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**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, 2013

Commission File Number 1-1136

**BRISTOL-MYERS SQUIBB COMPANY**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**22-0790350**

(IRS Employer  
Identification No.)

**345 Park Avenue, New York, N.Y. 10154**

(Address of principal executive offices)

Telephone: (212) 546-4000

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

Title of each class  
**Common Stock, \$0.10 Par Value**

Name of each exchange on which registered  
**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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

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

The aggregate market value of the 1,644,046,930 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, 2013) was approximately \$73,472,457,302. Bristol-Myers Squibb has no non-voting common equity. At February 1, 2014, there were 1,650,232,566 shares of common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE:** Portions of the Proxy Statement for the registrant's Annual Meeting of Stockholders to be held May 6, 2014 are incorporated by reference into Part III of this Annual Report on Form 10-K.

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## PART I

### Item 1. BUSINESS.

#### General

Bristol-Myers Squibb Company (which may be referred to as Bristol-Myers Squibb, BMS, the Company, we, our or us) 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.

We operate in one segment—BioPharmaceuticals. For additional information about business segments, see “Item 8. Financial Statements—Note 2. Business Segment Information.”

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 United States (U.S.), Puerto Rico and in six foreign countries.

The percentage of revenues by significant region were as follows:

Dollars in Millions	Year Ended December 31,		
	2013	2012	2011
United States	51%	59%	66%
Europe	24%	21%	18%
Japan	5%	4%	3%
China	4%	3%	2%
Total Revenues	16,385	17,621	21,244

#### Acquisitions and Divestitures

Since 2007, we have been transforming BMS into a leading-edge biopharmaceutical company focused exclusively on discovering, developing, and delivering innovative medicines that address serious unmet medical needs. This transformation encompassed all areas of our business and operations. As part of this strategy, we have divested our diabetes and non-pharmaceutical businesses, implemented our acquisition and licensing strategy, and executed our productivity transformation initiative (PTI). Our divestitures included our diabetes business in February 2014, Mead Johnson in December 2009, ConvaTec in August 2008 and Medical Imaging in January 2008. As part of our acquisition and licensing strategy, we acquired Amylin Pharmaceuticals, Inc. (Amylin) in August 2012, Inhibitex, Inc. (Inhibitex) in February 2012, Amira Pharmaceuticals, Inc. (Amira) in September 2011, ZymoGenetics, Inc. (ZymoGenetics) in October 2010 and Medarex, Inc. (Medarex) in September 2009 and entered into several license and other collaboration arrangements. These transactions have allowed and continue to allow us to focus our resources behind our growth opportunities that drive the greatest long-term value. From a disease standpoint, we are focused on four core therapeutic areas: oncology, virology, immunology, and specialty cardiovascular disease.

#### Products

Our pharmaceutical products include chemically-synthesized drugs, or small molecules, and an increasing portion of products produced from biological processes (typically involving recombinant DNA technology), 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 infusion. Most of our revenues come from products in the following therapeutic classes: virology, including human immunodeficiency virus (HIV) infection; oncology; neuroscience; metabolics; immunoscience; and cardiovascular.

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. Our business is focused on innovative biopharmaceutical products, and we rely on patent rights and various forms of regulatory protection to maintain the market exclusivity of our products. In the U.S., the European Union (EU) and some other countries, 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 patent

rights and regulatory forms of exclusivity, see “—Intellectual Property and Product Exclusivity” below. For further discussion of the impact of generic competition on our business, see “—Generic Competition” below.

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, Japan and China. 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, Japan and China. 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 trial 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 purposes 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.

The following schedule presents revenues of our key products and estimated basic exclusivity loss in the U.S., EU, Japan and China:

Dollars in Millions	Total Revenues by Product			Past or Currently Estimated Year of Basic Exclusivity Loss			
	2013	2012	2011	U.S.	EU <sup>(a)</sup>	Japan	China
<b>Key Products</b>							
<b>Virology</b>							
<i>Baraclude</i>	\$ 1,527	\$ 1,388	\$ 1,196	2014 <sup>(b)</sup>	2011-2016	2016	--
<i>Reyataz</i>	1,551	1,521	1,569	2017	2017-2019 <sup>(c)</sup>	2019	2017
<i>Sustiva Franchise</i>	1,614	1,527	1,485	2015 <sup>(d)</sup>	2013 <sup>(e)</sup>	++	++
<b>Oncology</b>							
<i>Erbitux*</i>	696	702	691	2016 <sup>(f)</sup>	++	2016 <sup>(g)</sup>	++
<i>Sprycel</i>	1,280	1,019	803	2020	2020	2021	2020
<i>Yervoy</i>	960	706	360	2023 <sup>(g)</sup>	2021 <sup>(g)</sup>	++	++
<b>Neuroscience</b>							
<i>Abilify*</i>	2,289	2,827	2,758	2015 <sup>(h)</sup>	2014 <sup>(i)</sup>	++	++
<b>Metabolics<sup>(m)</sup></b>							
<i>Bydureon*</i>	298	78	N/A	2025 <sup>(j)</sup>	2021 <sup>(j)</sup>	2020 <sup>(g)</sup>	++
<i>Byetta*</i>	400	149	N/A	2016 <sup>(k)</sup>	2016 <sup>(g)</sup>	2018 <sup>(g)</sup>	++
<i>Forxiga/Xigduo</i>	23	—	N/A	2020	2023	++	++
<i>Onglyza/Kombiglyze</i>	877	709	473	2023	2021	++	2016
<b>Immunoscience</b>							
<i>Nulojix</i>	26	11	3	2023	2021	++	++
<i>Orencia</i>	1,444	1,176	917	2019	2017 <sup>(g)</sup>	2018 <sup>(g)</sup>	++
<b>Cardiovascular</b>							
<i>Avapro*/Avalide*</i>	231	503	952	2012	2007-2013	++	--
<i>Eliquis</i>	146	2	—	2023	2022	2022	++
<i>Plavix*</i>	258	2,547	7,087	2012	2008 <sup>(l)</sup>	++	++

Note: The currently estimated earliest year of basic exclusivity loss includes any statutory extensions of exclusivity that have been granted. In some instances, we may be able to obtain an additional six months exclusivity for a product based on the pediatric extension. In certain other instances, there may be later-expiring patents that cover particular forms or compositions of the drug, as well as methods of manufacturing or methods of using the drug. Such patents may sometimes result in a favorable market position for our products, but product exclusivity cannot be predicted or assured. Under the U.S. healthcare law enacted in 2010, qualifying biologic products will receive 12 years of data exclusivity before a biosimilar can enter the market, as described in more detail in “—Intellectual Property and Product Exclusivity” below.

\* Indicates brand names of products which are trademarks not owned or wholly owned by BMS. Specific trademark ownership information is included on page 123.

++ We do not currently market the product in the country or region indicated.

-- There is uncertainty about China’s exclusivity laws which has resulted in generic competition in the China market.

(a) References to the EU throughout this Form 10-K include all member states of the European Union during the year ended December 31, 2013. Basic patent applications have not been filed in all current member states for all of the listed products. In some instances, the date of basic exclusivity loss will be different in various EU member states. For those EU countries where the basic patent was not obtained, there may be data protection available.

(b) In February 2013, the U.S. District Court for the District of Delaware invalidated the composition of matter patent covering *Baraclude* (entecavir), which was scheduled to expire in 2015, including granted pediatric exclusivity. An appeal is pending and a decision is expected in 2014. We may face generic competition with this product beginning in 2014. The Company is prepared to take legal action in the event that Teva Pharmaceutical Industries Ltd. (Teva) chooses to launch its generic product prior to the resolution of the Company’s appeal.

(c) Data exclusivity in the EU expires in 2014 and market exclusivity expires between 2017 and 2019.

