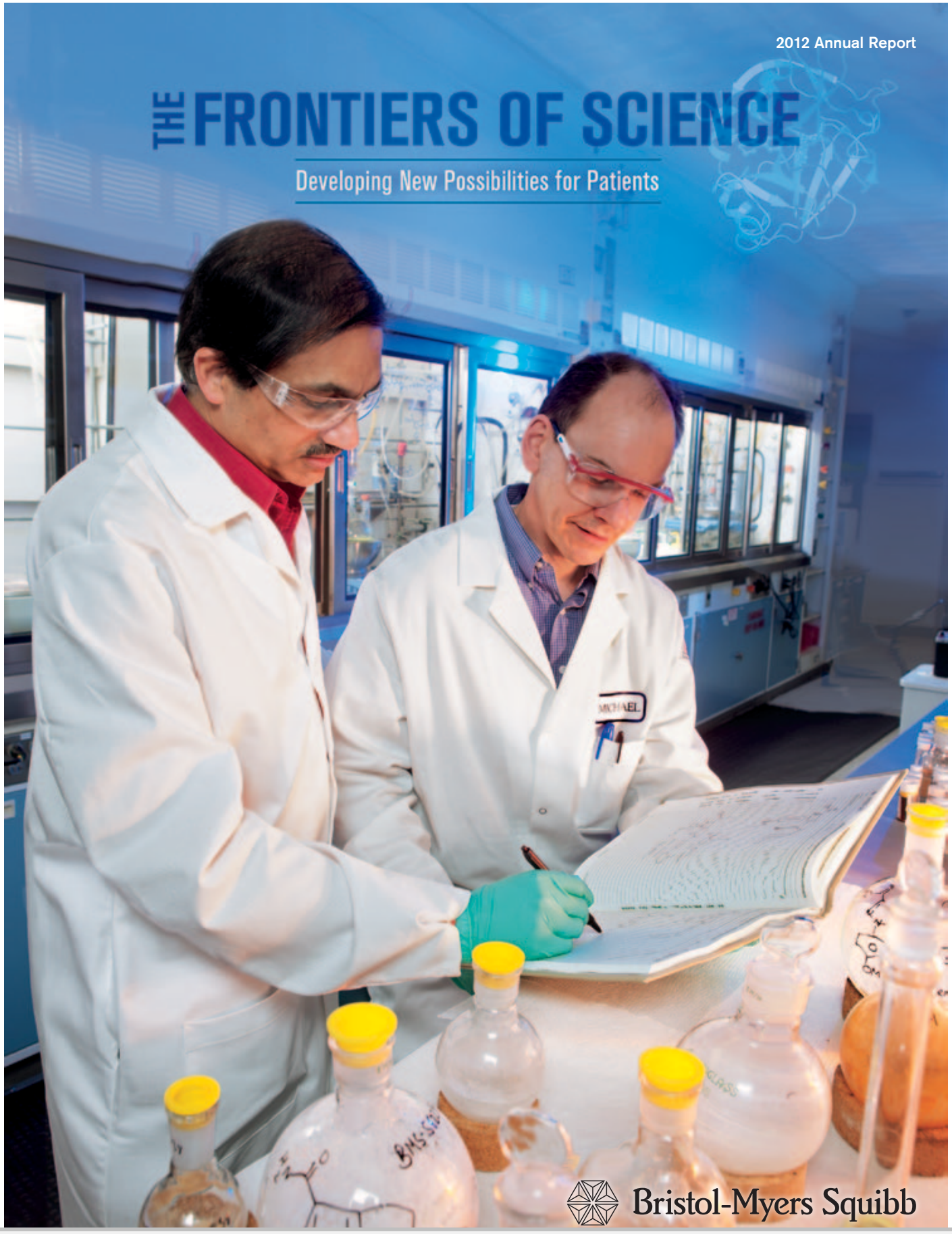
2012 Annual Report

THE FRONTIERS OF SCIENCE

Developing New Possibilities for Patients



Bristol-Myers Squibb

ON THE COVER – *ELIQUIS* – THE SCIENTIFIC JOURNEY

The scientific journey that resulted in *Eliquis* (apixaban), Bristol-Myers Squibb's new anticoagulation therapy that works by directly inhibiting Factor Xa, dates back to 1994 and a group of dedicated researchers at DuPont Pharmaceuticals, a company Bristol-Myers Squibb acquired in 2001. At that time, Ruth Wexler, Ph.D., led DuPont's Cardiovascular Chemistry group. "We strongly believed, based on preclinical data, that a high quality Factor Xa inhibitor could be a highly effective anticoagulant with the potential for an improved safety profile," she says. By 1996, a cross-functional team helped identify the first inhibitors and by early 1998, the first of these entered human trials. Still, the team continued to develop additional Factor Xa inhibitors. Apixaban was synthesized by Michael Orwat (right), then an associate working in the laboratory of Donald Pinto, Ph.D. (left). Today, all three are still working in cardiovascular research at Bristol-Myers Squibb: Pinto, a research fellow in Medicinal Chemistry, and Orwat, a senior research scientist in Pinto's lab, are helping develop a next generation of medicines for thrombosis. And Wexler is executive director in Medicinal Chemistry, leading the group as it develops a new wave of cardiovascular drugs. See a Special Report beginning on page 5 to learn more about how our company's efforts in cardiovascular research and on other frontiers of drug development may help patients around the world.

