar instruments and quoted prices for identical or similar instruments in markets that are not active.

Level 3 unobservable inputs are used when little or no market data is available. Insurance contracts are held by certain foreign pension plans and are carried at contract value, which approximates the estimated fair value and is based on the fair value of the underlying investment of the insurance company.

Venture capital and limited partnership investments are typically only redeemable through distributions upon liquidation of the underlying assets. There were no significant unfunded commitments for these investments and essentially all liquidations are expected to occur by the end of 2019. Most of the remaining investments using the practical expedient are redeemable on a weekly or monthly basis.
The investment strategy is to maximize return while maintaining an appropriate level of risk to provide sufficient liquidity for benefit obligations and plan expenses. During 2018, a target allocation of 97% long-duration fixed income and 3% private equity was adopted and is now maintained for the principal defined benefit pension plan, the Bristol-Myers Squibb Retirement Income Plan. BMS common stock represents less than 1% of the plan assets at December 31, 2018 and 2017.

**Contributions and Estimated Future Benefit Payments**

Contributions to pension plans were $71 million in 2018, $396 million in 2017 and $81 million in 2016 and are not expected to be material in 2019. Estimated annual future benefit payments for non-terminating plans (including lump sum payments) will be approximately $100 million in each of the next five years and in the subsequent five year period.

**Savings Plans**

The principal defined contribution plan is the Bristol-Myers Squibb Savings and Investment Program. The contribution is based on employee contributions and the level of Company match. The expense attributed to defined contribution plans in the U.S. was approximately $200 million in 2018, 2017 and 2016.

**Note 17. EMPLOYEE STOCK BENEFIT PLANS**

On May 1, 2012, the shareholders approved the 2012 Plan, which replaced the 2007 Stock Incentive Plan. The 2012 Plan provides for 109 million shares to be authorized for grants, plus any shares from outstanding awards under the 2007 Plan as of February 29, 2012 that expire, are forfeited, canceled, or withheld to satisfy tax withholding obligations. As of December 31, 2018, 102 million shares were available for award. Shares are issued from treasury stock to satisfy our obligations under this Plan.

Executive officers and key employees may be granted options to purchase common stock at no less than the market price on the date the option is granted. Options generally become exercisable ratably over four years and have a maximum term of ten years. The plan provides for the granting of stock appreciation rights whereby the grantee may surrender exercisable rights and receive common stock and/or cash measured by the excess of the market price of the common stock over the option exercise price. The Company has not granted any stock options or stock appreciation rights since 2009.

Restricted stock units may be granted to key employees, subject to restrictions as to continuous employment. Generally, vesting occurs ratably over a four year period from grant date. A stock unit is a right to receive stock at the end of the specified vesting period but has no voting rights.

Market share units are granted to executives. Vesting is conditioned upon continuous employment until the vesting date and a payout factor of at least 60% of the share price on the award date. The payout factor is the share price on vesting date divided by share price on award date, with a maximum of 200%. The share price used in the payout factor is calculated using an average of the closing prices on the grant or vest date, and the nine trading days immediately preceding the grant or vest date. Vesting occurs ratably over four years.

Performance share units are granted to executives, have a three year cycle and are granted as a target number of units subject to adjustment. The number of shares issued when performance share units vest is determined based on the achievement of performance goals and based on the Company's three-year total shareholder return relative to a peer group of companies. Vesting is conditioned upon continuous employment and occurs on the third anniversary of the grant date.

Stock-based compensation expense for awards ultimately expected to vest is recognized over the vesting period. Forfeitures are estimated based on historical experience at the time of grant and revised in subsequent periods if actual forfeitures differ from those estimates. Other information related to stock-based compensation benefits are as follows:

<table>
<thead>
<tr>
<th>Dollars in Millions</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted stock units</td>
<td>$102</td>
<td>$95</td>
<td>$89</td>
</tr>
<tr>
<td>Market share units</td>
<td>38</td>
<td>35</td>
<td>37</td>
</tr>
<tr>
<td>Performance share units</td>
<td>81</td>
<td>69</td>
<td>79</td>
</tr>
<tr>
<td>Total stock-based compensation expense</td>
<td>$221</td>
<td>$199</td>
<td>$205</td>
</tr>
<tr>
<td>Income tax benefit</td>
<td>$41</td>
<td>$59</td>
<td>$69</td>
</tr>
</tbody>
</table>

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### Stock Options

<table>
<thead>
<tr>
<th>Shares in Millions</th>
<th>Stock Options</th>
<th>Restricted Stock Units</th>
<th>Market Share Units</th>
<th>Performance Share Units</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Options Outstanding</td>
<td>Weighted-Average Exercise Price of Shares</td>
<td>Number of Nonvested Awards</td>
<td>Weighted-Average Grant-Date Fair Value</td>
</tr>
<tr>
<td>Balance at January 1, 2018</td>
<td>3.8</td>
<td>$19.04</td>
<td>4.9</td>
<td>$56.85</td>
</tr>
<tr>
<td>Granted</td>
<td>—</td>
<td>—</td>
<td>2.4</td>
<td>61.40</td>
</tr>
<tr>
<td>Released/Exercised</td>
<td>(2.1)</td>
<td>20.22</td>
<td>(1.7)</td>
<td>56.95</td>
</tr>
<tr>
<td>Adjustments for actual payout</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Forfeited/Canceled</td>
<td>—</td>
<td>—</td>
<td>(0.6)</td>
<td>58.85</td>
</tr>
<tr>
<td>Balance at December 31, 2018</td>
<td>1.7</td>
<td>17.51</td>
<td>5.0</td>
<td>58.83</td>
</tr>
</tbody>
</table>

Vested or expected to vest: 1.7, 17.51, 4.4, 58.85, 1.3, 66.67, 3.3, 63.10

### Dollars in Millions

<table>
<thead>
<tr>
<th>Restricted Stock Units</th>
<th>Market Share Units</th>
<th>Performance Share Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrecognized compensation cost</td>
<td>$212</td>
<td>$43</td>
</tr>
</tbody>
</table>

Expected weighted-average period in years of compensation cost to be recognized: 2.7, 2.7, 1.7

### Amounts in Millions, except per share data

<table>
<thead>
<tr>
<th>Weighted-average grant date fair value (per share):</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted stock units</td>
<td>$61.40</td>
<td>$54.39</td>
<td>$60.56</td>
</tr>
<tr>
<td>Market share units</td>
<td>$72.33</td>
<td>$60.14</td>
<td>$65.26</td>
</tr>
<tr>
<td>Performance share units</td>
<td>$67.60</td>
<td>$57.91</td>
<td>$64.87</td>
</tr>
</tbody>
</table>

### Fair value of awards that vested:

| Restricted stock units | $98 | $91 | $81 |
| Market share units | $40 | $33 | $50 |
| Performance share units | $103 | $84 | $93 |

Total intrinsic value of stock options exercised: $89, $84, $158

The fair value of restricted stock units, market share units and performance share units approximates the closing trading price of BMS's common stock on the grant date after adjusting for the units not eligible for accrued dividends. In addition, the fair value of market share units and performance share units considers the probability of satisfying the payout factor and total shareholder return, respectively.

### The following table summarizes significant outstanding and exercisable options at December 31, 2018:

<table>
<thead>
<tr>
<th>Options Outstanding and Exercisable (in millions)</th>
<th>Number Outstanding and Exercisable</th>
<th>Weighted-Average Remaining Contractual Life (in years)</th>
<th>Weighted-Average Exercise Price Per Share</th>
<th>Aggregate Intrinsic Value (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Options Outstanding and Exercisable</td>
<td>1.7</td>
<td>0.2</td>
<td>$17.51</td>
<td>$57</td>
</tr>
</tbody>
</table>

The aggregate intrinsic value in the preceding table represents the total pretax intrinsic value, based on the closing stock price of $51.98 on December 31, 2018.
Note 18. LEGAL PROCEEDINGS AND CONTINGENCIES

The Company and certain of its subsidiaries are involved in various lawsuits, claims, government investigations and other legal proceedings that arise in the ordinary course of business. These claims or proceedings can involve various types of parties, including governments, competitors, customers, suppliers, service providers, licensees, employees, or shareholders, among others. The resolution of these matters often develops over a long period of time and expectations can change as a result of new findings, rulings, appeals or settlement arrangements. The Company recognizes accruals for such contingencies when it is probable that a liability will be incurred and the amount of loss can be reasonably estimated. These matters involve patent infringement, antitrust, securities, pricing, sales and marketing practices, environmental, commercial, contractual rights, licensing obligations, health and safety matters, consumer fraud, employment matters, product liability and insurance coverage. Legal proceedings that are material or that the Company believes could become material are described below.

Although the Company believes it has substantial defenses in these matters, there can be no assurance that there will not be an increase in the scope of pending matters or that any future lawsuits, claims, government investigations or other legal proceedings will not be material. Unless otherwise noted, the Company is unable to assess the outcome of the respective litigation nor is it able to provide an estimated range of potential loss. Furthermore, failure to enforce our patent rights would likely result in substantial decreases in the respective product revenues from generic competition.

INTELLECTUAL PROPERTY

Plavix* - Australia

As previously disclosed, Sanofi was notified that, in August 2007, GenRx Proprietary Limited (GenRx) obtained regulatory approval of an application for clopidogrel bisulfate 75mg tablets in Australia. GenRx, formerly a subsidiary of Apotex Inc. (Apotex), has since changed its name to Apotex. In August 2007, Apotex filed an application in the Federal Court of Australia (the Federal Court) seeking revocation of Sanofi’s Australian Patent No. 597784 (Case No. NSD 1639 of 2007). Sanofi filed counterclaims of infringement and sought an injunction. On September 21, 2007, the Federal Court granted Sanofi’s injunction. A subsidiary of the Company was subsequently added as a party to the proceedings. In February 2008, a second company, Spirit Pharmaceuticals Pty. Ltd., also filed a revocation suit against the same patent. This case was consolidated with the Apotex case, and a trial occurred in April 2008. On August 12, 2008, the Federal Court of Australia held that claims of Patent No. 597784 covering clopidogrel bisulfate, hydrochloride, hydrobromide, and taurocholate salts were valid. The Federal Court also held that the process claims, pharmaceutical composition claims, and claim directed to clopidogrel and its pharmaceutically acceptable salts were invalid. The Company and Sanofi filed notices of appeal in the Full Court of the Federal Court of Australia (Full Court) appealing the holding of invalidity of the claim covering cleopidogrel and its pharmaceutically acceptable salts, process claims, and pharmaceutical composition claims which have stayed the Federal Court’s ruling. Apotex filed a notice of appeal appealing the holding of validity of the clopidogrel bisulfate, hydrochloride, hydrobromide, and taurocholate claims. A hearing on the appeals occurred in February 2009. On September 29, 2009, the Full Court held all of the claims of Patent No. 597784 invalid. In November 2009, the Company and Sanofi applied to the High Court of Australia (High Court) for special leave to appeal the judgment of the Full Court. In March 2010, the High Court denied the Company and Sanofi’s request to hear the appeal of the Full Court decision. The case was remanded to the Federal Court for further proceedings related to damages sought by Apotex. The Company and Apotex have settled the Apotex case, and the case was dismissed. The Australian government has intervened in this matter and is seeking maximum damages up to 449 million AUD ($316 million), plus interest, which would be split between the Company and Sanofi, for alleged losses experienced for paying a higher price for branded Plavix* during the period when the injunction was in place. The Company and Sanofi have disputed that the Australian government is entitled to any damages and the Australian government’s claim is still pending and a trial was concluded in September 2017. The Company is expecting a decision in 2019.

Sprycel - Europe

In May 2013, Apotex, Actavis Group PTC ehf, Generics [UK] Limited (Mylan) and an unnamed company filed oppositions in the EPO seeking revocation of European Patent No. 1169038 (the ‘038 patent) covering dasatinib, the active ingredient in Sprycel. On January 20, 2016, the Opposition Division of the EPO revoked the ‘038 patent. In May 2016, the Company appealed the EPO’s decision to the EPO Board of Appeal. In February 2017, the EPO Board of Appeal upheld the Opposition Division’s decision, and revoked the ‘038 patent. Orphan drug exclusivity and data exclusivity for Sprycel have been approved in certain EU markets. We may experience a decline in European revenues in the event that generic dasatinib product enters the market.
Anti-PD-1 Antibody Patent Oppositions and Litigation
In September 2015, Dana-Farber Cancer Institute (Dana-Farber) filed a complaint in Massachusetts federal court seeking to correct the inventorship on up to five related U.S. patents directed to methods of treating cancer using PD-1 and PD-L1 antibodies. Specifically, Dana-Farber is seeking to add two scientists as inventors to these patents. In October 2017, Pfizer was allowed to intervene in this case alleging that one of the scientists identified by Dana-Farber was employed by a company eventually acquired by Pfizer during the relevant period. In February 2019, the Company settled the lawsuit with Pfizer. A bench trial in the lawsuit with Dana-Farber began on February 4, 2019. A decision is expected in 2019.

Eliquis Patent Litigation - U.S.
In 2017, twenty-five generic companies sent the Company Paragraph-IV certification letters informing the Company that they had filed anNDAs seeking approval of generic versions of Eliquis. As a result, two Eliquis patents listed in the FDA Orange Book are being challenged: the composition of matter patent claiming apixaban specifically and a formulation patent. In April 2017, the Company, along with its partner Pfizer, initiated patent lawsuits under the Hatch-Waxman Act against all generic filers in federal district courts in Delaware and West Virginia. In August 2017, the U.S. Patent and Trademark Office granted patent term restoration to the composition of matter patent, thereby restoring the term of the Eliquis composition of matter patent, which is the Company’s basis for projected LOE, from February 2023 to November 2026. The Company has settled lawsuits with a number of anDA filers through December 2018. The settlements do not affect the Company’s projected LOE for Eliquis.

PRICING, SALES AND PROMOTIONAL PRACTICES LITIGATION

Plavix State Attorneys General Lawsuits
The Company and certain affiliates of Sanofi are defendants in consumer protection and/or false advertising actions brought by several states relating to the sales and promotion of Plavix.

PRODUCT LIABILITY LITIGATION
The Company is a party to various product liability lawsuits. Plaintiffs in these cases seek damages and other relief on various grounds for alleged personal injury and economic loss. As previously disclosed, in addition to lawsuits, the Company also faces unfiled claims involving its products.

Byetta
Amylin, a former subsidiary of the Company, and Lilly are co-defendants in product liability litigation related to Byetta. To date, there are over 500 separate lawsuits pending on behalf of approximately 2,000 active plaintiffs (including pending settlements), which include injury plaintiffs as well as claims by spouses and/or other beneficiaries, in various courts in the U.S. The majority of these cases have been brought by individuals who allege personal injury sustained after using Byetta, primarily pancreatic cancer, and, in some cases, claiming alleged wrongful death. The majority of cases are pending in Federal Court in San Diego in an MDL or in a coordinated proceeding in California Superior Court in Los Angeles (JCCP). In November 2015, the defendants' motion for summary judgment based on federal preemption was granted in both the MDL and the JCCP. In November 2017, the Ninth Circuit reversed the MDL summary judgment order and remanded the case to the MDL. In November 2018, the California Court of Appeal reversed the state court dismissal and the state court cases were remanded to the JCCP for further proceedings. Amylin has product liability insurance covering a substantial number of claims involving Byetta and any additional liability to Amylin with respect to Byetta is expected to be shared between the Company and AstraZeneca.

Abilify
The Company and Otsuka are co-defendants in product liability litigation related to Abilify. Plaintiffs allege Abilify caused them to engage in compulsive gambling and other impulse control disorders. There have been over 2,000 cases filed in state and federal courts and additional cases are pending in Canada. The Judicial Panel on Multidistrict Litigation has consolidated the federal court cases for pretrial purposes in the U.S. District Court for the Northern District of Florida. On February 15, 2019, the Company and Otsuka entered into a master settlement agreement establishing a proposed settlement program to resolve all Abilify compulsivity claims filed as of January 28, 2019 in the MDL as well as the various state courts, including California and New Jersey.

Eliquis
The Company and Pfizer are co-defendants in product liability litigation related to Eliquis. Plaintiffs assert claims, including claims for wrongful death, as a result of bleeding they allege was caused by their use of Eliquis. As of January 2019, no claims remain pending in the MDL in the U.S District Court for the Southern District of New York. Three cases remain pending in state courts and one remains pending in Canada. Over 200 cases have been dismissed with prejudice in the MDL. The claims of 23 plaintiffs are on appeal to the Second Circuit Court of Appeals. The Company expects a decision in 2019.
Onglyza*

The Company and AstraZeneca are co-defendants in product liability litigation related to Onglyza*. Plaintiffs assert claims, including claims for wrongful death, as a result of heart failure or other cardiovascular injuries they allege were caused by their use of Onglyza*. As of January 2019, claims are pending in state and federal court on behalf of approximately 250 individuals who allege they ingested the product and suffered an injury. A significant majority of these claims are pending in federal courts. In February 2018, the Judicial Panel on Multidistrict Litigation ordered all federal cases to be transferred to an MDL in the U.S. District Court for the Eastern District of Kentucky. As part of the Company’s global diabetes business divestiture, the Company sold Onglyza* to AstraZeneca in February 2014 and any potential liability with respect to Onglyza* is expected to be shared with AstraZeneca.

SHAREHOLDER DERIVATIVE LITIGATION

Since December 2015, three shareholder derivative lawsuits were filed in New York state court against certain officers and directors of the Company. The plaintiffs allege, among other things, breaches of fiduciary duty surrounding the Company's previously disclosed October 2015 civil settlement with the SEC of alleged FCPA violations in China in which the Company agreed to a payment of approximately $14.7 million in disgorgement, penalties and interest. As of October 2017, all three of the lawsuits have been dismissed. The Company received a notice of appeal as to one of the dismissed lawsuits. Oral argument in the appeal of the dismissal has been scheduled for February 2019.

SECURITIES LITIGATION

Since February 2018, two separate putative class action complaints were filed in the U.S. District for the Northern District of California and in the U.S. District Court for the Southern District of New York against the Company, the Company's Chief Executive Officer, Giovanni Caforio, the Company's Chief Financial Officer, Charles A. Bancroft and certain former and current executives of the Company. The case in California has been voluntarily dismissed. The remaining complaint alleges violations of securities laws for the Company’s disclosures related to the CheckMate-026 clinical trial in lung cancer. A fully briefed motion to dismiss in pending before the court. The Company intends to defend itself vigorously in this litigation.

OTHER LITIGATION

Acquisition of Celgene Litigation

As of February 20, 2019, nine complaints were filed by Celgene shareholders in the U.S. District Court for the District of Delaware, U.S. District Court for the District of New Jersey, the U.S. District Court for the Southern District of New York and the Court of Chancery of the State of Delaware seeking to enjoin the Company's proposed acquisition of Celgene. The complaints in these actions name as defendants Celgene and the members of Celgene's board of directors. Four of these complaints also name the Company and Burgundy Merger Sub, Inc., a wholly-owned subsidiary of the Company that was formed solely for the purpose of completing the pending acquisition of Celgene and will be merged with and into Celgene upon the completion of the acquisition, as defendants. Of the complaints naming the Company as a defendant, three are styled as putative class actions. The plaintiffs allege violations of various federal securities laws and breaches of fiduciary duties in connection with the acquisition of Celgene by the Company.

Separately, a tenth complaint styled as a putative class action was filed in the Court of Chancery of the State of Delaware on behalf of the Company's shareholders naming members of the Company's board of directors as defendants. This complaint alleges that each of the members of the Company's board of directors breached his or her fiduciary duties to the Company and its shareholders by failing to disclose material information about the pending acquisition.

The Company, Burgundy Merger Sub and Celgene intend to defend themselves vigorously in these lawsuits.

Acquisition of Flexus Litigation

In February 2015, the Company acquired Flexus including rights to its IDO-1 inhibitor. In September 2015, Incyte Corporation (“Incyte”) sued Flexus and Flexus's founders (“Flexus Defendants”) in the Superior Court of the State of Delaware. In its initial and subsequent amended complaints, Incyte alleged claims against the Flexus Defendants, among others, for the misappropriation of various trade secrets relating to the research and development of Incyte's IDO-1 inhibitor. In November 2018, following a two and a-half week trial on trade secrets, a jury in the Superior Court of Delaware returned a defense verdict on behalf of the Flexus Defendants. Incyte may appeal the decision.

Average Wholesale Price Litigation

The Company is a defendant in a qui tam (whistleblower) lawsuit in the U.S. District Court for the Eastern District of Pennsylvania, in which the U.S. Government declined to intervene. The complaint alleges that the Company inaccurately reported its average manufacturer prices to the Centers for Medicare and Medicaid Services to lower what it owed. Similar claims have been filed against other companies. The Court denied the Company's motion to dismiss in November 2018.
GOVERNMENT INVESTIGATIONS

Like other pharmaceutical companies, the Company and certain of its subsidiaries are subject to extensive regulation by national, state and local government agencies in the U.S. and other countries in which BMS operates. As a result, the Company, from time to time, is subject to various governmental inquiries and investigations. It is possible that criminal charges, substantial fines and/or civil penalties, could result from government investigations.

ENVIRONMENTAL PROCEEDINGS

As previously reported, the Company is a party to several environmental proceedings and other matters, and is responsible under various state, federal and foreign laws, including CERCLA, for certain costs of investigating and/or remediating contamination resulting from past industrial activity at the Company’s current or former sites or at waste disposal or reprocessing facilities operated by third parties.

CERCLA Matters

With respect to CERCLA matters for which the Company is responsible under various state, federal and foreign laws, the Company typically estimates potential costs based on information obtained from the U.S. Environmental Protection Agency, or counterpart state or foreign agency and/or studies prepared by independent consultants, including the total estimated costs for the site and the expected cost-sharing, if any, with other “potentially responsible parties,” and the Company accrues liabilities when they are probable and reasonably estimable. The Company estimated its share of future costs for these sites to be $62 million at December 31, 2018, which represents the sum of best estimates or, where no best estimate can reasonably be made, estimates of the minimal probable amount among a range of such costs (without taking into account any potential recoveries from other parties). The amount includes the estimated costs for any additional probable loss associated with the previously disclosed North Brunswick Township High School Remediation Site.

Note 19. SUBSEQUENT EVENT

On January 3, 2019, BMS announced that the Company has entered into a definitive merger agreement under which BMS will acquire Celgene. Under the terms of the agreement, if the merger is completed, Celgene shareholders will receive one share of BMS common stock and $50.00 in cash for each share of Celgene common stock held by them. Celgene shareholders will also receive one tradeable contingent value right for each share of Celgene representing the right to receive $9.00 in cash, which is subject to the achievement of future regulatory milestones. Based on the closing price of a share of BMS common stock on January 2, 2019, the most recent trading day prior to the date of the announcement, the merger consideration represented approximately $74 billion. The amount of consideration to be received by Celgene stockholders will fluctuate with changes in the price of the shares of BMS common stock. BMS expects to fund the transaction through a combination of existing cash and new debt. BMS also expects to enter into an accelerated share repurchase program of up to approximately $5.0 billion, subject to the closing of the transaction, market conditions and Board of Directors’ approval. The Company expects the transaction will close at the end of the third quarter of 2019, subject to approval by Bristol-Myers Squibb and Celgene shareholders and the satisfaction of customary closing conditions and regulatory approvals.

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### Note 20. Selected Quarterly Financial Data (Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>First Quarter</th>
<th>Second Quarter</th>
<th>Third Quarter</th>
<th>Fourth Quarter</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2018</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$ 5,193</td>
<td>$ 5,704</td>
<td>$ 5,691</td>
<td>$ 5,973</td>
<td>$22,561</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>3,609</td>
<td>4,079</td>
<td>4,043</td>
<td>4,283</td>
<td>16,014</td>
</tr>
<tr>
<td>Net Earnings</td>
<td>1,495</td>
<td>382</td>
<td>1,912</td>
<td>1,158</td>
<td>4,947</td>
</tr>
<tr>
<td><strong>Net Earnings/(Loss) Attributable to:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Noncontrolling Interest</td>
<td>9</td>
<td>9</td>
<td>11</td>
<td>(2)</td>
<td>27</td>
</tr>
<tr>
<td>BMS</td>
<td>1,486</td>
<td>373</td>
<td>1,901</td>
<td>1,160</td>
<td>4,920</td>
</tr>
<tr>
<td>Earnings per Share - Basic (a)</td>
<td>$0.91</td>
<td>$0.23</td>
<td>$1.16</td>
<td>$0.71</td>
<td>$3.01</td>
</tr>
<tr>
<td>Earnings per Share - Diluted (a)</td>
<td>0.91</td>
<td>0.23</td>
<td>1.16</td>
<td>0.71</td>
<td>3.01</td>
</tr>
<tr>
<td>Cash dividends declared per common share</td>
<td>$0.40</td>
<td>$0.40</td>
<td>$0.40</td>
<td>$0.41</td>
<td>$1.61</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td>$5,342</td>
<td>$4,999</td>
<td>$5,408</td>
<td>$6,911</td>
<td>$6,911</td>
</tr>
<tr>
<td>** Marketable securities (b)**</td>
<td>3,680</td>
<td>3,193</td>
<td>3,439</td>
<td>3,748</td>
<td>3,748</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>33,083</td>
<td>32,641</td>
<td>33,734</td>
<td>34,986</td>
<td>34,986</td>
</tr>
<tr>
<td><strong>Long-term debt</strong> (c)</td>
<td>5,775</td>
<td>5,671</td>
<td>5,687</td>
<td>6,955</td>
<td>6,985</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>12,906</td>
<td>12,418</td>
<td>13,750</td>
<td>14,127</td>
<td>14,127</td>
</tr>
<tr>
<td><strong>2017</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$ 4,929</td>
<td>$ 5,144</td>
<td>$ 5,254</td>
<td>$ 5,449</td>
<td>$20,776</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>3,664</td>
<td>3,575</td>
<td>3,675</td>
<td>3,768</td>
<td>14,682</td>
</tr>
<tr>
<td>Net Earnings</td>
<td>1,526</td>
<td>922</td>
<td>856</td>
<td>(2,329)</td>
<td>975</td>
</tr>
<tr>
<td><strong>Net Earnings/(Loss) Attributable to:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Noncontrolling Interest</td>
<td>(48)</td>
<td>6</td>
<td>11</td>
<td>(1)</td>
<td>(32)</td>
</tr>
<tr>
<td>BMS</td>
<td>1,574</td>
<td>916</td>
<td>845</td>
<td>(2,328)</td>
<td>1,007</td>
</tr>
<tr>
<td>Earnings/(Loss) per Share - Basic (a)</td>
<td>$0.95</td>
<td>$0.56</td>
<td>$0.52</td>
<td>$1.42</td>
<td>$0.61</td>
</tr>
<tr>
<td>Earnings/(Loss) per Share - Diluted (a)</td>
<td>0.94</td>
<td>0.56</td>
<td>0.51</td>
<td>(1.42)</td>
<td>0.61</td>
</tr>
<tr>
<td>Cash dividends declared per common share</td>
<td>$0.39</td>
<td>$0.39</td>
<td>$0.39</td>
<td>$0.40</td>
<td>$1.57</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td>$3,910</td>
<td>$3,470</td>
<td>$4,644</td>
<td>$5,421</td>
<td>$5,421</td>
</tr>
<tr>
<td>** Marketable securities (b)**</td>
<td>4,884</td>
<td>5,615</td>
<td>5,004</td>
<td>3,871</td>
<td>3,871</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>32,937</td>
<td>33,409</td>
<td>33,977</td>
<td>33,551</td>
<td>33,551</td>
</tr>
<tr>
<td><strong>Long-term debt</strong> (c)</td>
<td>7,237</td>
<td>6,911</td>
<td>6,982</td>
<td>6,975</td>
<td>6,975</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>14,535</td>
<td>14,821</td>
<td>14,914</td>
<td>11,847</td>
<td>11,847</td>
</tr>
</tbody>
</table>

- (a) Earnings per share for the quarters may not add to the amounts for the year, as each period is computed on a discrete basis.
- (b) Marketable securities includes current and non-current assets.
- (c) Long-term debt includes the current portion.
The following specified items affected the comparability of results in 2018 and 2017:

### 2018

<table>
<thead>
<tr>
<th>Cost of products sold (a)</th>
<th>First Quarter</th>
<th>Second Quarter</th>
<th>Third Quarter</th>
<th>Fourth Quarter</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 13</td>
<td>$ 14</td>
<td>$ 13</td>
<td>$ 18</td>
<td>$ 58</td>
</tr>
</tbody>
</table>

Marketing, selling and administrative

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td></td>
<td>1</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

License and asset acquisition charges

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>60</td>
<td>1,075</td>
<td></td>
<td></td>
<td>1,135</td>
</tr>
</tbody>
</table>

Site exit costs

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20</td>
<td>19</td>
<td>18</td>
<td>22</td>
<td>79</td>
</tr>
</tbody>
</table>

Research and development

|                               | 80            | 1,094          | 18            | 22             | 1,214|

Loss/(gain) on equity investments

|                               | (15)          | 356            | (97)          | 268            | 512  |

Provision for restructuring

|                               | 20            | 37             | 45            | 29             | 131  |

Litigation and other settlements

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Divestiture gains

|                               | (43)          | (25)           | (108)         | (1)            | (177)|

Royalties and licensing income

|                               | (50)          | (25)           |              |                | (75) |

Pension and postretirement

|                               | 31            | 37             | 27            | 26             | 121  |

Intangible asset impairment

|                               | 64            |                |               |                | 64   |

Other income (net)

|                               | 7             | 380            | (133)         | 392            | 646  |

Increase/(decrease) to pretax income

|                               | 101           | 1,488          | (102)         | 433            | 1,920|

Income taxes on items above

|                               | (8)           | (218)          | 1             | (43)           | (268)|

Income taxes attributed to U.S. tax reform

|                               | (32)          | 3              | (20)          | (7)            | (56) |

Income taxes

|                               | (40)          | (215)          | (19)          | (50)           | (324)|

Increase/(decrease) to net earnings

|                               | $ 61          | $ 1,273        | $ (121)       | $ 383          | $ 1,596|

### 2017

<table>
<thead>
<tr>
<th>Cost of products sold (a)</th>
<th>First Quarter</th>
<th>Second Quarter</th>
<th>Third Quarter</th>
<th>Fourth Quarter</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ —</td>
<td>$ 130</td>
<td>$ 1</td>
<td>$ 18</td>
<td>$ 149</td>
</tr>
</tbody>
</table>

Marketing, selling and administrative

|                               |               |                | 1             | 1              |      |

License and asset acquisition charges

|                               | 50            | 393            | 310           | 377            | 1,130|

IPRD impairments

|                               | 75            |                |               |                | 75   |

Site exit costs

|                               | 72            | 96             | 64            | 151            | 383  |

Research and development

|                               | 197           | 489            | 374           | 528            | 1,588|

Provision for restructuring

|                               | 164           | 15             | 28            | 86             | 293  |

Litigation and other settlements

|                               | (481)         |                |               |                | (481)|

Divestiture gains

|                               | (100)         |                |               |                | (26) |

Royalties and licensing income

|                               | —             | (497)          |               |                | (497)|

Pension and postretirement

|                               | 33            | 36             | 22            | 71             | 162  |

Loss on debt redemption

|                               |               | 109            |               |                | 109  |

Other income (net)

|                               | (384)         | (337)          | 50            | 131            | (540)|

Increase/(decrease) to pretax income

|                               | (187)         | 282            | 425           | 678            | 1,198|

Income taxes on items above

|                               | 72            | 20             | (41)          | (138)          | (87) |

Income taxes attributed to U.S. tax reform

|                               |               |                |               | 2,911          | 2,911 |

Income taxes

|                               | 72            | 20             | (41)          | 2,773          | 2,824|

Increase/(decrease) to net earnings

|                               | (115)         | 302            | 384           | 3,451          | 4,022|

Noncontrolling interest

|                               | (59)          |                |               |                | (59) |

Increase/(decrease) to net earnings attributable to BMS

|                               | $ (174)       | $ 302          | $ 384         | $ 3,451        | $ 3,963|
(a) Specified items in Cost of products sold are accelerated depreciation, asset impairment and other shutdown costs.
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Bristol-Myers Squibb Company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Bristol-Myers Squibb Company and subsidiaries (the "Company") as of December 31, 2018 and 2017, the related consolidated statements of earnings, comprehensive income, and cash flows, for each of the three years in the period ended December 31, 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2019, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey
February 25, 2019

We have served as the Company's auditor since 2006.
Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

Item 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

As of December 31, 2018, management carried out an evaluation, under the supervision and with the participation of its chief executive officer and chief financial officer, of the effectiveness of the design and operation of its disclosure controls and procedures as defined in Exchange Act Rules 13a-15(e) and 15d-15(e), as of the end of the period covered by this 2018 Form 10-K. Based on this evaluation, management has concluded that as of December 31, 2018, such disclosure controls and procedures were effective.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of management, including the chief executive officer and chief financial officer, management assessed the effectiveness of internal control over financial reporting as of December 31, 2018 based on the framework in “Internal Control—Integrated Framework” (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that assessment, management has concluded that the Company’s internal control over financial reporting was effective at December 31, 2018 to provide reasonable assurance regarding the reliability of its financial reporting and the preparation of its financial statements for external purposes in accordance with United States generally accepted accounting principles. Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Deloitte & Touche LLP, an independent registered public accounting firm, has audited the Company's financial statements included in this report on this 2018 Form 10-K and issued its report on the effectiveness of the Company’s internal control over financial reporting as of December 31, 2018, which is included herein.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2018 that have materially affected, or are reasonable likely to materially affect, the Company's internal control over financial reporting.