- (d) Exclusivity period relates to the *Sustiva* brand and does not include exclusivity related to any combination therapy. The composition of matter patent for efavirenz in the U.S. expired in 2013, but a method of use patent for the treatment of HIV infection expires in September 2014. Pediatric exclusivity has been granted, which provides an additional six month period of exclusivity added to the term of the patents listed in the Orange Book.
- (e) Exclusivity period relates to the *Sustiva* (efavirenz) brand and does not include exclusivity related to any combination therapy. Market exclusivity for *Sustiva* expired in November 2013 in countries in the EU. Data exclusivity for *Sustiva* expired in the EU in 2009.
- (f) Biologic product approved under a Biologics License Application (BLA). Data exclusivity in the U.S. expires in 2016. There is no patent that specifically claims the composition of matter of cetuximab, the active ingredient in *Erbix\**. Our rights to commercialize cetuximab terminate in 2018.
- (g) Exclusivity period is based on regulatory data protection.
- (h) Our rights to commercialize *Abilify\** (aripiprazole) in the U.S. terminate in 2015.
- (i) Our rights to commercialize *Abilify\** in the EU terminate in June 2014.
- (j) Exclusivity period is based on formulation patents.
- (k) Exclusivity period is based on method of use patent.
- (l) Data exclusivity in the EU expired in July 2008. In most of the major markets within Europe, the product has national patents, expired in 2013, which specifically claim the bisulfate form of clopidogrel. Generic and alternate salt forms of clopidogrel bisulfate are marketed and compete with *Plavix\** throughout the EU.
- (m) In February 2014, BMS sold to AstraZeneca PLC (AstraZeneca) the diabetes business of BMS which comprised our global alliance with them, including all rights and ownership to *Onglyza/Kombiglyze*, *Forxiga/Xigduo*, *Bydureon\**, *Byetta\**, and *Symlin\**.

Below is a summary of the indication, intellectual property position, product partner, if any, and third-party manufacturing arrangements, if any, for each of the above products in the U.S. and, where applicable, the EU and Japan.

*Baraclude*

*Baraclude* (entecavir) is a potent and selective inhibitor of hepatitis B virus that was approved by the U.S. Food and Drug Administration (FDA) for the treatment of chronic hepatitis B infection. *Baraclude* was discovered and developed internally.

In February 2013, the U.S. District Court for the District of Delaware invalidated the composition of matter patent covering *Baraclude*, which was scheduled to expire in 2015. An appeal is pending and a decision is expected in 2014. We may face generic competition with this product beginning in 2014. In December 2013, the FDA granted pediatric exclusivity for *Baraclude*. In the event that the Company is successful in its appeal, the composition of matter patent including the pediatric extension will expire in August 2015. The Company is prepared to take legal action in the event that Teva chooses to launch its generic product prior to the resolution of the Company's appeal. For more information about this patent litigation matter, see "Item 8. Financial Statements—Note 22. Legal Proceedings and Contingencies."

The composition of matter patent expires in the EU between 2011 and 2016 and in Japan in 2016. There is uncertainty about China's exclusivity laws which has resulted in generic competition in the China market.

Entecavir is manufactured by both the company and a third party. The product is then finished in our facilities.

*Reyataz*

*Reyataz* (atazanavir sulfate) is a protease inhibitor for the treatment of human immunodeficiency virus (HIV).

We developed atazanavir under a worldwide license from Novartis Pharmaceutical Corporation (Novartis) for which a royalty is paid based on a percentage of net product sales. We are entitled to promote *Reyataz* for use in combination with *Norvir\** (ritonavir) under a non-exclusive license agreement with AbbVie Inc. (AbbVie), as amended, for which a royalty is paid based on a percentage of net product sales. We have a licensing agreement with Gilead Sciences, Inc. (Gilead) to develop and commercialize a fixed-dose combination containing atazanavir and one of Gilead's compounds in development.

Market exclusivity for *Reyataz* is expected to expire in 2017 in the U.S. and China and 2019 in the major EU member countries and Japan. Data exclusivity in the EU expires in 2014.

We manufacture our bulk requirements for atazanavir and finish the product in our facilities.

*Sustiva Franchise*

*Sustiva* (efavirenz) is a non-nucleoside reverse transcriptase inhibitor for the treatment of HIV. The *Sustiva Franchise* includes *Sustiva*, an antiretroviral drug used in the treatment of HIV, and as well as bulk efavirenz which is included in the combination therapy *Atripla\** (efavirenz 600 mg/ emtricitabine 200 mg/ tenofovir disoproxil fumarate 300 mg), a once-daily single tablet three-drug regimen combining our *Sustiva* and Gilead's *Truvada\** (emtricitabine and tenofovir disoproxil fumarate). For more information about our arrangement with Gilead, see "—Strategic Alliances" below and "Item 8. Financial Statements—Note 3. Alliances"

Rights to market efavirenz in the U.S., Canada, the UK, France, Germany, Ireland, Italy and Spain are licensed from Merck & Co., Inc. (Merck) for a royalty based on a percentage of revenues. Efavirenz is marketed by another company in Japan.

The composition of matter patent for efavirenz in the U.S. expired in 2013, but a method of use patent for the treatment of HIV infection expires in September 2014, with an additional six month period of pediatric exclusivity added to the term of these patents.

Market exclusivity for *Sustiva* expired in November 2013 in countries in the EU. Data exclusivity for *Sustiva* expired in the EU in 2009. Certain *Atripla*\* patents are the subject of patent litigation in the U.S. At this time, the U.S. patents covering efavirenz composition of matter and method of use have not been challenged.

We obtain our bulk requirements for efavirenz from third parties and produce finished goods in our facilities. We supply our third parties' bulk efavirenz to Gilead, who is responsible for producing the finished *Atripla*\* product.

*Erbix*\*

*Erbix*\* (cetuximab) is an IgG1 monoclonal antibody designed to exclusively target and block the Epidermal Growth Factor Receptor (EGFR), which is expressed on the surface of certain cancer cells in multiple tumor types as well as some normal cells. *Erbix*\*, a biological product, is approved in combination with irinotecan for the treatment of patients with EGFR-expressing metastatic colorectal cancer (mCRC) who have failed an irinotecan-based regimen and as monotherapy for patients who are intolerant of irinotecan. The FDA approved *Erbix*\* for use in combination with radiation therapy, for the treatment of locally or regionally advanced squamous cell carcinoma of the head and neck and, as a single agent, for the treatment of patients with recurrent or metastatic squamous cell carcinoma of the head and neck for whom prior platinum-based therapy has failed. The FDA also approved *Erbix*\* for first-line recurrent locoregional or metastatic head and neck cancer in combination with platinum-based chemotherapy with 5-Fluorouracil.

*Erbix*\* is marketed in North America by us under an agreement with ImClone Systems Incorporated (ImClone), the predecessor company of ImClone LLC, a wholly-owned subsidiary of Eli Lilly and Company (Lilly). We share copromotion rights to *Erbix*\* with Merck KGaA in Japan under a codevelopment and cocommercialization agreement signed in October 2007 with ImClone, Merck KGaA and Merck Serono Japan. *Erbix*\* received marketing approval in Japan in July 2008 for use in treating patients with advanced or recurrent colorectal cancer and in December 2012 for head and neck cancer. For a description of our alliance with ImClone, see “—Strategic Alliances” below and “Item 8. Financial Statements—Note 3. Alliances”

Data exclusivity for *Erbix*\* in the U.S. expires in 2016. There is no patent that specifically claims the composition of matter of cetuximab, the active molecule in *Erbix*\*. *Erbix*\* has been approved by the FDA and other health authorities for monotherapy, for which there is no use patent. The use of *Erbix*\* in combination with 5-Fluorouracil (an anti-neoplastic agent) is approved by the FDA. Such combination use is claimed in a granted U.S. patent that expires in 2018 (including the granted patent term extension). The inventorship of this use patent was challenged by three researchers from Yeda Research and Development Company Ltd. (Yeda). Pursuant to a settlement agreement executed and announced in December 2007 by ImClone, Sanofi and Yeda to end worldwide litigation related to the use patent, Sanofi and Yeda granted ImClone a worldwide license under the use patent. Data exclusivity in Japan expires in 2016.