We remain committed to a single overriding mission: to help more patients prevail in their fight against serious diseases.

The patient stories shared in this Annual Report depict individual patient responses to our medicines or investigational compounds and are not representative of all patient responses. In addition, there is no guarantee that potential drugs or indications still in development will receive regulatory approval.

TO OUR STOCKHOLDERS

Message from the Chief Executive Officer

2012 was a year of strategic transition – one that allowed us to deliver meaningful results, while laying the groundwork for 2013 and beyond – one that further established Bristol-Myers Squibb as a benchmark BioPharma company.

During the year, we evolved our portfolio. We reaffirmed our leadership in a range of therapeutic areas. We set the stage for sustained, long-term growth.

Our revenues and earnings declined – due to the expected losses of exclusivity of *Plavix* and *Avapro/Avalide* – but we closed the year in a very good position. Our financials were solid. Our pipeline robust. Our portfolio strengthened by the addition of new, innovative medicines.

Specifically, our new and in-line product sales grew by 15% in 2012. Among the strongest drivers with double-digit growth were *Yervoy* (metastatic melanoma), *Onglyza* (type 2 diabetes), *Orencia* (rheumatoid arthritis), *Sprycel* (myeloid leukemia) and *Baraclude* (hepatitis B). We had several key regulatory successes, including the European approval of *Forxiga* (type 2 diabetes) and multiple approvals of *Eliquis* (atrial fibrillation). And we made some significant clinical advances, particularly with respect to our immuno-oncology and hepatitis C assets.

Taken together, it was an important year that ended strong.

Our Solid Foundation

Clearly, we did not get to our good position overnight.

Beginning in 2007, our BioPharma Transformation has been comprehensive, impacting all parts of our organization in all parts of the world. It has been a journey. It has taken vision. And it has taken a lot of hard work.

- It has also taken a new Mission – one based on helping patients prevail over serious diseases exclusively through innovative pharmaceutical products.
- It has taken a new strategy – one premised on the three pillars of innovation, continuous improvement and selective integration.
- It has taken a new approach to the way we do business – one guided and fueled by a more agile, entrepreneurial and accountable culture.
- And it has taken an unwavering commitment to compliance, business ethics and personal integrity – a commitment that has become central to who we are, what we do and how we do it.

Simply stated, our BioPharma Transformation has been built on a solid foundation of realistic expectations, high aspirations and a commitment to excellence that runs throughout our entire company.

Our Diversified Portfolio and Pipeline

This foundation, in turn, made it possible for us to work through challenges and seize opportunities in 2012, while positioning ourselves for a successful future.

Most notably, it helped us to manage the losses of exclusivity of *Plavix* and *Avapro*/*Avalide*. Having long known that two of our biggest products were going off patent in 2012 and that the financial impact would be considerable, we planned accordingly and executed successfully. We strengthened our diversified portfolio with new products and new indications. We achieved significant clinical advances. And we renewed our commitment to productivity.

Cardiovascular Disease

In the last weeks of the year, we gained several approvals for *Eliquis*, a new medication for the prevention of stroke and systemic embolism for adult patients with nonvalvular atrial fibrillation, or NVAF. Specifically, *Eliquis* was approved in Europe, Canada, Japan and the United States.

This was an important development for patients. Atrial fibrillation is a common heart arrhythmia that affects millions of people worldwide. It is a condition that significantly increases the risk of stroke as well as the burden to patients who suffer a stroke.

This was also an important development for physicians. *Eliquis* is the only anticoagulant with proven superior risk reduction versus warfarin in the three critical outcomes of stroke prevention, major bleeding and all-cause death in patients with NVAF. For nearly 60 years, warfarin has been the standard of care for this patient population.

Lamberto Andreotti, Chief Executive Officer

"Simply stated, our BioPharma Transformation has been built on a solid foundation of realistic expectations, high aspirations and a commitment to excellence that runs throughout our entire company."

Finally, this was a very positive development for our company and for our alliance with Pfizer, because it further underscored the value of our partnership and the leadership role both companies continue to play in providing innovative medicines for the treatment of cardiovascular disease.

Diabetes

In 2012, we continued to expand our *Onglyza* franchise and delivered a 50% increase in year-over-year sales.