Item 9B. OTHER INFORMATION.

On February 20, 2019, in the Company's Amendment No. 2 to its Registration Statement on Form S-4 for the Company's pending acquisition of Celgene, the Company disclosed that Starboard Value LP sent a notice of nomination of five directors to the Company's board of directors, which the Company informed Starboard Value that it would review. In connection with its delivery of the notice, Starboard Value requested to meet with the Company's management and that, pending these discussions, the notice and meetings be kept confidential. The Company's management has subsequently met with Starboard Value on multiple occasions. Any vote on potential changes to Company’s board of directors would come at our 2019 Annual Meeting of Shareholders, the date for which has not been set as of the time of this filing. The Company's shareholders are expected to vote on the proposed acquisition of Celgene on April 12, 2019.
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Bristol-Myers Squibb Company

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Bristol-Myers Squibb Company and subsidiaries (the “Company”) as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2018, of the Company and our report dated February 25, 2019, expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP
Parsippany, New Jersey
February 25, 2019
PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

(a) Reference is made to our 2019 Proxy Statement with respect to our Directors, which is incorporated herein by reference and made a part hereof in response to the information required by Item 10.

(b) The information required by Item 10 with respect to our Executive Officers has been included in Part I A of this 2018 Form 10-K in reliance on General Instruction G of Form 10-K and Instruction 3 to Item 401(b) of Regulation S-K, which is incorporated herein by reference and made a part hereof in response to the information required by Item 10.

Item 11. EXECUTIVE COMPENSATION.

Reference is made to our 2019 Proxy Statement with respect to Executive Compensation, which is incorporated herein by reference and made a part hereof in response to the information required by Item 11.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Reference is made to our 2019 Proxy Statement with respect to the security ownership of certain beneficial owners and management, which is incorporated herein by reference and made a part hereof in response to the information required by Item 12.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Reference is made to our 2019 Proxy Statement with respect to certain relationships and related transactions, which is incorporated herein by reference and made a part hereof in response to the information required by Item 13.

Item 14. AUDITOR FEES.

Reference is made to our 2019 Proxy Statement with respect to auditor fees, which is incorporated herein by reference and made a part hereof in response to the information required by Item 14.
PART IV

Item 15.  EXHIBITS and FINANCIAL STATEMENT SCHEDULE.

(a)

1.  Consolidated Financial Statements

   Consolidated Statements of Earnings and Comprehensive Income 55
   Consolidated Balance Sheets 56
   Consolidated Statements of Cash Flows 57
   Notes to Consolidated Financial Statements 58
   Report of Independent Registered Public Accounting Firm 102

2.  Financial Statement Schedules

All other schedules not included with this additional financial data are omitted because they are not applicable or the required information is included in the financial statements or notes thereto.

3.  Exhibits

The information called for by this Item is incorporated herein by reference to the Exhibit Index in this 2018 Form 10-K.

(b)

Exhibits Required to be filed by Item 601 of Regulation S-K 109

The information called for by this Item is incorporated herein by reference to the Exhibit Index in this 2018 Form 10-K.

Item 16.  FORM 10-K SUMMARY.

None.

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Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

BRISTOL-MYERS SQUIBB COMPANY  
(Registrant)

By /s/ GIOVANNI CAFORIO  
Giovanni Caforio  
Chairman of the Board and Chief Executive Officer

Date: February 25, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Title</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>/s/ GIOVANNI CAFORIO, M.D.</td>
<td>Chairman of the Board and Chief Executive Officer</td>
<td>February 25, 2019</td>
</tr>
<tr>
<td>Giovanni Caforio, M.D.</td>
<td>(Principal Executive Officer)</td>
<td></td>
</tr>
<tr>
<td>/s/ CHARLES BANCROFT</td>
<td>Chief Financial Officer</td>
<td>February 25, 2019</td>
</tr>
<tr>
<td>Charles Bancroft</td>
<td>(Principal Financial Officer)</td>
<td></td>
</tr>
<tr>
<td>/s/ KAREN SANTIAGO</td>
<td>Senior Vice President and Corporate Controller</td>
<td>February 25, 2019</td>
</tr>
<tr>
<td>Karen Santiago</td>
<td>(Principal Accounting Officer)</td>
<td></td>
</tr>
<tr>
<td>/s/ PETER J. ARDUINI</td>
<td>Director</td>
<td>February 25, 2019</td>
</tr>
<tr>
<td>Peter J. Arduini</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ ROBERT BERTOLINI</td>
<td>Director</td>
<td>February 25, 2019</td>
</tr>
<tr>
<td>Robert Bertolini</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ MATTHEW W. EMMENS</td>
<td>Director</td>
<td>February 25, 2019</td>
</tr>
<tr>
<td>Matthew W. Emmens</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ MICHAEL GROBSTEIN</td>
<td>Director</td>
<td>February 25, 2019</td>
</tr>
<tr>
<td>Michael Grobstein</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ ALAN J. LACY</td>
<td>Director</td>
<td>February 25, 2019</td>
</tr>
<tr>
<td>Alan J. Lacy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ DINESH C. PALIWAL</td>
<td>Director</td>
<td>February 25, 2019</td>
</tr>
<tr>
<td>Dinesh C. Paliwal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ THEODORE R. SAMUELS</td>
<td>Director</td>
<td>February 25, 2019</td>
</tr>
<tr>
<td>Theodore R. Samuels</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ VICKI L. SATO, PH.D.</td>
<td>Director</td>
<td>February 25, 2019</td>
</tr>
<tr>
<td>Vicki L. Sato, Ph.D.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ GERALD L. STORCH</td>
<td>Director</td>
<td>February 25, 2019</td>
</tr>
<tr>
<td>Gerald L. Storch</td>
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<tr>
<td>/s/ KAREN H. VOUSDEN, PH.D.</td>
<td>Director</td>
<td>February 25, 2019</td>
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<tr>
<td>Karen H. Vousden, Ph.D.</td>
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<td>VTIE</td>
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The Exhibits listed below are identified by numbers corresponding to the Exhibit Table of Item 601 of Regulation S-K. The Exhibits designated by the symbol ‡‡ are management contracts or compensatory plans or arrangements required to be filed pursuant to Item 15. The symbol ‡ in the Page column indicates that the Exhibit has been previously filed with the Commission and is incorporated herein by reference. Unless otherwise indicated, all Exhibits are part of Commission File Number 1-1136.

<table>
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<th>Exhibit No.</th>
<th>Description</th>
<th>Page No</th>
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<td>2</td>
<td>Agreement and Plan of Merger, dated as of January 2, 2019, among Bristol-Myers Squibb Company, Burgundy Merger Sub, Inc. and Celgene Corporation (incorporated herein by reference to Exhibit 2.1 to the Form 8-K dated January 2, 2019 and filed on January 4, 2019).†  ‡</td>
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<tr>
<td>3a</td>
<td>Amended and Restated Certificate of Incorporation of Bristol-Myers Squibb Company (incorporated herein by reference to Exhibit 3a to the Form 10-Q for the quarterly period ended June 30, 2005).</td>
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<td>3b</td>
<td>Certificate of Correction to the Amended and Restated Certificate of Incorporation, effective as of December 24, 2009 (incorporated herein by reference to Exhibit 3b to the Form 10-K for the fiscal year ended December 31, 2010).</td>
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<td>3c</td>
<td>Certificate of Amendment to the Amended and Restated Certificate of Incorporation, effective as of May 7, 2010 (incorporated herein by reference to Exhibit 3a to the Form 8-K dated May 4, 2010 and filed on May 10, 2010).</td>
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<td>3d</td>
<td>Certificate of Amendment to the Amended and Restated Certificate of Incorporation, effective as of May 7, 2010 (incorporated herein by reference to Exhibit 3b to the Form 8-K dated May 4, 2010 and filed on May 10, 2010).</td>
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<td>3e</td>
<td>Bylaws of Bristol-Myers Squibb Company, as amended as of November 2, 2016 (incorporated herein by reference to Exhibit 3.1 to the Form 8-K dated November 2, 2016 and filed November 4, 2016).</td>
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<td>4a</td>
<td>Letter of Agreement dated March 28, 1984 (incorporated herein by reference to Exhibit 4 to the Form 10-K for the fiscal year ended December 31, 1983).</td>
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<td>4b</td>
<td>Indenture, dated as of June 1, 1993, between Bristol-Myers Squibb Company and JPMorgan Chase Bank (as successor trustee to The Chase Manhattan Bank (National Association)) (incorporated herein by reference to Exhibit 4.1 to the Form 8-K dated May 27, 1993 and filed on June 3, 1993).</td>
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<td>4c</td>
<td>Form of 7.15% Debenture due 2023 of Bristol-Myers Squibb Company (incorporated herein by reference to Exhibit 4.2 to the Form 8-K dated May 27, 1993 and filed on June 3, 1993).</td>
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<td>Form of 6.80% Debenture due 2026 of Bristol-Myers Squibb Company (incorporated herein by reference to Exhibit 4e to the Form 10-K for the fiscal year ended December 31, 1996).</td>
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<td>4e</td>
<td>Form of 6.875% Debenture due 2097 of Bristol-Myers Squibb Company (incorporated herein by reference to Exhibit 4f to the Form 10-Q for the quarterly period ended September 30, 1997).</td>
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<td>Indenture, dated October 1, 2003, between Bristol-Myers Squibb Company, as Issuer, and JPMorgan Chase Bank, as Trustee (incorporated herein by reference to Exhibit 4q to the Form 10-Q for the quarterly period ended September 30, 2003).</td>
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<td>Form of Floating Rate Convertible Senior Debenture due 2023 (incorporated herein by reference to Exhibit 4s to the Form 10-Q for the quarterly period ended September 30, 2003).</td>
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<td>Specimen Certificate of Common Stock (incorporated herein by reference to Exhibit 4s to the Form 10-K for the fiscal year ended December 31, 2003).</td>
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<td>Form of Fourth Supplemental Indenture between Bristol-Myers Squibb Company and The Bank of New York, as Trustee, to the indenture dated June 1, 1993 (incorporated herein by reference to Exhibit 4r to the Form 8-K dated November 20, 2006 and filed on November 27, 2006).</td>
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<td>Form of 5.875% Notes due 2036 (incorporated herein by reference to Exhibit 4s to the Form 8-K dated November 20, 2006 and filed November 27, 2006).</td>
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<td>Form of 4.625% Notes due 2021 (incorporated herein by reference to Exhibit 4u to the Form 8-K dated November 20, 2006 and filed November 27, 2006).</td>
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<td>Form of Fifth Supplemental Indenture between Bristol-Myers Squibb Company and The Bank of New York, as Trustee, to the indenture dated June 1, 1993 (incorporated herein by reference to Exhibit 4.1 to the Form 8-K dated May 1, 2008 and filed on May 7, 2008).</td>
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<td>Form of 6.125% Notes due 2038 (incorporated herein by reference to Exhibit 4.3 to the Form 8-K dated May 1, 2008 and filed on May 7, 2008).</td>
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4n. Form of Sixth Supplemental Indenture between Bristol-Myers Squibb Company and The Bank of New York, as Trustee, to the indenture dated June 1, 1993 (incorporated herein by reference to Exhibit 4.1 to the Form 8-K dated July 26, 2012 and filed on July 31, 2012).

4o. Form of 2.000% Notes Due 2022 (incorporated herein by reference to Exhibit 4.3 to the Form 8-K dated July 26, 2012 and filed on July 31, 2012).

4p. Form of 3.250% Notes Due 2042 (incorporated herein by reference to Exhibit 4.4 to the Form 8-K dated July 26, 2012 and filed on July 31, 2012).

4q. Seventh Supplemental Indenture, dated as of October 31, 2013, between Bristol-Myers Squibb Company and The Bank of New York Mellon, as Trustee to the Indenture dated as of June 1, 1993 (incorporated herein by reference to Exhibit 4.1 to the Form 8-K dated and filed on October 31, 2013).

4r. Form of 1.750% Notes Due 2019 (incorporated herein by reference to Exhibit 4.1 to the Form 8-K dated and filed on October 31, 2013).

4s. Form of 3.250% Notes Due 2023 (incorporated herein by reference to Exhibit 4.1 to the Form 8-K dated and filed on October 31, 2013).

4t. Form of 4.500% Notes Due 2044 (incorporated herein by reference to Exhibit 4.1 to the Form 8-K dated and filed on October 31, 2013).

4u. Eighth Supplemental Indenture, dated as of May 5, 2015, between Bristol-Myers Squibb Company and The Bank of New York Mellon, as Trustee, to the Indenture dated as of June 1, 1993 (incorporated herein by reference to Exhibit 4.1 to the Form 8-K dated and filed on May 5, 2015).

4v. Form of €575,000,000 1.000% Notes Due 2025 (incorporated herein by reference to Exhibit 4.2 to the Form 8-K dated and filed on May 5, 2015).

4w. Form of €575,000,000 1.750% Notes Due 2035 (incorporated herein by reference to Exhibit 4.3 to the Form 8-K dated and filed on May 5, 2015).

10a. $1,500,000,000 Five Year Competitive Advance and Revolving Credit Facility Agreement dated as of September 29, 2011 among Bristol-Myers Squibb Company, the borrowing subsidiaries, the lenders named in the agreement, BNP Paribas and The Royal Bank of Scotland plc, as documentation agents, Bank of America N.A., as syndication agent, and JPMorgan Chase Bank, N.A. and Citibank, N.A., as administrative agents (incorporated herein by reference to Exhibit 10.1 to the Form 8-K dated September 29, 2011 and filed on October 4, 2011).

10b. First Amendment dated June 21, 2013 to the Five Year Competitive Advance and Revolving Credit Facility Agreement dated as of September 29, 2011 among Bristol-Myers Squibb Company, the several financial institutions from time to time party to the agreement, and JPMorgan Chase Bank, N.A. and Citibank N.A. as administrative agents (incorporated herein by reference to Exhibit 10a to the Form 10-Q for the quarterly period ended June 30, 2013).

10c. $1,500,000,000 Five Year Competitive Advance and Revolving Credit Facility Agreement dated as of July 30, 2012 among Bristol-Myers Squibb Company, the borrowing subsidiaries, the lenders named in the agreement, Bank of America N.A., Barclays Bank plc, Deutsche Bank Securities Inc., and Wells Fargo Bank, National Association as documentation agents, Citibank, N.A. and JPMorgan Chase Bank, N.A., as administrative agents (incorporated herein by reference to Exhibit 10.1 to the Form 8-K dated July 26, 2012 and filed on July 31, 2012).

10d. Amendment and Waiver dated as of June 21, 2016, to the Five Year Competitive Advance and Revolving Credit Facility Agreement dated as of September 29, 2011 among Bristol-Myers Squibb Company, the several financial institutions from time to time party to the agreement, and JPMorgan Chase Bank, N.A. and Citibank N.A. as administrative agents (incorporated herein by reference to Exhibit 10a to the Form 10-Q for the quarterly period ended June 30, 2016).

10e. Amendment dated as of June 21, 2016, to the Five Year Competitive Advance and Revolving Credit Facility Agreement dated as of July 30, 2012 among Bristol-Myers Squibb Company, the several financial institutions from time to time party to the agreement, and JPMorgan Chase Bank, N.A. and Citibank N.A. as administrative agents (incorporated herein by reference to Exhibit 10b to the Form 10-Q for the quarterly period ended June 30, 2016).

10f. Amendment and Waiver dated as of June 26, 2017, to the Five Year Competitive Advance and Revolving Credit Facility Agreement dated as of September 29, 2011 among Bristol-Myers Squibb Company, the several financial institutions from time to time party to the agreement, and JPMorgan Chase Bank, N.A. and Citibank N.A. as administrative agents (incorporated herein by reference to Exhibit 10a to the Form 10-Q for the quarterly period ended June 30, 2017).
10g. Amendment dated as of June 26, 2017, to the Five Year Competitive Advance and Revolving Credit Facility Agreement dated as of July 30, 2012 among Bristol-Myers Squibb Company, the several financial institutions from time to time party to the agreement, and JPMorgan Chase Bank, N.A. and Citibank N.A. as administrative agents (incorporated herein by reference to Exhibit 10b to the Form 10-Q for the quarterly period ended June 30, 2017) ‡

10h. Extension to the Five Year Competitive Advance and Revolving Credit Facility Agreement dated as of September 29, 2011 (incorporated herein by reference to Exhibit 10a to the Form 10-Q for the quarterly period ended June 30, 2018). ‡

10i. Extension to the Five Year Competitive Advance and Revolving Credit Facility Agreement dated as of July 30, 2012 (incorporated herein by reference to Exhibit 10b to the Form 10-Q for the quarterly period ended June 30, 2018). ‡

10j. $1,000,000,000 Three-Year Revolving Credit Facility Agreement dated as of January 25, 2019 by and among Bristol-Myers Squibb Company, the lenders party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent (incorporated herein by reference to Exhibit 10.2 to the Form 8-K dated January 25, 2019 and filed on January 30, 2019). ‡

10k. $33,500,000,000 364-Day Senior Unsecured Bridge Facility Commitment Letter dated as of January 2, 2019 among Morgan Stanley Senior Funding, Inc., MUFG Bank, Ltd. and Bristol-Myers Squibb Company (incorporated by reference herein to Exhibit 10.2 to the Form 8-K dated January 2, 2019 and filed on January 4, 2019). ‡

10l. $8,000,000,000 Term Loan Credit Agreement dated as of January 18, 2019 by and among Bristol-Myers Squibb Company, the lenders party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent (incorporated by reference herein to Exhibit 10.1 to the Form 10-K dated January 18, 2019 and filed on January 22, 2019). ‡

10m. SEC Consent Order (incorporated herein by reference to Exhibit 10s to the Form 10-Q for the quarterly period ended September 30, 2004). ‡

10n. Master Restructuring Agreement between Bristol-Myers Squibb Company and Sanofi dated as of September 27, 2012 (incorporated by reference herein to Exhibit 10a to the Form 10-Q for the quarterly period ended September 30, 2012). †

10o. Side Letter to Master Restructuring Agreement between Bristol-Myers Squibb Company and Sanofi dated as of January 1, 2013 (incorporated herein by reference to Exhibit 10p to the Form 10-K for the fiscal year ended December 31, 2012). †

10p. Amended and Restated Co-Development and Co-Promotion Agreement (Apixaban) by and between Bristol-Myers Squibb Company and Pfizer, Inc. dated April 26, 2007 as amended and restated as of August 23, 2007 (incorporated herein by reference to Exhibit 10c to the Form 10-Q for the quarterly period ended June 30, 2016). †

10q. Second Amendment to Amended and Restated Co-Development and Co-Promotion Agreement (Apixaban) by and between Bristol-Myers Squibb Company and Pfizer, Inc. dated as of March 15, 2012 (incorporated herein by reference to Exhibit 10d to the Form 10-Q for the quarterly period ended June 30, 2016). †

10r. Fourth Amendment to Amended and Restated Co-Development and Co-Promotion Agreement (Apixaban) by and between Bristol-Myers Squibb Company and Pfizer, Inc. dated as of May 18, 2015 (incorporated herein by reference to Exhibit 10e to the Form 10-Q for the quarterly period ended June 30, 2016). †

‡†10s. Bristol-Myers Squibb Company 2012 Stock Award and Incentive Plan, effective as of May 1, 2012 (incorporated herein by reference to Exhibit B to the 2012 Proxy Statement dated March 20, 2012). †

‡†10t. Form of Non-Qualified Stock Option Agreement under the 2002 Stock Award and Incentive Plan (incorporated herein by reference to Exhibit 10s to the Form 10-K for the fiscal year ended December 31, 2005). ‡

‡†10u. Form of 2016-2018 Performance Share Units Agreement under the 2012 Stock Award and Incentive Plan (incorporated herein by reference to Exhibit 10y to the Form 10-K for the fiscal year ended December 31, 2015). ‡

‡†10v. Form of 2017-2019 Performance Share Units Agreement under the 2012 Stock Award and Incentive Plan (incorporated herein by reference to Exhibit 10z to the Form 10-K for the fiscal year ended December 31, 2016). ‡

‡†10w. Form of 2018-2020 Performance Share Units Agreement under the 2012 Stock Award and Incentive Plan (incorporated herein by reference to Exhibit 10a to the Form 10-K for the fiscal year ended December 31, 2017). ‡

‡†10x. Form of Restricted Stock Units Agreement with five year vesting under the 2012 Stock Award and Incentive Plan (incorporated herein by reference to Exhibit 10aa to the Form 10-K for the fiscal year ended December 31, 2017). ‡

21 Subsidiaries of the Registrant (filed herewith).  
22 Consent of Deloitte & Touche LLP (filed herewith).  
31a. Section 302 Certification Letter (filed herewith).  
31b. Section 302 Certification Letter (filed herewith).  
32a. Section 906 Certification Letter (filed herewith).  
32b. Section 906 Certification Letter (filed herewith).  

101. The following financial statements from the Bristol-Myers Squibb Company Annual Report on Form 10-K for the years ended December 31, 2018, 2017 and 2016, formatted in Extensible Business Reporting Language (XBRL): (i) consolidated statements of earnings, (ii) consolidated statements of comprehensive income, (iii) consolidated balance sheets, (iv) consolidated statements of cash flows, and (v) the notes to the consolidated financial statements.

† Confidential treatment has been granted for certain portions which are omitted in the copy of the exhibit electronically filed with the Commission.

* Indicates, in this 2018 Form 10-K, brand names of products, which are registered trademarks not solely owned by the Company or its subsidiaries. Abilify is a trademark of Otsuka Pharmaceutical Co., Ltd.; Atripla, Truvada and Tybost are trademarks of Gilead Sciences, Inc.; Avapro/Avalide (known in the EU as Aprovel/Karvea) and Plavix are trademarks of Sanofi; Byetta is a trademark of Amylin Pharmaceuticals, LLC; ENHANZE is a trademark of Halozyme, Inc.; Erbitux is a trademark of ImClone LLC; Farxiga and Onglyza are trademarks of AstraZeneca AB; Gleevec is a trademark of Novartis AG; Keytruda is a trademark of Merck Sharp & Dohme Corp.; Pomalyst and Revlimid are trademarks of Celgene Corporation; and Prostvac is a trademark of BN ImmunoTherapeutics Inc. and/or one of its affiliates. Brand names of products that are in all italicized letters, without an asterisk, are registered trademarks of BMS and/or one of its subsidiaries.
1. RESTRICTED STOCK UNITS AWARD

The Compensation and Management Development Committee of the Board of Directors of Bristol-Myers Squibb Company (the “Committee”) has granted to you as of the Award Date an Award of RSUs as designated herein subject to the terms, conditions, and restrictions set forth in this Agreement and the Plan. Each RSU shall represent the conditional right to receive, upon settlement of the RSU, one share of Bristol-Myers Squibb Common Stock (“Common Stock”) or, at the discretion of the Company, the cash equivalent thereof (subject to any tax withholding as described in Section 4). The purpose of such Award is to motivate and retain you as an employee of the Company or a subsidiary of the Company, to encourage you to continue to give your best efforts for the Company’s future success, and to increase your proprietary interest in the Company. Except as may be required by law, you are not required to make any payment (other than payments for taxes pursuant to Section 4 hereof) or provide any consideration other than the rendering of future services to the Company or a subsidiary of the Company.

2. RESTRICTIONS, FORFEITURES, AND SETTLEMENT

Except as otherwise provided in this Section 2, each RSU shall be subject to the restrictions and conditions set forth herein during the period from the Award Date until the date such RSU has become vested and non-forfeitable such that there are no longer any RSUs that may become potentially vested and non-forfeitable (the “Restricted Period”). Vesting of the RSUs is conditioned upon you remaining continuously employed by the Company or a subsidiary of the Company from the Award Date until the relevant vesting date, subject to the provisions of this Section 2. Assuming satisfaction of such employment conditions, 100% of the RSUs shall vest on the second anniversary of the Award Date (the “Vesting Date”), provided, that, all shares of Common Stock issued pursuant to the vesting of the RSUs (net of any shares withheld or sold for taxes) in accordance with Section 2(b) shall be subject to an additional one year post-vest holding period (the “Post-Vest Holding Period”), and during such Post-Vest Holding Period, you may not Transfer (as defined below) any of the shares of Common Stock issued to you pursuant to the vested RSUs.

(a) Nontransferability. (i) During the Restricted Period and any further period prior to settlement of your RSUs, you may not, directly or indirectly, offer, sell, transfer, pledge, assign or otherwise transfer or dispose of (each, a “Transfer”) any of the RSUs or your rights relating thereto, and (ii) during the Post-Vest Holding Period, you may not Transfer any rights relating to the vested RSUs, including the shares of Common Stock issued pursuant to any vested RSUs. If you attempt to Transfer your rights under this Agreement in violation of the provisions herein, the Company’s obligation to settle RSUs or otherwise make payments shall terminate.

(b) Time of Settlement. RSUs shall be settled promptly upon expiration of the Restricted Period without forfeiture of the RSUs (i.e., upon vesting), but in any event within 60 days after expiration of the Restricted Period, by delivery of one share of Common Stock for each RSU being settled, or, at the discretion of the Company, the cash equivalent thereof; provided, however, that settlement of an RSU shall be subject to Plan Section 11(k), including if applicable the six-month delay rule in Plan Sections 11(k)(j)(C)(2) and 11(k)(j)(G) and the Post-Vest Holding Period; provided further, that no dividend or dividend equivalents will be paid, accrued or accumulated in respect of the period during which settlement was delayed. (Note: This rule may apply to any portion of the RSUs that vest after the time you become Retirement eligible under the Plan, and could apply in other cases as well.). Settlement of RSUs which directly or indirectly result from adjustments to RSUs shall occur at the time of settlement of, and subject to the restrictions and conditions that apply to, the granted RSUs, including the Post-Vest Holding Period. Settlement of cash amounts which directly or indirectly result from adjustments to RSUs shall be included as part.
of your regular payroll payment as soon as administratively practicable after the settlement date for the underlying RSUs, and subject to the restrictions and conditions that apply to, the granted RSUs, including the Post-Vest Holding Period. Until shares are delivered to you in settlement of RSUs, you shall have none of the rights of a stockholder of the Company with respect to the shares issuable in settlement of the RSUs, including the right to vote the shares and receive actual dividends and other distributions on the underlying shares of Common Stock. Shares of stock issuable in settlement of RSUs shall be delivered to you upon settlement in certificated form or in such other manner as the Company may reasonably determine. At that time, you will have all of the rights of a stockholder of the Company, subject to any restrictions and conditions that apply to the shares of Common Stock issuable in settlement of the RSUs, including the Post-Vest Holding Period.

(c) Retirement and Death.

(i) In the event of your Retirement (as that term is defined in the Plan; however, if such Retirement is voluntary, you shall forfeit all unvested RSUs on the date of your termination) prior to the end of the Restricted Period, you shall be deemed vested and entitled to settlement of (i.e., the Restricted Period shall expire with respect to) a proportionate number of the total number of RSUs granted, provided that your employment has not been terminated by the Company or a subsidiary of the Company for misconduct or other conduct deemed detrimental to the interests of the Company or a subsidiary of the Company. If you are only eligible for Retirement pursuant to Plan Section 2(x)(iii), and you are employed in the United States or Puerto Rico at the time of your Retirement, you shall be entitled to the pro rata vesting described in this Section 2(c) only if you execute and do not revoke a release in favor of the Company and its predecessors, successors, affiliates, subsidiaries, directors and employees in a form satisfactory to the Company; if you fail to execute or revoke the release, or your release fails to become effective and irrevocable within 60 days of the date your employment terminates, you shall forfeit any RSUs that are unvested as of the date your employment terminates.

(ii) In the event of your death while employed by the Company or a subsidiary of the Company prior to the end of the Restricted Period, your estate or legal heirs, as applicable, shall be deemed vested and entitled to settlement of (i.e., the Restricted Period shall expire with respect to) a proportionate number of the total number of RSUs granted.

(iii) The formula for determining the proportionate number of your RSUs to become vested and non-forfeitable upon your Retirement or death is available by request from the Office of the Corporate Secretary at 345 Park Avenue, New York, New York 10154. RSUs that become vested and nonforfeitable under this Section 2(c) shall be distributed in accordance with Section 2(b) (i.e., within 60 days of the date of your death or Retirement). In the event of your becoming vested hereunder on account of death, or in the event of your death subsequent to your Retirement hereunder and prior to the delivery of shares in settlement of RSUs (not previously forfeited), shares in settlement of your RSUs shall be delivered to your estate or legal heirs, as applicable, upon presentation to the Committee of letters testamentary or other documentation satisfactory to the Committee, and your estate or legal heirs, as applicable, shall succeed to any other rights provided hereunder in the event of your death. Notwithstanding anything else in this Section 2(c) to the contrary, except in the case of your death, all shares issued in settlement of any vested RSUs pursuant to this Section shall continue to be subject to the Post-Vest Holding Period.

(d) Termination not for Misconduct/Detrimental Conduct. In the event your employment is terminated by the Company or a subsidiary of the Company for reasons other than misconduct or other conduct deemed detrimental to the interests of the Company or a subsidiary of the Company, and you are not eligible for Retirement, you shall be entitled to settlement of (i.e., the Restricted Period shall expire with respect to) a proportionate number of the total number of RSUs granted, provided that all shares issued in settlement of any vested RSUs pursuant to this Section shall continue to be subject to the Post-Vest Holding Period. If you are not eligible for Retirement, and you are employed in the United States or Puerto Rico at the time of your termination, you shall be entitled to the pro rata vesting described in this Section 2(d) only if you execute and do not revoke a release in favor of the Company and its predecessors, successors, affiliates, subsidiaries, directors and employees in a form satisfactory to the Company; if you fail to execute or revoke the release, or your release fails to become effective and irrevocable within 60 days of the date your employment terminates, you shall forfeit any RSUs that are unvested as of the date your employment terminates. The formula for determining the proportionate number of RSUs you are entitled to under this Section 2(d) is available by request from the Office of the Corporate Secretary at 345 Park Avenue, New York, New York 10154.
Disability. In the event you become Disabled (as that term is defined below), for the period during which you continue to be deemed to be employed by the Company or a subsidiary (i.e., the period during which you receive Disability benefits), you will not be deemed to have terminated employment for purposes of the RSUs. However, no period of continued Disability shall continue beyond 29 months for purposes of the RSUs, at which time you will have considered to have separated from service in accordance with applicable laws as more fully provided for herein. Upon the termination of your receipt of Disability benefits, (i) you will not be deemed to have terminated employment if you return to employment status, and (ii) if you do not return to employment status or are considered to have separated from service as noted above, you will be deemed to have terminated employment at the date of cessation of payments to you under all disability pay plans of the Company and its subsidiaries (unless you are on an approved leave of absence per Section (i) herein), with such termination treated for purposes of the RSUs as a Retirement or death (as detailed in Section 2(c) herein), or voluntary termination (as detailed in Section 2(g) herein) based on your circumstances at the time of such termination. For purposes of this Agreement, “Disability” or “Disabled” shall mean qualifying for and receiving payments under a disability plan of the Company or any subsidiary or affiliate either in the United States or in a jurisdiction outside of the United States, and in jurisdictions outside of the United States shall also include qualifying for and receiving payments under a mandatory or universal disability plan or program managed or maintained by the government.

Qualifying Termination Following Change in Control. In the event your employment is terminated by reason of a Qualifying Termination during the Protected Period following a Change in Control, the Restricted Period and all remaining restrictions shall expire and the RSUs shall be deemed fully vested.

Other Termination of Employment. In the event of your voluntary termination, including a voluntary retirement (subject to Section 2(c)), or termination by the Company or a subsidiary for misconduct or other conduct deemed by the Company to be detrimental to the interests of the Company or a subsidiary of the Company, you shall forfeit all unvested RSUs on the date of termination.

Other Terms.

(i) In the event that you fail promptly to pay or make satisfactory arrangements as to the Tax-Related Items as provided in Section 4, all RSUs subject to restriction shall be forfeited by you and shall be deemed to be reacquired by the Company.

(ii) You may, at any time prior to the expiration of the Restricted Period, waive all rights with respect to all or some of the RSUs by delivering to the Company a written notice of such waiver.

(iii) Termination of employment includes any event if immediately thereafter you are no longer an employee of the Company or any subsidiary of the Company, subject to Section 2(i) hereof. References in this Section 2 to employment by the Company include employment by a subsidiary of the Company. Termination of employment means an event after which you are no longer employed by the Company or any subsidiary of the Company. Such an event could include the disposition of a subsidiary or business unit by the Company or a subsidiary.

(iv) Upon any termination of your employment, any RSUs as to which the Restricted Period has not expired at or before such termination shall be forfeited, subject to Sections 2(c)-(f) hereof. Other provisions of this Agreement notwithstanding, in no event will an RSU that has been forfeited thereafter vest or be settled.

