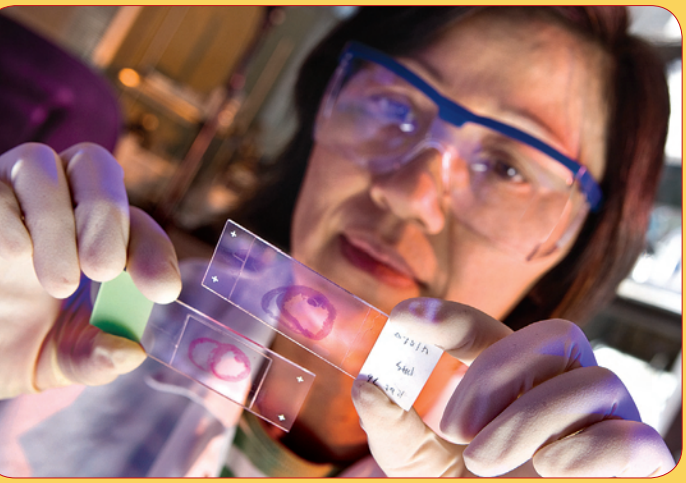


ON LEFT: Zhen Jin, a research scientist at KAI Pharmaceuticals in South San Francisco, compares tissue samples as part of a cardiovascular disease collaboration with Bristol-Myers Squibb. The lead compound from this collaboration is a novel investigational medication for the emergency room treatment of acute heart attack. This compound is in Phase IIb clinical development and has been granted Fast Track status by the U.S. Food and Drug Administration because of its potential to treat life-threatening disease and to address an unmet medical need.

As a next-generation BioPharma leader, Bristol-Myers Squibb is committed to helping patients prevail against serious disease. To do so, we are complementing and enhancing our internal capabilities with a suite of innovative alliances, partnerships and acquisitions.

We call this our String of Pearls strategy. The collaboration with KAI is part of that strategy, which includes seven major transactions completed to date since August 2007.

ON THE FRONT COVER: A Bristol-Myers Squibb scientist in Wallingford, Connecticut, examines a 1,536-well plate for screening drug candidates against disease targets. Each well contains about one-millionth of a liter of a particular compound. That's barely enough to see. Yet it's plenty for advanced high-speed robotic technology to use this plate and 800 others to screen more than a million compounds at a time. In one of the tiny wells on this plate, perhaps, is the next breakthrough medication for cancer, HIV/AIDS, cardiovascular disease, Alzheimer's or other serious illness.

It's just part of what being BioPharma is all about.

BIOPHARMA: OUR STRATEGY IN ACTION

TO OUR STOCKHOLDERS: Bristol-Myers Squibb has emerged in 2008 as a stronger, leaner and more effective enterprise. We are much better positioned to continue delivering the innovative medicines that help patients prevail in their fight against serious disease.

In a year when global economic upheaval and continuing industry challenges threw many companies off track, we kept our sights trained on the vision we laid out in December 2007.

And as a next-generation BioPharma leader, we have executed transformative changes to maximize our near-term growth while improving the company's earnings base in 2012 and beyond.

From a financial perspective alone, 2008 was punctuated by wins, led by 13 percent sales growth, to $20.6 billion for the year. This solid growth was broad-based, both geographically and across all products, and driven by Plavix, Abilify, our Virology franchise, as well as our newer products, such as *Orencia* and *Sprycel*.

Total net sales from continuing operations in 2008 were $20.6 billion, compared with $18.2 billion in 2007. Net fully diluted earnings per share from continuing operations were $1.59 in 2008, up from 88 cents in 2007.

We continue to be on track to project one of the best near-term growth rates in the industry — with a 15 percent compound annual growth rate for non-GAAP earnings per share from continuing operations, from the 2007 base through 2010. This is without rebasing 2007 for the ConvaTec wound care business we sold in August 2008.

BETTER RESOURCE MANAGEMENT

Closely tied to our sales and earnings growth are improved gross margins, which reflect a new approach to expenses.

Our Productivity Transformation Initiative — which was announced in December 2007, and expanded in July 2008 — represents an ongoing, long-term, companywide effort to reset our cost base while fundamentally changing the way we work to be quicker, more agile and more profitable.

We are on track to achieve a total of $2.5 billion in annual productivity cost savings and avoidance by 2012. The first wave of initiatives, announced in December 2007, targets $1.5 billion in cost savings and avoidance by 2010. The second wave, announced in July 2008, targeted an additional $1.0 billion by 2012.