Yeda has the right to license the use patent to others. Yeda's license of the patent to third parties could result in product competition for *Erbix*\* that might not otherwise occur. We are unable to assess whether and to what extent any such competitive impact will occur or to quantify any such impact. However, Yeda has granted Amgen Inc. (Amgen) a license under the use patent. Amgen received FDA approval to market an EGFR-product that competes with *Erbix*\*.

We obtain our finished goods requirements for cetuximab for use in North America from Lilly. Lilly manufactures bulk requirements for cetuximab in its own facilities and filling and finishing is performed by a third-party for which BMS has oversight responsibility. For a description of our supply agreement with Lilly, see “—Manufacturing and Quality Assurance” below.

*Sprycel*

*Sprycel* (dasatinib) is a multi-targeted tyrosine kinase inhibitor approved for the first-line treatment of adults with Philadelphia chromosome-positive chronic myeloid leukemia in chronic phase and the treatment of adults with chronic, accelerated, or myeloid or lymphoid blast phase chronic myeloid leukemia with resistance or intolerance to prior therapy, including *Gleevec*\* (imatinib mesylate).

*Sprycel* was internally discovered and is part of our strategic alliance with Otsuka. For more information about our alliance with Otsuka, see “—Strategic Alliances” below and “Item 8. Financial Statements—Note 3. Alliances”

A patent term extension has been granted in the U.S. extending the term on the basic composition of matter patent covering dasatinib until June 2020. In 2013, the Company 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. In the U.S., orphan drug exclusivity expired in 2013, which protected the product from generic applications for the currently approved orphan indications only.

In the majority of the EU countries, we have a composition of matter patent covering dasatinib that expires in April 2020 (excluding potential term extensions). The composition of matter patent expires in 2021 in Japan and in 2020 in China.

We manufacture our bulk requirements for dasatinib and finish the product in our facilities.

*Yervoy*

*Yervoy* (ipilimumab), a biological product, is a monoclonal antibody for the treatment of patients with unresectable (inoperable) or metastatic melanoma. *Yervoy* was approved in the U.S. in March 2011 and in the EU in July 2011. It is currently also being studied for other indications including lung cancer as well as adjuvant melanoma and hormone-refractory prostate cancer. For more information, about research and development of *Yervoy*, see “—Research and Development” below.

*Yervoy* was discovered by Medarex and codeveloped by the Company and Medarex, which is now our subsidiary. We own a patent covering ipilimumab as composition of matter that currently expires in 2022 in the U.S. and 2020 in the EU (excluding potential patent term extensions). Data exclusivity expires in 2023 in the U.S. and 2021 in the EU.

We obtain bulk ipilimumab from a third-party manufacturer and finish the product in our facilities and at a third-party facility.

*Abilify\**

*Abilify\** (aripiprazole) is an atypical antipsychotic agent for adult patients with schizophrenia, bipolar mania disorder and major depressive disorder. *Abilify\** also has pediatric uses in schizophrenia and bipolar disorder, among others.

We have a global commercialization agreement with Otsuka Pharmaceutical Co., Ltd. (Otsuka), excluding Japan, China and certain other Asian countries. For more information about our arrangement with Otsuka, see “—Strategic Alliances” below and “Item 8. Financial Statements—Note 3. Alliances.”

The basic U.S. composition of matter patent covering aripiprazole and the term of the current *Abilify\** agreement expire in April 2015 (including the granted patent term extension and six month pediatric extension).

A composition of matter patent is in force in major EU countries. The original expiration date of 2009 has been extended to 2014 by grant of a supplementary protection certificate in most EU countries. Data exclusivity and the rights to commercialize in the EU expire in June 2014.

We obtain our bulk requirements for aripiprazole from Otsuka. Both the Company and Otsuka finish the product in their own respective facilities.

*Bydureon\**

*Bydureon\** (exenatide extended-release for injectable suspension) is a once-weekly glucagon-like peptide-1 (GLP-1) receptor agonist for the treatment of type 2 diabetes. *Bydureon\** was acquired from our Amylin acquisition in August 2012. *Bydureon\** was internally discovered by Amylin, a former wholly-owned subsidiary of the Company. Prior to the sale of our diabetes business in February 2014, we had a worldwide development and commercialization agreement with AstraZeneca for *Bydureon\**. For more information about our arrangement with and the sale of our diabetes business to AstraZeneca, see “Item 8. Financial Statements—Note 3. Alliances” and “Item 8. Financial Statements—Note 5. Assets Held-For-Sale.”

The formulation patents expire in 2025 in the U.S. and in 2021 in Europe. Data exclusivity expires in 2020 in Japan.

Prior to the sale of the diabetes business, we obtained the bulk requirements for exenatide from third parties and the microspheres manufacturing process required for the extended release formulation was performed by the Company. Following the sale of the diabetes business, AstraZeneca assumed all manufacturing and finishing responsibilities.

*Byetta\**

*Byetta\** (exenatide) is a twice daily GLP-1 receptor agonist for the treatment of type 2 diabetes. *Byetta\** was acquired from our Amylin acquisition in August 2012. *Byetta\** was internally discovered by Amylin, a former wholly-owned subsidiary of the Company. Prior to the sale of our diabetes business in February 2014, we had a worldwide development and commercialization agreement with AstraZeneca for *Byetta\**. For more information about our arrangement with and the sale of our diabetes business to AstraZeneca, see “Item 8. Financial Statements—Note 3. Alliances” and “Item 8. Financial Statements—Note 5. Assets Held-For-Sale.”

The method of use patent expires in 2016 in the U.S. Data exclusivity expires in 2016 in Europe and 2018 in Japan.

Prior to the sale of the diabetes business, we obtained the bulk requirements for exenatide from third parties. Manufacturing and finishing also took place in third-party facilities. Following the sale of the diabetes business, AstraZeneca assumed all manufacturing and finishing responsibilities.

*Forxiga*

*Forxiga* (dapagliflozin) is an oral sodium-glucose cotransporter 2 (SGLT2) for the treatment of type 2 diabetes mellitus. *Forxiga* is marketed as *Farxiga* in the U.S. In this document unless specifically noted, we refer to both *Forxiga* and *Farxiga* as *Forxiga*.

It was approved in the U.S. in January 2014 and in the EU in November 2012 for use in adults with type 2 diabetes mellitus to improve glycemic control as an adjunct to diet and exercise. For further discussion, See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Product and Pipeline Developments.” *Forxiga* was internally discovered. Prior to the sale of our diabetes business in February 2014, we had a worldwide development and commercialization agreement with AstraZeneca for *Forxiga*. For more information about our arrangement with and the sale of our diabetes business to AstraZeneca, see “Item 8. Financial Statements—Note 3. Alliances” and “Item 8. Financial Statements—Note 5. Assets Held-For-Sale.”

The composition of matter patent covering dapagliflozin expires in October 2020 in the U.S. and May 2023 in the EU.

Prior to the sale of the diabetes business, we manufactured the bulk requirements for dapagliflozin and finished the product in our own facilities. Following the sale of the diabetes business, BMS will continue to manufacture the bulk requirement and finish the product pursuant to a supply arrangement that was agreed upon in connection with the sale of the diabetes business to AstraZeneca.

*Onglyza/Kombiglyze* *Onglyza* (saxagliptin), a dipeptidyl peptidase-4 inhibitor, is an oral compound indicated for the treatment of type 2 diabetes as an adjunct to diet and exercise.

*Kombiglyze* (saxagliptin and metformin hydrochloride extended-release) is approved in the U.S. as a combination product indicated as an adjunct to diet and exercise to improve glycemic control in adults with type 2 diabetes mellitus when treatment with both saxagliptin and metformin is appropriate. *Komboglyze* (saxagliptin and metformin immediate-release) is approved in the EU as a combination product indicated as an adjunct to diet and exercise to improve glycemic control in adults with type 2 diabetes mellitus inadequately controlled on their maximally tolerated dose of metformin alone or those already being treated with the combination of saxagliptin and metformin as separate tablets. In this document unless specifically noted, we refer to both *Kombiglyze* and *Komboglyze* as *Kombiglyze*.