(v) In the event of termination of your employment or other service relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), unless otherwise provided in this Agreement or determined by the Company, your right to vest in the RSUs under the Plan, if any, will terminate effective as of the date that you are no longer actively providing services and will not be extended by any notice period (e.g., active services would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any); the Company shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of your RSUs (including whether you may still be considered to be providing services while on a leave of absence).
(vi) You agree that the Company may recover any incentive-based compensation received by you under this Agreement if such recovery is pursuant to a clawback or recoupment policy approved by the Committee, even if approved subsequent to the date of this Agreement.

(i) The following events shall not be deemed a termination of employment:

(i) A transfer of you from the Company to a subsidiary, or vice versa, or from one subsidiary to another; and

(ii) A leave of absence from which you return to active service for any purpose approved by the Company or a subsidiary in writing.

Any failure to return to active service with the Company or a subsidiary at the end of an approved leave of absence as described herein shall be deemed a voluntary termination of employment effective on the date the approved leave of absence ends, subject to applicable law and any RSUs that are unvested as of the date your employment terminates shall be forfeited subject to Section 2(c) provided, that, all shares issued in settlement of any previously vested RSUs shall continue to be subject to the Post-Vest Holding Period. During a leave of absence as provided for in (ii) above, although you will be considered to have been continuously employed by the Company or a subsidiary and not to have had a termination of employment under this Section 2, the Committee may specify that such leave of absence period approved for your personal reasons (and provided for by any applicable law) shall not be counted in determining the period of employment for purposes of the vesting of the RSUs. In such case, the Vesting Date for unvested RSUs shall be extended by the length of any such leave of absence.

(j) As more fully provided for in the Plan, notwithstanding any provision herein, in any Award or in the Plan to the contrary, the terms of any Award shall be limited to those terms permitted under Code Section 409A including all applicable regulations and administrative guidance thereunder (“Section 409A”), and any terms not permitted under Section 409A shall be automatically modified and limited to the extent necessary to conform with Section 409A, but only to the extent such modification or limitation is permitted under Section 409A.

3. NON-COMPETITION AND NON-SOLICITATION AGREEMENT AND COMPANY RIGHT TO INJUNCTIVE RELIEF, DAMAGES, RECISSION, FORFEITURE AND OTHER REMEDIES

You acknowledge that your continued employment with the Company or a subsidiary of the Company and/or the grant of RSUs pursuant to this Agreement is sufficient consideration for this Agreement, including, without limitation, all applicable restrictions imposed on you by this Section 3.

(a) Confidentiality Obligations and Agreement. By accepting this Award Agreement, you agree and/or reaffirm the terms of all agreements related to treatment of Confidential Information that you signed at the inception of or during your employment, the terms of which are incorporated herein by reference. This includes, but is not limited to, use or disclosure of any BMS Confidential Information, Proprietary Information, or Trade Secrets to third parties. Confidential Information, Proprietary Information, and Trade secrets include, but are not limited to, any information gained in the course of your employment with the Company that is marked as confidential or could reasonably be expected to harm the Company if disclosed to third parties, including without limitation, any information that could reasonably be expected to aid a competitor or potential competitor in making inferences regarding the nature of the Company’s business activities, where such inferences could reasonably be expected to allow such competitor to compete more effectively with the Company. You agree that you will not remove or disclose Company Confidential Information, Proprietary Information or Trade Secrets. Unauthorized removal includes forwarding or downloading confidential information to personal email or other electronic media and/or copying the information to personal unencrypted thumb drives, cloud storage or drop box. Immediately upon termination of your employment for any reason, you will return to the Company all of the Company’s confidential and other business materials that you have or that are in your possession or control and all copies thereof, including all tangible embodiments thereof, whether in hard copy or electronic format and you shall not retain any versions thereof on any personal computer or any other media (e.g., flash drives, thumb drives, external hard drives and the like). Nothing in this paragraph or Agreement limits or prohibits your right to report potential violations of law, rules, or regulations to, or communicate with, cooperate with, testify before, or otherwise assist in an investigation or proceeding by, any government agency or entity, or engage in any other conduct that is required or protected by law or regulation, and you are not required to obtain the prior authorization of the Company to do so and are not required to notify the Company that you have done so.
(b) **Inventions.** To the extent permitted by local law, you agree and/or reaffirm the terms of all agreements related to inventions that you signed at the inception of or during your employment, and agree to promptly disclose and assign to the Company all of your interest in any and all inventions, discoveries, improvements and business or marketing concepts related to the current or contemplated business or activities of the Company, and which are conceived or made by you, either alone or in conjunction with others, at any time or place during the period you are employed by the Company. Upon request of the Company, including after your termination, you agree to execute, at the Company’s expense, any and all applications, assignments, or other documents which the Company shall determine necessary to apply for and obtain letters patent to protect the Company’s interest in such inventions, discoveries, and improvements and to cooperate in good faith in any legal proceedings to protect the Company’s intellectual property.

(c) **Non-Competition, Non-Solicitation and Related Covenants.** By accepting this Agreement, you agree to the restrictive covenants outlined in this section unless expressly prohibited by local law or as follows: The post-termination non-compete restrictions outlined in subparagraphs (i), (ii) and (v) of this Section 3(c) do not apply to employees who are, at the time of termination from employment by BMS, assigned to work for BMS resident full-time in the States of California or North Dakota, except that, should said employee accept employment outside California or North Dakota, all restrictions in Section 3(c), including, but not limited to, those pertaining to post-termination activities, shall be fully enforceable. There are no exemptions for any Award recipients (including employee residents of the States of California and North Dakota) regarding non-compete provisions while employed at the Company or from subparagraphs (iii), (iv) and (vi) of this Section 3(c) during the entire Non-Competition and Non-Solicitation Period.

Given the extent and nature of the confidential information that you have obtained or will obtain during the course of your employment with the Company or a subsidiary of the Company, it would be inevitable or, at the least, substantially probable that such confidential information would be disclosed or utilized by you should you obtain employment from, or otherwise become associated with, an entity or person that is engaged in a business or enterprise that directly competes with the Company. Even if not inevitable, it would be impossible or impracticable for the Company to monitor your strict compliance with your confidentiality obligations. Consequently, you agree that you will not, directly or indirectly:

(i) during the Non-Competition and Non-Solicitation Period (as defined below), own or have any financial interest in a Competitive Business (as defined below), except that nothing in this clause shall prevent you from owning one per cent or less of the outstanding securities of any entity whose securities are traded on a U.S. national securities exchange (including NASDAQ) or an equivalent foreign exchange;

(ii) during the Non-Competition and Non-Solicitation Period, whether or not for compensation, either on your own behalf or as an employee, officer, agent, consultant, director, owner, partner, joint venturer, shareholder, investor, or in any other capacity, be actively connected with a Competitive Business or otherwise advise or assist a Competitive Business with regard to any product, investigational compound, technology, service, line of business, department or business unit that competes with any product, technology, service, line of business, department or business unit with which you worked or about which you became familiar as a result of your employment with the Company or a subsidiary of the Company. Notwithstanding the foregoing, after your employment with the Company or a subsidiary of the Company terminates for any reason, you may be affiliated with a Competitive Business provided that your affiliation does not involve any product, investigational compound, technology or service, that competes with any product, investigational compound, technology or service with which you were involved within the last twelve months of your employment with the Company or a subsidiary of the Company, including any product, investigational compound, technology or service which the Company is developing and of which you had knowledge, and you and the Competing Business provide the Company written assurances of this fact prior to your commencing such affiliation;

(iii) during the Non-Competition and Non-Solicitation Period, employ, solicit for employment, solicit, induce, encourage, or participate in soliciting, inducing or encouraging any Company employee who is employed by the Company or who was employed by the Company within the twelve months preceding the termination of your employment with the Company for any reason, to terminate or reduce his or her or its relationship with the Company or any of its affiliates, successors or assigns (the “Related Parties”);

(iv) during the Non-Competition and Non-Solicitation Period, solicit, induce, encourage, or appropriate or attempt to solicit, divert or appropriate, by use of Confidential Information or otherwise, any existing or
prospective customer, vendor or supplier of the Company or any Related Parties to terminate, cancel or otherwise reduce its relationship with the Company or any Related Parties;

(v) during the Non-Competition and Non-Solicitation Period, contact, call upon or solicit any existing customer of the Company or its Related Parties, or prospective customer of the Company or its Related Parties, that you became aware of or was introduced to in the course of your duties for the Company or its Related Parties, or otherwise divert or take away from the Company or its Related Parties the business of any current or prospective customer of the Company or its Related Parties; or

(vi) during the Non-Competition and Non-Solicitation Period, engage in any activity that is harmful to the interests of the Company or its Related Parties, including, without limitation, any conduct during the term of your employment that violates the Company’s Standards of Business Conduct and Ethics, securities trading policy and other policies.

(d) **Rescission, Forfeiture and Other Remedies**. If the Company determines that you have violated any applicable provisions of Section 3(c) above during the Non-Competition and Non-Solicitation Period, in addition to injunctive relief and damages, you agree and covenant that:

(i) any unvested portion of the RSUs and all shares issued in settlement of any previously vested RSUs that remain subject to the Post-Vest Holding Period, in each case, shall be immediately rescinded;

(ii) you shall automatically forfeit any rights you may have with respect to the RSUs or any shares issued in settlement of any previously vested RSUs that remain subject to the Post-Vest Holding Period, in each case, as of the date of such determination;

(iii) [if the Post-Vest Holding period shall lapse with respect to shares issued in settlement of any previously vested RSUs within the twelve-month period immediately preceding a violation of Section 3(c) above (or following the date of any such violation), upon the Company’s demand, you shall immediately deliver to it a certificate or certificates for shares of the Company’s Common Stock that you acquired upon settlement of such RSUs (or an equivalent number of other shares);] and

(iv) the foregoing remedies set forth in this Section 3(d) shall not be the Company’s exclusive remedies. The Company reserves all other rights and remedies available to it at law or in equity.

(e) **Definitions**. For purposes of this Agreement, the following definitions shall apply:

(i) “Competitive Business” means any business that is engaged in or is about to become engaged in the development, production or sale of any product, process or service concerning the treatment of any disease, which product, process or service resembles or competes with any product, process or service that was sold by, or in development at, the Company or a subsidiary of the Company during your employment with the Company or a subsidiary of the Company.

(ii) Because of the global nature of the Company’s business, it is agreed that the restrictions set forth above shall apply in the “Restricted Area,” defined as including without limitation the continent, country and the geographic regions where you worked in and were responsible for while employed by the Company or a subsidiary of the Company, and any other geographic area (country, province, state, city or other political subdivision) in which the Company or a subsidiary of the Company is engaged in business and/or is otherwise selling products or services at the time you ceased working for the Company or a subsidiary of the Company;

(A) provided, however, that if a court of competent jurisdiction or other authority determines the foregoing geographic scope is unenforceable, the “Restricted Area” shall be defined as the continent, country and the geographic regions where you worked and were responsible for while employed by the Company or a subsidiary of the Company;

(B) provided, however, that if a court of competent jurisdiction or other authority determines that the foregoing geographic scope is unenforceable, the “Restricted Area” shall be defined as the country in which you worked;

(C) provided, however, that if a court of competent jurisdiction or other authority determines that the foregoing geographic scope is unenforceable, the “Restricted Area” shall be defined as the geographic
regions that you serviced and were responsible for while employed by the Company or a subsidiary of the Company.

(iii) The “Non-Competition and Non-Solicitation Period” shall be the period during which Employee is employed by the Company or a subsidiary of the Company and twelve (12) months after the end of Employee’s term of employment with and/or work for the Company or a subsidiary of the Company for any reason, (e.g., restriction applies regardless of the reason for termination and includes voluntary and involuntary termination) (hereinafter “Termination Date”);

(A) provided, however, that if a court of competent jurisdiction or other authority determines that such period is unenforceable, the “Non-Competition and Non-Solicitation Period” shall be the period of your employment and an additional eleven (11) months after your employment Termination Date with the Company or a subsidiary of the Company for any reason;

(B) provided, however, that if a court of competent jurisdiction or other authority determines that such period is unenforceable, the “Non-Competition and Non-Solicitation Period” shall be the period of your employment and an additional ten (10) months after your employment Termination Date with the Company or a subsidiary of the Company for any reason;

(C) provided further, in the event that the Company or a subsidiary of the Company files an action to enforce rights arising out of this Agreement, the Non-Competition and Non-Solicitation Period shall be extended for all periods of time in which you are determined by the Court or other authority to have been in violation of the provisions of Section 3(c).

(f) **Severability.** You acknowledge and agree that the period, scope and geographic areas of restriction imposed upon you by this Section 3 are fair and reasonable and are reasonably required for the protection of the Company. In case any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired and this Agreement shall nevertheless continue to be valid and enforceable as though the invalid provisions were not part of this Agreement. If the final judgment of a court of competent jurisdiction or other authority declares that any term or provision hereof is invalid, illegal or unenforceable, the parties agree that the court making such determination shall have the power to reduce the scope, duration, area or applicability of the term or provision, to delete specific words or phrases, or to replace any invalid, illegal or unenforceable term or provision with a term or provision that is valid, legal and enforceable to the maximum extent permissible under law and that comes closest to expressing the intention of the invalid, illegal or unenforceable term or provision. You acknowledge and agree that your covenants under this Agreement are ancillary to your employment relationship with the Company or a subsidiary of the Company, but shall be independent of any other contractual relationship between you and the Company or a subsidiary of the Company. Consequently, the existence of any claim or cause of action that you may have against the Company or a subsidiary of the Company shall not constitute a defense to the enforcement of this Agreement by the Company or a subsidiary of the Company, nor an excuse for noncompliance with this Agreement.

(g) **Additional Remedies.** You acknowledge and agree that any violation by you of this paragraph will cause irreparable harm to the Company and its Related Parties and the Company cannot be adequately compensated for such violation by damages. Accordingly, if you violate or threaten to violate this Agreement, then, in addition to any other rights or remedies that the Company may have in law or in equity, the Company shall be entitled, without the posting of a bond or other security, to obtain an injunction to stop or prevent such violation, including but not limited to obtaining a temporary or preliminary injunction from a Delaware court pursuant Section 1(a) of the Mutual Arbitration Agreement and Section 14 of this Agreement. You further agree that if the Company incurs legal fees or costs in enforcing this Agreement, you will reimburse the Company for such fees and costs.

(h) **Binding Obligations.** These obligations shall be binding both upon you, your assigns, executors, administrators and legal representatives. At the inception of or during the course of your employment, you may have executed agreements that contain similar terms. Those agreements remain in full force and effect. In the event that there is a conflict between the terms of those agreements and this Agreement, this Agreement will control.

(i) **Enforcement.** The Company retains discretion regarding whether or not to enforce the terms of the covenants contained in this Section 3 and its decision not to do so in your instance or anyone’s case shall not be considered a waiver of the Company’s right to do so.
(j) Duty to Notify. During your employment with the Company and for a period of 12 months after your termination of employment from the Company, you shall communicate your obligations under this Agreement to each subsequent employer. In addition, you shall advise the Company of the name and address of your intended future employer, including the title of the position accepted with the subsequent employer. While employed at the Company, you are required to provide this information immediately upon acceptance of a position with a new employer. Once terminated from the Company, upon resignation from any subsequent employer. The Company shall have the right to advise any subsequent employer of your obligations hereunder.

4. RESPONSIBILITY FOR TAXES

You acknowledge that, regardless of any action taken by the Company, any subsidiary or affiliate of the Company, including your employer (“Employer”), the ultimate liability for all income tax (including federal, state, local and non-U.S. taxes), social security, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you or deemed by the Company or the Employer to be an appropriate charge to you even if legally applicable to the Company or the Employer (“Tax-Related Items”) is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company, any subsidiary or affiliate and/or the Employer: (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including the grant of the RSUs, the vesting of RSUs, the conversion of the RSUs into shares of Common Stock or the receipt of an equivalent cash payment, the lapse of any Post-Vest Holding Period, the subsequent sale of any shares of Common Stock acquired at settlement and the receipt of any dividends; and, (b) do not commit to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable event or tax withholding, as applicable, you agree to make adequate arrangements satisfactory to the Company or the Employer to satisfy all Tax-Related Items. In this regard, by your acceptance of the RSUs, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following:

(a) withholding from your wages or other cash compensation paid to you by the Company and/or the Employer; or

(b) irrespective of any Post-Vest Holding Period, withholding from proceeds of the sale of shares of Common Stock acquired upon settlement of the RSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization without further consent); or

(c) irrespective of any Post-Vest Holding Period, withholding in shares of Common Stock to be issued upon settlement of the RSUs;

provided, however, if you are a Section 16 officer of the Company under the Exchange Act, then the Company will withhold shares of Common Stock upon the relevant taxable or tax withholding event, as applicable, unless the use of such withholding method is problematic under applicable tax or securities law or has materially adverse accounting consequences, in which case, the obligation for Tax-Related Items may be satisfied by one or a combination of methods (a) and (b) above.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the Common Stock equivalent. If the obligation for Tax-Related Items is satisfied by withholding in shares of Common Stock, for tax purposes, you are deemed to have been issued the full number of shares of Common Stock subject to the vested RSUs, notwithstanding that a number of the shares of Common Stock are held back solely for the purpose of paying the Tax-Related Items.

Finally, you agree to pay to the Company or the Employer, including through withholding from your wages or other cash compensation paid to you by the Company and/or the Employer, any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the shares or the proceeds of the sale of shares of Common Stock, if you fail to comply with your obligations in connection with the Tax-Related Items.
Notwithstanding anything in this Section 4 to the contrary, to avoid a prohibited acceleration under Section 409A, if shares of Common Stock subject to RSUs will be sold on your behalf (or withheld) to satisfy any Tax-Related Items arising prior to the date of settlement of the RSUs, then to the extent that any portion of the RSUs that is considered nonqualified deferred compensation subject to Section 409A, then the number of such shares sold on your behalf (or withheld) shall not exceed the number of shares that equals the liability for Tax-Related Items with respect to such shares.

5. **DIVIDENDS AND ADJUSTMENTS**

   (a) Dividends or dividend equivalents are not paid, accrued or accumulated on RSUs during the Restricted Period, except as provided in Section 5(b).

   (b) The number of your RSUs and/or other related terms shall be appropriately adjusted, in order to prevent dilution or enlargement of your rights with respect to RSUs, to reflect any changes in the outstanding shares of Common Stock resulting from any event referred to in Plan Section 11(c) or any other “equity restructuring” as defined in FASB ASC Topic 718.

6. **EFFECT ON OTHER BENEFITS**

   In no event shall the value, at any time, of the RSUs or any other payment under this Agreement be included as compensation or earnings for purposes of any other compensation, retirement, or benefit plan offered to employees of the Company or any subsidiary of the Company unless otherwise specifically provided for in such plan. The RSUs and the underlying shares of Common Stock (or their cash equivalent), and the income and value of the same, are not part of normal or expected compensation or salary for any purpose including, but not limited to, calculation of any severance, resignation, termination, redundancy or end-of-service payments, holiday pay, bonuses, long-service awards, leave-related payments, pension or retirement benefits, or similar mandatory payments.

7. **ACKNOWLEDGMENT OF NATURE OF PLAN AND RSUs**

   In accepting the RSUs, you acknowledge, understand and agree that:

   (a) The Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

   (b) The Award of RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future awards of RSUs, or benefits in lieu of RSUs even if RSUs have been awarded in the past;

   (c) All decisions with respect to future awards of RSUs or other awards, if any, will be at the sole discretion of the Company;

   (d) Your participation in the Plan is voluntary;

   (e) The RSUs and the shares of Common Stock subject to the RSUs, and the income and value of same, are not intended to replace any pension rights or compensation;

   (f) Unless otherwise agreed with the Company, the RSUs and the shares of Common Stock subject to the RSUs, and the income and value of the same, are not granted as consideration for, or in connection with, the service you may provide as a director of a subsidiary or an affiliate of the Company;

   (g) The future value of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty;

   (h) No claim or entitlement to compensation or damages arises from the forfeiture of RSUs, resulting from termination of your employment or other service relationship with the Company, or any of its subsidiaries or affiliates or the Employer (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any);

   (i) Unless otherwise provided in the Plan or by the Company in its discretion, the RSUs and the benefits evidenced by this Agreement do not create any entitlement to have the RSUs or any such benefits transferred to, or assumed
by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company; and

(j) The following provisions apply only if you are providing services outside the United States: (i) the Award and the shares of Common Stock subject to the RSUs are not part of normal or expected compensation or salary for any purpose; and (ii) neither the Company, the Employer nor any subsidiary or affiliate of the Company shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to you pursuant to the settlement of the RSUs or the subsequent sale of any shares of Common Stock acquired upon settlement.

8. **NO ADVICE REGARDING GRANT**

   The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan or your acquisition or sale of the underlying shares of Common Stock. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

9. **RIGHT TO CONTINUED EMPLOYMENT**

   Nothing in the Plan or this Agreement shall confer on you any right to continue in the employ of the Company or any subsidiary or affiliate of the Company or any specific position or level of employment with the Company or any subsidiary or affiliate of the Company or affect in any way the right of the Company or any subsidiary or affiliate of the Company to terminate your employment without prior notice at any time for any reason or no reason.

10. **ADMINISTRATION; UNFUNDED OBLIGATIONS**

    The Committee shall have full authority and discretion, subject only to the express terms of the Plan, to decide all matters relating to the administration and interpretation of the Plan and this Agreement, and all such Committee determinations shall be final, conclusive, and binding upon the Company, any subsidiary or affiliate, you, and all interested parties. Any provision for distribution in settlement of your RSUs and other obligations hereunder shall be by means of bookkeeping entries on the books of the Company and shall not create in you or any beneficiary any right to, or claim against any, specific assets of the Company, nor result in the creation of any trust or escrow account for you or any beneficiary. You and any of your beneficiaries entitled to any settlement or distribution hereunder shall be a general creditor of the Company.

11. **DEEMED ACCEPTANCE**

    You are required to accept the terms and conditions set forth in this Agreement prior to the Vesting Date in order for you to receive the Award granted to you hereunder. If you wish to decline this Award, you must reject this Agreement prior to the Vesting Date. For your benefit, if you have not rejected the Agreement prior to the Vesting Date, you will be deemed to have automatically accepted this Award and all the terms and conditions set forth in this Agreement. Deemed acceptance will allow the shares to be released to you in a timely manner and once released, you waive any right to assert that you have not accepted the terms hereof.

12. **AMENDMENT TO PLAN**

    This Agreement shall be subject to the terms of the Plan, as amended from time to time, except that, subject to Sections 20, 22 and 24, and the provisions of the Addendum hereto, the Award which is the subject of this Agreement may not be materially adversely affected by any amendment or termination of the Plan approved after the Award Date without your written consent.

13. **SEVERABILITY AND VALIDITY**

    The various provisions of this Agreement are severable, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

14. **GOVERNING LAW, JURISDICTION AND VENUE**

    This Agreement and Award grant shall be governed by the substantive laws (but not the choice of law rules) of the State of Delaware. The forum in which disputes arising under this RSU grant and Agreement shall be decided depends on whether you are subject to the Mutual Arbitration Agreement.
If you are subject to the Mutual Arbitration Agreement, any dispute that arises under this RSU grant or Agreement shall be governed by the Mutual Arbitration Agreement. Any application to a court under Section 1(a) of the Mutual Arbitration Agreement for temporary or preliminary injunctive relief in aid of arbitration or for the maintenance of the status quo pending arbitration shall exclusively be brought and conducted in the courts of Wilmington, Delaware, or the federal courts for the United States District Court for the District of Delaware, and no other courts where this RSU grant is made and/or performed. The parties hereby submit to and consent to the jurisdiction of the State of Delaware for purposes of any such application for injunctive relief.

If you are not subject to the Mutual Arbitration Agreement, this Agreement and Award grant shall be governed by the substantive laws (but not the choice of law rules) of the State of Delaware. For purposes of litigating any dispute that arises under this RSU grant or Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Delaware, agree that such litigation shall exclusively be conducted in the courts of Wilmington, Delaware, or the federal courts for the United States District Court for the District of Delaware, and no other courts where this RSU grant is made and/or performed.

This Agreement shall be binding upon and inure to the benefit of the successors, assigns, and heirs of the respective parties.

You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Agreement by and among, as applicable, the Employer, the Company and its subsidiaries for the exclusive purpose of implementing, administering and managing your participation in the Plan.

You understand that the Company, any subsidiary and/or the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social security number, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all RSUs or any other entitlement to shares awarded, canceled, vested, unvested or outstanding in your favor (“Data”), for the purpose of implementing, administering and managing the Plan.

You understand that Data may be transferred to Fidelity, or such other stock plan service provider as may be selected by the Company in the future, which assists in the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in the United States or elsewhere, and that the recipient’s country (e.g. the United States) may have different data privacy laws and protections than your country. In this case, appropriate safeguards will be taken by the Company to ensure that your Data is processed with an adequate level of protection and in compliance with applicable local laws and regulation (especially through contractual clauses like European Model Clauses for European countries). You understand that if you reside outside the United States, you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the Company, Fidelity and other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom the shares of Common Stock received upon vesting of the RSUs may be deposited. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that if you reside outside the United States, you may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting your local human resources representative. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant you RSUs or other equity awards or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.

Finally, upon request of the Company or the Employer, you agree to provide an executed data privacy consent form (or any other agreements or consents that may be required by the Company and/or the Employer) that the Company and/or
the Employer may deem necessary to obtain from you for the purpose of administering my participation in the Plan in compliance with the data privacy laws in your country, either now or in the future. You understand and agree that you will not be able to participate in the Plan if you fail to provide any such consent or agreement requested by the Company and/or the Employer.

17. ELECTRONIC DELIVERY AND ACCEPTANCE

The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic systems established and maintained by the Company or a third party designated by the Company.

18. INSIDER TRADING/MARKET ABUSE LAWS

You acknowledge that, depending on your country or broker’s country, or the country in which Common Stock is listed, you may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, which may affect your ability to accept, acquire, sell or attempt to sell, or otherwise dispose of the shares of Common Stock, rights to shares of Common Stock (e.g., RSUs) or rights linked to the value of Common Stock, during such times as you are considered to have “inside information” regarding the Company (as defined by the laws or regulations in applicable jurisdictions, including the United States and your country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before possessing inside information. Furthermore, you may be prohibited from (i) disclosing insider information to any third party, including fellow employees (other than on a “need to know” basis) and (ii) “tipping” third parties or causing them to otherwise buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you should speak to your personal advisor on this matter.

19. LANGUAGE

If you have received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

20. COMPLIANCE WITH LAWS AND REGULATIONS

Notwithstanding any other provisions of the Plan or this Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the shares of Common Stock, you understand that the Company will not be obligated to issue any shares of Common Stock pursuant to the vesting of the RSUs, if the issuance of such Common Stock shall constitute a violation by you or the Company of any provision of law or regulation of any governmental authority. Further, you agree that the Company shall have unilateral authority to amend the Plan and the Agreement without your consent to the extent necessary to comply with securities or other laws applicable to issuance of shares. Any determination by the Company in this regard shall be final, binding and conclusive.

21. ENTIRE AGREEMENT AND NO ORAL MODIFICATION OR WAIVER

This Agreement contains the entire understanding of the parties, provided that, if you are subject to the Mutual Arbitration Agreement, then the Mutual Arbitration Agreement is hereby incorporated into and made a part of this Agreement. Subject to Sections 20, 22 and 24, and the provisions of the Addendum, this Agreement shall not be modified or amended except in writing duly signed by the parties, except that the Company may adopt a modification or amendment to the Agreement that is not materially adverse to you in writing signed only by the Company. Any waiver of any right or failure to perform under this Agreement shall be in writing signed by the party granting the waiver and shall not be deemed a waiver of any subsequent failure to perform.

22. ADDENDUM

Your RSUs shall be subject to any special provisions set forth in the Addendum to this Agreement for your country, if any. If you relocate to one of the countries included in the Addendum, the special provisions for such country shall apply to you, without your consent, to the extent the Company determines that the application of such provisions is necessary or advisable for legal or administrative reasons. The Addendum, if any, constitutes part of this Agreement.

23. FOREIGN ASSET/ACCOUNT REPORTING REQUIREMENTS AND EXCHANGE CONTROLS
Your country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect your ability to acquire or hold shares of Common Stock under the Plan or cash received from participating in the Plan (including from any dividends paid on shares of Common Stock sale proceeds resulting from the sale of shares of Common Stock acquired under the Plan) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You also may be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker within a certain time after receipt. You acknowledge that it is your responsibility to be compliant with such regulations, and you should consult your personal legal advisor for any details.

24. **IMPOSITION OF OTHER REQUIREMENTS**

The Company reserves the right to impose other requirements on your participation in the Plan, on the RSUs and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

For the Company

Bristol-Myers Squibb Company

By ____________________________________________

Senior Vice President, Global Human Resources

I have read this Agreement in its entirety. I understand that this Award has been granted to provide a means for me to acquire and/or expand an ownership position in Bristol-Myers Squibb Company. I acknowledge and agree that sales of shares will be subject to the Company's policies regulating trading by employees. In accepting this Award, I hereby agree that Fidelity, or such other vendor as the Company may choose to administer the Plan, may provide the Company with any and all account information for the administration of this Award.

I hereby agree to all the terms, restrictions and conditions set forth in the Agreement, including, but not limited to, the Post-Vest Holding Period and post-employment obligations related to non-competition and non-solicitation.
Addendum

BRISTOL-MYERS SQUIBB COMPANY
SPECIAL PROVISIONS FOR RSUs IN CERTAIN COUNTRIES

Unless otherwise provided below, capitalized terms used but not defined herein shall have the same meanings assigned to them in the Plan and the Agreement. This Addendum includes special country-specific terms that apply if you are residing and/or working in one of the countries listed below. This Addendum is part of the Agreement.

This Addendum also includes information of which you should be aware with respect to your participation in the Plan. For example, certain individual exchange control reporting requirements may apply upon vesting of the RSUs and/or sale of Common Stock. The information is based on the securities, exchange control and other laws in effect in the respective countries as of January 2017 and is provided for informational purposes. Such laws are often complex and change frequently, and results may be different based on the particular facts and circumstances. As a result, the Company strongly recommends that you do not rely on the information noted herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time your RSUs vest or are settled, or you sell shares of Common Stock acquired under the Plan.

In addition, the information is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you currently are residing and/or working, transfer employment after the RSUs are granted to you, or are considered a resident of another country for local law purposes, the information contained herein for the country you are residing and/or working in at the time of grant may not be applicable to you, and the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall be applicable to you. If you transfer residency and/or employment to another country or are considered a resident of another country listed in the Addendum after the RSUs are granted to you, the terms and/or information contained for that new country (rather than the original grant country) may be applicable to you.

All Countries

Retirement. The following provision supplements Section 2 of the Agreement:

Notwithstanding the foregoing, if the Company receives a legal opinion that there has been a legal judgment and/or legal development in your jurisdiction that likely would result in the favorable treatment that applies to the RSUs or in the event of your Retirement being deemed unlawful and/or discriminatory, the provisions of Section 2 regarding the treatment of the RSUs in the event of your Retirement shall not be applicable to you.

Argentina

Labor Law Policy and Acknowledgement. This provision supplements Section 7 of the Agreement:

By accepting the RSUs, you acknowledge and agree that the grant of RSUs is made by the Company (not the Employer) in its sole discretion and that the value of the RSUs or any shares of Common Stock acquired under the Plan shall not constitute salary or wages for any purpose under Argentine labor law, including, but not limited to, the calculation of (i) any labor benefits including, but not limited to, vacation pay, thirteenth salary, compensation in lieu of notice, annual bonus, disability, and leave of absence payments, etc., or (ii) any termination or severance indemnities or similar payments.

If, notwithstanding the foregoing, any benefits under the Plan are considered salary or wages for any purpose under Argentine labor law, you acknowledge and agree that such benefits shall not accrue more frequently than on the vesting date.

Securities Law Information. Neither the RSUs nor the underlying shares of Common Stock are publicly offered or listed on any stock exchange in Argentina. The offer is private and not subject to the supervision of any Argentine governmental authority.

Exchange Control Information. Certain restrictions and requirements may apply if and when you transfer proceeds from the sale of shares of Common Stock or any cash dividends paid with respect to such shares into Argentina.
Exchange control regulations in Argentina are subject to change. You should speak with your personal legal advisor regarding any exchange control obligations that you may have prior to vesting in the RSUs or remitting funds into Argentina, as you are responsible for complying with applicable exchange control laws.

**Foreign Asset/Account Reporting Information.** Argentinian residents must report any shares of Common Stock acquired under the Plan and held by the resident as of December 31st of each year to the Argentine tax authorities on their annual tax return for that year.

**Australia**

**Compliance with Laws.** Notwithstanding anything else in the Agreement, you will not be entitled to, and shall not claim, any benefit under the Plan if the provision of such benefit would give rise to a breach of Part 2D.2 of the Corporations Act 2001 (Cth), any other provision of that Act, or any other applicable statute, rule or regulation which limits or restricts the giving of such benefits. Further, the Employer is under no obligation to seek or obtain the approval of its shareholders in general meeting for the purpose of overcoming any such limitation or restriction.