These productivity efforts set in motion a cascade of actions that are building momentum to make us faster and more competitive — touching all areas of our business, culture and strategy. Teams in divisions worldwide have embraced and advanced these self-sustaining improvements, ensuring greater shareholder value in the coming years and over the long term.

We've recast our global operating model to better suit our vision of a more focused BioPharma company. Resources are being reallocated to prioritize the most valuable opportunities, and partnerships and third-party manufacturers are helping us maximize our assets. We're continuing to rationalize our mature brands portfolio, consolidate the global supply network, simplify the geographic footprint and implement a more efficient go-to-market model.

With our general and administrative functions, we're also simplifying, standardizing and, in some cases, outsourcing processes and services. We're improving our global sourcing practices, and the way we manage cash flow.

SHIFTING OUR BUSINESS PORTFOLIO

At the heart of our BioPharma strategy are the medicines that give meaningful hope to patients and physicians, and bring value to our shareholders and customers.

In 2008, we took decisive steps to ensure the robust future of our biologic medicines and specialty drugs. To focus on these assets more completely, we've captained a massive and cleanly executed reallocation of resources. We monetized the non-pharma assets that had become peripheral to our strategy while investing further in our core business — in part by engaging in new partnerships and alliances that deepen our expertise, capabilities and offerings in certain select therapeutic areas.

By August, we had completed the sales of both our Medical Imaging business and our ConvaTec wound care business, for gross proceeds of more than $4.6 billion.

We also announced the initial public offering of Mead Johnson Nutrition, which we completed in the early part of 2009. By retaining an 83 percent stake in Mead Johnson, we are poised to continue deriving a steady source of income and growth from this vital infant and pediatric nutrition business. At the same time, we believe the access to public investment will help Mead Johnson grow as an independent company.

Our non-pharma divestitures, as well as the sale of our 17 percent stake in ImClone, contributed to a total cash balance of approximately $8 billion by the end of 2008. Our ability to complete these transactions and amass such liquidity at a time when access to cash is increasingly fleeting speaks to the leadership and foresight that are making Bristol-Myers Squibb a better company.

This strong cash balance puts us in an excellent position in 2009 to make the investments in innovation that are critical to our future as a BioPharma company.

MEDICINES FOR SERIOUS DISEASE

The changes we've made to our business portfolio and expenses mean we're free to focus and invest more in our medicines. The pharmaceuticals segment of our company accounted for 86 percent of net sales in 2008, as it had in 2007 and 2006.

We're proud of the expanded benefits we're bringing patients with our existing portfolio. As we prepare for the likelihood of generic and branded competition for Plavix this year, we are extremely proud that this product continues to play a critical role in the medical regimens of cardiovascular disease patients worldwide.

Abilify, our second-largest product, had a remarkable growth rate of 30 percent in 2008, reflecting the value of developing additional indications — such as major depressive disorder — that our patients tell us make them feel like themselves again.

Our research and development efforts continue to lead to a steady flow of milestones. Our late-stage pipeline assets continued to advance in 2008. We submitted *Onglyza*, the diabetes medicine we are developing jointly with AstraZeneca, in the United States and Europe. In Japan, we received approval for Erbitux in 2008 and for *Sprycel* in January 2009.

We also continue to advance our early-stage pipeline. In our fast-growing oncology pipeline, for example, we now have three significant cancer medicines in the marketplace, up from just one in 2004. We now have 15 oncology compounds in preclinical or clinical development, up from 10 in 2004, and 20 programs in Discovery, up from 15 five years ago.

In the areas of Alzheimer's disease and hepatitis C, where unmet medical need is huge and growing, we demonstrated proof of confidence in 2008 for two key compounds. Across all therapeutic areas, we delivered 13 new compounds into Exploratory Development from Discovery.

We did all this while making our research and development processes more efficient.

NURTURING STRONG PARTNERSHIPS

Expanding our capabilities through partnerships has been an historic strength of Bristol-Myers Squibb, and it continues to be central to our BioPharma philosophy.

With late-stage products, strategic partnerships with other large pharmaceutical companies are helping us balance risk and reach more patients while freeing resources to make room for further investment in our core development and commercialization capabilities. We're currently engaged in broad partnerships for many of our key products, including Plavix, Avapro, Abilify and Atripla, as well as several for our late-stage medicines, including *Onglyza*, dapagliflozin and apixaban.

To bolster our early- and mid-stage research and pipeline, we're forming select alliances with biotech partners through a series of transactions that we call our "String of Pearls."