*Onglyza* was internally discovered by the Company and *Kombiglyze* was codeveloped by the Company and AstraZeneca. Prior to the sale of our diabetes business in February 2014, we had a worldwide (except Japan) codevelopment and cocommercialization agreement with AstraZeneca for saxagliptin. For more information about our arrangement with and the sale of our diabetes business to AstraZeneca and for our arrangement with Otsuka for Japan, see “—Strategic Alliances” below, “Item 8. Financial Statements—Note 3. Alliances” and “Item 8. Financial Statements—Note 5. Assets Held-For-Sale.”

The composition of matter patent covering saxagliptin expires in July 2023 (including granted patent term extension) in the U.S. and expires in the EU in March 2021. In the EU, supplementary protection certificates have been granted for *Onglyza* in the majority of European countries which expire in October 2024. Supplementary protection certifications for *Kombiglyze* have been applied for and have been granted in France, Italy and Spain and the application is pending in a number of other European countries. Market exclusivity in China expires in 2016.

Following the sale of the diabetes business, BMS will continue to manufacture the bulk requirement and finish the product pursuant to a supply arrangement that was agreed upon in connection with the sale of the diabetes business to AstraZeneca.

*Nulojix* *Nulojix* (belatacept), a biological product, is a fusion protein with novel immunosuppressive activity for the prevention of kidney transplant rejection. It was approved and launched in the U.S. in June 2011, and approved in the EU in June 2011 and launched in July 2011. Belatacept was internally discovered and developed.

We own a patent covering belatacept as composition of matter that expires in April 2023 in the U.S. and May 2021 in the EU. Data exclusivity expires in the U.S. in June 2023 and in the EU in June 2021.

We manufacture our bulk requirements for belatacept and finish the products in our facilities.

*Orencia* *Orencia* (abatacept), a biological product, is a fusion protein with novel immunosuppressive activity targeted initially at adult patients with moderately to severely active rheumatoid arthritis who have had an inadequate response to certain currently available treatments. Abatacept is available in both an intravenous formulation and beginning in 2011, a subcutaneous formulation in the U.S. *Orencia* was discovered and developed internally and has since been approved in the EU and other regions.

We have a series of patents covering abatacept and its method of use. In the U.S., a patent term extension has been granted for one of the composition of matter patents, extending the term of the U.S. patent to 2019. In the EU, the composition of matter patent covering abatacept expired in 2012. In the majority of the EU countries, we have applied for supplementary protection certificates and also pediatric extension of the supplementary

protection certificates for protection until 2017. Most of these protection certificates have been granted. Data exclusivity expires in 2017 in the U.S. and the EU and 2018 in Japan.

Bulk abatacept is manufactured by both the Company and a third party. We finish both formulations of the product in our own facilities.

See "—Strategic Alliances" below for further discussion of our collaborations with Ono Pharmaceutical Co., LTD. (Ono) for *Orencia* in Japan.

*Avapro\*/Avalide\** *Avapro\*/Avalide\** (irbesartan/irbesartan-hydrochlorothiazide) is an angiotensin II receptor antagonist indicated for the treatment of hypertension and diabetic nephropathy. Irbesartan was codeveloped and jointly marketed with Sanofi until the end of 2012. In October 2012, BMS and Sanofi announced a restructuring of their alliance following the loss of exclusivity of *Plavix\** and *Avapro\*/Avalide\** in many major markets. For more information about our alliance with Sanofi and the restructuring of it, see "—Strategic Alliances" below and "Item 8. Financial Statements—Note 3. Alliances."

The composition of matter patent expired in the U.S. in March 2012 and in most countries in the EU in 2012 and 2013. Data exclusivity in the EU expired in August 2007 for *Avapro\** and in October 2008 for *Avalide\**.

Both the Company and Sanofi manufacture bulk requirements for irbesartan and finishing is performed by Sanofi. With the alliance restructuring, BMS's manufacturing obligations will phase out with Sanofi assuming all the Company's manufacturing and supply obligations of irbesartan products at the end of 2015.

*Eliquis* *Eliquis* (apixaban) is an oral Factor Xa inhibitor targeted at stroke prevention in atrial fibrillation and the prevention and treatment of venous thromboembolic (VTE) disorders. Apixaban was discovered internally and is part of our alliance with Pfizer, Inc. (Pfizer). For more information about our alliance with Pfizer, see "Item 8. Financial Statements—Note 3. Alliances."

The composition of matter patent covering apixaban in the U.S. expires in February 2023 (excluding potential patent term extensions) and in the EU and expires in 2022. We have applied for supplementary protection certificates. Some of these supplementary protection certificates have been granted and expire in 2026. Data exclusivity in the EU expires in 2021.

Apixaban is manufactured by both the Company and a third party. The product is then finished in our facilities.

*Plavix\** *Plavix\** (clopidogrel bisulfate) is a platelet aggregation inhibitor, which is approved for protection against fatal or non-fatal heart attack or stroke in patients with a history of heart attack, stroke, peripheral arterial disease or acute coronary syndrome. Clopidogrel bisulfate was codeveloped and is jointly marketed with Sanofi. In October 2012, BMS and Sanofi announced a restructuring of their alliance following the loss of exclusivity of *Plavix\** and *Avapro\*/Avalide\** in many major markets. For more information about our alliance with Sanofi and the restructuring of it, see "—Strategic Alliances" below and "Item 8. Financial Statements—Note 3. Alliances."

The composition of matter patent in the U.S. expired in May 2012. In the EU, regulatory data exclusivity protection expired in July 2008. In Europe, national patents, which specifically claim the bisulfate form of clopidogrel, expired in 2013. *Plavix* faces generic competition globally.

We obtain our bulk requirements for clopidogrel bisulfate from Sanofi. Prior to January 1, 2013, both the Company and Sanofi finished the product in their own respective facilities. Effective January 1, 2013, the Company no longer finishes clopidogrel bisulfate in our facilities.

## Research and Development

We invest heavily in research and development (R&D) because we believe it is critical to our long-term competitiveness. We have major R&D facilities in New Jersey and Connecticut. Research and development is also carried out at various other facilities throughout the world, including in Belgium, the UK, India and other sites in the U.S. We supplement our internal drug discovery and development programs with alliances and collaborative agreements which help us bring new products into the pipeline. In drug development, we engage the services of physicians, hospitals, medical schools and other research organizations worldwide to conduct clinical trials to establish the safety and effectiveness of new products. Management continues to emphasize leadership, innovation, productivity and quality as strategies for success in our research and development activities.

We concentrate our research and development efforts in the following disease areas with significant unmet medical needs: oncology, Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Syndrome (AIDS), hepatitis, immunologic disorders, cardiovascular and fibrotic disease. We also continue to analyze and may selectively pursue promising leads in other areas. 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 includes Phase I, Phase II and Phase III clinical trials that have been designed specifically to support a new drug application for a particular indication, assuming the trials are successful.

Phase I clinical trials involve a small number of healthy volunteers or patients suffering from the indicated disease to test for safety and proper dosing. Phase II clinical trials involve a larger patient population to investigate side effects, efficacy, and optimal dosage of the drug candidate. Phase III clinical trials 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.

The R&D process typically takes fourteen years or longer, with approximately three years often spent in Phase III, or late-stage, development. We consider our R&D programs in Phase III to be our significant R&D programs. These programs include both investigational compounds in Phase III development for initial indications and marketed products that are in Phase III development for additional indications or formulations.

Drug development is time consuming, expensive and risky. On average, only about one in 10,000 chemical compounds 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 2008-2012, approximately 95% of the compounds that enter Phase I development fail to achieve regulatory approval. The failure rate for compounds that enter Phase II development is approximately 88% and for compounds that enter Phase III development, it is approximately 49%.

Total research and development expenses include the costs of discovery research, preclinical development, early- and late-stage clinical development and drug formulation, as well as post-commercialization and medical support of marketed products, proportionate allocations of enterprise-wide costs, and other appropriate costs. Research and development spending was \$3.7 billion in 2013, \$3.9 billion in 2012 and \$3.8 billion in 2011 and includes payments under third-party collaborations and contracts. At the end of 2013, we employed approximately 8,000 people in R&D 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 portfolio basis, investing resources in each stage of research and development 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 30-45% of our annual R&D expenses in the last three years. No individual investigational compound or marketed product represented 10% or more of our R&D expenses in any of the last three years.