**Australian Offer Document.** The offer of RSUs is intended to comply with the provisions of the Corporations Act 2001, ASIC Regulatory Guide 49 and ASIC Class Order CO 14/1000. Additional details are set forth in the Offer Document for the offer of RSUs to Australian resident employees, which will be provided to you with the Agreement.

**Tax Information.** The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

**Austria**

**Exchange Control Information.** If you hold shares of Common Stock under the Plan outside of Austria (even if you hold them outside of Austria at a branch of an Austrian bank) or cash (including proceeds from the sale of Common Stock), you may be required to submit a report to the Austrian National Bank as follows: (i) on a quarterly basis if the value of the Common Stock as of any given quarter meets or exceeds €30,000,000; and (ii) on an annual basis if the value of the Common Stock as of December 31 meets or exceeds €5,000,000. The deadline to file the quarterly report is the 15th day of the month following the end of the respective quarter. The deadline to file the annual report is January 31 of the following year.

When shares of Common Stock are sold, there may be exchange control obligations if the cash proceeds from the sale are held outside Austria. If the transaction volume of all your cash accounts abroad meets or exceeds €10,000,000, the movements and the balance of all accounts must be reported monthly, as of the last day of the month, on or before the fifteenth day of the following month. If the transaction value of all cash accounts abroad is less than €10,000,000, no ongoing reporting requirements apply.

**Belgium**

**Foreign Asset/Account Reporting Information.** If you are a Belgian resident, you are required to report any taxable income attributable to the grant of the RSUs on your annual tax return. In addition, if you are a Belgian resident, you are required to report any securities held (including shares of Common Stock) or bank accounts (including brokerage accounts) you maintain outside of Belgium on your annual tax return. In a separate report, you will be required to provide the National Bank of Belgium with certain details regarding such foreign accounts (including the account number, bank name and country in which any such account was opened). The forms to complete this report are available on the website of the National Bank of Belgium.

**Stock Exchange Tax Information.** A stock exchange tax applies to transactions executed by a Belgian resident through a non-Belgian financial intermediary, such as a U.S. broker. The stock exchange tax likely will apply when shares of Common Stock acquired under the Plan are sold. You should consult with your tax or financial advisor for additional details on your obligations with respect to the stock exchange tax.

**Brazil**

**Labor Law Policy and Acknowledgement.** This provision supplements Section 7 of the Agreement:

By accepting the RSUs, you acknowledge and agree that (i) you are making an investment decision, (ii) shares of Common Stock will be issued to you only if the vesting conditions are met and you meet the employment conditions during the Restricted Period and (iii) the value of the underlying shares of Common Stock is not fixed and may increase or decrease in value over the Restricted Period.
Compliance with Laws. By accepting the RSUs, you agree that you will comply with Brazilian law when you vest in the RSUs, lapse in the Post-Vest Holding Period and sell shares of Common Stock. You also agree to report and pay any and all taxes associated with the vesting of the RSUs, lapse in the Post-Vest Holding Period, the sale of the shares of Common Stock acquired pursuant to the Plan and the receipt of any dividends.

Foreign Asset/Account Reporting. You must prepare and submit a declaration of assets and rights held outside of Brazil to the Central Bank on an annual basis if you hold assets or rights valued at more than US$100,000. Quarterly reporting is required if such amount exceeds US$100,000,000. The assets and rights that must be reported include shares of Common Stock.

Tax on Financial Transaction (IOF). Repatriation of funds (e.g., sale proceeds) into Brazil and the conversion of USD into BRL associated with such fund transfers may be subject to the Tax on Financial Transactions. It is your sole responsibility to comply with any applicable Tax on Financial Transactions arising from your participation in the Plan.

Bulgaria

Foreign Asset/Account Reporting Information. You may be required to report annually to the Bulgarian National Bank, as of March 31 of each year, details of the your receivables in bank accounts held abroad as well as your securities held abroad if the aggregate value of such receivables and securities is equal to or exceeds BGN 50,000 as of the previous calendar year-end.

Canada

Settlement of RSUs. Notwithstanding any terms or conditions of the Plan or the Agreement to the contrary, RSUs will be settled in shares of Common Stock only, not cash.

Securities Law Information. You acknowledge and agree that you will sell shares of Common Stock acquired through participation in the Plan only outside of Canada through the facilities of a stock exchange on which the Common Stock is listed. Currently, the shares of Common Stock are listed on the New York Stock Exchange.

Termination of Employment. This provision replaces the second paragraph of Section 2(h)(v) of the Agreement:

In the event of termination of your employment or other service relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), unless otherwise provided in this Agreement or the Plan, your right to vest in the RSUs, if any, will terminate effective as of the date that is the earlier of (1) the date upon which your employment with the Company or any of its subsidiaries is terminated; (2) the date you are no longer actively employed by or providing services to the Company or any of its subsidiaries; or (3) the date you receive written notice of termination of employment, regardless of any notice period or period of pay in lieu of such notice required under applicable laws (including, but not limited to statutory law, regulatory law and/or common law); the Committee shall have the exclusive discretion to determine when you are no longer employed or actively providing services for purposes of the RSUs (including whether you may still be considered employed or actively providing services while on a leave of absence).

Foreign Asset/Account Reporting Information. You may be required to report your foreign specified property on Form T1135 (Foreign Income Verification Statement) if the total cost of your foreign specified property exceeds C$100,000 at any time in the year. Foreign specified property includes cash held outside of Canada and shares of Common Stock acquired under the Plan, and rights to receive shares of Common Stock (e.g., RSUs). Thus, RSUs must be reported - generally at a nil cost - if the C$100,000 cost threshold is exceeded because of other foreign specified property. The Form T1135 must be filed by April 30 of the following year. When shares of Common Stock are acquired, their cost generally is the adjusted cost base (“ACB”) of the shares of Common Stock. The ACB would ordinarily equal the fair market value of the shares of Common Stock at the time of acquisition, but if you own other shares of Common Stock of the same company, this ACB may have to be averaged with the ACB of the other shares of Common Stock. You should consult with your personal tax advisor to determine your reporting requirements.

The following provision applies if you are resident in Quebec:

Data Privacy. This provision supplements Section 16 of the Agreement:

You hereby authorize the Company, the Employer and their representatives to discuss with and obtain all relevant information from all personnel, professional or non-professional, involved with the administration and operation of the Plan. You further authorize the Company and its subsidiaries to disclose and discuss the Plan with their advisors. You further authorize the Company and its subsidiaries to record such information and to keep such information in your employee file.
Chile

Securities Law Information.

The offer of the RSUs constitutes a private offering in Chile effective as of the Award Date. The offer of RSUs is made subject to general ruling n° 336 of the Commission for the Financial Market (Comisión para el Mercado Financiero, “CMF”). The offer refers to securities not registered at the securities registry or at the foreign securities registry of the CMF, and, therefore, such securities are not subject to oversight of the CMF. Given the RSUs are not registered in Chile, the Company is not required to provide information about the RSUs or shares of Common Stock in Chile. Unless the RSUs and/or the shares of Common Stock are registered with the CMF, a public offering of such securities cannot be made in Chile.

Esta oferta de Unidades de Acciones Restringidas (“RSU”) constituye una oferta privada de valores en Chile y se inicia en la Fecha de la Concesión. Esta oferta de RSU se acoge a las disposiciones de la Norma de Carácter General N° 336 (“NCG 336”) de la Commission for the Financial Market (“CMF”). Esta oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la CMF, por lo que tales valores no están sujetos a la fiscalización de ésta. Por tratarse los RSU de valores no registrados en Chile, no existe obligación por parte de la Compañía de entregar en Chile información pública respecto de los RSU or sus Acciones. Estos valores no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el Registro de Valores correspondiente.

Exchange Control Information. You are responsible for complying with foreign exchange requirements in Chile. You should consult with your personal legal advisor regarding any applicable exchange control obligations prior to vesting in the RSUs or receiving proceeds from the sale of shares of Common Stock acquired at vesting or cash dividends.

You are not required to repatriate funds obtained from the sale of shares of Common Stock or the receipt of any dividends. However, if you decide to repatriate such funds, you must do so through the Formal Exchange Market if the amount of funds exceeds US$10,000. In such case, you must report the payment to a commercial bank or registered foreign exchange office receiving the funds. If your aggregate investments held outside of Chile exceed US$5,000,000 (including shares of Common Stock and any cash proceeds obtained under the Plan) in the relevant calendar year, you must report the investments quarterly to the Central Bank. Annex 3.1 of Chapter XII of the Foreign Exchange Regulations must be used to file this report. Please note that exchange control regulations in Chile are subject to change.

Foreign Asset/Account Reporting Information. The Chilean Internal Revenue Service (“CIRS”) requires all taxpayers to provide information annually regarding: (i) the taxes paid abroad which they will use as a credit against Chilean income taxes, and (ii) the results of foreign investments which must be submitted electronically through the CIRS website at www.sii.cl in accordance with applicable deadlines.

Investments abroad also must be registered with the CIRS for you to be entitled to a foreign tax credit for any tax withheld on dividends abroad, if applicable, and such registration also provides evidence of the acquisition price of the shares of Common Stock (which will be zero) which you will need when the shares of Common Stock are sold. You should consult with your personal legal advisor regarding how to register with the CIRS as you may be ineligible to receive certain foreign tax credits if you fail to meet the applicable reporting requirements.

China

The following provisions apply if you are subject to the exchange control regulations in China, as determined by the Company in its sole discretion:

Sales of Shares of Common Stock. To comply with exchange control regulations in China, irrespective of any Post-Vest Holding Period, you agree that the Company is authorized to force the sale of all or a portion of the shares of Common Stock to be issued to you upon vesting and settlement of the RSUs at any time (including immediately upon vesting, the lapse of the Post-Vest Holding Period or after termination of your employment, as described below), and you expressly authorize the Company’s designated broker to complete the sale of such shares of Common Stock. You agree to sign any agreements, forms and/or consents that may be reasonably requested by the Company (or the designated broker) to effectuate the sale of the shares of Common Stock and shall otherwise cooperate with the Company with respect to such matters, provided that you shall not be permitted to exercise any influence over how, when or whether the sales occur. You acknowledge that the Company’s designated broker is under no obligation to arrange for the sale of the shares of Common Stock at any particular price.

Upon the sale of the shares of Common Stock, the Company agrees to pay the cash proceeds from the sale of Common Stock (less any applicable Tax-Related Items, brokerage fees or commissions) to you in accordance with applicable exchange control laws.
and regulations, including, but not limited to, the restrictions set forth in this Addendum for China below under “Exchange Control Information.” Due to fluctuations in the Common Stock price and/or applicable exchange rates between the vesting date and (if later) the date on which the shares of Common Stock are sold, the amount of proceeds realized upon sale may be more or less than the market value of the shares of Common Stock on the vesting date (which typically is the amount relevant to determining your Tax-Related Items liability). You understand and agree that the Company is not responsible for the amount of any loss you may incur and that the Company assumes no liability for any fluctuations in the Common Stock price and/or any applicable exchange rate.

**Treatment of Shares of Common Stock and RSUs Upon Termination of Employment.** Due to exchange control regulations in China, you understand and agree that, irrespective of any Post-Vest Holding Period, any shares of Common Stock acquired under the Plan and held by you in your brokerage account must be sold no later than the last business day of the month following the month of your termination of employment, or within such other period as determined by the Company or required by the China State Administration of Foreign Exchange (“SAFE”) (the “Mandatory Sale Date”). This includes any portion of shares of Common Stock that vest upon your termination of employment. For example, if your termination of employment occurs on March 14, 2018, then the Mandatory Sale Date will be April 30, 2018. You understand that any shares of Common Stock held by you that have not been sold by the Mandatory Sale Date will automatically be sold by the Company’s designated broker at the Company’s direction (on your behalf pursuant to this authorization without further consent), as described under “Sales of Shares of Common Stock” above. If all or a portion of your RSUs become distributable upon your termination of employment or at some time following your termination of employment, that portion will vest and become distributable immediately upon termination of your employment. Any shares of Common Stock distributed to you according to this paragraph must be sold by the Mandatory Sale Date or will be sold by the Company’s designated broker at the Company’s direction (on your behalf pursuant to this authorization without further consent), as described under "Sales of Shares of Common Stock" above. You will not continue to vest in RSUs or be entitled to any portion of RSUs after your termination of employment.

**Exchange Control Information.** You understand and agree that, to facilitate compliance with exchange control requirements, you are required to hold any shares of Common Stock to be issued to you upon vesting and settlement of the RSUs in the account that has been established for you with the Company's designated broker and you acknowledge that you are prohibited from transferring any such shares of Common Stock to another brokerage account. In addition, you are required to immediately repatriate to China the cash proceeds from the sale of the shares of Common Stock issued upon vesting and settlement of the RSUs and any dividends paid on such shares of Common Stock. You further understand that such repatriation of the cash proceeds will be effectuated through a special exchange control account established by the Company or its subsidiaries, and you hereby consent and agree that the proceeds may be transferred to such special account prior to being delivered to you. The Company may deliver the proceeds to you in U.S. dollars or local currency at the Company’s discretion. If the proceeds are paid in U.S. dollars, you understand that you will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are converted to local currency, there may be delays in delivering the proceeds to you and due to fluctuations in the Common Stock trading price and/or the U.S. dollar/PRC exchange rate between the sale/payment date and (if later) when the proceeds can be converted into local currency, the proceeds that you receive may be more or less than the market value of the Common Stock on the sale/payment date (which is the amount relevant to determining your tax liability). You agree to bear the risk of any currency fluctuation between the sale/payment date and the date of conversion of the proceeds into local currency.

You further agree to comply with any other requirements that may be imposed by the Company in the future to facilitate compliance with exchange control requirements in China.

**Foreign Asset/Account Reporting Information.** PRC residents are required to report to SAFE details of their foreign financial assets and liabilities, as well as details of any economic transactions conducted with non-PRC residents, either directly or through financial institutions. Under these rules, you may be subject to reporting obligations for the Common Stock or equity awards, including RSUs, acquired under the Plan and Plan-related transactions. It is your responsibility to comply with this reporting obligation and you should consult your personal advisor in this regard.

**Colombia**

**Labor Law Policy and Acknowledgement.** By accepting your Award of RSUs, you expressly acknowledge that, pursuant to Article 15 of Law 50/1990 (Article 128 of the Colombian Labor Code), the RSUs and any payments you receive pursuant to the RSUs are wholly discretionary and are a benefit of an extraordinary nature that do not exclusively depend on your performance. Accordingly, the Plan, the RSUs and related benefits do not constitute a component of “salary” for any legal purpose, including for purposes of calculating any and all labor benefits, such as fringe benefits, vacation pay, termination or other indemnities, payroll
taxes, social insurance contributions, or any other outstanding employment-related amounts, subject to the limitations provided in Law 1393/2010.

**Exchange Control Information.** Investments in assets located outside of Colombia (including Common Stock) are subject to registration with the Central Bank (Banco de la República) if the aggregate value of such investments is US$500,000 or more (as of December 31 of the applicable calendar year). Further, upon the sale of any Common Stock that you have registered with the Central Bank, you must cancel the registration by March 31 of the following year. You may be subject to fines if you fail to cancel such registration. When investments held abroad are sold or otherwise disposed of, regardless of whether they have been registered with the Central Bank, you may be required to repatriate the proceeds to Colombia by selling currency to a Colombian bank and filing the appropriate form. Exchange control regulations change frequently and without notice; therefore, you should consult with your personal legal advisor to ensure compliance with applicable requirements.

**Securities Law Information.** The shares of Common Stock are not and will not be registered with the Colombian registry of publicly traded securities (Registro Nacional de Valores y Emisores) and therefore the shares of Common Stock may not be offered to the public in Colombia. Nothing in this document should be construed as the making of a public offer of securities in Colombia.

**Czech Republic**

**Exchange Control Information.** The Czech National Bank may require you to fulfill certain notification duties in relation to the RSUs and the opening and maintenance of a foreign account. However, because exchange control regulations change frequently and without notice, you should consult your personal legal advisor prior to the vesting of the RSUs and the sale of shares of Common Stock and before opening any foreign accounts in connection with the Plan to ensure compliance with current regulations. It is your responsibility to comply with any applicable Czech exchange control laws.

**Stock Option Act.** You acknowledge that you have received an Employer Statement in Danish. Notwithstanding any provisions in the Agreement to the contrary, if you are determined to be an “Employee,” as defined in section 2 of the Danish Act on the Use of Rights to Purchase or Subscribe for Shares etc. in Employment Relationships (the “Stock Option Act”), the treatment of the RSUs upon termination of employment shall be governed by the Stock Option Act. However, if the provisions in the Agreement or the Plan governing the treatment of the RSUs upon termination of employment are more favorable, the provisions of the Agreement or the Plan will govern.

**Foreign Asset/Account Reporting Information.** If you establish an account holding shares of Common Stock or an account holding cash outside Denmark, you must report the account to the Danish Tax Administration. The form may be obtained from a local bank. Please note that these obligations are separate from and in addition to the obligations described below.

**Securities/Tax Reporting Information.** You may hold shares of Common Stock acquired under the Plan in a safety-deposit account (e.g., a brokerage account) with either a Danish bank or with an approved foreign broker or bank. If shares of Common Stock are held with a non-Danish broker or bank, you are required to inform the Danish Tax Administration about the safety-deposit account. For this purpose, you must file a Form V (Erklaering V) with the Danish Tax Administration. You must sign the Form V and the broker or bank may sign the Form V. By signing the Form V, the bank/broker undertakes an obligation, without further request each year not later than February 1 of the year following the calendar year to which the information relates, to forward certain information to the Danish Tax Administration concerning the content of the safety-deposit account. In the event that the applicable broker or bank with which the safety-deposit account is held does not wish to, or, pursuant to the laws of the country in question, is not allowed to assume such obligation to report, you acknowledge that you are solely responsible for providing certain details regarding the foreign brokerage or bank account and any shares of Common Stock acquired at vesting and held in such account to the Danish Tax Administration as part of your annual income tax return. By signing the Form V, you at the same time authorize the Danish Tax Administration to examine the account. A sample of the Form V can be found at the following website: www.skat.dk.

In addition, when you open a brokerage account (or a deposit account) outside of Denmark, the account will be treated as a deposit account because cash can be held in the account. Therefore, you must also file a Form K (Erklaering K) with the Danish Tax Administration. Both you and the bank/broker must sign the Form K, unless an exemption from the broker/bank signature requirement is granted by the Danish Tax Administration. It is possible to seek the exemption on the Form K, which you should do at the time you submit the Form K. By signing the Form K, the bank/broker undertakes an obligation, without further request each year, not later than on February 1 of the year following the calendar year to which the information relates, to forward certain information to the Danish Tax Administration concerning the content of the deposit account. In the event that the applicable financial institution (broker or bank) with which the account is held, does not wish to, or, pursuant to the laws of the country in
question, is not allowed to assume such obligation to report, you acknowledge that you are solely responsible for providing certain details regarding the foreign brokerage or bank account to the Danish Tax Administration as part of your annual income tax return. By signing the Form K, you at the same time authorize the Danish Tax Administration to examine the account. A sample of the Form K can be found at the following website: www.skat.dk.

Egypt

Exchange Control Information. If you transfer funds into Egypt in connection with the RSUs, you are required to transfer the funds through a registered bank in Egypt.

Estonia

Language Acknowledgement

By accepting the grant of the RSUs, you confirm having read and understood the documents related to the grant (the Agreement and the Plan), which were provided in the English language, and that you do not need the translation thereof into the Estonian language. You accept the terms of those documents accordingly.

Finland

There are no country-specific provisions.

France

Language Acknowledgement

En signant et renvoyant le présent document décrivant les termes et conditions de votre attribution, vous confirmez ainsi avoir lu et compris les documents relatifs à cette attribution (le Plan et ce Contrat d’Attribution) qui vous ont été communiqués en langue anglaise.

By accepting your RSUs, you confirm having read and understood the documents relating to this grant (the Plan and this Agreement) which were provided to you in English.

Tax Information. The RSUs are not intended to be French tax-qualified awards.

Foreign Asset/Account Reporting Information. If you hold cash or shares of Common Stock outside of France or maintain a foreign bank or brokerage account (including accounts that were opened and closed during the tax year), you are required to report such to the French tax authorities on a special form together with your annual tax return. Failure to comply could trigger significant penalties. Further, if you have a foreign account balance exceeding €1,000,000, you may have additional monthly reporting obligations.

Germany

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported to the German Federal Bank. The German Federal Bank no longer accepts reports in paper form and all reports must be filed electronically. The electronic “General Statistics Reporting Portal” (Allgemeines Meldeportal Statistik) can be accessed on the German Federal Bank’s website: www.bundesbank.de.

In the event that you make or receive a payment in excess of this amount, you are responsible for complying with applicable reporting requirements.

Greece

There are no country-specific provisions.
Hong Kong

Securities Law Information. Warning: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of the Agreement, including this Addendum, or the Plan, or any other incidental communication materials, you should obtain independent professional advice. The RSUs and any shares of Common Stock issued at vesting do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company or its subsidiaries. The Agreement, including this Addendum, the Plan and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong. The RSUs are intended only for the personal use of each eligible employee of the Company or any subsidiary and may not be distributed to any other person.

Settlement of RSUs and Sale of Common Stock. Notwithstanding any terms or conditions of the Plan or the Agreement to the contrary, RSUs will be settled in shares of Common Stock only, not cash. In addition, notwithstanding any terms or conditions of the Plan or the Agreement to the contrary, no shares of Common Stock acquired under the Plan can be offered to the public or otherwise disposed of prior to six months from the Award Date. Any shares of Common Stock received at vesting are accepted as a personal investment.

Nature of Scheme. The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance (“ORSO”).

Hungary

There are no country-specific provisions.

India

Exchange Control Information. You must repatriate all proceeds received from the sale of shares to India within such time as prescribed under applicable India exchange control laws as may be amended from time to time. You must maintain the foreign inward remittance certificate received from the bank where the foreign currency is deposited in the event that the Reserve Bank of India or the Company requests proof of repatriation. It is your responsibility to comply with applicable exchange control laws in India.

Foreign Asset/Account Reporting Information. You are required to declare in your annual tax return (a) any foreign assets held by you (including shares of Common Stock held outside India) or (b) any foreign bank accounts for which you have signing authority. Increased penalties for failing to report these foreign assets/accounts have been introduced. You are responsible for complying with this reporting obligation and are advised to confer with your personal legal advisor in this regard.

Ireland

Acknowledgement of Nature of Plan and RSUs. This provision supplements Section 7 of the Agreement:

In accepting this Agreement, you understand and agree that the benefits received under the Plan will not be taken into account for any redundancy or unfair dismissal claim.

Israel

Settlement of RSUs and Sale of Common Stock. Upon the lapse of the Post-Vest Holding Period, you agree to the immediate sale of any shares of Common Stock to be issued to you upon vesting and settlement of the RSUs. You further agree that the Company is authorized to instruct its designated broker to assist with the mandatory sale of such shares of Common Stock (on your behalf pursuant to this authorization) and you expressly authorize the Company’s designated broker to complete the sale of such shares of Common Stock. You acknowledge that the Company’s designated broker is under no obligation to arrange for the sale of the shares of Common Stock at any particular price. Upon the sale of the shares of Common Stock, the Company agrees to pay the cash proceeds from the sale of the shares of Common Stock to you, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items. Due to fluctuations in the Common Stock price and/or applicable exchange rates between the date on which the Post-Vest Holding Period lapses and (if later) the date on which the shares of Common Stock are sold, the amount of proceeds ultimately distributed to you may be more or less than the market value of the shares of Common Stock on the date on which the Post-Vest Holding Period lapses. You understand and agree that the Company is not responsible for the
amount of any loss you may incur and that the Company assumes no liability for any fluctuations in the Common Stock price and/or any applicable exchange rate.

Italy

Data Privacy. This section replaces Section 16 of the Agreement:

Pursuant to Section 13 of the Legislative Decree no. 196/2003, you understand that the Company and the Employer are the privacy representatives of the Company in Italy and may hold and process certain personal information about you, including, but not limited to, your name, home address, email address and telephone number, date of birth, social insurance, passport or other identification number, salary, nationality, job title, any shares of Common Stock or directorships held in the Company or any subsidiaries, details of all RSUs or any other entitlement to Common Stock awarded, canceled, vested, unvested or outstanding in your favor, and that the Company and the Employer will process said data and other data lawfully received from third parties (“Personal Data”) for the exclusive purpose of managing and administering the Plan and complying with applicable laws, regulations and Community legislation.

You also understand that providing the Company with Personal Data is mandatory for compliance with laws and is necessary for the performance of the Plan and that your denial to provide Personal Data would make it impossible for the Company to perform its contractual obligations and may affect your ability to participate in the Plan. Pursuant to Legislative Decree no. 196/2003, the Controller of personal data processing is Bristol-Myers Squibb Company, 345 Park Avenue, New York, New York 10154 U.S.A., and its Representative in Italy for privacy purposes is: Anagni-Contrada Ceraso, Cotrada Fontana Del Ceraso, 03012 Anagni (FR), Italy.

You understand that Personal Data will not be publicized, but it may be accessible by the Employer as the privacy representative of the Company and within the Employer’s organization by its internal and external personnel in charge of processing, and by Fidelity or any other data processor appointed by the Company. The updated list of processors and of the subjects to which Data are communicated will remain available upon request from the Employer. Furthermore, Personal Data may be transferred to banks, other financial institutions or brokers involved in the management and administration of the Plan. You understand that Personal Data may also be transferred to the independent registered public accounting firm engaged by the Company, and also to the legitimate addressees under applicable laws. In any event, Personal Data will be stored only for the time needed to fulfill the purposes mentioned above.

You further understand that the Company and its subsidiaries will transfer Personal Data amongst themselves as necessary for the purpose of implementation, administration and management of your participation in the Plan, and that the Company and its subsidiaries may each further transfer Personal Data to third parties assisting the Company in the implementation, administration and management of the Plan, including any requisite transfer of Personal Data to Fidelity or other third party with whom you may elect to deposit any shares of Common Stock acquired under the Plan or any proceeds from the sale of such Common Stock. Such recipients may receive, possess, use, retain and transfer Personal Data in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan. You understand that these recipients may be acting as controllers, processors or persons in charge of processing, as the case may be, according to applicable privacy laws, and that they may be located in or outside the European Economic Area, such as in the United States or elsewhere, in countries that do not provide an adequate level of data protection as intended under Italian privacy law.

Should the Company exercise its discretion in suspending all necessary legal obligations connected with the management and administration of the Plan, it will delete Personal Data as soon as it has accomplished all the necessary legal obligations connected with the management and administration of the Plan.

You understand that Personal Data processing related to the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Personal Data is collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/2003.

The processing activity, including communication, the transfer of Personal Data abroad, including outside of the European Economic Area, as specified herein and pursuant to applicable laws and regulations, does not require your consent thereto as the processing is necessary to performance of law and contractual obligations related to implementation, administration and management of the Plan which represents the legal basis for the processing. You understand that, pursuant to section 7 of the Legislative Decree no. 196/2003, you have the right at any moment to, including, but not limited to, obtain confirmation that Personal Data exists or not, access, verify its contents, origin and accuracy, delete, update, integrate, correct, block or stop, for legitimate reason, the Personal Data processing. To exercise privacy rights, you should contact the Employer. You also
understand that you have the right to data portability and to lodge a compliant with the Italian supervisory authority. Furthermore, you are aware that Personal Data will not be used for direct marketing purposes. In addition, Personal Data provided can be reviewed and questions or complaints can be addressed by contacting your human resources department.

Plan Document Acknowledgment. By accepting the RSUs, you acknowledge that you have received a copy of the Plan, reviewed the Plan, the Agreement and this Addendum in their entirety and fully understand and accept all provisions of the Plan, the Agreement and this Addendum.

In addition, you further acknowledge that you have read and specifically and expressly approve without limitation the following clauses in the Agreement: Section 4 (Responsibility for Taxes); Section 7 (Acknowledgement of Nature of Plan and RSUs); Section 8 (No Advice Regarding Grant); Section 9 (Right to Continued Employment); Section 11 (Deemed Acceptance); Section 13 (Severability and Validity); Section 14 (Governing Law, Jurisdiction and Venue); Section 17 (Electronic Delivery and Acceptance); Section 18 (Insider Trading/Market Abuse Laws); Section 19 (Language); Section 20 (Compliance with Laws and Regulations); Section 21 (Entire Agreement and No Oral Modification or Waiver); Section 22 (Addendum); Section 23 (Foreign Asset/Account Reporting Requirements and Exchange Controls); Section 24 (Imposition of Other Requirements), as well as the Data Privacy provision above.

Foreign Asset/Account Reporting Information. If you are an Italian resident who, at any time during the fiscal year, holds foreign financial assets (including cash and shares of Common Stock) which may generate income taxable in Italy, you are required to report these assets on your annual tax return for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations also apply if you are the beneficial owner of foreign financial assets under Italian money laundering provisions.

Tax Information. Italian residents may be subject to tax, on the value of financial assets held outside of Italy. The taxable amount will be the fair market value of the financial assets, assessed at the end of the calendar year. For the purposes of the market value assessment, the documentation issued by the Plan broker may be used. If you are subject to this foreign financial assets tax, you will need to report the value of your financial assets held abroad in your annual tax return. You are advised to consult your personal legal advisor for additional information about the foreign financial assets tax.

Japan

Foreign Asset/Account Reporting Information. If you are a resident of Japan or a foreign national who has established permanent residency in Japan, you will be required to report details of any assets (including any shares of Common Stock acquired under the Plan) held outside of Japan as of December 31st of each year, to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15th of the following year. You should consult with your personal tax advisor as to whether the reporting obligation applies to you and whether you will be required to report details of any outstanding RSUs or shares of Common Stock held by you in the report.

Korea

Exchange Control Information. Korean residents who realize US$500,000 or more from the sale of shares of Common Stock or receipt of dividends in a single transaction before July 18, 2017 are required to repatriate the proceeds to Korea within three years of receipt. This requirement no longer applies to transactions on or after July 18, 2017.

Foreign Asset/Account Reporting Information. You will be required to declare all foreign accounts (i.e., non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authorities and file a report if the monthly balance of such accounts exceeds a certain limit (currently KRW 1 billion or an equivalent amount in foreign currency). You should consult with your personal tax advisor on how to value foreign accounts for purposes of this reporting requirement and whether you are required to file a report with respect to such account.

Kuwait

Securities Law Notification. This Plan does not constitute the marketing or offering of securities in Kuwait pursuant to Law No. 7 of 2010 as amended (establishing the Capital Markets Authority) and its implementing regulations. Offerings under the Plan are being made only to eligible employees of your Employer or the Company or any other subsidiary or affiliate of the Company.

Luxembourg

There are no country-specific provisions.
Mexico

**Labor Law Policy and Acknowledgment.** By accepting this Award, you expressly recognize that the Company, with offices at 345 Park Avenue, New York, New York 10154, U.S.A., is solely responsible for the administration of the Plan and that your participation in the Plan and acquisition of shares does not constitute an employment relationship between you and the Company since you are participating in the Plan on a wholly commercial basis and your sole employer is Bristol-Myers Squibb Company in Mexico (“BMS-Mexico”), not the Company in the United States. Based on the foregoing, you expressly recognize that the Plan and the benefits that you may derive from participation in the Plan do not establish any rights between you and your employer, BMS-Mexico, and do not form part of the employment conditions and/or benefits provided by BMS-Mexico and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of your employment.

You further understand that your participation in the Plan is as a result of a unilateral and discretionary decision of the Company; therefore, the Company reserves the absolute right to amend and/or discontinue your participation at any time without any liability to you.

Finally, you hereby declare that you do not reserve to yourself any action or right to bring any claim against the Company for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and you therefore grant a full and broad release to the Company, its subsidiaries, affiliates, branches, representation offices, its shareholders, officers, agents or legal representatives with respect to any claim that may arise.

**Política Laboral y Reconocimiento/Aceptación.** Aceptando este Premio, el participante reconoce que la Compañía, with offices at 345 Park Avenue, New York, New York 10154, U.S.A., es el único responsable de la administración del Plan y que la participación del Participante en el mismo y la adquisición de acciones no constituye de ninguna manera una relación laboral entre el Participante y la Compañía, toda vez que la participación del participante en el Plan deriva únicamente de una relación comercial con la Compañía, reconociendo expresamente que el único empleador del participante lo es Bristol-Myers Squibb Company en Mexico (“BMS-Mexico”), no es la Compañía en los Estados Unidos. Derivado de lo anterior, el participante expresamente reconoce que el Plan y los beneficios que pudieran derivar del mismo no establecen ningún derecho entre el participante y su empleador, BMS-México, y no forman parte de las condiciones laborales y/o prestaciones otorgadas por BMS-México, y expresamente el participante reconoce que cualquier modificación el Plan o la terminación del mismo de manera alguna podrá ser interpretada como una modificación de los condiciones de trabajo del participante.

Asimismo, el participante entiende que su participación en el Plan es resultado de la decisión unilateral y discrecional de la Compañía, por lo tanto, la Compañía. Se reserva el derecho absoluto para modificar y/o terminar la participación del participante en cualquier momento, sin ninguna responsabilidad para el participante.