New pearls are helping us bolster our pipeline and balance our portfolio for 2011 and beyond. We are building clusters of expertise in

key therapeutic areas where there is great unmet medical need, including cardiovascular disease, solid tumors, hematologic malignancies, hepatitis C and Alzheimer's disease.

This exciting work gained ground in 2008, following in the path of our acquisition of Adnexus in 2007. Among the year's transactions were our acquisition of Kosan Biosciences and global collaborations with Exelixis, PDL BioPharma and KAI Pharmaceuticals.

In early 2009, we added a global collaboration agreement with Zymo-Genetics, as well as a collaboration agreement with Nissan Chemical Industries and Teijin Pharma.

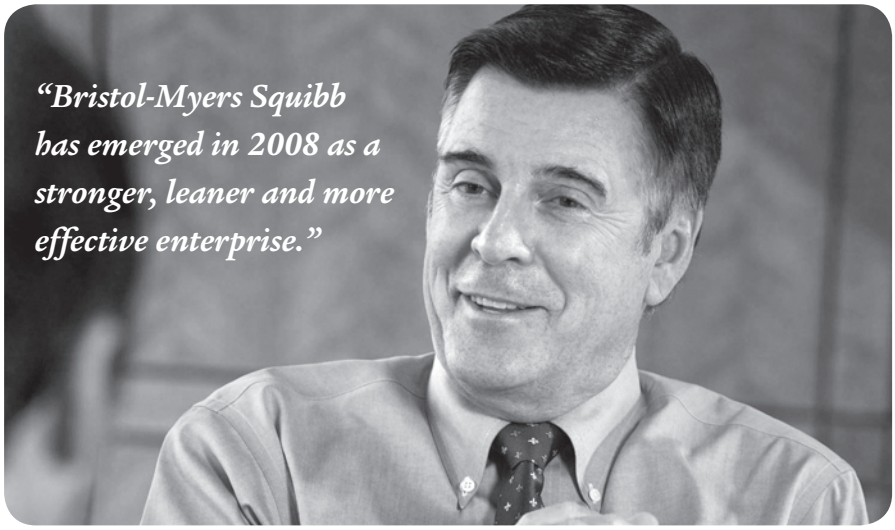
Importantly, we've positioned ourselves as a strong partner in biotech circles, gaining a higher profile by demonstrating our ability to nurture innovation, assets and talent.

It's worth noting that we've pursued our String of Pearls with rigor, but also with restraint. When our bid for ImClone was met with a counter-offer that we deemed too expensive, we acted with discipline and withdrew our offer. That decision ultimately resulted in approximately $1 billion in proceeds for the shares we sold, and earned us respect in the investment community.

BIOPHARMA CULTURE SHIFT

Underpinning the ultimate success of our transition to a BioPharma company is a cultural shift transforming how we approach our daily work.

When we announced our new strategy, we said we needed to become more agile, entrepreneurial and accountable to achieve our goals. Over the year, we've measured progress in these areas by the rapid pace of change and accomplishments.



James M. Cornelius, Chairman and Chief Executive Officer

For instance, the transactions we've made to build our String of Pearls required us to learn how to act quickly and decisively as opportunities emerge. We are rapidly reprioritizing resources on a spot basis. Cross-functional "SWAT" teams, prepared to turn on a dime, are called upon to research new disease areas, evaluate unfamiliar assets and structure transactions accordingly.

Our smaller, leaner scale is also accelerating our shift to a more agile, can-do culture. For instance, we set a top-down tone for how to accomplish more with less by eliminating the corporate aviation group and relocating our executive office space in Manhattan to more modest accommodations.

At the same time, we are embracing several employee-driven initiatives to speed decision-making and clarify lines of accountability.

By holding up accountability as a central tenet of our culture, we're signaling the importance of maintaining the highest levels of ethical conduct and compliance while also taking responsibility for our individual decisions.

YOUR MANAGEMENT TEAM

I'm pleased that we've solidified a world-class management team — one of the best I've encountered in 45 years working in the health care industry.

We expanded our Management Council to include Brian Daniels, who leads Global Development and Medical Affairs; Carlo de Notaristefani, who leads Technical Operations and Global Support Functions, and Béatrice Cazala, who leads both Global Commercialization and Europe. The "MC" meets weekly and is the focal point for all key operational issues, discussion and resolution.

In early 2009, we made some additional changes to our management team and governance structure to better align as a BioPharma company. We established an Executive Committee to meet on an as-needed basis to deal with the most critical strategic issues facing the company. Joining me on this committee are Lamberto Andreotti, Elliott Sigal and Jean-Marc Huet.

At the same time, Lamberto was also appointed president and chief operating officer, and elected a

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