Listed below are several late-stage investigational compounds that we have in Phase III clinical trials or under regulatory review for at least one potential indication. Whether or not any of these or our other investigational compounds ultimately becomes one of our marketed products depends on the results of clinical studies, the competitive landscape of the potential product's market and the manufacturing processes necessary to produce the potential product on a commercial scale, among other factors. However, as noted above, 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 that is 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. The patent coverage highlighted below includes patent terms and patent term extensions that have been granted.

Asunaprevir	Asunaprevir is an oral small molecule NS3 protease inhibitor in Phase III development (which commenced in 2012) for the treatment of hepatitis C virus infection, and is currently in the registrational process in Japan. We own a patent covering asunaprevir as a composition of matter that expires in 2023 in the U.S.
Daclatasvir	Daclatasvir is an oral small molecule NS5A replication complex inhibitor in Phase III development (which commenced in 2011) for the treatment of hepatitis C virus infection and is currently in the registrational process in Japan and the EU. We own a patent covering daclatasvir as a composition of matter that expires in 2028 in the U.S.
BMS-791325	BMS-791325 is an oral small molecule non-nucleoside NS5B inhibitor in Phase III development (which commenced in 2013) for the treatment of hepatitis C virus infection. We own a patent covering BMS-791325 as a composition of matter that expires in 2027 in the U.S.
Peginterferon lambda	Peginterferon lambda is a novel type 3 interferon in Phase III development (which commenced in 2012) for hepatitis C virus infection. We own a patent covering peginterferon lambda as a composition of matter that expires in 2024 in the U.S.
Elotuzumab	Elotuzumab is a humanized monoclonal antibody being investigated as an anticancer treatment, which was discovered by PDL BioPharma and became part of the Facet Biotech Corporation (Facet) spin-off. Facet was subsequently acquired by Abbott Laboratories (Abbott) and became part of AbbVie Inc. (AbbVie) following a spin-off from Abbott. Elotuzumab is part of our alliance with AbbVie. It is in Phase III trials (which commenced in 2011) in multiple myeloma. AbbVie owns a patent covering elotuzumab as a composition of matter that expires in 2026 in the U.S.
Nivolumab	Nivolumab is a fully human monoclonal antibody that binds to the programmed death receptor-1 (PD-1) on T and NKT cells. It is being investigated as an anticancer treatment. It is in Phase III trials (which commenced in 2012) in non-small-cell lung cancer, renal cell cancer and melanoma. We jointly own a patent with Ono covering nivolumab as a composition of matter that expires in 2027 in the U.S. The FDA has granted Fast Track designation for nivolumab in three tumor types: non-small-cell lung cancer, renal cell carcinoma and advanced melanoma.

In February 2014, BMS sold to AstraZeneca the diabetes business of BMS which comprised our global alliance with them, including all rights and ownership to metreleptin. Metreleptin is a protein in development for the treatment of lipodystrophy and is currently in the registrational process.

The following table lists potential additional indications and/or formulations of key marketed products that are in Phase III development or currently under regulatory review:

<b>Key marketed product</b>	<b>Potential indication and/or formulation</b>
<i>Baraclude</i>	Pediatric extension (EU)
<i>Reyataz</i>	Pediatric extension Fixed dose combination with cobicistat in additional formulations
<i>Erbitux</i> *	Additional indication in esophageal cancer
<i>Yervoy</i>	Additional indications in adjuvant melanoma, prostate cancer, non-small-cell lung cancer and small cell lung cancer Additional indication in melanoma in combination with nivolumab
<i>Orencia</i>	Additional indications in lupus nephritis and psoriatic arthritis
<i>Eliquis</i>	Additional indication for VTE treatment and VTE prevention (U.S.)

The following key developments are currently expected to occur during 2014 with respect to our significant pipeline programs. The outcome and timing of these expected developments are dependent upon a number of factors including, among other things, the availability of data, the outcome of certain clinical trials, acceptance of presentations at certain medical meetings and/or actions by health authorities. We do not undertake any obligation to publicly update this information, whether as a result of new information, future events, or otherwise.

Asunaprevir	Potential approval in Japan for hepatitis C virus infection Planned submission in the U.S. for hepatitis C virus infection
Daclatasvir	Potential approval in the EU and Japan for hepatitis C virus infection Planned submission in the U.S. for hepatitis C virus infection
Nivolumab	Data available from clinical trials  Potential submission based on registrational trials
<i>Sprycel</i>	Five year data available in first line CML
<i>Yervoy</i>	Data available from Phase III study in adjuvant melanoma
<i>Eliquis</i>	Potential approval for VTE treatment and VTE prevention (U.S.)

### **Strategic Alliances**

We enter into strategic alliances with third parties that transfer rights to develop, manufacture, market and/or sell pharmaceutical products that are owned by other parties. These alliances include licensing arrangements, codevelopment and comarketing agreements, copromotion arrangements and joint ventures. When such alliances involve sharing research and development costs, the risk of incurring all research and development expenses 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. We actively pursue such arrangements and view alliances as an important complement to our own discovery, development and commercialization activities.

Each of our strategic alliances with third parties who own the rights to manufacture, market and/or sell pharmaceutical products contain customary early termination provisions typically found in agreements of this kind and are generally based on the other party's material breach or bankruptcy (voluntary or involuntary) and product safety concerns. 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 this product. Termination upon 30 to 90 days notice is generally available where an involuntary bankruptcy petition has been filed (and has not been dismissed) or a material breach by the other party has occurred (and not been cured). A number of alliance agreements also permit the alliance partner or us to terminate without cause, typically exercisable with substantial advance written notice and often exercisable only after a specified period of time has elapsed after the alliance agreement is signed. Our strategic alliances typically do not otherwise contain provisions that provide the other party the right to terminate the alliance on short notice.

In general, we do not retain any rights to a product brought to an alliance by another party or to the other party's intellectual property after an alliance terminates. The loss of rights to one or more products that are marketed and sold by us pursuant to a strategic alliance could be material to our results of operations and cash flows could be material to our financial condition and liquidity. As is customary in the pharmaceutical industry, the terms of our strategic alliances generally are co-extensive with the exclusivity period and may vary on a country-by-country basis.

Our most significant current alliances for both currently marketed products and investigational compounds are described below.

#### *Current Marketed Products—In-Licensed*

##### Otsuka

We maintain a worldwide commercialization agreement with Otsuka to codevelop and copromote *Abilify*\* (the *Abilify*\* Agreement), excluding certain Asian countries. The U.S. portion of the agreement was amended in 2009 and 2012 and expires upon the expected loss of product exclusivity in April 2015. The agreement expires in all European Union (EU) countries in June 2014 and in each other non-U.S. country where we have the exclusive right to sell *Abilify*\*, the agreement expires on the later of April 2015 or loss of exclusivity in any such country. Otsuka is the principal for third-party product sales in the U.S., United Kingdom, Germany, France, Spain, Italy and certain other European countries and BMS is the principal for third-party product sales when it is the exclusive distributor for or has an exclusive right to sell *Abilify*\* which is in the remaining territories.

Alliance and other revenue is recognized for only BMS's share of total net sales to third party customers in these territories. In the U.S., BMS's contractual share was 51.5% in 2012 and 53.5% in 2011. Beginning January 1, 2013, BMS's contractual share changed to the percentages of total U.S. net product sales set forth in the table below. An assessment of BMS's expected annual contractual share is completed each quarterly reporting period and adjusted based upon reported U.S. *Abilify*\* net sales at December 31, 2013. BMS's annual contractual share was 34.0% in 2013. The alliance revenue recognized in any interim period or quarter does not exceed the amounts that are due under the contract.