We also acquired Amylin, a biopharmaceutical company specializing in diabetes and other metabolic diseases, and with it, three marketed products, including *Byetta* and *Bydureon*, and a state-of-the-art manufacturing plant in Ohio. And very importantly, we also expanded our 5-year-old diabetes partnership with AstraZeneca.

Toward the end of the year, we gained European Commission approval for *Forxiga*, a once-daily oral medication that provides a completely new option to improve glycemic control in adult patients with type 2 diabetes.

In light of all of these developments, we are now able to offer three innovative classes of medicines to help address the diverse needs of patients with type 2 diabetes. This is good news for our company and for the patients we serve. Type 2 diabetes is a chronic, progressive disease that is growing in prevalence across the globe. According to the World Health Organization (WHO), there are an estimated 346 million people with diabetes worldwide. By 2030, that number is projected to double. Consequently, there is a real need for new treatment options.

Immuno-Oncology

Yervoy continued to get established in markets throughout the world. Global sales increased 96% over the previous year, and this breakthrough product demonstrated an unprecedented 5-year survival curve for melanoma patients.

Our Research and Development team also made progress with two potential products – nivolumab, which is in Phase III trials for lung, renal and skin cancers, and elotuzumab, for multiple myeloma.

These developments reaffirmed Bristol-Myers Squibb's position as

a leader in the field of oncology and a pioneer in the new, increasingly promising field of immuno-oncology.

Hepatitis C

With respect to hepatitis C, we were disappointed about the need to discontinue the BMS-986094 clinical program, but in the interest of patient safety, we acted swiftly to end it.

Despite this situation, our hepatitis C portfolio remains significant. We made important progress on an oral dual-regimen in development in Japan, where we plan to file a regulatory submission in 2013, and we intensified our focus on the Phase II development of an all-oral triple regimen, preparing the way for Phase III trials in 2014.

Our Improved Organization

Central to our transformation and a key to our ongoing success has been an active focus on continuous improvement, particularly through enhanced productivity and forward-looking changes to our organization.

In 2012, we began implementing a new global structure – one better suited for our increasingly diversified portfolio and geographical emphasis. This included a restructuring of our U.S. and European operations as well as our approach to global markets. We also launched the Enterprise Services organization, an effort to streamline internal operations, and we unveiled a new, cutting-edge Plant Network Strategy in our manufacturing organization.

To my Senior Management Team I welcomed three new executives in 2012 and one more early in 2013. Promoted from within our company were John Elicker (Public Affairs and Investor Relations) and Samuel Moed (Strategic Planning and Analysis). Recruited to our company were Frances Heller (Business Development) and Ann Powell Judge (Human Resources).

Individually and collectively, these organizational changes are all designed to help us to do our work faster, smarter and better – to deliver the promise of our portfolio more effectively and efficiently – and to impact positively the lives of people around the world.

Our Steadfast Commitment

After all, people are at the center of everything we do. People who depend on our innovative medicines. People who live in our communities. People who work for our company. Our commitment is to them and their families, and in 2012, this was demonstrated in compelling ways.

For patients, our commitment includes our work in the laboratory to discover and develop innovative new medicines as well as our work in the field to promote access to them. We therefore focus a great deal of time and resources also making access a reality for people living in the most challenging circumstances. In 2012, that meant expanding our U.S.-based *Together on Diabetes* program – which began in 2010 with a $100 million grant – to China and India, two countries with the largest populations of diabetic patients. It also meant completing the first successful phase of our five-country collaboration with the WHO concerning the HIV/tuberculosis epidemic in sub-Saharan Africa, an initiative that represents an extension of our landmark *SECURE THE FUTURE* program.

For communities, our commitment expressed itself through our continued work with the United Nations Global Compact and with our own Go Green and Earth Day initiatives. These efforts – combined with the progress made on our Sustainability 2015 Goals – contributed to our top designation on the 2012 Corporate Responsibility magazine's 100 Best Corporate Citizens list.

For employees, our commitment was clear in the work we did to develop, enrich and recognize our people. We reaffirmed our longstanding adherence to equal opportunity principles and rededicated ourselves to maintaining a work environment that values diversity and that embodies fairness, equity and respect. Once again, we placed an emphasis on maintaining an atmosphere designed to promote a good work product and a good work experience.

Clearly, we are in a strong position. Our BioPharma Transformation has been a journey during which we have worked through many challenges and seized many opportunities. We have been finding our way through the losses of exclusivity. We have been adapting to the "new normal" of global economic uncertainty. And we have just completed an important year of transition – one that underscored the potential of our increasingly diversified portfolio and pipeline of innovative medicines.

All of this enables us to bring new possibilities to patients.

Lamberto Andreotti
Chief Executive Officer
March 11, 2013

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