Finallymente, el participante manifiesta que no se reserva ninguna acción o derecho que origine una demanda en contra de la Compañía, por cualquier compensación o daño en relación con cualquier disposición del Plan o de los beneficios derivados del mismo, y en consecuencia el participante otorga un amplio y total finiquito a la Compañía, sus entidades relacionadas, afiliadas, sucursales, oficinas de representación, sus accionistas, directores, agentes y representantes legales con respecto a cualquier demanda que pudiera surgir.

Netherlands

There are no country-specific provisions.

Norway

There are no country-specific provisions.

Oman

**Securities Law Notification.** This Plan does not constitute the marketing or offering of securities in Oman and consequently has not been registered or approved by the Central Bank of Oman, the Omani Ministry of Commerce and Industry, the Omani Capital Market Authority or any other authority in the Sultanate of Oman. Offerings under the Plan are being made only to eligible employees of your Employer or the Company or any other subsidiary, affiliate or joint venture of the Company.

Peru

**Securities Law Information.** The grant of RSUs is considered a private offering in Peru; therefore, it is not subject to registration.
Labor Law Acknowledgement. The following provision supplements Section 7 of the Agreement.

In accepting the Award of RSUs pursuant to this Agreement, you acknowledge that the RSUs are being granted *ex gratia* to you with the purpose of rewarding you.

Poland

**Foreign Asset/Account Reporting Information.** Polish residents holding foreign securities (including shares of Common Stock) and maintaining accounts abroad (including any brokerage account) must report information to the National Bank of Poland. Specifically, if the aggregate value of shares and cash (calculated individually or together with all other assets/liabilities) held in such foreign accounts exceeds PLN 7 million, Polish residents must file reports on the transactions and balances of the accounts on a quarterly basis on special forms that are available on the website of the National Bank of Poland.

**Exchange Control Information.** Polish residents are required to transfer funds (i.e., in connection with the sale of shares of Common Stock) through a bank account in Poland if the transferred amount into or out of Poland in any single transaction exceeds a specified threshold (currently €15,000 unless the transfer of funds is considered to be connected with the business activity of an entrepreneur, in which case a lower threshold may apply). If you are a Polish resident, you must also retain all documents connected with any foreign exchange transactions you engage in for a period of five years, as measured from the end of the year in which such transaction occurred.

You should consult with your personal legal advisor to determine what you must do to fulfill any applicable reporting/exchange control duties.

Portugal

**Language Consent.** You hereby expressly declare that you have full knowledge of the English language and have read, understood and fully accepted and agreed with the terms and conditions established in the Plan and the Agreement.

Conhecimento da Lingua. Você expressamente declara ter pleno conhecimento do idioma inglês e ter lido, entendido e totalmente aceito e concordou com os termos e condições estabelecidas no plano e no acordo.

Puerto Rico

There are no country-specific provisions.

Romania

**Language Consent.** By accepting the grant of RSUs, you acknowledge that you are proficient in reading and understanding English and fully understand the terms of the documents related to the grant (the notice, the Agreement and the Plan), which were provided in the English language. You accept the terms of those documents accordingly.

Consimtamant cu privire la limba. Prin acceptarea acordarii de RSU-uri, confirmati ca aveti un nivel adecvat de cunoastere si intelegerea limbii engleze, ativ cititi si confirmati ca ati inteles pe deplin termenii documentelor referitoare la acordare (anuntul, Acordul RSU si Planul), care au fost furnizate in limba engleza. Acceptati termenii acestor documente in consecinta.

**Exchange Control Information.** Any transfer of funds exceeding a certain threshold (currently €15,000), whether via one transaction or several transactions that appear to be linked to each other, must be reported to the National Office for Prevention and Control of Money Laundering on specific forms by the relevant bank or financial institution. If you deposit the proceeds from the sale of your shares of Common Stock in a bank account in Romania, you may have to provide the Romanian bank through which the operations are effected with appropriate documentation regarding the receipt of the income. You should consult with a personal legal advisor to determine whether you will be required to submit such documentation to the Romanian bank.

Russia

**Exchange Control Information.** You acknowledge that you must repatriate the proceeds from the sale of shares of Common Stock within a reasonably short time of receipt. Such amounts must be initially credited to you through a foreign currency account opened in your name at an authorized bank in Russia. After the funds are initially received in Russia, they may be further remitted to foreign banks subject to the following limitations: (i) the foreign account may be opened only for individuals; (ii) the foreign
account may not be used for business activities; and (iii) you must give notice to the Russian tax authorities about the opening/closing of each foreign account within one month of the account opening/closing. Cash dividends (but not dividend equivalents) and cash income received from the transfer of funds and/or shares of Common Stock into the fiduciary/trust management of a non-resident do not need to be remitted to your bank account in Russia but instead can be remitted directly to a foreign individual bank account (in Organisation for Economic Cooperation and Development (“OECD”) and Financial Action Task Force (“FATF”) countries. As from January 1, 2018, cash proceeds from the sale of shares of Common Stock listed on the Russian stock exchange or a foreign exchange on the legally approved list, currently including the New York Stock Exchange, also can be paid directly to your foreign bank account opened with a bank located in an OECD or FATF country.

You should consult your personal advisor before selling any shares of Common Stock acquired under the Plan and remitting any sale proceeds to Russia, as significant penalties may apply in the case of non-compliance with exchange control requirement and exchange control requirements are subject to change at any time, often without notice.

Foreign Asset/Account Reporting Information. Russian residents are required to notify Russian tax authorities within one (1) month of opening, closing or changing the details of a foreign account. Russian residents also are required to report (i) the beginning and ending balances in such a foreign bank account each year and (ii) transactions related to such a foreign account during the year to the Russian tax authorities, on or before June 1 of the following year. The tax authorities can require you to provide appropriate supporting documents related to transactions in a foreign bank account.

Securities Law Information. These materials do not constitute advertising or an offering of securities in Russia nor do they constitute placement of the shares of Common Stock in Russia. Any shares of Common Stock issued pursuant to the RSUs shall be delivered to you through a brokerage account in the U.S. You may hold shares in your brokerage account in the U.S.; however, in no event will shares issued to you and/or share certificates or other instruments be delivered to you in Russia. The issuance of Common Stock pursuant to the RSUs described herein has not and will not be registered in Russia and hence, the shares of Common Stock described herein may not be admitted or used for offering, placement or public circulation in Russia.

U.S. Transaction. You are not permitted to make any public advertising or announcements regarding the RSUs or Common Stock in Russia, or promote these shares to other Russian legal entities or individuals, and you are not permitted to sell or otherwise dispose of Common Stock directly to other Russian legal entities or individuals. You are permitted to sell shares of Common Stock only on the New York Stock Exchange and only through a U.S. broker.

Data Privacy. This section replaces Section 16 of the Agreement:

You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Agreement by and among, as applicable, the Employer, the Company and its subsidiaries for the exclusive purpose of implementing, administering and managing your participation in the Plan.

You understand that the Company, any subsidiary and/or the Employer may hold certain personal information about you, including, but not limited to, your name, home address, email address and telephone number, date of birth, social insurance or passport number or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all RSUs or any other entitlement to shares awarded, canceled, vested, unvested or outstanding in your favor (“Data”), for the purpose of implementing, administering and managing the Plan.

You understand that Data may be transferred to Fidelity, or such other stock plan service provider as may be selected by the Company in the future, which assists in the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in the United States, or elsewhere, and that the recipient’s country (e.g., the United States) may have different data privacy laws and protections than your country. In this case, appropriate safeguards will be taken by the Company to ensure that your Data is processed with an adequate level of protection and in compliance with applicable local laws and regulation (especially through contractual clauses like European Model Clauses for European countries). You understand that if you reside outside the United States, you may request a list with the names and addresses of any potential recipients of the Data by contacting the International Compensation and Benefits Group. You authorize the Company, Fidelity and other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom the shares of Common Stock received upon vesting of the RSUs may be deposited. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan.
You understand that if you reside outside the United States, you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case and without cost, by contacting in writing the International Compensation and Benefits Group. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant you RSUs or other equity awards or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact the International Compensation and Benefits Group.

**Labor Law Information.** You acknowledge that if you continue to hold shares of Common Stock acquired under the Plan after an involuntary termination of your employment, you may not be eligible to receive unemployment benefits in Russia.

**Anti-Corruption Information.** Anti-corruption laws prohibit certain public servants, their spouses and their dependent children from owning any foreign source financial instruments (e.g., shares of foreign companies such as the Company). Accordingly, you should inform the Company if you are covered by these laws because you should not hold shares of Common Stock acquired under the Plan.

**Saudi Arabia**

**Securities Law Information.** This document may not be distributed in the Kingdom except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document you should consult an authorized financial advisor.

**Singapore**

**Restrictions on Sale and Transferability.** You hereby agrees that any shares of Common Stock acquired pursuant to the RSUs will not be offered for sale in Singapore prior to the six-month anniversary of the Award Date, unless such sale or offer is made pursuant to the exemptions under Part XIII Division 1 Subdivision (4) (other than section 280) of the Securities and Futures Act (Chap. 289, 2006 Ed.) (“SFA”).

**Securities Law Information.** The grant of RSUs is being made in reliance of section 273(1)(f) of the SFA for which it is exempt from the prospectus and registration requirements under the SFA and is not made to you with a view to the RSUs being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore.

**Chief Executive Officer and Director Notification Requirement.** If you are the Chief Executive Officer (“CEO”) or a director, associate director or shadow director of a Singapore company, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements, you must notify the Singapore subsidiary in writing within two business days of any of the following events: (i) you receive or dispose of an interest (e.g., RSUs or shares of Common Stock) in the Company or any subsidiary of the Company, (ii) any change in a previously-disclosed interest (e.g., forfeiture of RSUs or the sale of shares of Common Stock), or (iii) becoming the CEO or a director, associate director or a shadow director if you hold such an interest at that time.

**South Africa**

**Responsibility for Taxes.** The following provision supplements Section 4 of this Agreement:

You are required to immediately notify the Employer of the amount of any gain realized at vesting of the RSUs. If you fail to advise the Employer of such gain, you may be liable for a fine.

**Exchange Control Information.** You are solely responsible for complying with applicable South African exchange control regulations, and neither the Company nor the Employer will be liable for any fines or penalties resulting from failure to comply with applicable laws. In particular, if you are a resident for exchange control purposes, you are required to obtain approval from the South African Reserve Bank for payments (including payment of proceeds from the sale of shares of Common Stock) that you
receive into accounts based outside of South Africa (e.g., a U.S. brokerage account). Because the exchange control regulations change frequently and without notice, you should consult your legal advisor prior to the acquisition or sale of shares of Common Stock under the Plan to ensure compliance with current regulations.

Spain

Exchange Control Information. If you acquire shares of Common Stock issued pursuant to the RSUs and wish to import the ownership title of such shares (i.e., share certificates) into Spain, you must declare the importation of such securities to the Spanish Dirección General de Política Comercial y de Inversiones Extranjeras (the “DGPCIE”). Generally, the declaration must be made in January for shares of Common Stock acquired or sold during (or owned as of December 31 of) the prior year; however, if the value of shares acquired or sold exceeds the applicable threshold (currently €1,502,530) (or you hold 10% or more of the share capital of the Company or such other amount that would entitle you to join the Company’s board of directors), the declaration must be filed within one month of the acquisition or sale, as applicable. In addition, you also must file a declaration of ownership of foreign securities with the Directorate of Foreign Transactions each January.

You are also required to electronically declare to the Bank of Spain any security accounts (including brokerage accounts held abroad), as well as the security (including shares of Common Stock acquired at vesting of RSUs) held in such accounts and any transactions carried out with non-residents if the value of the transactions for all such accounts during the prior year or the balances in such accounts as of December 31 of the prior year exceeds €1,000,000.

Foreign Asset/Account Reporting Information. To the extent you hold shares of Common Stock and/or have bank accounts outside of Spain with a value in excess of €50,000 (for each type of asset) as of December 31, you will be required to report information on such assets on your tax return for such year. After such shares of Common Stock and/or accounts are initially reported, the reporting obligation will apply for subsequent years only if the value of any previously reported shares of Common Stock or accounts increases by more than €20,000 as of each subsequent December 31.

Labor Law Acknowledgment. This provision supplements Sections 2(g) and 7 of the Agreement:

By accepting the RSUs, you consent to participation in the Plan and acknowledge that you have received a copy of the Plan document.

You understand and agree that, as a condition of the grant of the RSUs, except as provided for in Section 2 of the Agreement, your termination of employment for any reason (including for the reasons listed below) will automatically result in the forfeiture of any RSUs that have not vested on the date of your termination.

In particular, you understand and agree that, unless otherwise provided in the Agreement, the RSUs will be forfeited without entitlement to the underlying shares of Common Stock or to any amount as indemnification in the event of a termination of your employment prior to vesting by reason of, including, but not limited to: resignation, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without good cause (i.e., subject to a “despido improcedente”), individual or collective layoff on objective grounds, whether adjudged to be with cause or adjudged or recognized to be without cause, material modification of the terms of employment under Article 41 of the Workers’ Statute, relocation under Article 40 of the Workers’ Statute, Article 50 of the Workers’ Statute, unilateral withdrawal by the Employer, and under Article 10.3 of Royal Decree 1382/1985.

Furthermore, you understand that the Company has unilaterally, gratuitously and discretionally decided to grant RSUs under the Plan to individuals who may be employees of the Company or a subsidiary. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any subsidiary on an ongoing basis, other than as expressly set forth in the Agreement. Consequently, you understand that the RSUs are granted on the assumption and condition that the RSUs and the shares of Common Stock underlying the RSUs shall not become a part of any employment or service contract (either with the Company, the Employer or any subsidiary) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, you understand that the RSUs would not be granted to you but for the assumptions and conditions referred to above; thus, you acknowledge and freely accept that, should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any Award of RSUs shall be null and void.

Securities Law Information. The RSUs and the Common Stock described in the Agreement and this Addendum do not qualify under Spanish regulations as securities. No “offer of securities to the public,” as defined under Spanish law, has taken place or will take place in the Spanish territory. The Agreement (including this Addendum) has not been nor will it be registered with the Comisión Nacional del Mercado de Valores, and does not constitute a public offering prospectus.
Sweden

There are no country-specific provisions.

Switzerland

**Securities Law Information.** The RSUs are not intended to be publicly offered in or from Switzerland. Because the offer of RSUs is considered a private offering, it is not subject to registration in Switzerland. Neither this document nor any other materials relating to the Plan (i) constitutes a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations, and neither this document nor any other materials relating to the Plan (ii) may be publicly distributed nor otherwise made publicly available in Switzerland, or (iii) have been or will be filed with, approved or supervised by any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (FINMA).

Taiwan

**Securities Law Information.** The grant of RSUs and any shares of Common Stock acquired pursuant to these RSUs are available only for employees of the Company and its subsidiaries. The offer of participation in the Plan is not a public offer of securities by a Taiwanese company.

**Exchange Control Information.** You may acquire and remit foreign currency (including proceeds from the sale of Common Stock) into or out of Taiwan up to US$5,000,000 per year without special permission. If the transaction amount is TWD500,000 or more in a single transaction, you must submit a Foreign Exchange Transaction Form to the remitting bank and provide supporting documentation to the satisfaction of the remitting bank.

Thailand

**Exchange Control Information.** If the proceeds from the sale of shares of Common Stock or the receipt of dividends are equal to or greater than US$50,000 or more in a single transaction, you must repatriate the proceeds to Thailand immediately upon receipt and convert the funds to Thai Baht or deposit the proceeds in a foreign currency deposit account maintained by a bank in Thailand within 360 days of remitting the proceeds to Thailand. In addition you must report the inward remittance to the Bank of Thailand on a foreign exchange transaction form. If you fail to comply with these obligations, you may be subject to penalties assessed by the Bank of Thailand. Because exchange control regulations change frequently and without notice, you should consult your personal advisor before selling shares of Common Stock to ensure compliance with current regulations. You are responsible for ensuring compliance with all exchange control laws in Thailand, and neither the Company nor any of its subsidiaries will be liable for any fines or penalties resulting from your failure to comply with applicable laws.

Tunisia

**Securities Law Information.** All proceeds from the sale of shares of Common Stock or the receipt of dividends must be repatriated to Tunisia. You should consult your personal advisor before taking action with respect to remittance of proceeds into Tunisia. You may be required to obtain prior authorization from the Central Bank of Tunisia (“CBT”) for the acquisition of shares of Common Stock under the Plan. You are responsible for ensuring compliance with all exchange control laws in Tunisia. In addition, if you hold assets abroad in excess of a certain amount, you must report the assets to the CBT.

Turkey

**Securities Law Information.** Under Turkish law, you are not permitted to sell shares of Common Stock acquired under the Plan in Turkey. The shares of Common Stock are currently traded on the New York Stock Exchange, which is located outside of Turkey, under the ticker symbol “BMY” and the shares of Common Stock may be sold through this exchange.

**Exchange Control Information.** In certain circumstances, Turkish residents are permitted to sell shares traded on a non-Turkish stock exchange only through a financial intermediary licensed in Turkey and should be reported to the Turkish Capital Markets Board. Therefore, you may be required to appoint a Turkish broker to assist with the sale of the shares of Common Stock acquired under the Plan. You should consult your personal legal advisor before selling any shares of Common Stock acquired under the Plan to confirm the applicability of this requirement.
United Arab Emirates

Acknowledgment of Nature of Plan and RSUs. This provision supplements Section 7 of the Agreement:

You acknowledge that the RSUs and related benefits do not constitute a component of your “wages” for any legal purpose. Therefore, the RSUs and related benefits will not be included and/or considered for purposes of calculating any and all labor benefits, such as social insurance contributions and/or any other labor-related amounts which may be payable.

Securities Law Information. The Plan is only being offered to qualified employees and is in the nature of providing equity incentives to employees of the Company or its subsidiary or affiliate in the UAE. Any documents related to the Plan, including the Plan, Plan prospectus and other grant documents (“Plan Documents”), are intended for distribution only to such employees and must not be delivered to, or relied on by, any other person. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of the Plan Documents, you should consult an authorized financial adviser.

The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any Plan Documents nor taken steps to verify the information set out in them, and thus, are not responsible for such documents.

The securities to which this summary relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities.

United Kingdom

Responsible for Taxes. This provision supplements Section 4 of the Agreement:

Without limitation to Section 4 of the Agreement, you hereby agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company or the Employer or by Her Majesty’s Revenue & Customs (“HMRC”) (or any other tax authority or any other relevant authority). You also hereby agree to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay on your behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are an executive officer or director of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), you understand that you may not be able to indemnify the Company or the Employer for the amount of Tax-Related Items not collected from or paid by you because the indemnification could be considered to be a loan. In this case, any income tax not collected or paid within ninety (90) days of the end of the U.K. tax year in which an event giving rise to the Tax-Related Items occurs may constitute a benefit to you on which additional income tax and employee national insurance contributions (“NICs”) may be payable. You understand that you will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company and/or the Employer (as appropriate) for the value of employee NICs due on this additional benefit which the Company and/or the Employer may recover from you by any of the means set forth in Section 4 of the Agreement.

Section 431 Election. As a condition of participation in the Plan and the vesting of the RSUs, you agree to enter into, jointly with the Employer, the joint election within Section 431 of the U.K. Income Tax (Earnings and Pensions) Act 2003 (“ITEPA 2003”) in respect of computing any tax charge on the acquisition of “restricted securities” (as defined in Sections 423 and 424 of ITEPA 2003), and that you will not revoke such election at any time. This election will be to treat the shares of Common Stock as if they were not restricted securities (for U.K. tax purposes only). You must enter into the form of election, attached to this Addendum, concurrent with accepting the Agreement, or at such subsequent time as may be designated by the Company.

Section 431 Election for U.K. Participants

Joint Election under s431 ITEPA 2003 for full or partial disapplication of Chapter 2 Income Tax (Earnings and Pensions) Act 2003

One Part Election

1. Between

the Employee [insert name of employee] _____

whose National Insurance Number is [insert employee Nat. Ins. Number] _____
2. **Purpose of Election**

This joint election is made pursuant to section 431(1) or 431(2) Income Tax (Earnings and Pensions) Act 2003 (ITEPA) and applies where employment-related securities, which are restricted securities by reason of section 423 ITEPA, are acquired.

The effect of an election under section 431(1) is that, for the relevant Income Tax and NIC purposes, the employment-related securities and their market value will be treated as if they were not restricted securities and that sections 425 to 430 ITEPA do not apply. An election under section 431(2) will ignore one or more of the restrictions in computing the charge on acquisition. Additional Income Tax will be payable (with PAYE and NIC where the securities are Readily Convertible Assets).

Should the value of the securities fall following the acquisition, it is possible that Income Tax/NIC that would have arisen because of any future chargeable event (in the absence of an election) would have been less than the Income Tax/NIC due by reason of this election. Should this be the case, there is no Income Tax/NIC relief available under Part 7 of ITEPA 2003; nor is it available if the securities acquired are subsequently transferred, forfeited or revert to the original owner.

3. **Application**

This joint election is made not later than 14 days after the date of acquisition of the securities by the employee and applies to:

- **Number of securities:** All securities to be acquired by Employee pursuant to the RSUs granted on ______ under the terms of the Bristol-Myers Squibb Company 2012 Stock Award and Incentive Plan.
- **Description of securities:** Shares of common stock
- **Name of issuer of securities:** Bristol-Myers Squibb Company
to be acquired by the Employee after ______ under the terms of the Bristol-Myers Squibb Company 2012 Stock Award and Incentive Plan.

4. **Extent of Application**

This election disapplies to

S.431(1) ITEPA: All restrictions attaching to the securities

5. **Declaration**

This election will become irrevocable upon the later of its signing or the acquisition (and each subsequent acquisition) of employment-related securities to which this election applies.

The Employee acknowledges that, by clicking on the “ACCEPT” box, the Employee agrees to be bound by the terms of this election.
OR:

The Employee acknowledges that, by signing this election, the Employee agrees to be bound by the terms of this election.

................................................................................. /
Signature (Employee)                        Date

The Company acknowledges that, by signing this election or arranging for the scanned signature of an authorised representative to appear on this election, the Company agrees to be bound by the terms of this election.

................................................................................. /
Signature (for and on behalf of the Company)        Date

.................................................................................
Position in company

Note: Where the election is in respect of multiple acquisitions, prior to the date of any subsequent acquisition of a security it may be revoked by agreement between the employee and employer in respect of that and any later acquisition.

Venezuela

Investment Representation for RSUs. As a condition of the grant of the RSUs, you acknowledge and agree that any shares of Common Stock you may acquire upon vesting of the RSUs and lapse of the Post-Vest Holding Period are acquired as, and intended to be, an investment rather than for the resale of the shares of Common Stock and conversion of the shares of Common Stock into foreign currency.

Securities Law Information. The RSUs granted under the Plan and the shares of Common Stock issued under the Plan are offered as a personal, private, exclusive transaction and are not subject to Venezuelan securities regulations. This offering does not qualify as a public offering under the laws of the Bolivarian Republic of Venezuela and, therefore, it is not required to request the previous authorization of the National Superintendent of Securities.

Exchange Control Information. Exchange control restrictions may limit the ability to vest in the RSUs or remit funds into Venezuela following the sale of shares of Common Stock acquired upon vesting of the RSUs. The Company reserves the right to restrict settlement of the RSUs or to amend or cancel the RSUs at any time in order to comply with applicable exchange control laws in Venezuela. Any shares of Common Stock acquired under the Plan are intended to be an investment rather than for the resale and conversion of the shares into foreign currency. You are responsible for complying with exchange control laws in Venezuela and neither the Company nor the Employer will be liable for any fines or penalties resulting from your failure to comply with applicable laws. Because exchange control laws and regulations change frequently and without notice, you should consult with your personal legal advisor before accepting the RSUs and before selling any shares of Common Stock acquired upon vesting of the RSUs to ensure compliance with current regulations.
RESTRICTED STOCK UNITS AGREEMENT
UNDER THE BRISTOL-MYERS SQUIBB COMPANY
2012 STOCK AWARD AND INCENTIVE PLAN

BRISTOL-MYERS SQUIBB COMPANY, a Delaware corporation (the “Company”), has granted to you the Restricted Stock Units (“RSUs”) specified in the Grant Summary located on the Stock Plan Administrator’s website, which is incorporated into this Restricted Stock Units Agreement (the “Agreement”) and deemed to be a part hereof. The RSUs have been granted to you under Section 6(e) of the 2012 Stock Award and Incentive Plan (the “Plan”), on the terms and conditions specified in the Grant Summary and this Agreement. Capitalized terms used in this Agreement that are not specifically defined herein shall have the meanings ascribed to such terms in the Plan.

1. RESTRICTED STOCK UNITS AWARD

The Compensation and Management Development Committee of the Board of Directors of Bristol-Myers Squibb Company (the “Committee”) has granted to you as of the Award Date an Award of RSUs as designated herein subject to the terms, conditions, and restrictions set forth in this Agreement and the Plan. Each RSU shall represent the conditional right to receive, upon settlement of the RSU, one share of Bristol-Myers Squibb Common Stock (“Common Stock”) or, at the discretion of the Company, the cash equivalent thereof (subject to any tax withholding as described in Section 4). The purpose of such Award is to motivate and retain you as an employee of the Company or a subsidiary of the Company, to encourage you to continue to give your best efforts for the Company’s future success, and to increase your proprietary interest in the Company. Except as may be required by law, you are not required to make any payment (other than payments for taxes pursuant to Section 4 hereof) or provide any consideration other than the rendering of future services to the Company or a subsidiary of the Company.

2. RESTRICTIONS, FORFEITURES, AND SETTLEMENT

Except as otherwise provided in this Section 2, each RSU shall be subject to the restrictions and conditions set forth herein during the period from the Award Date until the date such RSU has become vested and non-forfeitable such that there are no longer any RSUs that may become potentially vested and non-forfeitable (the “Restricted Period”). Vesting of the RSUs is conditioned upon you remaining continuously employed by the Company or a subsidiary of the Company from the Award Date until the relevant vesting date, subject to the provisions of this Section 2. Assuming satisfaction of such employment conditions, 100% of the RSUs shall vest on the first anniversary of the Award Date (the “Vesting Date”), provided, that, all shares of Common Stock issued pursuant to the vesting of the RSUs (net of any shares withheld or sold for taxes) in accordance with Section 2(b) shall be subject to an additional two year post-vest holding period (the “Post-Vest Holding Period”), and during such Post-Vest Holding Period, you may not Transfer (as defined below) any of the shares of Common Stock issued to you pursuant to the vested RSUs.

(a) Nontransferability. (i) During the Restricted Period and any further period prior to settlement of your RSUs, you may not, directly or indirectly, offer, sell, transfer, pledge, assign or otherwise transfer or dispose of (each, a “Transfer”) any of the RSUs or your rights relating thereto, and (ii) during the Post-Vest Holding Period, you may not Transfer any rights relating to the vested RSUs, including the shares of Common Stock issued pursuant to any vested RSUs. If you attempt to Transfer your rights under this Agreement in violation of the provisions herein, the Company’s obligation to settle RSUs or otherwise make payments shall terminate.

(b) Time of Settlement. RSUs shall be settled promptly upon expiration of the Restricted Period without forfeiture of the RSUs (i.e., upon vesting), but in any event within 60 days after expiration of the Restricted Period, by delivery of one share of Common Stock for each RSU being settled, or, at the discretion of the Company, the cash equivalent thereof; provided, however, that settlement of an RSU shall be subject to Plan Section 11(k), including if applicable the six-month delay rule in Plan Sections 11(k)(j)(C)(2) and 11(k)(j)(G) and the Post-Vest Holding Period; provided further, that no dividend or dividend equivalents will be paid, accrued or accumulated in respect of the period during which settlement was delayed. (Note: This rule may apply to any portion of the RSUs that vest after the time you become Retirement eligible under the Plan, and could apply in other cases as well). Settlement of RSUs which directly or indirectly result from adjustments to RSUs shall occur at the time of settlement of, and subject to the restrictions and conditions that apply to, the granted RSUs, including the Post-Vest Holding Period. Settlement of cash amounts which directly or indirectly result from adjustments to RSUs shall be included as part
of your regular payroll payment as soon as administratively practicable after the settlement date for the underlying RSUs, and subject to the restrictions and conditions that apply to, the granted RSUs, including the Post-Vest Holding Period. Until shares are delivered to you in settlement of RSUs, you shall have none of the rights of a stockholder of the Company with respect to the shares issuable in settlement of the RSUs, including the right to vote the shares and receive actual dividends and other distributions on the underlying shares of Common Stock. Shares of stock issuable in settlement of RSUs shall be delivered to you upon settlement in certificated form or in such other manner as the Company may reasonably determine. At that time, you will have all of the rights of a stockholder of the Company, subject to any restrictions and conditions that apply to the shares of Common Stock issuable in settlement of the RSUs, including the Post-Vest Holding Period.

(c) Retirement and Death.

(i) In the event of your Retirement (as that term is defined in the Plan; however, if such Retirement is voluntary, you shall forfeit all unvested RSUs on the date of your Retirement) prior to the end of the Restricted Period, you shall be deemed vested and entitled to settlement of (i.e., the Restricted Period shall expire with respect to) a proportionate number of the total number of RSUs granted, provided that your employment has not been terminated by the Company or a subsidiary of the Company for misconduct or other conduct deemed detrimental to the interests of the Company or a subsidiary of the Company. If you are only eligible for Retirement pursuant to Plan Section 2(x)(iii), and you are employed in the United States or Puerto Rico at the time of your Retirement, you shall be entitled to the pro rata vesting described in this Section 2(c) only if you execute and do not revoke a release in favor of the Company and its predecessors, successors, affiliates, subsidiaries, directors and employees in a form satisfactory to the Company; if you fail to execute or revoke the release, or your release fails to become effective and irrevocable within 60 days of the date your employment terminates, you shall forfeit any RSUs that are unvested as of the date your employment terminates.

(ii) In the event of your death while employed by the Company or a subsidiary of the Company prior to the end of the Restricted Period, your estate or legal heirs, as applicable, shall be deemed vested and entitled to settlement of (i.e., the Restricted Period shall expire with respect to) a proportionate number of the total number of RSUs granted. Shares of stock issuable in settlement of any vested RSUs pursuant to this Section shall continue to be subject to the Post-Vest Holding Period.

(iii) The formula for determining the proportionate number of your RSUs to become vested and non-forfeitable upon your Retirement or death is available by request from the Office of the Corporate Secretary at 345 Park Avenue, New York, New York 10154. RSUs that become vested and nonforfeitable under this Section 2(c) shall be distributed in accordance with Section 2(b) (i.e., within 60 days of the date of your death or Retirement). In the event of your becoming vested hereunder on account of death, or in the event of your death subsequent to your Retirement hereunder and prior to the delivery of shares of RSUs in settlement of RSUs (not previously forfeited), shares in settlement of your RSUs shall be delivered to your estate or legal heirs, as applicable, upon presentation to the Committee of letters testamentary or other documentation satisfactory to the Committee, and your estate or legal heirs, as applicable, shall succeed to any other rights provided hereunder in the event of your death. Notwithstanding anything else in this Section 2(c) to the contrary, except in the case of your death, all shares issued in settlement of any vested RSUs pursuant to this Section shall continue to be subject to the Post-Vest Holding Period.

(d) Termination not for Misconduct/Detrimental Conduct. In the event your employment is terminated by the Company or a subsidiary of the Company for reasons other than misconduct or other conduct deemed detrimental to the interests of the Company or a subsidiary of the Company, and you are not eligible for Retirement, you shall be entitled to settlement of (i.e., the Restricted Period shall expire with respect to) a proportionate number of the total number of RSUs granted, provided that all shares issued in settlement of any vested RSUs pursuant to this Section shall continue to be subject to the Post-Vest Holding Period. If you are not eligible for Retirement, and you are employed in the United States or Puerto Rico at the time of your termination, you shall be entitled to the pro rata vesting described in this Section 2(d) only if you execute and do not revoke a release in favor of the Company and its predecessors, successors, affiliates, subsidiaries, directors and employees in a form satisfactory to the Company; if you fail to execute or revoke the release, or your release fails to become effective and irrevocable within 60 days of the date your employment terminates, you shall forfeit any RSUs that are unvested as of the date your employment terminates. The formula for determining the proportionate number of RSUs you are entitled to under this Section 2(d) is available by request from the Office of the Corporate Secretary at 345 Park Avenue, New York, New York 10154.
(e) **Disability.** In the event you become Disabled (as that term is defined below), for the period during which you continue to be deemed to be employed by the Company or a subsidiary (i.e., the period during which you receive Disability benefits), you will not be deemed to have terminated employment for purposes of the RSUs. However, no period of continued Disability shall continue beyond 29 months for purposes of the RSUs, at which time you will have considered to have separated from service in accordance with applicable laws as more fully provided for herein. Upon the termination of your receipt of Disability benefits, (i) you will not be deemed to have terminated employment if you return to employment status, and (ii) if you do not return to employment status or are considered to have separated from service as noted above, you will be deemed to have terminated employment at the date of cessation of payments to you under all disability pay plans of the Company and its subsidiaries (unless you are on an approved leave of absence per Section (i) herein), with such termination treated for purposes of the RSUs as a Retirement or death (as detailed in Section 2(c) herein), or voluntary termination (as detailed in Section 2(g) herein) based on your circumstances at the time of such termination. For purposes of this Agreement, “Disability” or “Disabled” shall mean qualifying for and receiving payments under a disability plan of the Company or any subsidiary or affiliate either in the United States or in a jurisdiction outside of the United States, and in jurisdictions outside of the United States shall also include qualifying for and receiving payments under a mandatory or universal disability plan or program managed or maintained by the government.