Annual U.S. Net Product Sales	BMS Share as a % of U.S. Net Product Sales
\$0 to \$2.7 billion	50%
\$2.7 billion to \$3.2 billion	20%
\$3.2 billion to \$3.7 billion	7%
\$3.7 billion to \$4.0 billion	2%
\$4.0 billion to \$4.2 billion	1%
In excess of \$4.2 billion	20%

In the UK, Germany, France, Spain, Italy and certain other European countries where Otsuka is the principal, BMS's contractual share of third-party net product sales is 65%. In these countries and the U.S., alliance and other revenue is recognized when *Abilify*\* is shipped and all risks and rewards of ownership have been transferred to third-party customers. BMS recognizes all of the net product sales in certain other countries where it is the exclusive distributor for the product or has an exclusive right to sell *Abilify*\*.

Under the terms of the *Abilify*\* Agreement, as amended, we purchase the active pharmaceutical ingredient for product from Otsuka and perform finish manufacturing for sale by us or Otsuka to third-party customers. Under the terms of the extension agreement, we paid Otsuka \$400 million, which is amortized as a reduction of alliance and other revenues through the expected loss of U.S. exclusivity in April 2015. Otsuka receives a royalty based on 1.5% of total U.S. net product sales. Otsuka was responsible for 30% of the U.S. expenses related to the commercialization of *Abilify*\* from 2010 through 2012. Under the 2012 U.S. amendment, Otsuka assumed responsibility for providing and funding all sales force efforts effective January 2013. In consideration, BMS paid Otsuka \$27 million in January 2013, and is responsible for funding certain operating expenses up to \$82 million in 2013, \$56 million in 2014 and \$8 million in 2015. In the EU, Otsuka reimbursed BMS for the sales force effort it provided through March 31, 2013. Otsuka assumed responsibility for providing and funding sales force efforts in the EU effective April 2013.

The *Abilify*\* Agreement expires in April 2015 in the U.S. and in June 2014 in all EU countries. In each other country where we have the exclusive right to sell *Abilify*\*, the agreement expires on the later of April 20, 2015 or loss of exclusivity in any such country.

The U.S. portion of the *Abilify*\* Agreement and the Oncology Agreement described below include a change-of-control provision if we are acquired. If the acquiring company does not have a competing product to *Abilify*\*, then the new company will assume the *Abilify*\* Agreement (as amended) and the Oncology Agreement as it currently exists. If the acquiring company has a product that competes with *Abilify*\*, Otsuka can elect to request the acquiring company to choose whether to divest *Abilify*\* or the competing product. In the scenario where *Abilify*\* is divested, Otsuka would be obligated to acquire our rights under the *Abilify*\* Agreement (as amended) at a price according to a predetermined schedule. The agreements also provide that in the event of a generic competitor to *Abilify*\*, we have the option of terminating the *Abilify*\* April 2009 amendment (with the agreement as previously amended remaining in force). If we were to exercise such option then either (i) we would receive a payment from Otsuka according to a pre-determined schedule and the Oncology Agreement would terminate at the same time or (ii) the Oncology Agreement would continue for a truncated period according to a pre-determined schedule.

Early termination of the *Abilify*\* Agreement is immediate upon notice in the case of (i) voluntary bankruptcy, (ii) where minimum payments are not made to Otsuka, or (iii) first commercial sale has not occurred within three months after receipt of all necessary approvals, 30 days where a material breach has occurred (and not been cured or commencement of cure has not occurred within 90 days after notice of such material breach) and 90 days in the case where an involuntary bankruptcy petition has been filed (and has not been dismissed). In addition, termination is available to Otsuka upon 30 days notice in the event that we were to challenge Otsuka's patent rights or, on a market-by-market basis, in the event that we were to market a product in direct competition with *Abilify*\*. Upon termination or expiration of the *Abilify*\* Agreement, we do not retain any rights to *Abilify*\*.

We recognized total revenues for *Abilify*\* of \$2.3 billion in 2013 and \$2.8 billion in 2012 and 2011.

For a discussion of our Oncology Agreement with Otsuka, see “—Current Marketed Products—Internally Discovered” below. For further discussion of our strategic alliance with Otsuka, see “Item 8. Financial Statements—Note 3. Alliances.”

## Gilead

We have joint ventures with Gilead to develop and commercialize *Atripla*\* in the U.S. and Canada and in Europe. The Company and Gilead share responsibility for certain activities related to the commercialization of *Atripla*\* in the U.S., Canada, throughout the EU and certain other European countries. Gilead recognizes 100% of *Atripla*\* revenues in the U.S., Canada and most countries in Europe. Alliance and other revenues recognized for *Atripla*\* include only the bulk efavirenz component of *Atripla*\* which is calculated differently in the EU and the U.S. following the loss of exclusivity of *Sustiva* in the EU in 2013. The alliance and other revenues are deferred and the related alliance receivable is not recognized until *Atripla*\* is sold to third-party customers. We recognized efavirenz alliance and other revenues of \$1.4 billion in 2013, \$1.3 billion in 2012 and \$1.2 billion in 2011 related to *Atripla*\* net product sales.

The joint venture arrangement between the Company and Gilead in the U.S. will continue until terminated by mutual agreement of the parties or otherwise as described below. In the event of a material breach by one party, the non-breaching party may terminate the joint venture only if both parties agree that it is both desirable and practicable to withdraw the combination product from the markets where it is commercialized. At such time as one or more generic versions of a party's component product(s) appear on the market in the U.S., the other party will have the right to terminate the joint venture and thereby acquire all of the rights to the combination product, both in the U.S. and Canada; however, for three years the terminated party will continue to receive a percentage of the net product sales based on the contribution of bulk component(s) to *Atripla*\*, and otherwise retains all rights to its own product(s).

In 2011, we entered into a licensing agreement with Gilead to develop and commercialize a fixed-dose combination containing *Reyataz* and Gilead's cobicistat, a pharmacoenhancing or "boosting" agent currently in Phase III clinical trials that increases blood levels of certain HIV medicines to potentially allow for one pill once daily dosing. Cobicistat is currently in the registrational process with the FDA.

For further discussion of our strategic alliance with Gilead, see "Item 8. Financial Statements—Note 3. Alliances."

## Lilly

We have an EGFR commercialization agreement with Lilly through Lilly's subsidiary ImClone for the codevelopment and copromotion of *Erbix*\* in the U.S., Canada and Japan. Under the EGFR agreement, with respect to *Erbix*\* net product sales in North America, Lilly receives a distribution fee based on a flat rate of 39% of net product in North America, plus reimbursement of certain royalties paid by Lilly, and the Company and Lilly share one half of the profits and losses evenly in Japan with Merck KGaA receiving the other half of the profits and losses in Japan. The parties share royalties payable to third parties pursuant to a formula set forth in the commercialization agreement. We purchase all of our North American commercial requirements for bulk *Erbix*\* from Lilly. The agreement expires as to *Erbix*\* in North America in September 2018.

Early termination is available based on material breach and is effective 60 days after notice of the material breach (and such material breach has not been cured or commencement of cure has not occurred), or upon six months notice from us if there exists a significant concern regarding a regulatory or patient safety issue that would seriously impact the long-term viability of the product. Upon termination or expiration of the alliance, we do not retain any rights to *Erbix*\* in North America.

We share codevelopment and copromotion rights to *Erbix*\* with Merck KGaA in Japan under an agreement signed in October 2007, and expiring in 2032, with Lilly, Merck KGaA and Merck Japan. Lilly has the ability to terminate the agreement after 2018 if it determines that it is commercially unreasonable for it to continue. *Erbix*\* received marketing approval in Japan in July 2008 for the use of *Erbix*\* in treating patients with advanced or recurrent colorectal cancer and head and neck cancer in December 2012.

We recognized net product sales for *Erbix*\* of \$696 million in 2013, \$702 million in 2012 and \$691 million in 2011.

For further discussion of our strategic alliance with Lilly, see "Item 8. Financial Statements—Note 3. Alliances."

## Sanofi

In September 2012, BMS and Sanofi restructured the terms of the codevelopment and cocommercialization agreements discussed below. Effective January 1, 2013, Sanofi assumed essentially all of the worldwide operations of the alliance with the exception of *Plavix*\* in the U.S. and Puerto Rico. The alliance for *Plavix*\* in these two markets will continue unchanged through December 2019 under the same terms as in the original alliance arrangements described below. In exchange for the rights being assumed by Sanofi, BMS will receive quarterly royalties from January 1, 2013 until December 31, 2018 and a terminal payment from Sanofi of \$200 million at the end of 2018.

Pursuant to the Master Restructuring Agreement, the Company returned to Sanofi its rights for clopidogrel and irbesartan in all markets with the exception of clopidogrel in the U.S. and Puerto Rico, where the Company continues to act as the operating partner and own a 50.1% majority controlling interest. All existing local arrangements in Territory A and Territory B (with the exception of clopidogrel in the U.S. and Puerto Rico), were terminated by mutual agreement. No products will continue to be sold through such local country entities

in these territories. In addition, Sanofi assumed all marketing authorizations for the products, to the extent currently held by the Company or any of its affiliates. As a result, Sanofi assumed control of all activities relating to the distribution, commercialization and medical affairs of clopidogrel and irbesartan in these regions.

Pursuant to the Master Restructuring Agreement and related alliance agreements, Sanofi will assume the Company's manufacturing and supply obligations of irbesartan products at the end of 2015. The Company does not manufacture bulk clopidogrel and no longer finishes clopidogrel products in its facilities. The Company will retain rights to the intellectual property developed by the alliance necessary to fulfill its continuing obligations under the alliance arrangements.

We had agreements with Sanofi for the codevelopment and cocommercialization of *Avapro\*/Avalide\** and *Plavix\**. *Avapro\*/Avalide\** is copromoted in certain countries outside the U.S. under the tradename *Aprovel\*/Coaprovel\** and comarketed in certain countries outside the U.S. by us under the tradename *Karvea\*/Karvezide\**. *Plavix\** was copromoted in certain countries outside the U.S. under the tradename *Plavix\** and comarketed in certain countries outside the U.S. by us under the tradename *Iscover\**.

Prior to 2013, the worldwide alliance operated under the framework of two geographic territories, one covering certain European and Asian countries, referred to as Territory A, and one covering the U.S., Puerto Rico, Canada, Australia and certain Latin American countries, referred to as Territory B. Sanofi acted as the operating partner for Territory A and owned a 50.1% financial controlling interest in Territory A and our ownership interest in this territory was 49.9%. In Territory B, we acted as the operating partner and owned a 50.1% majority controlling interest in this territory and consolidated all partnership results in Territory B. Territory B was managed by two separate sets of agreements: one for *Plavix\** in the U.S. and Puerto Rico and both products in Australia, Mexico, Brazil, Colombia and Argentina and a separate set of agreements for *Avapro\*/Avalide\** in the U.S. and Puerto Rico only. Within each territory, a territory partnership existed to supply finished product to each country within the territory and to manage or contract for certain central expenses such as marketing, research and development and royalties. Countries within Territories A and B were structured so that our local affiliate and Sanofi's local affiliate either comarket separate brands (i.e., each affiliate operated independently and competed with the other by selling the same product under different trademarks), or copromoted a single brand (i.e., the same product under the same trademark).

Beginning in 2013, all royalties received from Sanofi in Territory B, opt-out markets, and former development royalties are presented in total revenues. We recognized total revenues in Territory B and Territory A comarketing countries of \$0.5 billion in 2013, \$3.1 billion in 2012 and \$8.0 billion in 2011.

The alliance may be terminated by Sanofi or us, in the event of (i) voluntary or involuntary bankruptcy or insolvency, which in the case of involuntary bankruptcy continues for 60 days or an order or decree approving same continues unstayed and in effect for 30 days and (ii) a material breach of an obligation under a major alliance agreement that remains uncured for 30 days following notice of the breach except where commencement and diligent prosecution of cure has occurred within 30 days after notice.

For further discussion of our strategic alliance with Sanofi, see "Item 8. Financial Statements—Note 3. Alliances."

#### Current Marketed Products—Internally Discovered

##### Otsuka

Simultaneously with the extension of the *Abilify\** Agreement, in April 2009, the Company and Otsuka entered into an Oncology Agreement for *Sprycel* and *Ixempra* (ixabepilone), which includes the U.S., Japan and the EU markets (the Oncology Territory). Beginning in 2010 through 2020, a fee is paid to Otsuka annually based on the following percentages of the annual net product sales of *Sprycel* and *Ixempra*:

	% of Net Product Sales	
	2010 - 2012	2013 - 2020
\$0 to \$400 million	30%	65%
\$400 million to \$600 million	5%	12%
\$600 million to \$800 million	3%	3%
\$800 million to \$1.0 billion	2%	2%
In excess of \$1.0 billion	1%	1%

During these annual periods, Otsuka contributes 20% of the first \$175 million of certain commercial operational expenses relating to the Oncology Products in the Oncology Territory and 1% of such costs in excess of \$175 million. Beginning in 2011, Otsuka copromotes *Sprycel* in the U.S. and Japan and beginning in 2012, also copromotes in the top five EU markets.

The Oncology Agreement expires with respect to *Sprycel* and *Ixempra* in 2020 and includes the same change-of-control provision if we were acquired as the *Abilify\** Agreement described above.

For a discussion of our *Abilify*\* Agreement with Otsuka, see “—*Current Marketed Products—In-Licensed*” above. For further discussion of our strategic alliance with Otsuka, see “Item 8. Financial Statements—Note 3. Alliances.”

In addition, in January 2007, we granted Otsuka exclusive rights in Japan to develop and commercialize *Onglyza*. Under that agreement, we are entitled to receive milestone payments based on certain regulatory events, as well as sales-based payments following regulatory approval of *Onglyza* in Japan, and we retained rights to copromote *Onglyza* with Otsuka in Japan. Otsuka is responsible for all development costs in Japan. In June 2012, Otsuka assigned all rights to *Onglyza*, with the exception of specific transition services, to Kyowa Hakko Kirin (KHK). As part of its consent to this assignment, BMS waived its rights to co-promote *Onglyza* in Japan. BMS will supply finished saxagliptin to KHK.

In February 2014, we sold to AstraZeneca our diabetes business that was comprised of the global alliance with them, including all rights and ownership to *Onglyza*. See “Item 8. Financial Statements—Note 5. Assets Held-For-Sale” for further discussion.

#### AstraZeneca

In January 2007, we entered into a worldwide (except for Japan) codevelopment and cocommercialization agreement with AstraZeneca for *Onglyza* (the Saxagliptin Agreement) and *Forxiga* (the SGLT2 Agreement). In 2012, BMS and AstraZeneca Pharmaceuticals LP, a wholly-owned subsidiary of AstraZeneca, entered into an alliance regarding the worldwide development and commercialization of Amylin’s portfolio of products, including *Bydureon*\*, *Byetta*\* were licensed to Otsuka in December 2006 and in June 2012 were assigned by Otsuka to KHK, which is described above.

In February 2014, we sold to AstraZeneca our diabetes business that was comprised of the global alliance with them, including all rights and ownership to *Onglyza*, *Forxiga*, *Bydureon*\*, *Byetta*\*, *Symlyn*\* and metreleptin. See “—Note 5. Assets Held-For-Sale” for further information. We and AstraZeneca terminated our existing alliance agreements in connection with the sale and entered into several new agreements, including a transitional services agreement, a supply agreement and a development agreement. Under the supply agreement, we will continue to manufacture *Onglyza*, *Kombiglyze* and *Forxiga*.

For further discussion of our strategic alliance with AstraZeneca, see “Item 8. Financial Statements—Note 3. Alliances” and “Investigational Compounds Under Development – Internally Discovered.”

#### Pfizer

The Company and Pfizer are parties to a worldwide codevelopment and cocommercialization agreement for *Eliquis*, an anticoagulant discovered by us for the prevention and treatment of atrial fibrillation and venous thromboembolic (VTE) disorders. Pfizer funds between 50% and 60% of all development costs depending on the study. We have received \$784 million in upfront, milestone and other licensing payments from Pfizer to date, including \$20 million received in January 2014 and could receive up to an additional \$100 million from Pfizer if all development and regulatory milestones are met. The companies share commercialization expenses and profits and losses equally on a global basis.