(f) **Qualifying Termination Following Change in Control.** In the event your employment is terminated by reason of a Qualifying Termination during the Protected Period following a Change in Control, the Restricted Period and all remaining restrictions shall expire and the RSUs shall be deemed fully vested.

(g) **Other Termination of Employment.** In the event of your voluntary termination, including a voluntary retirement (subject to Section 2(c)), or termination by the Company or a subsidiary for misconduct or other conduct deemed by the Company to be detrimental to the interests of the Company or a subsidiary of the Company, you shall forfeit all unvested RSUs on the date of termination.

(h) **Other Terms.**

(i) In the event that you fail promptly to pay or make satisfactory arrangements as to the Tax-Related Items as provided in Section 4, all RSUs subject to restriction shall be forfeited by you and shall be deemed to be reacquired by the Company.

(ii) You may, at any time prior to the expiration of the Restricted Period, waive all rights with respect to all or some of the RSUs by delivering to the Company a written notice of such waiver.

(iii) Termination of employment includes any event if immediately thereafter you are no longer an employee of the Company or any subsidiary of the Company, subject to Section 2(i) hereof. References in this Section 2 to employment by the Company include employment by a subsidiary of the Company. Termination of employment means an event after which you are no longer employed by the Company or any subsidiary of the Company. Such an event could include the disposition of a subsidiary or business unit by the Company or a subsidiary.

(iv) Upon any termination of your employment, any RSUs as to which the Restricted Period has not expired at or before such termination shall be forfeited, subject to Sections 2(c)-(f) hereof. Other provisions of this Agreement notwithstanding, in no event will an RSU that has been forfeited thereafter vest or be settled.

(v) In the event of termination of your employment or other service relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), unless otherwise provided in this Agreement or determined by the Company, your right to vest in the RSUs under the Plan, if any, will terminate effective as of the date that you are no longer actively providing services and will not be extended by any notice period (e.g., active services would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any); the Company shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of your RSUs (including whether you may still be considered to be providing services while on a leave of absence).
You agree that the Company may recover any incentive-based compensation received by you under this Agreement if such recovery is pursuant to a clawback or recoupment policy approved by the Committee, even if approved subsequent to the date of this Agreement.

The following events shall not be deemed a termination of employment:

(i) A transfer of you from the Company to a subsidiary, or vice versa, or from one subsidiary to another; and

(ii) A leave of absence from which you return to active service for any purpose approved by the Company or a subsidiary in writing.

Any failure to return to active service with the Company or a subsidiary at the end of an approved leave of absence as described herein shall be deemed a voluntary termination of employment effective on the date the approved leave of absence ends, subject to applicable law and any RSUs that are unvested as of the date your employment terminates shall be forfeited subject to Section 2(c) provided, that, all shares issued in settlement of any previously vested RSUs shall continue to be subject to the Post-Vest Holding Period. During a leave of absence as provided for in (ii) above, although you will be considered to have been continuously employed by the Company or a subsidiary and not to have had a termination of employment under this Section 2, the Committee may specify that such leave of absence period approved for your personal reasons (and provided for by any applicable law) shall not be counted in determining the period of employment for purposes of the vesting of the RSUs. In such case, the Vesting Date for unvested RSUs shall be extended by the length of any such leave of absence.

As more fully provided for in the Plan, notwithstanding any provision herein, in any Award or in the Plan to the contrary, the terms of any Award shall be limited to those terms permitted under Code Section 409A including all applicable regulations and administrative guidance thereunder (“Section 409A”), and any terms not permitted under Section 409A shall be automatically modified and limited to the extent necessary to conform with Section 409A, but only to the extent such modification or limitation is permitted under Section 409A.

3. NON-COMPETITION AND NON-SOLICITATION AGREEMENT AND COMPANY RIGHT TO INJUNCTIVE RELIEF, DAMAGES, RECISSION, FORFEITURE AND OTHER REMEDIES

You acknowledge that your continued employment with the Company or a subsidiary of the Company and/or the grant of RSUs pursuant to this Agreement is sufficient consideration for this Agreement, including, without limitation, all applicable restrictions imposed on you by this Section 3.

(a) Confidentiality Obligations and Agreement. By accepting this Award Agreement, you agree and/or reaffirm the terms of all agreements related to treatment of Confidential Information that you signed at the inception of or during your employment, the terms of which are incorporated herein by reference. This includes, but is not limited to, use or disclosure of any BMS Confidential Information, Proprietary Information, or Trade Secrets to third parties. Confidential Information, Proprietary Information, and Trade secrets include, but are not limited to, any information gained in the course of your employment with the Company that is marked as confidential or could reasonably be expected to harm the Company if disclosed to third parties, including without limitation, any information that could reasonably be expected to aid a competitor or potential competitor in making inferences regarding the nature of the Company’s business activities, where such inferences could reasonably be expected to allow such competitor to compete more effectively with the Company. You agree that you will not remove or disclose Company Confidential Information, Proprietary Information or Trade Secrets. Unauthorized removal includes forwarding or downloading confidential information to personal email or other electronic media and/or copying the information to personal unencrypted thumb drives, cloud storage or drop box. Immediately upon termination of your employment for any reason, you will return to the Company all of the Company’s confidential and other business materials that you have or that are in your possession or control and all copies thereof, including all tangible embodiments thereof, whether in hard copy or electronic format and you shall not retain any versions thereof on any personal computer or any other media (e.g., flash drives, thumb drives, external hard drives and the like). Nothing in this paragraph or Agreement limits or prohibits your right to report potential violations of law, rules, or regulations to, or communicate with, cooperate with, testify before, or otherwise assist in an investigation or proceeding by, any government agency or entity, or engage in any other conduct that is required or protected by law or regulation, and you are not required to obtain the prior authorization of the Company to do so and are not required to notify the Company that you have done so.
(b) Inventions. To the extent permitted by local law, you agree and/or reaffirm the terms of all agreements related to inventions that you signed at the inception of or during your employment, and agree to promptly disclose and assign to the Company all of your interest in any and all inventions, discoveries, improvements and business or marketing concepts related to the current or contemplated business or activities of the Company, and which are conceived or made by you, either alone or in conjunction with others, at any time or place during the period you are employed by the Company. Upon request of the Company, including after your termination, you agree, to execute, at the Company’s expense, any and all applications, assignments, or other documents which the Company shall determine necessary to apply for and obtain letters patent to protect the Company’s interest in such inventions, discoveries, and improvements and to cooperate in good faith in any legal proceedings to protect the Company’s intellectual property.

(c) Non-Competition, Non-Solicitation and Related Covenants. By accepting this Agreement, you agree to the restrictive covenants outlined in this section unless expressly prohibited by local law or as follows: The post-termination non-compete restrictions outlined in subparagraphs (i), (ii) and (v) of this Section 3(c) do not apply to employees who are, at the time of termination from employment by BMS, assigned to work for BMS resident full-time in the States of California or North Dakota, except that, should said employee accept employment outside California or North Dakota, all restrictions in Section 3(c), including, but not limited to, those pertaining to post-termination activities, shall be fully enforceable. There are no exemptions for any Award recipients (including employee residents of the States of California and North Dakota) regarding non-compete provisions while employed at the Company or from subparagraphs (iii), (iv) and (vi) of this Section 3(c) during the entire Non-Competition and Non-Solicitation Period.

Given the extent and nature of the confidential information that you have obtained or will obtain during the course of your employment with the Company or a subsidiary of the Company, it would be inevitable or, at the least, substantially probable that such confidential information would be disclosed or utilized by you should you obtain employment from, or otherwise become associated with, an entity or person that is engaged in a business or enterprise that directly competes with the Company. Even if not inevitable, it would be impossible or impracticable for the Company to monitor your strict compliance with your confidentiality obligations. Consequently, you agree that you will not, directly or indirectly:

(i) during the Non-Competition and Non-Solicitation Period (as defined below), own or have any financial interest in a Competitive Business (as defined below), except that nothing in this clause shall prevent you from owning one per cent or less of the outstanding securities of any entity whose securities are traded on a U.S. national securities exchange (including NASDAQ) or an equivalent foreign exchange;

(ii) during the Non-Competition and Non-Solicitation Period, whether or not for compensation, either on your own behalf or as an employee, officer, agent, consultant, director, owner, partner, joint venturer, shareholder, investor, or in any other capacity, be actively connected with a Competing Business or otherwise advise or assist a Competitive Business with regard to any product, investigational compound, technology, service, line of business, department or business unit that competes with any product, technology, service, line of business, department or business unit with which you worked or about which you became familiar as a result of your employment with the Company or a subsidiary of the Company. Notwithstanding the foregoing, after your employment with the Company or a subsidiary of the Company terminates for any reason, you may be affiliated with a Competitive Business provided that your affiliation does not involve any product, investigational compound, technology or service, that competes with any product, investigational compound, technology or service with which you were involved within the last twelve months of your employment with the Company or a subsidiary of the Company, including any product, investigational compound, technology or service which the Company is developing and of which you had knowledge, and you and the Competing Business provide the Company written assurances of this fact prior to your commencing such affiliation;

(iii) during the Non-Competition and Non-Solicitation Period, employ, solicit for employment, solicit, induce, encourage, or participate in soliciting, inducing or encouraging any Company employee who is employed by the Company or who was employed by the Company within the twelve months preceding the termination of your employment with the Company for any reason, to terminate or reduce his or her or its relationship with the Company or any of its affiliates, successors or assigns (the “Related Parties”);

(iv) during the Non-Competition and Non-Solicitation Period, solicit, induce, encourage, or appropriate or attempt to solicit, divert or appropriate, by use of Confidential Information or otherwise, any existing or
prospective customer, vendor or supplier of the Company or any Related Parties to terminate, cancel or otherwise reduce its relationship with the Company or any Related Parties;

(v) during the Non-Competition and Non-Solicitation Period, contact, call upon or solicit any existing customer of the Company or its Related Parties, or prospective customer of the Company or its Related Parties, that you became aware of or was introduced to in the course of your duties for the Company or its Related Parties, or otherwise divert or take away from the Company or its Related Parties the business of any current or prospective customer of the Company or its Related Parties; or

(vi) during the Non-Competition and Non-Solicitation Period, engage in any activity that is harmful to the interests of the Company or its Related Parties, including, without limitation, any conduct during the term of your employment that violates the Company’s Standards of Business Conduct and Ethics, securities trading policy and other policies.

(d) Rescission, Forfeiture and Other Remedies. If the Company determines that you have violated any applicable provisions of Section 3(c) above during the Non-Competition and Non-Solicitation Period, in addition to injunctive relief and damages, you agree and covenant that:

(i) any unvested portion of the RSUs and all shares issued in settlement of any previously vested RSUs that remain subject to the Post-Vest Holding Period, in each case, shall be immediately rescinded;

(ii) you shall automatically forfeit any rights you may have with respect to the RSUs or any shares issued in settlement of any previously vested RSUs that remain subject to the Post-Vest Holding Period, in each case, as of the date of such determination;

(iii) [if the Post-Vest Holding period shall lapse with respect to shares issued in settlement of any previously vested RSUs within the twelve-month period immediately preceding a violation of Section 3(c) above (or following the date of any such violation), upon the Company’s demand, you shall immediately deliver to it a certificate or certificates for shares of the Company’s Common Stock that you acquired upon settlement of such RSUs (or an equivalent number of other shares);] and

(iv) the foregoing remedies set forth in this Section 3(d) shall not be the Company’s exclusive remedies. The Company reserves all other rights and remedies available to it at law or in equity.

(e) Definitions. For purposes of this Agreement, the following definitions shall apply:

(i) “Competitive Business” means any business that is engaged in or is about to become engaged in the development, production or sale of any product, process or service concerning the treatment of any disease, which product, process or service resembles or competes with any product, process or service that was sold by, or in development at, the Company or a subsidiary of the Company during your employment with the Company or a subsidiary of the Company.

(ii) Because of the global nature of the Company’s business, it is agreed that the restrictions set forth above shall apply in the “Restricted Area,” defined as including without limitation the continent, country and the geographic regions where you worked in and were responsible for while employed by the Company or a subsidiary of the Company, and any other geographic area (country, province, state, city or other political subdivision) in which the Company or a subsidiary of the Company is engaged in business and/or is otherwise selling products or services at the time you ceased working for the Company or a subsidiary of the Company;

(A) provided, however, that if a court of competent jurisdiction or other authority determines the foregoing geographic scope is unenforceable, the “Restricted Area” shall be defined as the continent, country and the geographic regions where you worked and were responsible for while employed by the Company or a subsidiary of the Company;

(B) provided, however, that if a court of competent jurisdiction or other authority determines that the foregoing geographic scope is unenforceable, the “Restricted Area” shall be defined as the country in which you worked;

(C) provided, however, that if a court of competent jurisdiction or other authority determines that the foregoing geographic scope is unenforceable, the “Restricted Area” shall be defined as the geographic
regions that you serviced and were responsible for while employed by the Company or a subsidiary of the Company.

(iii) The “Non-Competition and Non-Solicitation Period” shall be the period during which Employee is employed by the Company or a subsidiary of the Company and **twelve (12) months** after the end of Employee’s term of employment with and/or work for the Company or a subsidiary of the Company for any reason, (e.g., restriction applies regardless of the reason for termination and includes voluntary and involuntary termination) (hereinafter “Termination Date”);

(A) provided, however, that if a court of competent jurisdiction or other authority determines that such period is unenforceable, the “Non-Competition and Non-Solicitation Period” shall be the period of your employment and an additional **eleven (11) months** after your employment Termination Date with the Company or a subsidiary of the Company for any reason;

(B) provided, however, that if a court of competent jurisdiction or other authority determines that such period is unenforceable, the “Non-Competition and Non-Solicitation Period” shall be the period of your employment and an additional **ten (10) months** after your employment Termination Date with the Company or a subsidiary of the Company for any reason;

(C) provided further, in the event that the Company or a subsidiary of the Company files an action to enforce rights arising out of this Agreement, the Non-Competition and Non-Solicitation Period shall be extended for all periods of time in which you are determined by the Court or other authority to have been in violation of the provisions of Section 3(c).

(f) **Severability.** You acknowledge and agree that the period, scope and geographic areas of restriction imposed upon you by this Section 3 are fair and reasonable and are reasonably required for the protection of the Company. In case any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired and this Agreement shall nevertheless continue to be valid and enforceable as though the invalid provisions were not part of this Agreement. If the final judgment of a court of competent jurisdiction or other authority declares that any term or provision hereof is invalid, illegal or unenforceable, the parties agree that the court making such determination shall have the power to reduce the scope, duration, area or applicability of the term or provision, to delete specific words or phrases, or to replace any invalid, illegal or unenforceable term or provision with a term or provision that is valid, legal and enforceable to the maximum extent permissible under law and that comes closest to expressing the intention of the invalid, illegal or unenforceable term or provision. You acknowledge and agree that your covenants under this Agreement are ancillary to your employment relationship with the Company or a subsidiary of the Company, but shall be independent of any other contractual relationship between you and the Company or a subsidiary of the Company. Consequently, the existence of any claim or cause of action that you may have against the Company or a subsidiary of the Company shall not constitute a defense to the enforcement of this Agreement by the Company or a subsidiary of the Company, nor an excuse for noncompliance with this Agreement.

(g) **Additional Remedies.** You acknowledge and agree that any violation by you of this paragraph will cause irreparable harm to the Company and its Related Parties and the Company cannot be adequately compensated for such violation by damages. Accordingly, if you violate or threaten to violate this Agreement, then, in addition to any other rights or remedies that the Company may have in law or in equity, the Company shall be entitled, without the posting of a bond or other security, to obtain an injunction to stop or prevent such violation, including but not limited to obtaining a temporary or preliminary injunction from a Delaware court pursuant Section 1(a) of the Mutual Arbitration Agreement and Section 14 of this Agreement. You further agree that if the Company incurs legal fees or costs in enforcing this Agreement, you will reimburse the Company for such fees and costs.

(h) **Binding Obligations.** These obligations shall be binding both upon you, your assigns, executors, administrators and legal representatives. At the inception of or during the course of your employment, you may have executed agreements that contain similar terms. Those agreements remain in full force and effect. In the event that there is a conflict between the terms of those agreements and this Agreement, this Agreement will control.

(i) **Enforcement.** The Company retains discretion regarding whether or not to enforce the terms of the covenants contained in this Section 3 and its decision not to do so in your instance or anyone’s case shall not be considered a waiver of the Company’s right to do so.
Duty to Notify. During your employment with the Company and for a period of 12 months after your termination of employment from the Company, you shall communicate your obligations under this Agreement to each subsequent employer. In addition, you shall advise the Company of the name and address of your intended future employer, including the title of the position accepted with the subsequent employer. While employed at the Company, you are required to provide this information immediately upon acceptance of a position with a new employer. Once terminated from the Company, upon resignation from any subsequent employer. The Company shall have the right to advise any subsequent employer of your obligations hereunder.

4. RESPONSIBILITY FOR TAXES

You acknowledge that, regardless of any action taken by the Company, any subsidiary or affiliate of the Company, including your employer (“Employer”), the ultimate liability for all income tax (including federal, state, local and non-U.S. taxes), social security, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you or deemed by the Company or the Employer to be an appropriate charge to you even if legally applicable to the Company or the Employer (“Tax-Related Items”) is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company, any subsidiary or affiliate and/or the Employer: (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including the grant of the RSUs, the vesting of RSUs, the conversion of the RSUs into shares of Common Stock or the receipt of an equivalent cash payment, the lapse of any Post-Vest Holding Period, the subsequent sale of any shares of Common Stock acquired at settlement and the receipt of any dividends; and, (b) do not commit to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable event or tax withholding, as applicable, you agree to make adequate arrangements satisfactory to the Company or the Employer to satisfy all Tax-Related Items. In this regard, by your acceptance of the RSUs, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following:

(a) withholding from your wages or other cash compensation paid to you by the Company and/or the Employer; or

(b) irrespective of any Post-Vest Holding Period, withholding from proceeds of the sale of shares of Common Stock acquired upon settlement of the RSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization without further consent); or

(c) irrespective of any Post-Vest Holding Period, withholding in shares of Common Stock to be issued upon settlement of the RSUs;

provided, however, if you are a Section 16 officer of the Company under the Exchange Act, then the Company will withhold shares of Common Stock upon the relevant taxable or tax withholding event, as applicable, unless the use of such withholding method is problematic under applicable tax or securities law or has materially adverse accounting consequences, in which case, the obligation for Tax-Related Items may be satisfied by one or a combination of methods (a) and (b) above.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the Common Stock equivalent. If the obligation for Tax-Related Items is satisfied by withholding in shares of Common Stock, for tax purposes, you are deemed to have been issued the full number of shares of Common Stock subject to the vested RSUs, notwithstanding that a number of the shares of Common Stock are held back solely for the purpose of paying the Tax-Related Items.

Finally, you agree to pay to the Company or the Employer, including through withholding from your wages or other cash compensation paid to you by the Company and/or the Employer, any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the shares or the proceeds of the sale of shares of Common Stock, if you fail to comply with your obligations in connection with the Tax-Related Items.
Notwithstanding anything in this Section 4 to the contrary, to avoid a prohibited acceleration under Section 409A, if shares of Common Stock subject to RSUs will be sold on your behalf (or withheld) to satisfy any Tax-Related Items arising prior to the date of settlement of the RSUs, then to the extent that any portion of the RSUs that is considered nonqualified deferred compensation subject to Section 409A, then the number of such shares sold on your behalf (or withheld) shall not exceed the number of shares that equals the liability for Tax-Related Items with respect to such shares.

5. DIVIDENDS AND ADJUSTMENTS

(a) Dividends or dividend equivalents are not paid, accrued or accumulated on RSUs during the Restricted Period, except as provided in Section 5(b).

(b) The number of your RSUs and/or other related terms shall be appropriately adjusted, in order to prevent dilution or enlargement of your rights with respect to RSUs, to reflect any changes in the outstanding shares of Common Stock resulting from any event referred to in Plan Section 11(c) or any other “equity restructuring” as defined in FASB ASC Topic 718.

6. EFFECT ON OTHER BENEFITS

In no event shall the value, at any time, of the RSUs or any other payment under this Agreement be included as compensation or earnings for purposes of any other compensation, retirement, or benefit plan offered to employees of the Company or any subsidiary of the Company unless otherwise specifically provided for in such plan. The RSUs and the underlying shares of Common Stock (or their cash equivalent), and the income and value of the same, are not part of normal or expected compensation or salary for any purpose including, but not limited to, calculation of any severance, resignation, termination, redundancy or end-of-service payments, holiday pay, bonuses, long-service awards, leave-related payments, pension or retirement benefits, or similar mandatory payments.

7. ACKNOWLEDGMENT OF NATURE OF PLAN AND RSUs

In accepting the RSUs, you acknowledge, understand and agree that:

(a) The Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) The Award of RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future awards of RSUs, or benefits in lieu of RSUs even if RSUs have been awarded in the past;

(c) All decisions with respect to future awards of RSUs or other awards, if any, will be at the sole discretion of the Company;

(d) Your participation in the Plan is voluntary;

(e) The RSUs and the shares of Common Stock subject to the RSUs, and the income and value of same, are not intended to replace any pension rights or compensation;

(f) Unless otherwise agreed with the Company, the RSUs and the shares of Common Stock subject to the RSUs, and the income and value of the same, are not granted as consideration for, or in connection with, the service you may provide as a director of a subsidiary or an affiliate of the Company;

(g) The future value of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty;

(h) No claim or entitlement to compensation or damages arises from the forfeiture of RSUs, resulting from termination of your employment or other service relationship with the Company, or any of its subsidiaries or affiliates or the Employer (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any);

(i) Unless otherwise provided in the Plan or by the Company in its discretion, the RSUs and the benefits evidenced by this Agreement do not create any entitlement to have the RSUs or any such benefits transferred to, or assumed
by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company; and

(j) The following provisions apply only if you are providing services outside the United States: (i) the Award and the shares of Common Stock subject to the RSUs are not part of normal or expected compensation or salary for any purpose; and (ii) neither the Company, the Employer nor any subsidiary or affiliate of the Company shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to you pursuant to the settlement of the RSUs or the subsequent sale of any shares of Common Stock acquired upon settlement.

8. **NO ADVICE REGARDING GRANT**

   The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan or your acquisition or sale of the underlying shares of Common Stock. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

9. **RIGHT TO CONTINUED EMPLOYMENT**

   Nothing in the Plan or this Agreement shall confer on you any right to continue in the employ of the Company or any subsidiary or affiliate of the Company or any specific position or level of employment with the Company or any subsidiary or affiliate of the Company or affect in any way the right of the Company or any subsidiary or affiliate of the Company to terminate your employment without prior notice at any time for any reason or no reason.

10. **ADMINISTRATION; UNFUNDED OBLIGATIONS**

    The Committee shall have full authority and discretion, subject only to the express terms of the Plan, to decide all matters relating to the administration and interpretation of the Plan and this Agreement, and all such Committee determinations shall be final, conclusive, and binding upon the Company, any subsidiary or affiliate, you, and all interested parties. Any provision for distribution in settlement of your RSUs and other obligations hereunder shall be by means of bookkeeping entries on the books of the Company and shall not create in you or any beneficiary any right to, or claim against any, specific assets of the Company, nor result in the creation of any trust or escrow account for you or any beneficiary. You and any of your beneficiaries entitled to any settlement or distribution hereunder shall be a general creditor of the Company.

11. **DEEMED ACCEPTANCE**

    You are required to accept the terms and conditions set forth in this Agreement prior to the Vesting Date in order for you to receive the Award granted to you hereunder. If you wish to decline this Award, you must reject this Agreement prior to the Vesting Date. For your benefit, if you have not rejected the Agreement prior to the Vesting Date, you will be deemed to have automatically accepted this Award and all the terms and conditions set forth in this Agreement. Deemed acceptance will allow the shares to be released to you in a timely manner and once released, you waive any right to assert that you have not accepted the terms hereof.

12. **AMENDMENT TO PLAN**

    This Agreement shall be subject to the terms of the Plan, as amended from time to time, except that, subject to Sections 20, 22 and 24, and the provisions of the Addendum hereto, the Award which is the subject of this Agreement may not be materially adversely affected by any amendment or termination of the Plan approved after the Award Date without your written consent.

13. **SEVERABILITY AND VALIDITY**

    The various provisions of this Agreement are severable, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

14. **GOVERNING LAW, JURISDICTION AND VENUE**

    This Agreement and Award grant shall be governed by the substantive laws (but not the choice of law rules) of the State of Delaware. The forum in which disputes arising under this RSU grant and Agreement shall be decided depends on whether you are subject to the Mutual Arbitration Agreement.
15. SUCCESSORS

This Agreement shall be binding upon and inure to the benefit of the successors, assigns, and heirs of the respective parties.

16. DATA PRIVACY

You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Agreement by and among, as applicable, the Employer, the Company and its subsidiaries for the exclusive purpose of implementing, administering and managing your participation in the Plan.

You understand that the Company, any subsidiary and/or the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social security number, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all RSUs or any other entitlement to shares awarded, canceled, vested, unvested or outstanding in your favor (“Data”), for the purpose of implementing, administering and managing the Plan.

You understand that Data may be transferred to Fidelity, or such other stock plan service provider as may be selected by the Company in the future, which assists in the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in the United States or elsewhere, and that the recipient’s country (e.g. the United States) may have different data privacy laws and protections than your country. In this case, appropriate safeguards will be taken by the Company to ensure that your Data is processed with an adequate level of protection and in compliance with applicable local laws and regulation (especially through contractual clauses like European Model Clauses for European countries). You understand that if you reside outside the United States, you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the Company, Fidelity and other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom the shares of Common Stock received upon vesting of the RSUs may be deposited. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that if you reside outside the United States, you may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting your local human resources representative. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant you RSUs or other equity awards or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.

Finally, upon request of the Company or the Employer, you agree to provide an executed data privacy consent form (or any other agreements or consents that may be required by the Company and/or the Employer) that the Company and/or

(a) If you are subject to the Mutual Arbitration Agreement, any dispute that arises under this RSU grant or Agreement shall be governed by the Mutual Arbitration Agreement. Any application to a court under Section 1(a) of the Mutual Arbitration Agreement for temporary or preliminary injunctive relief in aid of arbitration or for the maintenance of the status quo pending arbitration shall exclusively be brought and conducted in the courts of Wilmington, Delaware, or the federal courts for the United States District Court for the District of Delaware, and no other courts where this RSU grant is made and/or performed. The parties hereby submit to and consent to the jurisdiction of the State of Delaware for purposes of any such application for injunctive relief.

(b) If you are not subject to the Mutual Arbitration Agreement, this Agreement and Award grant shall be governed by the substantive laws (but not the choice of law rules) of the State of Delaware. For purposes of litigating any dispute that arises under this RSU grant or Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Delaware, agree that such litigation shall exclusively be conducted in the courts of Wilmington, Delaware, or the federal courts for the United States District Court for the District of Delaware, and no other courts where this RSU grant is made and/or performed.
the Employer may deem necessary to obtain from you for the purpose of administering my participation in the Plan in compliance with the data privacy laws in your country, either now or in the future. You understand and agree that you will not be able to participate in the Plan if you fail to provide any such consent or agreement requested by the Company and/or the Employer.

17. ELECTRONIC DELIVERY AND ACCEPTANCE

The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic systems established and maintained by the Company or a third party designated by the Company.

18. INSIDER TRADING/MARKET ABUSE LAWS

You acknowledge that, depending on your country or broker’s country, or the country in which Common Stock is listed, you may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, which may affect your ability to accept, acquire, sell or attempt to sell, or otherwise dispose of the shares of Common Stock, rights to shares of Common Stock (e.g., RSUs) or rights linked to the value of Common Stock, during such times as you are considered to have “inside information” regarding the Company (as defined by the laws or regulations in applicable jurisdictions, including the United States and your country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before possessing inside information. Furthermore, you may be prohibited from (i) disclosing insider information to any third party, including fellow employees (other than on a “need to know” basis) and (ii) “tipping” third parties or causing them to otherwise buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you should speak to your personal advisor on this matter.

19. LANGUAGE

If you have received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

20. COMPLIANCE WITH LAWS AND REGULATIONS

Notwithstanding any other provisions of the Plan or this Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the shares of Common Stock, you understand that the Company will not be obligated to issue any shares of Common Stock pursuant to the vesting of the RSUs, if the issuance of such Common Stock shall constitute a violation by you or the Company of any provision of law or regulation of any governmental authority. Further, you agree that the Company shall have unilateral authority to amend the Plan and the Agreement without your consent to the extent necessary to comply with securities or other laws applicable to issuance of shares. Any determination by the Company in this regard shall be final, binding and conclusive.

21. ENTIRE AGREEMENT AND NO ORAL MODIFICATION OR WAIVER

This Agreement contains the entire understanding of the parties, provided that, if you are subject to the Mutual Arbitration Agreement, then the Mutual Arbitration Agreement is hereby incorporated into and made a part of this Agreement. Subject to Sections 20, 22 and 24, and the provisions of the Addendum, this Agreement shall not be modified or amended except in writing duly signed by the parties, except that the Company may adopt a modification or amendment to the Agreement that is not materially adverse to you in writing signed only by the Company. Any waiver of any right or failure to perform under this Agreement shall be in writing signed by the party granting the waiver and shall not be deemed a waiver of any subsequent failure to perform.

22. ADDENDUM

Your RSUs shall be subject to any special provisions set forth in the Addendum to this Agreement for your country, if any. If you relocate to one of the countries included in the Addendum, the special provisions for such country shall apply to you, without your consent, to the extent the Company determines that the application of such provisions is necessary or advisable for legal or administrative reasons. The Addendum, if any, constitutes part of this Agreement.

23. FOREIGN ASSET/ACCOUNT REPORTING REQUIREMENTS AND EXCHANGE CONTROLS
Your country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect your ability to acquire or hold shares of Common Stock under the Plan or cash received from participating in the Plan (including from any dividends paid on shares of Common Stock sale proceeds resulting from the sale of shares of Common Stock acquired under the Plan) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You also may be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker within a certain time after receipt. You acknowledge that it is your responsibility to be compliant with such regulations, and you should consult your personal legal advisor for any details.

24. IMPOSITION OF OTHER REQUIREMENTS

The Company reserves the right to impose other requirements on your participation in the Plan, on the RSUs and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

For the Company

Bristol-Myers Squibb Company

By ____________________________________________
Senior Vice President, Global Human Resources

I have read this Agreement in its entirety. I understand that this Award has been granted to provide a means for me to acquire and/or expand an ownership position in Bristol-Myers Squibb Company. I acknowledge and agree that sales of shares will be subject to the Company's policies regulating trading by employees. In accepting this Award, I hereby agree that Fidelity, or such other vendor as the Company may choose to administer the Plan, may provide the Company with any and all account information for the administration of this Award.

I hereby agree to all the terms, restrictions and conditions set forth in the Agreement, including, but not limited to, the Post-Vest Holding Period and post-employment obligations related to non-competition and non-solicitation.
Addendum

BRISTOL-MYERS SQUIBB COMPANY
SPECIAL PROVISIONS FOR RSUS IN CERTAIN COUNTRIES

Unless otherwise provided below, capitalized terms used but not defined herein shall have the same meanings assigned to them in the Plan and the Agreement. This Addendum includes special country-specific terms that apply if you are residing and/or working in one of the countries listed below. This Addendum is part of the Agreement.

This Addendum also includes information of which you should be aware with respect to your participation in the Plan. For example, certain individual exchange control reporting requirements may apply upon vesting of the RSUs and/or sale of Common Stock. The information is based on the securities, exchange control and other laws in effect in the respective countries as of January 2017 and is provided for informational purposes. Such laws are often complex and change frequently, and results may be different based on the particular facts and circumstances. As a result, the Company strongly recommends that you do not rely on the information noted herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time your RSUs vest or are settled, or you sell shares of Common Stock acquired under the Plan.

In addition, the information is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you currently are residing and/or working, transfer employment after the RSUs are granted to you, or are considered a resident of another country for local law purposes, the information contained herein for the country you are residing and/or working in at the time of grant may not be applicable to you, and the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall be applicable to you. If you transfer residency and/or employment to another country or are considered a resident of another country listed in the Addendum after the RSUs are granted to you, the terms and/or information contained for that new country (rather than the original grant country) may be applicable to you.

All Countries

Retirement. The following provision supplements Section 2 of the Agreement:

Notwithstanding the foregoing, if the Company receives a legal opinion that there has been a legal judgment and/or legal development in your jurisdiction that likely would result in the favorable treatment that applies to the RSUs or in the event of your Retirement being deemed unlawful and/or discriminatory, the provisions of Section 2 regarding the treatment of the RSUs in the event of your Retirement shall not be applicable to you.

Argentina

Labor Law Policy and Acknowledgement. This provision supplements Section 7 of the Agreement:

By accepting the RSUs, you acknowledge and agree that the grant of RSUs is made by the Company (not the Employer) in its sole discretion and that the value of the RSUs or any shares of Common Stock acquired under the Plan shall not constitute salary or wages for any purpose under Argentine labor law, including, but not limited to, the calculation of (i) any labor benefits including, but not limited to, vacation pay, thirteenth salary, compensation in lieu of notice, annual bonus, disability, and leave of absence payments, etc., or (ii) any termination or severance indemnities or similar payments.

If, notwithstanding the foregoing, any benefits under the Plan are considered salary or wages for any purpose under Argentine labor law, you acknowledge and agree that such benefits shall not accrue more frequently than on the vesting date.

Securities Law Information. Neither the RSUs nor the underlying shares of Common Stock are publicly offered or listed on any stock exchange in Argentina. The offer is private and not subject to the supervision of any Argentine governmental authority.

Exchange Control Information. Certain restrictions and requirements may apply if and when you transfer proceeds from the sale of shares of Common Stock or any cash dividends paid with respect to such shares into Argentina.
Exchange control regulations in Argentina are subject to change. You should speak with your personal legal advisor regarding any exchange control obligations that you may have prior to vesting in the RSUs or remitting funds into Argentina, as you are responsible for complying with applicable exchange control laws.

**Foreign Asset/Account Reporting Information.** Argentinian residents must report any shares of Common Stock acquired under the Plan and held by the resident as of December 31st of each year to the Argentine tax authorities on their annual tax return for that year.

**Australia**

**Compliance with Laws.** Notwithstanding anything else in the Agreement, you will not be entitled to, and shall not claim, any benefit under the Plan if the provision of such benefit would give rise to a breach of Part 2D.2 of the Corporations Act 2001 (Cth), any other provision of that Act, or any other applicable statute, rule or regulation which limits or restricts the giving of such benefits. Further, the Employer is under no obligation to seek or obtain the approval of its shareholders in general meeting for the purpose of overcoming any such limitation or restriction.

**Australian Offer Document.** The offer of RSUs is intended to comply with the provisions of the Corporations Act 2001, ASIC Regulatory Guide 49 and ASIC Class Order CO 14/1000. Additional details are set forth in the Offer Document for the offer of RSUs to Australian resident employees, which will be provided to you with the Agreement.

**Tax Information.** The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

**Austria**

**Exchange Control Information.** If you hold shares of Common Stock under the Plan outside of Austria (even if you hold them outside of Austria at a branch of an Austrian bank) or cash (including proceeds from the sale of Common Stock), you may be required to submit a report to the Austrian National Bank as follows: (i) on a quarterly basis if the value of the Common Stock as of any given quarter meets or exceeds €30,000,000; and (ii) on an annual basis if the value of the Common Stock as of December 31 meets or exceeds €5,000,000. The deadline to file the quarterly report is the 15th day of the month following the end of the respective quarter. The deadline to file the annual report is January 31 of the following year.

When shares of Common Stock are sold, there may be exchange control obligations if the cash proceeds from the sale are held outside Austria. If the transaction volume of all your cash accounts abroad meets or exceeds €10,000,000, the movements and the balance of all accounts must be reported monthly, as of the last day of the month, on or before the fifteenth day of the following month. If the transaction value of all cash accounts abroad is less than €10,000,000, no ongoing reporting requirements apply.

**Belgium**

**Foreign Asset/Account Reporting Information.** If you are a Belgian resident, you are required to report any taxable income attributable to the grant of the RSUs on your annual tax return. In addition, if you are a Belgian resident, you are required to report any securities held (including shares of Common Stock) or bank accounts (including brokerage accounts) you maintain outside of Belgium on your annual tax return. In a separate report, you will be required to provide the National Bank of Belgium with certain details regarding such foreign accounts (including the account number, bank name and country in which any such account was opened). The forms to complete this report are available on the website of the National Bank of Belgium.

**Stock Exchange Tax Information.** A stock exchange tax applies to transactions executed by a Belgian resident through a non-Belgian financial intermediary, such as a U.S. broker. The stock exchange tax likely will apply when shares of Common Stock acquired under the Plan are sold. You should consult with your tax or financial advisor for additional details on your obligations with respect to the stock exchange tax.

**Brazil**

**Labor Law Policy and Acknowledgement.** This provision supplements Section 7 of the Agreement:

By accepting the RSUs, you acknowledge and agree that (i) you are making an investment decision, (ii) shares of Common Stock will be issued to you only if the vesting conditions are met and you meet the employment conditions during the Restricted Period and (iii) the value of the underlying shares of Common Stock is not fixed and may increase or decrease in value over the Restricted Period.
Compliance with Laws. By accepting the RSUs, you agree that you will comply with Brazilian law when you vest in the RSUs, lapse in the Post-Vest Holding Period and sell shares of Common Stock. You also agree to report and pay any and all taxes associated with the vesting of the RSUs, lapse in the Post-Vest Holding Period, the sale of the shares of Common Stock acquired pursuant to the Plan and the receipt of any dividends.

Foreign Asset/Account Reporting. You must prepare and submit a declaration of assets and rights held outside of Brazil to the Central Bank on an annual basis if you hold assets or rights valued at more than US$100,000. Quarterly reporting is required if such amount exceeds US$100,000,000. The assets and rights that must be reported include shares of Common Stock.

Tax on Financial Transaction (IOF). Repatriation of funds (e.g., sale proceeds) into Brazil and the conversion of USD into BRL associated with such fund transfers may be subject to the Tax on Financial Transactions. It is your sole responsibility to comply with any applicable Tax on Financial Transactions arising from your participation in the Plan.

Bulgaria

Foreign Asset/Account Reporting Information. You may be required to report annually to the Bulgarian National Bank, as of March 31 of each year, details of your receivables in bank accounts held abroad as well as your securities held abroad if the aggregate value of such receivables and securities is equal to or exceeds BGN 50,000 as of the previous calendar year-end.

Canada

Settlement of RSUs. Notwithstanding any terms or conditions of the Plan or the Agreement to the contrary, RSUs will be settled in shares of Common Stock only, not cash.

Securities Law Information. You acknowledge and agree that you will sell shares of Common Stock acquired through participation in the Plan only outside of Canada through the facilities of a stock exchange on which the Common Stock is listed. Currently, the shares of Common Stock are listed on the New York Stock Exchange.

Termination of Employment. This provision replaces the second paragraph of Section 2(h)(v) of the Agreement:

In the event of termination of your employment or other service relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), unless otherwise provided in this Agreement or the Plan, your right to vest in the RSUs, if any, will terminate effective as of the date that is the earlier of (1) the date upon which your employment with the Company or any of its subsidiaries is terminated; (2) the date you are no longer actively employed by or providing services to the Company or any of its subsidiaries; or (3) the date you receive written notice of termination of employment, regardless of any notice period or period of pay in lieu of such notice required under applicable laws (including, but not limited to statutory law, regulatory law and/or common law); the Committee shall have the exclusive discretion to determine when you are no longer employed or actively providing services for purposes of the RSUs (including whether you may still be considered employed or actively providing services while on a leave of absence).

Foreign Asset/Account Reporting Information. You may be required to report your foreign specified property on Form T1135 (Foreign Income Verification Statement) if the total cost of your foreign specified property exceeds C$100,000 at any time in the year. Foreign specified property includes cash held outside of Canada and shares of Common Stock acquired under the Plan, and rights to receive shares of Common Stock (e.g., RSUs). Thus, RSUs must be reported generally at a nil cost - if the C$100,000 cost threshold is exceeded because of other foreign specified property. The Form T1135 must be filed by April 30 of the following year. When shares of Common Stock are acquired, their cost generally is the adjusted cost base (“ACB”) of the shares of Common Stock. The ACB would ordinarily equal the fair market value of the shares of Common Stock at the time of acquisition, but if you own other shares of Common Stock of the same company, this ACB may have to be averaged with the ACB of the other shares of Common Stock. You should consult with your personal tax advisor to determine your reporting requirements.

The following provision applies if you are resident in Quebec:

Data Privacy. This provision supplements Section 16 of the Agreement:

You hereby authorize the Company, the Employer and their representatives to discuss with and obtain all relevant information from all personnel, professional or non-professional, involved with the administration and operation of the Plan. You further
authorize the Company and its subsidiaries to disclose and discuss the Plan with their advisors. You further authorize the Company and its subsidiaries to record such information and to keep such information in your employee file.

Chile

Securities Law Information. The offer of the RSUs constitutes a private offering in Chile effective as of the Award Date. The offer of RSUs is made subject to general ruling n° 336 of the Commission for the Financial Market (Comisión para el Mercado Financiero, “CMF”). The offer refers to securities not registered at the securities registry or at the foreign securities registry of the CMF, and, therefore, such securities are not subject to oversight of the CMF. Given the RSUs are not registered in Chile, the Company is not required to provide information about the RSUs or shares of Common Stock in Chile. Unless the RSUs and/or the shares of Common Stock are registered with the CMF, a public offering of such securities cannot be made in Chile.

Esta oferta de Unidades de Acciones Restringidas (“RSU”) constituye una oferta privada de valores en Chile y se inicia en laFecha de la Concesión. Esta oferta de RSU se acoge a las disposiciones de la Norma de Carácter General N° 336 (“NCG 336”) de la Commission for the Financial Market (“CMF”). Esta oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la CMF, por lo que tales valores no están sujetos a la fiscalización de ésta. Por tratarse los RSU de valores no registrados en Chile, no existe obligación por parte de la Compañía de entregar en Chile información pública respecto de los RSU o sus Acciones. Estos valores no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el Registro de Valores correspondiente.

Exchange Control Information. You are responsible for complying with foreign exchange requirements in Chile. You should consult with your personal legal advisor regarding any applicable exchange control obligations prior to vesting in the RSUs or receiving proceeds from the sale of shares of Common Stock acquired at vesting or cash dividends.

You are not required to repatriate funds obtained from the sale of shares of Common Stock or the receipt of any dividends. However, if you decide to repatriate such funds, you must do so through the Formal Exchange Market if the amount of funds exceeds US$10,000. In such case, you must report the payment to a commercial bank or registered foreign exchange office receiving the funds. If your aggregate investments held outside of Chile exceed US$5,000,000 (including shares of Common Stock and any cash proceeds obtained under the Plan) in the relevant calendar year, you must report the investments quarterly to the Central Bank. Annex 3.1 of Chapter XII of the Foreign Exchange Regulations must be used to file this report. Please note that exchange control regulations in Chile are subject to change.

Foreign Asset/Account Reporting Information. The Chilean Internal Revenue Service (“CIRS”) requires all taxpayers to provide information annually regarding: (i) the taxes paid abroad which they will use as a credit against Chilean income taxes, and (ii) the results of foreign investments which must be submitted electronically through the CIRS website at www.sii.cl in accordance with applicable deadlines.

Investments abroad also must be registered with the CIRS for you to be entitled to a foreign tax credit for any tax withheld on dividends abroad, if applicable, and such registration also provides evidence of the acquisition price of the shares of Common Stock (which will be zero) which you will need when the shares of Common Stock are sold. You should consult with your personal legal advisor regarding how to register with the CIRS as you may be ineligible to receive certain foreign tax credits if you fail to meet the applicable reporting requirements.

China

The following provisions apply if you are subject to the exchange control regulations in China, as determined by the Company in its sole discretion:

Sales of Shares of Common Stock. To comply with exchange control regulations in China, irrespective of any Post-Vest Holding Period, you agree that the Company is authorized to force the sale of all or a portion of the shares of Common Stock to be issued to you upon vesting and settlement of the RSUs at any time (including immediately upon vesting, the lapse of the Post-Vest Holding Period or after termination of your employment, as described below), and you expressly authorize the Company’s designated broker to complete the sale of such shares of Common Stock. You agree to sign any agreements, forms and/or consents that may be reasonably requested by the Company (or the designated broker) to effectuate the sale of the shares of Common Stock and shall otherwise cooperate with the Company with respect to such matters, provided that you shall not be permitted to exercise any influence over how, when or whether the sales occur. You acknowledge that the Company’s designated broker is under no obligation to arrange for the sale of the shares of Common Stock at any particular price.
Upon the sale of the shares of Common Stock, the Company agrees to pay the cash proceeds from the sale of Common Stock (less any applicable Tax-Related Items, brokerage fees or commissions) to you in accordance with applicable exchange control laws and regulations, including, but not limited to, the restrictions set forth in this Addendum for China below under “Exchange Control Information.” Due to fluctuations in the Common Stock price and/or applicable exchange rates between the vesting date and (if later) the date on which the shares of Common Stock are sold, the amount of proceeds realized upon sale may be more or less than the market value of the shares of Common Stock on the vesting date (which typically is the amount relevant to determining your Tax-Related Items liability). You understand and agree that the Company is not responsible for the amount of any loss you may incur and that the Company assumes no liability for any fluctuations in the Common Stock price and/or any applicable exchange rate.

**Treatment of Shares of Common Stock and RSUs Upon Termination of Employment.** Due to exchange control regulations in China, you understand and agree that, irrespective of any Post-Vest Holding Period, any shares of Common Stock acquired under the Plan and held by you in your brokerage account must be sold no later than the last business day of the month following the month of your termination of employment, or within such other period as determined by the Company or required by the China State Administration of Foreign Exchange (“SAFE”) (the “Mandatory Sale Date”). This includes any portion of shares of Common Stock that vest upon your termination of employment. For example, if your termination of employment occurs on March 14, 2018, then the Mandatory Sale Date will be April 30, 2018. You understand that any shares of Common Stock held by you that have not been sold by the Mandatory Sale Date will automatically be sold by the Company’s designated broker at the Company’s direction (on your behalf pursuant to this authorization without further consent), as described under “Sales of Shares of Common Stock” above.

If all or a portion of your RSUs become distributable upon your termination of employment or at some time following your termination of employment, that portion will vest and become distributable immediately upon termination of your employment. Any shares of Common Stock distributed to you according to this paragraph must be sold by the Mandatory Sale Date or will be sold by the Company’s designated broker at the Company’s direction (on your behalf pursuant to this authorization without further consent), as described under “Sales of Shares of Common Stock” above. You will not continue to vest in RSUs or be entitled to any portion of RSUs after your termination of employment.

**Exchange Control Information.** You understand and agree that, to facilitate compliance with exchange control requirements, you are required to hold any shares of Common Stock to be issued to you upon vesting and settlement of the RSUs in the account that has been established for you with the Company's designated broker and you acknowledge that you are prohibited from transferring any such shares of Common Stock to another brokerage account. In addition, you are required to immediately repatriate to China the cash proceeds from the sale of the shares of Common Stock issued upon vesting and settlement of the RSUs and any dividends paid on such shares of Common Stock. You further understand that such repatriation of the cash proceeds will be effectuated through a special exchange control account established by the Company or its subsidiaries, and you hereby consent and agree that the proceeds may be transferred to such special account prior to being delivered to you. The Company may deliver the proceeds to you in U.S. dollars or local currency at the Company’s discretion. If the proceeds are paid in U.S. dollars, you understand that you will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are converted to local currency, there may be delays in delivering the proceeds to you and due to fluctuations in the Common Stock trading price and/or the U.S. dollar/PRC exchange rate between the sale/payment date and (if later) when the proceeds can be converted into local currency, the proceeds that you receive may be more or less than the market value of the Common Stock on the sale/payment date (which is the amount relevant to determining your tax liability). You agree to bear the risk of any currency fluctuation between the sale/payment date and the date of conversion of the proceeds into local currency.

You further agree to comply with any other requirements that may be imposed by the Company in the future to facilitate compliance with exchange control requirements in China.

**Foreign Asset/Account Reporting Information.** PRC residents are required to report to SAFE details of their foreign financial assets and liabilities, as well as details of any economic transactions conducted with non-PRC residents, either directly or through financial institutions. Under these rules, you may be subject to reporting obligations for the Common Stock or equity awards, including RSUs, acquired under the Plan and Plan-related transactions. It is your responsibility to comply with this reporting obligation and you should consult your personal advisor in this regard.

**Colombia**

**Labor Law Policy and Acknowledgement.** By accepting your Award of RSUs, you expressly acknowledge that, pursuant to Article 15 of Law 50/1990 (Article 128 of the Colombian Labor Code), the RSUs and any payments you receive pursuant to the RSUs are wholly discretionary and are a benefit of an extraordinary nature that do not exclusively depend on your performance. Accordingly, the Plan, the RSUs and related benefits do not constitute a component of “salary” for any legal purpose, including
for purposes of calculating any and all labor benefits, such as fringe benefits, vacation pay, termination or other indemnities, payroll taxes, social insurance contributions, or any other outstanding employment-related amounts, subject to the limitations provided in Law 1393/2010.

Exchange Control Information. Investments in assets located outside of Colombia (including Common Stock) are subject to registration with the Central Bank (Banco de la República) if the aggregate value of such investments is US$500,000 or more (as of December 31 of the applicable calendar year). Further, upon the sale of any Common Stock that you have registered with the Central Bank, you must cancel the registration by March 31 of the following year. You may be subject to fines if you fail to cancel such registration. When investments held abroad are sold or otherwise disposed of, regardless of whether they have been registered with the Central Bank, you may be required to repatriate the proceeds to Colombia by selling currency to a Colombian bank and filing the appropriate form. Exchange control regulations change frequently and without notice; therefore, you should consult with your personal legal advisor to ensure compliance with the applicable requirements.

Securities Law Information. The shares of Common Stock are not and will not be registered with the Colombian registry of publicly traded securities (Registro Nacional de Valores y Emisores) and therefore the shares of Common Stock may not be offered to the public in Colombia. Nothing in this document should be construed as the making of a public offer of securities in Colombia.

Czech Republic

Exchange Control Information. The Czech National Bank may require you to fulfill certain notification duties in relation to the RSUs and the opening and maintenance of a foreign account. However, because exchange control regulations change frequently and without notice, you should consult your personal legal advisor prior to the vesting of the RSUs and the sale of shares of Common Stock and before opening any foreign accounts in connection with the Plan to ensure compliance with current regulations. It is your responsibility to comply with any applicable Czech exchange control laws.

Denmark

Stock Option Act. You acknowledge that you have received an Employer Statement in Danish. Notwithstanding any provisions in the Agreement to the contrary, if you are determined to be an “Employee,” as defined in section 2 of the Danish Act on the Use of Rights to Purchase or Subscribe for Shares etc. in Employment Relationships (the “Stock Option Act”), the treatment of the RSUs upon termination of employment shall be governed by the Stock Option Act. However, if the provisions in the Agreement or the Plan governing the treatment of the RSUs upon termination of employment are more favorable, the provisions of the Agreement or the Plan will govern.

Foreign Asset/Account Reporting Information. If you establish an account holding shares of Common Stock or an account holding cash outside Denmark, you must report the account to the Danish Tax Administration. The form may be obtained from a local bank. Please note that these obligations are separate from and in addition to the obligations described below.

Securities/Tax Reporting Information. You may hold shares of Common Stock acquired under the Plan in a safety-deposit account (e.g., a brokerage account) with either a Danish bank or with an approved foreign broker or bank. If shares of Common Stock are held with a non-Danish broker or bank, you are required to inform the Danish Tax Administration about the safety-deposit account. For this purpose, you must file a Form V (Erklaering V) with the Danish Tax Administration. You must sign the Form V and the broker or bank may sign the Form V. By signing the Form V, the bank/broker undertakes an obligation, without further request each year, not later than February 1 of the year following the calendar year to which the information relates, to forward certain information to the Danish Tax Administration concerning the content of the safety-deposit account. In the event that the applicable broker or bank with which the safety-deposit account is held does not wish to, or, pursuant to the laws of the country in question, is not allowed to assume such obligation to report, you acknowledge that you are solely responsible for providing certain details regarding the foreign brokerage or bank account and any shares of Common Stock acquired at vesting and held in such account to the Danish Tax Administration as part of your annual income tax return. By signing the Form V, you at the same time authorize the Danish Tax Administration to examine the account. A sample of the Form V can be found at the following website: www.skat.dk.

In addition, when you open a brokerage account (or a deposit account) outside of Denmark, the account will be treated as a deposit account because cash can be held in the account. Therefore, you must also file a Form K (Erklaering K) with the Danish Tax Administration. Both you and the bank/broker must sign the Form K, unless an exemption from the broker/bank signature requirement is granted by the Danish Tax Administration. It is possible to seek the exemption on the Form K, which you should do at the time you submit the Form K. By signing the Form K, the bank/broker undertakes an obligation, without further request each year, not later than on February 1 of the year following the calendar year to which the information relates, to forward certain information to the Danish Tax Administration concerning the content of the deposit account. In the event that the applicable
financial institution (broker or bank) with which the account is held, does not wish to, or, pursuant to the laws of the country in question, is not allowed to assume such obligation to report, you acknowledge that you are solely responsible for providing certain details regarding the foreign brokerage or bank account to the Danish Tax Administration as part of your annual income tax return. By signing the Form K, you at the same time authorizes the Danish Tax Administration to examine the account. A sample of the Form K can be found at the following website: www.skat.dk.

**Egypt**

**Exchange Control Information.** If you transfer funds into Egypt in connection with the RSUs, you are required to transfer the funds through a registered bank in Egypt.

**Estonia**

**Language Acknowledgement**

<table>
<thead>
<tr>
<th>By accepting the grant of the RSUs, you confirm having read and understood the documents related to the grant (the Agreement and the Plan), which were provided in the English language, and that you do not need the translation thereof into the Estonian language. You accept the terms of those documents accordingly.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Võttes vastu RSU-de pakkumise, kinnitad, et oled ingliskeelsena esitatud pakkumisega seotud dokumendid (Lepingu ja Plaani) läbi lugenud ja nendest aru saanud ning et ei vaja nende tõlkimist eesti keelde. Seljest tulenevalt nõustad viidatud dokumentide tingimustega.</td>
</tr>
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</table>

**Finland**

There are no country-specific provisions.

**France**

**Language Acknowledgement**

En signant et renvoyant le présent document décrivant les termes et conditions de votre attribution, vous confirmez ainsi avoir lu et compris les documents relatifs à cette attribution (le Plan et ce Contrat d’Attribution) qui vous ont été communiqués en langue anglaise.

By accepting your RSUs, you confirm having read and understood the documents relating to this grant (the Plan and this Agreement) which were provided to you in English.

**Tax Information**. The RSUs are not intended to be French tax-qualified awards.

**Foreign Asset/Account Reporting Information.** If you hold cash or shares of Common Stock outside of France or maintain a foreign bank or brokerage account (including accounts that were opened and closed during the tax year), you are required to report such to the French tax authorities on a special form together with your annual tax return. Failure to comply could trigger significant penalties. Further, if you have a foreign account balance exceeding €1,000,000, you may have additional monthly reporting obligations.

**Germany**

**Exchange Control Information.** Cross-border payments in excess of €12,500 must be reported to the German Federal Bank. The German Federal Bank no longer accepts reports in paper form and all reports must be filed electronically. The electronic “General Statistics Reporting Portal” (Allgemeines Meldeportal Statistik) can be accessed on the German Federal Bank’s website: www.bundesbank.de.

In the event that you make or receive a payment in excess of this amount, you are responsible for complying with applicable reporting requirements.
Greece

There are no country-specific provisions.

Hong Kong

**Securities Law Information.** Warning: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of the Agreement, including this Addendum, or the Plan, or any other incidental communication materials, you should obtain independent professional advice. The RSUs and any shares of Common Stock issued at vesting do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company or its subsidiaries. The Agreement, including this Addendum, the Plan and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong. The RSUs are intended only for the personal use of each eligible employee of the Employer, the Company or any subsidiary and may not be distributed to any other person.

**Settlement of RSUs and Sale of Common Stock.** Notwithstanding any terms or conditions of the Plan or the Agreement to the contrary, RSUs will be settled in shares of Common Stock only, not cash. In addition, notwithstanding any terms or conditions of the Plan or the Agreement to the contrary, no shares of Common Stock acquired under the Plan can be offered to the public or otherwise disposed of prior to six months from the Award Date. Any shares of Common Stock received at vesting are accepted as a personal investment.

**Nature of Scheme.** The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance (“ORSO”).

 Hungary

There are no country-specific provisions.

India

**Exchange Control Information.** You must repatriate all proceeds received from the sale of shares to India within such time as prescribed under applicable India exchange control laws as may be amended from time to time. You must maintain the foreign inward remittance certificate received from the bank where the foreign currency is deposited in the event that the Reserve Bank of India or the Company or the Employer requests proof of repatriation. It is your responsibility to comply with applicable exchange control laws in India.

**Foreign Asset/Account Reporting Information.** You are required to declare in your annual tax return (a) any foreign assets held by you (including shares of Common Stock held outside India) or (b) any foreign bank accounts for which you have signing authority. Increased penalties for failing to report these foreign assets/accounts have been introduced. You are responsible for complying with this reporting obligation and are advised to confer with your personal legal advisor in this regard.

Ireland

**Acknowledgement of Nature of Plan and RSUs.** This provision supplements Section 7 of the Agreement:

In accepting this Agreement, you understand and agree that the benefits received under the Plan will not be taken into account for any redundancy or unfair dismissal claim.

Israel

**Settlement of RSUs and Sale of Common Stock.** Upon the lapse of the Post-Vest Holding Period, you agree to the immediate sale of any shares of Common Stock to be issued to you upon vesting and settlement of the RSUs. You further agree that the Company is authorized to instruct its designated broker to assist with the mandatory sale of such shares of Common Stock (on your behalf pursuant to this authorization) and you expressly authorize the Company’s designated broker to complete the sale of such shares of Common Stock. You acknowledge that the Company’s designated broker is under no obligation to arrange for the sale of the shares of Common Stock at any particular price. Upon the sale of the shares of Common Stock, the Company agrees to pay the cash proceeds from the sale of the Common Stock to you, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items. Due to fluctuations in the Common Stock price and/or applicable exchange rates between
understand that, pursuant to section 7 of the contractual obligations related to implementation, administration and management of the Plan which represents the legal basis for the processing. You herein and pursuant to applicable laws and regulations, does not require your consent thereto as the processing is necessary to performance of law and contractual obligations related to implementation, administration and management of the Plan which represents the legal basis for the processing. You understand that, pursuant to Section 13 of the Legislative Decree no. 196/2003, you understand that the Company and the Employer are the privacy representatives of the Company in Italy and may hold and process certain personal information about you, including, but not limited to, your name, home address, email address and telephone number, date of birth, social insurance, passport or other identification number, salary, nationality, job title, any shares of Common Stock or directorships held in the Company or any subsidiaries, details of all RSUs or any other entitlement to Common Stock awarded, canceled, vested, unvested or outstanding in your favor, and that the Company and the Employer will process said data and other data lawfully received from third parties (“Personal Data”) for the exclusive purpose of managing and administering the Plan and complying with applicable laws, regulations and Community legislation. You also understand that providing the Company with Personal Data is mandatory for compliance with laws and is necessary for the performance of the Plan and that your denial to provide Personal Data would make it impossible for the Company to perform its contractual obligations and may affect your ability to participate in the Plan. Pursuant to Legislative Decree no. 196/2003, the Controller of personal data processing is Bristol-Myers Squibb Company, 345 Park Avenue, New York, New York 10154 U.S.A., and its Representative in Italy for privacy purposes is: Anagni-Contrada Ceraso, Cotrada Fontana Del Ceraso, 03012 Anagni (FR), Italy.

You understand that Personal Data will not be publicized, but it may be accessible by the Employer as the privacy representative of the Company and within the Employer’s organization by its internal and external personnel in charge of processing, and by Fidelity or any other data processor appointed by the Company. The updated list of processors and of the subjects to which Data are communicated will remain available upon request from the Employer. Furthermore, Personal Data may be transferred to banks, other financial institutions or brokers involved in the management and administration of the Plan. You understand that Personal Data may also be transferred to the independent registered public accounting firm engaged by the Company, and also to the legitimate addressees under applicable laws. In any event, Personal Data will be stored only for the time needed to fulfill the purposes mentioned above.

You further understand that the Company and its subsidiaries will transfer Personal Data amongst themselves as necessary for the purpose of implementation, administration and management of your participation in the Plan, and that the Company and its subsidiaries may each further transfer Personal Data to third parties assisting the Company in the implementation, administration and management of the Plan, including any requisite transfer of Personal Data to Fidelity or other third party with whom you may elect to deposit any shares of Common Stock acquired under the Plan or any proceeds from the sale of such Common Stock. Such recipients may receive, possess, use, retain and transfer Personal Data in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan. You understand that these recipients may be acting as controllers, processors or persons in charge of processing, as the case may be, according to applicable privacy laws, and that they may be located in or outside the European Economic Area, such as in the United States or elsewhere, in countries that do not provide an adequate level of data protection as intended under Italian privacy law.

Should the Company exercise its discretion in suspending all necessary legal obligations connected with the management and administration of the Plan, it will delete Personal Data as soon as it has accomplished all the necessary legal obligations connected with the management and administration of the Plan.

You understand that Personal Data processing related to the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Personal Data is collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/2003.

The processing activity, including communication, the transfer of Personal Data abroad, including outside of the European Economic Area, as specified herein and pursuant to applicable laws and regulations, does not require your consent thereto as the processing is necessary to performance of law and contractual obligations related to implementation, administration and management of the Plan which represents the legal basis for the processing. You understand that, pursuant to section 7 of the
Legislative Decree no. 196/2003, you have the right at any moment to, including, but not limited to, obtain confirmation that Personal Data exists or not, access, verify its contents, origin and accuracy, delete, update, integrate, correct, block or stop, for legitimate reason, the Personal Data processing. To exercise privacy rights, you should contact the Employer. You also have the right to data portability and to lodge a complaint with the Italian supervisory authority. Furthermore, you are aware that Personal Data will not be used for direct marketing purposes. In addition, Personal Data provided can be reviewed and questions or complaints can be addressed by contacting your human resources department.

Plan Document Acknowledgment. By accepting the RSUs, you acknowledge that you have received a copy of the Plan, reviewed the Plan, the Agreement and this Addendum in their entirety and fully understand and accept all provisions of the Plan, the Agreement and this Addendum.

In addition, you further acknowledge that you have read and specifically and expressly approve without limitation the following clauses in the Agreement: Section 4 (Responsibility for Taxes); Section 7 (Acknowledgement of Nature of Plan and RSUs); Section 8 (No Advice Regarding Grant); Section 9 (Right to Continued Employment); Section 11 (Deemed Acceptance); Section 13 (Severability and Validity); Section 14 (Governing Law, Jurisdiction and Venue); Section 17 (Electronic Delivery and Acceptance); Section 18 (Insider Trading/Market Abuse Laws); Section 19 (Language); Section 20 (Compliance with Laws and Regulations); Section 21 (Entire Agreement and No Oral Modification or Waiver); Section 22 (Addendum); Section 23 (Foreign Asset/Account Reporting Requirements and Exchange Controls); Section 24 (Imposition of Other Requirements), as well as the Data Privacy provision above.

Foreign Asset/Account Reporting Information. If you are an Italian resident who, at any time during the fiscal year, holds foreign financial assets (including cash and shares of Common Stock) which may generate income taxable in Italy, you are required to report these assets on your annual tax return for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations also apply if you are the beneficial owner of foreign financial assets under Italian money laundering provisions.

Tax Information. Italian residents may be subject to tax on the value of financial assets held outside of Italy. The taxable amount will be the fair market value of the financial assets, assessed at the end of the calendar year. For the purposes of the market value assessment, the documentation issued by the Plan broker may be used. If you are subject to this foreign financial assets tax, you will need to report the value of your financial assets held abroad in your annual tax return. You are advised to consult your personal legal advisor for additional information about the foreign financial assets tax.

Japan

Foreign Asset/Account Reporting Information. If you are a resident of Japan or a foreign national who has established permanent residency in Japan, you will be required to report details of any assets (including any shares of Common Stock acquired under the Plan) held outside of Japan as of December 31st of each year, to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15th of the following year. You should consult with your personal tax advisor as to whether the reporting obligation applies to you and whether you will be required to report details of any outstanding RSUs or shares of Common Stock held by you in the report.

Korea

Exchange Control Information. Korean residents who realize US$500,000 or more from the sale of shares of Common Stock or receipt of dividends in a single transaction before July 18, 2017 are required to repatriate the proceeds to Korea within three years of receipt. This requirement no longer applies to transactions on or after July 18, 2017.

Foreign Asset/Account Reporting Information. You will be required to declare all foreign accounts (i.e., non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authorities and file a report if the monthly balance of such accounts exceeds a certain limit (currently KRW 1 billion or an equivalent amount in foreign currency). You should consult with your personal tax advisor on how to value foreign accounts for purposes of this reporting requirement and whether you are required to file a report with respect to such account.
Kuwait

Securities Law Notification. This Plan does not constitute the marketing or offering of securities in Kuwait pursuant to Law No. 7 of 2010 as amended (establishing the Capital Markets Authority) and its implementing regulations. Offerings under the Plan are being made only to eligible employees of your Employer or the Company or any other subsidiary or affiliate of the Company.

Luxembourg

There are no country-specific provisions.

Mexico

Labor Law Policy and Acknowledgment. By accepting this Award, you expressly recognize that the Company, with offices at 345 Park Avenue, New York, New York 10154, U.S.A., is solely responsible for the administration of the Plan and that your participation in the Plan and acquisition of shares does not constitute an employment relationship between you and the Company since you are participating in the Plan on a wholly commercial basis and your sole employer is Bristol-Myers Squibb Company in Mexico (“BMS-Mexico”), not the Company in the United States. Based on the foregoing, you expressly recognize that the Plan and the benefits that you may derive from participation in the Plan do not establish any rights between you and your employer, BMS-Mexico, and do not form part of the employment conditions and/or benefits provided by BMS-Mexico and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of your employment.

You further understand that your participation in the Plan is as a result of a unilateral and discretionary decision of the Company; therefore, the Company reserves the absolute right to amend and/or discontinue your participation at any time without any liability to you.

Finally, you hereby declare that you do not reserve to yourself any action or right to bring any claim against the Company for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and you therefore grant a full and broad release to the Company, its subsidiaries, affiliates, branches, representation offices, its shareholders, officers, agents or legal representatives with respect to any claim that may arise.

Política Laboral y Reconocimiento/Aceptación. Aceptando este Premio, el participante reconoce que la Compañía, with offices at 345 Park Avenue, New York, New York 10154, U.S.A., es el único responsable de la administración del Plan y que la participación del Participante en el mismo y la adquisicion de acciones no constituye de ninguna manera una relación laboral entre el Participante y la Compañía, toda vez que la participación del participante en el Plan deriva únicamente de una relación comercial con la Compañía, reconociendo expresamente que el único empleador del participante lo es Bristol-Myers Squibb Company en México (“BMS-Mexico”), no es la Compañía en los Estados Unidos. Derivado de lo anterior, el participante expresamente reconoce que el Plan y los beneficios que pudieran derivar del mismo no establecen ningún derecho entre el participante y su empleador, BMS-México, y no forman parte de las condiciones laborales y/o prestaciones otorgadas por BMS-México, y expresamente el participante reconoce que cualquier modificación el Plan o la terminación del mismo de manera alguna podrá ser interpretada como una modificación de los condiones de trabajo del participante.

Asimismo, el participante entiende que su participación en el Plan es resultado de la decisión unilateral y discrecional de la Compañía, por lo tanto, la Compañía. Se reserva el derecho absoluto para modificar y/o terminar la participación del participante en cualquier momento, sin ninguna responsabilidad para el participante.

Finalmente, el participante manifiesta que no se reserva ninguna acción o derecho que origine una demanda en contra de la Compañía, por cualquier compensación o daño en relación con cualquier disposición del Plan o de los beneficios derivados del mismo, y en consecuencia el participante otorga un amplio y total finiquito a la Compañía, sus entidades relacionadas, afiliadas, sucursales, oficinas de representación, sus accionistas, directores, agentes y representantes legales con respecto a cualquier demanda que pudiera surgir.

Netherlands

There are no country-specific provisions.

Norway

There are no country-specific provisions.
Oman

Securities Law Notification. This Plan does not constitute the marketing or offering of securities in Oman and consequently has not been registered or approved by the Central Bank of Oman, the Omani Ministry of Commerce and Industry, the Omani Capital Market Authority or any other authority in the Sultanate of Oman. Offerings under the Plan are being made only to eligible employees of your Employer or the Company or any other subsidiary, affiliate or joint venture of the Company.

Peru

Securities Law Information. The grant of RSUs is considered a private offering in Peru; therefore, it is not subject to registration.

Labor Law Acknowledgement. The following provision supplements Section 7 of the Agreement.

In accepting the Award of RSUs pursuant to this Agreement, you acknowledges that the RSUs are being granted _ex gratia_ to your with the purpose of rewarding you.

Poland

Foreign Asset/Account Reporting Information. Polish residents holding foreign securities (including shares of Common Stock) and maintaining accounts abroad (including any brokerage account) must report information to the National Bank of Poland. Specifically, if the aggregate value of shares and cash (calculated individually or together with all other assets/liabilities) held in such foreign accounts exceeds PLN 7 million, Polish residents must file reports on the transactions and balances of the accounts on a quarterly basis on special forms that are available on the website of the National Bank of Poland.

Exchange Control Information. Polish residents are required to transfer funds (i.e., in connection with the sale of shares of Common Stock) through a bank account in Poland if the transferred amount into or out of Poland in any single transaction exceeds a specified threshold (currently €15,000 unless the transfer of funds is considered to be connected with the business activity of an entrepreneur, in which case a lower threshold may apply). If you are a Polish resident, you must also retain all documents connected with any foreign exchange transactions you engage in for a period of five years, as measured from the end of the year in which such transaction occurred.

You should consult with your personal legal advisor to determine what you must do to fulfill any applicable reporting/exchange control duties.

Portugal

Language Consent. You hereby expressly declare that you have full knowledge of the English language and have read, understood and fully accepted and agreed with the terms and conditions established in the Plan and the Agreement.

Conhecimento da Lingua. Você expressamente declara ter pleno conhecimento do idioma inglês e ter lido, entendido e totalmente aceito e concordou com os termos e condições estabelecidas no plano e no acordo.

Puerto Rico

There are no country-specific provisions.

Romania

Language Consent. By accepting the grant of RSUs, you acknowledge that you are proficient in reading and understanding English and fully understand the terms of the documents related to the grant (the notice, the Agreement and the Plan), which were provided in the English language. You accept the terms of those documents accordingly.

Consimtamant cu privire la limba. Prin acceptarea acordarii de RSU-uri, confirmati ca aveti un nivel adecvat de cunoastere in ce priveste cistirea si intelegera limbii engleze, ati citit si confirmati ca ati inteles pe deplin termenii documentelor referitoare la acordare (anuntul, Acordul RSU si Planul), care au fost furnizate in limba engleza. Acceptati termenii acestor documente in consecinta.

Exchange Control Information. Any transfer of funds exceeding a certain threshold (currently €15,000), whether via one transaction or several transactions that appear to be linked to each other, must be reported to the National Office for Prevention...
safeguards will be taken by the elsewhere, and that the recipient’s country (e.g., the United States) may have different data privacy laws and protections than your country. In this case, appropriate in the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in the United States, or

You understand that Data may be transferred to Fidelity, or such other stock plan service provider as may be selected by the Company in the future, which assists

You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Agreement by and among, as applicable, the Employer, the Company and its subsidiaries for the exclusive purpose of implementing, administering and managing your participation in the Plan.

You understand that the recipient’s country (e.g., the United States) may have different data privacy laws and protections than your country. In this case, appropriate safeguards will be taken by the

Exchange Control Information. You acknowledge that you must repatriate the proceeds from the sale of shares of Common Stock within a reasonably short time of receipt. Such amounts must be initially credited to you through a foreign currency account opened in your name at an authorized bank in Russia. After the funds are initially received in Russia, they may be further remitted to foreign banks subject to the following limitations: (i) the foreign account may be opened only for individuals; (ii) the foreign account may not be used for business activities; and (iii) you must give notice to the Russian tax authorities about the opening/closing of each foreign account within one month of the account opening/closing. Cash dividends (but not dividend equivalents) and cash income received from the transfer of funds and/or shares of Common Stock into the fiduciary/trust management of a non-resident do not need to be remitted to your bank account in Russia but instead can be remitted directly to a foreign individual bank account (in Organisation for Economic Cooperation and Development (“OECD”) and Financial Action Task Force (“FATF”) countries). As from January 1, 2018, cash proceeds from the sale of shares of Common Stock listed on the Russian stock exchange or a foreign exchange on the legally approved list, currently including the New York Stock Exchange, also can be paid directly to your foreign bank account opened with a bank located in an OECD or FATF country.

You should consult your personal advisor before selling any shares of Common Stock acquired under the Plan and remitting any sale proceeds to Russia, as significant penalties may apply in the case of non-compliance with exchange control requirement and exchange control requirements are subject to change at any time, often without notice.

Foreign Asset/Account Reporting Information. Russian residents are required to notify Russian tax authorities within one (1) month of opening, closing or changing the details of a foreign account. Russian residents also are required to report (i) the beginning and ending balances in such a foreign bank account each year and (ii) transactions related to such a foreign account during the year to the Russian tax authorities, on or before June 1 of the following year. The tax authorities can require you to provide appropriate supporting documents related to transactions in a foreign bank account.

Securities Law Information. These materials do not constitute advertising or an offering of securities in Russia nor do they constitute placement of the shares of Common Stock in Russia. Any shares of Common Stock issued pursuant to the RSUs shall be delivered to you through a brokerage account in the U.S. You may hold shares in your brokerage account in the U.S.; however, in no event will shares issued to you and/or share certificates or other instruments be delivered to you in Russia. The issuance of Common Stock pursuant to the RSUs described herein has not and will not be registered in Russia and hence, the shares of Common Stock described herein may not be admitted or used for offering, placement or public circulation in Russia.

U.S. Transaction. You are not permitted to make any public advertising or announcements regarding the RSUs or Common Stock in Russia, or promote these shares to other Russian legal entities or individuals, and you are not permitted to sell or otherwise dispose of Common Stock directly to other Russian legal entities or individuals. You are permitted to sell shares of Common Stock only on the New York Stock Exchange and only through a U.S. broker.

Data Privacy. This section replaces Section 16 of the Agreement:

You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Agreement by and among, as applicable, the Employer, the Company and its subsidiaries for the exclusive purpose of implementing, administering and managing your participation in the Plan.

You understand that the Company, any subsidiary and/or the Employer may hold certain personal information about you, including, but not limited to, your name, home address, email address and telephone number, date of birth, social insurance or passport number or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all RSUs or any other entitlement to shares awarded, canceled, vested, unvested or outstanding in your favor (“Data”), for the purpose of implementing, administering and managing the Plan.

You understand that Data may be transferred to Fidelity, or such other stock plan service provider as may be selected by the Company in the future, which assists in the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in the United States, or elsewhere, and that the recipient’s country (e.g., the United States) may have different data privacy laws and protections than your country. In this case, appropriate safeguards will be taken by the
Company to ensure that your Data is processed with an adequate level of protection and in compliance with applicable local laws and regulation (especially through contractual clauses like European Model Clauses for European countries). You understand that if you reside outside the United States, you may request a list with the names and addresses of any potential recipients of the Data by contacting the International Compensation and Benefits Group. You authorize the Company, Fidelity and other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom the shares of Common Stock received upon vesting of the RSUs may be deposited. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan.

You understand that if you reside outside the United States, you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case and without cost, by contacting in writing the International Compensation and Benefits Group. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant you RSUs or other equity awards or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact the International Compensation and Benefits Group.

**Labor Law Information.** You acknowledge that if you continue to hold shares of Common Stock acquired under the Plan after an involuntary termination of your employment, you may not be eligible to receive unemployment benefits in Russia.

**Anti-Corruption Information.** Anti-corruption laws prohibit certain public servants, their spouses and their dependent children from owning any foreign source financial instruments (e.g., shares of foreign companies such as the Company). Accordingly, you should inform the Company if you are covered by these laws because you should not hold shares of Common Stock acquired under the Plan.

**Saudi Arabia**

**Securities Law Information.** This document may not be distributed in the Kingdom except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document you should consult an authorized financial advisor.

**Singapore**

**Restrictions on Sale and Transferability.** You hereby agrees that any shares of Common Stock acquired pursuant to the RSUs will not be offered for sale in Singapore prior to the six-month anniversary of the Award Date, unless such sale or offer is made pursuant to the exemptions under Part XIII Division 1 Subdivision (4) (other than section 280) of the Securities and Futures Act (Chap. 289, 2006 Ed.) (“SFA”).

**Securities Law Information.** The grant of RSUs is being made in reliance of section 273(1)(f) of the SFA for which it is exempt from the prospectus and registration requirements under the SFA and is not made to you with a view to the RSUs being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore.

**Chief Executive Officer and Director Notification Requirement.** If you are the Chief Executive Officer (“CEO”) or a director, associate director or shadow director of a Singapore company, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements, you must notify the Singapore subsidiary in writing within two business days of any of the following events: (i) you receive or dispose of an interest (e.g., RSUs or shares of Common Stock) in the Company or any subsidiary of the Company, (ii) any change in a previously-disclosed interest (e.g., forfeiture of RSUs or the sale of shares of Common Stock), or (iii) becoming the CEO or a director, associate director or a shadow director if you hold such an interest at that time.
South Africa

Responsibility for Taxes. The following provision supplements Section 4 of this Agreement:

You are required to immediately notify the Employer of the amount of any gain realized at vesting of the RSUs. If you fail to advise the Employer of such gain, you may be liable for a fine.

Exchange Control Information. You are solely responsible for complying with applicable South African exchange control regulations, and neither the Company nor the Employer will be liable for any fines or penalties resulting from failure to comply with applicable laws. In particular, if you are a resident for exchange control purposes, you are required to obtain approval from the South African Reserve Bank for payments (including payment of proceeds from the sale of shares of Common Stock) that you receive into accounts based outside of South Africa (e.g., a U.S. brokerage account). Because the exchange control regulations change frequently and without notice, you should consult your legal advisor prior to the acquisition or sale of shares of Common Stock under the Plan to ensure compliance with current regulations.

Spain

Exchange Control Information. If you acquire shares of Common Stock issued pursuant to the RSUs and wish to import the ownership title of such shares (i.e., share certificates) into Spain, you must declare the importation of such securities to the Spanish Dirección General de Política Comercial y de Inversiones Extranjeras (the “DGPCIE”). Generally, the declaration must be made in January for shares of Common Stock acquired or sold during (or owned as of December 31 of) the prior year; however, if the value of shares acquired or sold exceeds the applicable threshold (currently €1,502,530) (or you hold 10% or more of the share capital of the Company or such other amount that would entitle you to join the Company’s board of directors), the declaration must be filed within one month of the acquisition or sale, as applicable. In addition, you also must file a declaration of ownership of foreign securities with the Directorate of Foreign Transactions each January.

You are also required to electronically declare to the Bank of Spain any security accounts (including brokerage accounts held abroad), as well as the security (including shares of Common Stock acquired at vesting of RSUs) held in such accounts and any transactions carried out with non-residents if the value of the transactions for all such accounts during the prior year or the balances in such accounts as of December 31 of the prior year exceeds €1,000,000.

Foreign Asset/Account Reporting Information. To the extent you hold shares of Common Stock and/or have bank accounts outside of Spain with a value in excess of €50,000 (for each type of asset) as of December 31, you will be required to report information on such assets on your tax return for such year. After such shares of Common Stock and/or accounts are initially reported, the reporting obligation will apply for subsequent years only if the value of any previously reported shares of Common Stock or accounts increases by more than €20,000 as of each subsequent December 31.

Labor Law Acknowledgment. This provision supplements Sections 2(g) and 7 of the Agreement:

By accepting the RSUs, you consent to participation in the Plan and acknowledge that you have received a copy of the Plan document.

You understand and agree that, as a condition of the grant of the RSUs, except as provided for in Section 2 of the Agreement, your termination of employment for any reason (including for the reasons listed below) will automatically result in the forfeiture of any RSUs that have not vested on the date of your termination.

In particular, you understand and agree that, unless otherwise provided in the Agreement, the RSUs will be forfeited without entitlement to the underlying shares of Common Stock or to any amount as indemnification in the event of a termination of your employment prior to vesting by reason of, including, but not limited to: resignation, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without good cause (i.e., subject to a “despido improcedente”), individual or collective layoff on objective grounds, whether adjudged to be with cause or adjudged or recognized to be without cause, material modification of the terms of employment under Article 41 of the Workers’ Statute, relocation under Article 40 of the Workers’ Statute, Article 50 of the Workers’ Statute, unilateral withdrawal by the Employer, and under Article 10.3 of Royal Decree 1382/1985.

Furthermore, you understand that the Company has unilaterally, gratuitously and discretionarily decided to grant RSUs under the Plan to individuals who may be employees of the Company or a subsidiary. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any subsidiary on an ongoing basis, other than as expressly set forth in the Agreement. Consequently, you understand that the RSUs are granted
on the assumption and condition that the RSUs and the shares of Common Stock underlying the RSUs shall not become a part of any employment or service contract (either with the Company, the Employer or any subsidiary) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, you understand that the RSUs would not be granted to you but for the assumptions and conditions referred to above; thus, you acknowledge and freely accept that, should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any Award of RSUs shall be null and void.

Securities Law Information. The RSUs and the Common Stock described in the Agreement and this Addendum do not qualify under Spanish regulations as securities. No “offer of securities to the public,” as defined under Spanish law, has taken place or will take place in the Spanish territory. The Agreement (including this Addendum) has not been nor will it be registered with the Comisión Nacional del Mercado de Valores, and does not constitute a public offering prospectus.

Sweden

There are no country-specific provisions.

Switzerland

Securities Law Information. The RSUs are not intended to be publicly offered in or from Switzerland. Because the offer of RSUs is considered a private offering, it is not subject to registration in Switzerland. Neither this document nor any other materials relating to the Plan (i) constitutes a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations, and neither this document nor any other materials relating to the Plan (ii) may be publicly distributed nor otherwise made publicly available in Switzerland, or (iii) have been or will be filed with, approved or supervised by any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (FINMA).

Taiwan

Securities Law Information. The grant of RSUs and any shares of Common Stock acquired pursuant to these RSUs are available only for employees of the Company and its subsidiaries. The offer of participation in the Plan is not a public offer of securities by a Taiwanese company.

Exchange Control Information. You may acquire and remit foreign currency (including proceeds from the sale of Common Stock) into or out of Taiwan up to US$5,000,000 per year without special permission. If the transaction amount is TWD500,000 or more in a single transaction, you must submit a Foreign Exchange Transaction Form to the remitting bank and provide supporting documentation to the satisfaction of the remitting bank.

Thailand

Exchange Control Information. If the proceeds from the sale of shares of Common Stock or the receipt of dividends are equal to or greater than US$50,000 or more in a single transaction, you must repatriate the proceeds to Thailand immediately upon receipt and convert the funds to Thai Baht or deposit the proceeds in a foreign currency deposit account maintained by a bank in Thailand within 360 days of remitting the proceeds to Thailand. In addition you must report the inward remittance to the Bank of Thailand on a foreign exchange transaction form. If you fail to comply with these obligations, you may be subject to penalties assessed by the Bank of Thailand. Because exchange control regulations change frequently and without notice, you should consult your personal advisor before selling shares of Common Stock to ensure compliance with current regulations. You are responsible for ensuring compliance with all exchange control laws in Thailand, and neither the Company nor any of its subsidiaries will be liable for any fines or penalties resulting from your failure to comply with applicable laws.

Tunisia

Securities Law Information. All proceeds from the sale of shares of Common Stock or the receipt of dividends must be repatriated to Tunisia. You should consult your personal advisor before taking action with respect to remittance of proceeds into Tunisia. You may be required to obtain prior authorization from the Central Bank of Tunisia (“CBT”) for the acquisition of shares of Common Stock under the Plan. You are responsible for ensuring compliance with all exchange control laws in Tunisia. In addition, if you hold assets abroad in excess of a certain amount, you must report the assets to the CBT.
Turkey

Securities Law Information. Under Turkish law, you are not permitted to sell shares of Common Stock acquired under the Plan in Turkey. The shares of Common Stock are currently traded on the New York Stock Exchange, which is located outside of Turkey, under the ticker symbol “BMY” and the shares of Common Stock may be sold through this exchange.

Exchange Control Information. In certain circumstances, Turkish residents are permitted to sell shares traded on a non-Turkish stock exchange only through a financial intermediary licensed in Turkey and should be reported to the Turkish Capital Markets Board. Therefore, you may be required to appoint a Turkish broker to assist with the sale of the shares of Common Stock acquired under the Plan. You should consult your personal legal advisor before selling any shares of Common Stock acquired under the Plan to confirm the applicability of this requirement.

United Arab Emirates

Acknowledgment of Nature of Plan and RSUs. This provision supplements Section 7 of the Agreement:

You acknowledge that the RSUs and related benefits do not constitute a component of your “wages” for any legal purpose. Therefore, the RSUs and related benefits will not be included and/or considered for purposes of calculating any and all labor benefits, such as social insurance contributions and/or any other labor-related amounts which may be payable.

Securities Law Information. The Plan is only being offered to qualified employees and is in the nature of providing equity incentives to employees of the Company or its subsidiary or affiliate in the UAE. Any documents related to the Plan, including the Plan, Plan prospectus and other grant documents (“Plan Documents”), are intended for distribution only to such employees and must not be delivered to, or relied on by, any other person. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of the Plan Documents, you should consult an authorized financial adviser.

The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any Plan Documents nor taken steps to verify the information set out in them, and thus, are not responsible for such documents.

The securities to which this summary relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities.

United Kingdom

Responsibility for Taxes. This provision supplements Section 4 of the Agreement:

Without limitation to Section 4 of the Agreement, you hereby agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company or the Employer or by Her Majesty’s Revenue & Customs (“HMRC”) (or any other tax authority or any other relevant authority). You also hereby agree to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay on your behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are an executive officer or director of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), you understand that you may not be able to indemnify the Company or the Employer for the amount of Tax-Related Items not collected from or paid by you because the indemnification could be considered to be a loan. In this case, any income tax not collected or paid within ninety (90) days of the end of the U.K. tax year in which an event giving rise to the Tax-Related Items occurs may constitute a benefit to you on which additional income tax and employee national insurance contributions (“NICs”) may be payable. You understand that you will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company and/or the Employer (as appropriate) for the value of employee NICs due on this additional benefit which the Company and/or the Employer may recover from you by any of the means set forth in Section 4 of the Agreement.

Section 431 Election. As a condition of participation in the Plan and the vesting of the RSUs, you agree to enter into, jointly with the Employer, the joint election within Section 431 of the U.K. Income Tax (Earnings and Pensions) Act 2003 (“ITEPA 2003,”) in respect of computing any tax charge on the acquisition of “restricted securities” (as defined in Sections 423 and 424 of ITEPA 2003), and that you will not revoke such election at any time. This election will be to treat the shares of Common Stock as if they were not restricted securities (for U.K. tax purposes only). You must enter into the form of election, attached to this Addendum, concurrent with accepting the Agreement, or at such subsequent time as may be designated by the Company.
Section 431 Election for U.K. Participants

Joint Election under s431 ITEPA 2003 for full or partial disapplication of Chapter 2 Income Tax (Earnings and Pensions) Act 2003

One Part Election

1. Between
the Employee [insert name of employee]
whose National Insurance Number is [insert employee Nat. Ins. Number]
and
the Company (who is the Employee’s employer): [insert employer name]
of Company Registration Number [insert Company Registration Number]

2. Purpose of Election
This joint election is made pursuant to section 431(1) or 431(2) Income Tax (Earnings and Pensions) Act 2003 (ITEPA) and applies where employment-related securities, which are restricted securities by reason of section 423 ITEPA, are acquired.

The effect of an election under section 431(1) is that, for the relevant Income Tax and NIC purposes, the employment-related securities and their market value will be treated as if they were not restricted securities and that sections 425 to 430 ITEPA do not apply. An election under section 431(2) will ignore one or more of the restrictions in computing the charge on acquisition. Additional Income Tax will be payable (with PAYE and NIC where the securities are Readily Convertible Assets).

Should the value of the securities fall following the acquisition, it is possible that Income Tax/NIC that would have arisen because of any future chargeable event (in the absence of an election) would have been less than the Income Tax/NIC due by reason of this election. Should this be the case, there is no Income Tax/NIC relief available under Part 7 of ITEPA 2003; nor is it available if the securities acquired are subsequently transferred, forfeited or revert to the original owner.

3. Application
This joint election is made not later than 14 days after the date of acquisition of the securities by the employee and applies to:

   Number of securities: All securities to be acquired by Employee pursuant to the RSUs granted on ______under the terms of the Bristol-Myers Squibb Company 2012 Stock Award and Incentive Plan.

   Description of securities: Shares of common stock
   Name of issuer of securities: Bristol-Myers Squibb Company
to be acquired by the Employee after ______ under the terms of the Bristol-Myers Squibb Company 2012 Stock Award and Incentive Plan.

4. Extent of Application
This election disapplies to

   S.431(1) ITEPA: All restrictions attaching to the securities
5. Declaration

This election will become irrevocable upon the later of its signing or the acquisition (and each subsequent acquisition) of employment-related securities to which this election applies.

The Employee acknowledges that, by clicking on the “ACCEPT” box, the Employee agrees to be bound by the terms of this election.

OR:

The Employee acknowledges that, by signing this election, the Employee agrees to be bound by the terms of this election.

..........................................................  .../.../......
Signature (Employee)                        Date

The Company acknowledges that, by signing this election or arranging for the scanned signature of an authorised representative to appear on this election, the Company agrees to be bound by the terms of this election.

..........................................................  .../.../......
Signature (for and on behalf of the Company)  Date

..........................................................
Position in company

Note: Where the election is in respect of multiple acquisitions, prior to the date of any subsequent acquisition of a security it may be revoked by agreement between the employee and employer in respect of that and any later acquisition.

Venezuela

Investment Representation for RSUs. As a condition of the grant of the RSUs, you acknowledge and agree that any shares of Common Stock you may acquire upon vesting of the RSUs and lapse of the Post-Vest Holding Period are acquired as, and intended to be, an investment rather than for the resale of the shares of Common Stock and conversion of the shares of Common Stock into foreign currency.

Securities Law Information. The RSUs granted under the Plan and the shares of Common Stock issued under the Plan are offered as a personal, private, exclusive transaction and are not subject to Venezuelan securities regulations. This offering does not qualify as a public offering under the laws of the Bolivarian Republic of Venezuela and, therefore, it is not required to request the previous authorization of the National Superintendent of Securities.

Exchange Control Information. Exchange control restrictions may limit the ability to vest in the RSUs or remit funds into Venezuela following the sale of shares of Common Stock acquired upon vesting of the RSUs. The Company reserves the right to restrict settlement of the RSUs or to amend or cancel the RSUs at any time in order to comply with applicable exchange control laws in Venezuela. Any shares of Common Stock acquired under the Plan are intended to be an investment rather than for the resale and conversion of the shares into foreign currency. You are responsible for complying with exchange control laws in Venezuela and neither the Company nor the Employer will be liable for any fines or penalties resulting from your failure to comply with applicable laws. Because exchange control laws and regulations change frequently and without notice, you should consult with your personal legal advisor before accepting the RSUs and before selling any shares of Common Stock acquired upon vesting of the RSUs to ensure compliance with current regulations.
Subsidiaries of Bristol-Myers Squibb Company

345 Park LLC
A.G. Medical Services, P.A.
Adnexus, a Bristol-Myers Squibb R&D Company
Allard Labs Acquisition G.P.
Amira Pharmaceuticals, Inc.
Apothecon LLC
Blisa Acquisition G.P.
BMS Benelux Holdings B.V.
BMS Bermuda Nominees L.L.C.
BMS Data Acquisition Company LLC
BMS Forex Company
B-MS Generx Unlimited Company
BMS Holdings Sarl
BMS Holdings Spain, S.L.
BMS International Insurance Designated Activity Company
BMS Investco SAS
BMS Korea Holdings L.L.C.
BMS Latin American Nominees L.L.C.
BMS Luxembourg Partners L.L.C.
BMS Omega Bermuda Holdings Finance Ltd.
BMS Pharmaceutical Korea Limited
BMS Pharmaceuticals Germany Holdings B.V.
BMS Pharmaceuticals International Holdings Netherlands B.V.
BMS Pharmaceuticals Korea Holdings B.V.
BMS Pharmaceuticals Mexico Holdings B.V.
BMS Pharmaceuticals Netherlands Holdings B.V.
BMS Real Estate LLC
BMS Spain Investments LLC
BMS Strategic Portfolio Investments Holdings, Inc.
Bristol (Iran) S.A.
Bristol Iran Private Company Limited
Bristol Laboratories Inc.
Bristol Laboratories International, S.A.
Bristol Laboratories Medical Information Systems Inc.
Bristol-Myers (Andes) L.L.C.
Bristol-Myers (Private) Limited
Bristol-Myers de Venezuela S.C.A.
Bristol-Myers Middle East S.A.L.
Bristol-Myers Overseas Corporation
Bristol-Myers Squibb (China) Investment Co., Ltd.
Bristol-Myers Squibb (China) Pharmaceuticals Co., Ltd.
Bristol-Myers Squibb (Israel) Ltd.
Bristol-Myers Squibb (NZ) Limited
Bristol-Myers Squibb (Proprietary) Limited
Bristol-Myers Squibb (Shanghai) Trading Co. Ltd.
Bristol-Myers Squibb (Singapore) Pte. Limited
Bristol-Myers Squibb (Taiwan) Ltd.
Bristol-Myers Squibb (West Indies) Ltd.
Bristol-Myers Squibb A.E.
Bristol-Myers Squibb Aktiebolag
Bristol-Myers Squibb Argentina S. R. L.
Bristol-Myers Squibb Sanofi Pharmaceuticals Holding Partnership
Bristol-Myers Squibb Sarl
Bristol-Myers Squibb Service Ltd.
Bristol-Myers Squibb Services Sp. z o.o.
Bristol-Myers Squibb Spol. s r.o.
Bristol-Myers Squibb Theta Finance Ltd.

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Bristol-Myers Squibb Trustees Limited
Bristol-Myers Squibb Verwaltungs GmbH
Bristol-Myers Squibb, S.A.U.
Bristol-Myers Squibb/Astrazeneca EEIG
Bristol-Myers Squibb/Pfizer EEIG
Bristol-Myers Squibb/Sanofi Pharmaceuticals Partnership
Cardioxyl Pharmaceuticals, Inc.
Cormorant Pharmaceuticals AB
E. R. Squibb & Sons Inter-American Corporation
E. R. Squibb & Sons Limited
E. R. Squibb & Sons, L.L.C.
EWI Corporation
FermaVir Pharmaceuticals, L.L.C.
FermaVir Research, L.L.C.
Flexus Biosciences, Inc.
GenPharm International, L.L.C.
Grove Insurance Company Ltd.
Heyden Farmaceutica Portuguesa Limitada
Inhibitex, L.L.C.
Innate Tumor Immunity, Inc.
iPierian, Inc.
Kosan Biosciences Incorporated
Linson Investments Limited
Mead Johnson (Manufacturing) Jamaica Limited
Mead Johnson Jamaica Ltd.
O.o.o. Bristol-Myers Squibb
Oy Bristol-Myers Squibb (Finland) AB
Padlock Therapeutics, Inc.
Princeton Pharmaceutical Products, Inc.
Route 22 Real Estate Holding Corporation
Sino-American Shanghai Squibb Pharmaceuticals Limited
Societe Francaise de Complements Alimentaires(S.O.F.C.A.)
Squibb Middle East S.A.
Swords Laboratories
UPSA SAS
Westwood-Intrafin SA
Westwood-Squibb Pharmaceuticals, Inc.
ZymoGenetics Paymaster, LLC
ZymoGenetics, Inc.
ZymoGenetics, LLC
CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM


/s/ DELOITTE & TOUCHE LLP

Parsippany, NJ
February 25, 2019
CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Giovanni Caforio, certify that:

1. I have reviewed this annual report on Form 10-K of Bristol-Myers Squibb Company;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting;

5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent function):
   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 25, 2019

/s/ GIOVANNI CAFORIO
Giovanni Caforio
Chief Executive Officer
CERTIFICATION BY THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Charles Bancroft, certify that:

1. I have reviewed this annual report on Form 10-K of Bristol-Myers Squibb Company;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting;

5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent function):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 25, 2019

/s/ CHARLES BANCROFT
Charles Bancroft
Chief Financial Officer
Pursuant to 18 U. S. C. Section 1350, I, Giovanni Caforio, hereby certify that, to the best of my knowledge, Bristol-Myers Squibb Company’s Annual Report on Form 10-K for the year ended December 31, 2018 (the Report), as filed with the Securities and Exchange Commission on February 25, 2019, fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Bristol-Myers Squibb Company.

/s/ GIOVANNI CAFORIO
Giovanni Caforio
Chief Executive Officer
February 25, 2019

This written statement is being furnished to the Securities and Exchange Commission as an exhibit to the Report. A signed original of this written statement required by Section 906 has been provided to Bristol-Myers Squibb Company and will be retained by Bristol-Myers Squibb Company and furnished to the Securities and Exchange Commission or its staff upon request.
Pursuant to 18 U. S. C. Section 1350, I, Charles Bancroft, hereby certify that, to the best of my knowledge, Bristol-Myers Squibb Company’s Annual Report on Form 10-K for the year ended December 31, 2018 (the Report), as filed with the Securities and Exchange Commission on February 25, 2019, fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Bristol-Myers Squibb Company.

/s/ CHARLES BANCROFT
Charles Bancroft
Chief Financial Officer
February 25, 2019

This written statement is being furnished to the Securities and Exchange Commission as an exhibit to the Report. A signed original of this written statement required by Section 906 has been provided to Bristol-Myers Squibb Company and will be retained by Bristol-Myers Squibb Company and furnished to the Securities and Exchange Commission or its staff upon request.