For further discussion of our strategic alliance with Pfizer, see “Item 8. Financial Statements—Note 3. Alliances.”

#### Investigational Compounds Under Development—In-Licensed

##### AbbVie

In August 2008, we were granted exclusive rights from Facet Biotech Corporation (now AbbVie) for the codevelopment and cocommercialization of elotuzumab, a humanized monoclonal antibody being investigated as treatment for multiple myeloma. Under the terms of the agreement, we fund 80% of the development costs for elotuzumab. Upon commercialization, AbbVie will share 30% of all profits and losses in the U.S., and will be paid tiered royalties outside of the U.S. We will be solely responsible for commercialization of elotuzumab. In addition, AbbVie may receive milestone payments from us based on certain regulatory events and sales thresholds, if achieved.

#### Investigational Compounds Under Development—Internally Discovered

##### Ono

In September 2011, BMS and Ono entered into an alliance agreement (the “2011 Alliance Agreement”) for nivolumab, an anti-PD-1 human monoclonal antibody being investigated as an anti-cancer treatment, which is also subject to a alliance agreement (the “2006 Alliance Agreement”) entered into in 2006 by Ono and Medarex, now a wholly-owned subsidiary of the Company. Under the 2006 Alliance Agreement and the 2011 Alliance Agreement, Ono granted BMS the exclusive right to develop, commercialize and manufacture

any product containing nivolumab in all countries of the world except Japan, Korea and Taiwan (where Ono remains responsible for all development and commercialization). Ono is entitled to receive certain sales-based royalties following regulatory approvals in all territories excluding these three countries. In connection with the 2011 Alliance Agreement, BMS also entered into an alliance with Ono whereby we granted certain commercialization rights to Ono and Ono shares in the expenses, profits and losses for Orencia in Japan.

#### Other Alliances

In February 2013, BMS and Reckitt Benckiser Group plc (Reckitt) entered into a three year alliance regarding several over-the-counter-products sold primarily in Mexico and Brazil. Reckitt received the right to sell, distribute and market the products through May 2016 and will have certain responsibilities related to regulatory matters in the covered territory. BMS will receive royalties on net product sales and will also exclusively supply certain of the products to Reckitt pursuant to a supply agreement at cost plus a markup. Certain limited assets, including the market authorizations and certain employees directly attributed to the business, were transferred to Reckitt at the start of the alliance period. BMS retained ownership of all other assets related to the business including the trademarks covering the products.

BMS also granted Reckitt an option to acquire the trademarks, inventory and certain other assets exclusively related to the products at the end of the alliance at a price determined based on a multiple of net product sales (plus the cost of any remaining inventory held by BMS at the time). If the option is not exercised, all assets previously transferred to Reckitt will revert back to BMS. The option may be exercised by Reckitt between May and November 2015, in which case closing would be expected to occur in May 2016. Non-refundable upfront alliance proceeds of \$485 million received by BMS were allocated to the rights transferred to Reckitt (\$376 million) and the fair value of the option to purchase the remaining assets (\$109 million). Please see “Item 8. Financial Statements—Note 3. Alliances” for more information regarding the alliance.

In February 2013, BMS and The Medicines Company entered into a two year alliance regarding *Recothrom*, a recombinant thrombin for use as a topical hemostat to control non-arterial bleeding during surgical procedures (previously acquired by BMS in connection with its acquisition of ZymoGenetics, Inc. in 2010). The Medicines Company received the right to sell, distribute and market *Recothrom* on a global basis for two years, and will have certain responsibilities related to regulatory matters in the covered territory. BMS will exclusively supply *Recothrom* to The Medicines Company pursuant to a supply agreement at cost plus a markup and will also receive royalties on net product sales of *Recothrom*. Certain employees directly attributed to the business and certain assets were transferred to The Medicines Company at the start of the alliance period, including the *Recothrom* BLA and related regulatory assets. BMS retained all other assets related to *Recothrom* including the patents, trademarks and inventory.

BMS also granted The Medicines Company an option to acquire the patents, trademarks, inventory and certain other assets exclusively related to *Recothrom* at a price determined based on a multiple of revenues (plus the cost of any remaining inventory held by BMS at that time). If the option is not exercised, all assets previously transferred to The Medicines Company will revert back to BMS. The option may be exercised by The Medicines Company between February and August 2014, in which case closing would be expected to occur in February 2015. Non-refundable upfront alliance proceeds of \$115 million received by BMS were allocated to the rights transferred to The Medicines Company (\$80 million) and the fair value of the option to purchase the remaining assets (\$35 million). Please see “Item 8. Financial Statements—Note 3. Alliances” for more information regarding the alliance.

#### Other Licensing Arrangements

In addition to the strategic alliances described above, we have other in-licensing and out-licensing arrangements. With respect to in-licenses, we have agreements with Novartis for *Reyataz* and with Merck for efavirenz, among others. We also own certain compounds out-licensed to third parties for development and commercialization, including those obtained from our acquisitions. We are entitled to receive milestone payments as these compounds move through the regulatory process and royalties based on net product sales, if and when the products are commercialized.

#### **Intellectual Property and Product Exclusivity**

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 regulatory intellectual property rights. Many developed countries provide certain non-patent incentives for the development of medicines. For example, in the U.S., the EU, Japan, and certain other countries, regulatory intellectual property 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 extend the market exclusivity period on a product beyond the patent term.

The U.S., EU, Japan and China also each provide for a minimum 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, or data protection. In some regions such as China, however, it is questionable whether such data protection laws are enforceable. In certain markets where patent protection and other forms of market exclusivity may have expired, data protection 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 regulatory data 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.

Specific aspects of the law governing market exclusivity and data 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, the innovator may, depending on a number of factors, extend 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, the company files a New Drug Application (NDA). If the medicine is a biological product, a Biologics License Application (BLA) is filed. The type of application filed affects regulatory exclusivity rights.

#### *Chemical products*

A competitor seeking to launch a generic substitute of a chemical innovative drug in the U.S. must file an abbreviated NDA (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 benefiting from patent protection, certain innovative pharmaceutical products can receive periods of regulatory exclusivity. A 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 trials 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 a NDA can also receive several types of regulatory data protection. An innovative chemical pharmaceutical is entitled to five years of regulatory data protection in the U.S., during which competitors cannot file with the FDA for approval of 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 data protection 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 trials, receives three years of data protection 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 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 products 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 a Marketing Authorization Application (MAA) with the European Medicines Agency (EMA). After the EMA evaluates the MAA, it provides a recommendation to the European Commission (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 marketing authorization application for that product with the health authorities. If the marketing authorization application 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.

### *Japan*

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.

### *China*

In China, medicines of new chemical entities are generally afforded six years of data exclusivity for approved indications and dosage. There is uncertainty about China's exclusivity laws which has resulted in generic competition in the China market. Generic copies can receive regulatory approval after data exclusivity and patent expirations. Currently, unlike the U.S., China has no patent term restoration to compensate for the patent term lost during the regulatory process.

In general, Chinese 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, Japan and China, 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 World Trade Organization (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.

## **Marketing, Distribution and Customers**

We promote the appropriate use of our products directly to healthcare professionals and providers such as doctors, nurse practitioners, physician assistants, pharmacists, technologists, hospitals, Pharmacy Benefit Managers (PBMs) and Managed Care Organizations (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, see “—Government Regulation and Price Constraints” 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 our products and provide such information in response to unsolicited inquiries from doctors, other medical professionals and managed care organizations.

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 products or new uses, as well as 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, and to a lesser extent, directly to distributors, retailers, hospitals, clinics, government agencies and pharmacies. Gross revenues to the three largest pharmaceutical wholesalers in the U.S. as a percentage of our global gross revenues were as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
McKesson Corporation	19%	23%	26%
Cardinal Health, Inc.	14%	19%	21%
AmerisourceBergen Corporation	15%	14%	16%

Our U.S. business has Inventory Management Agreements (IMAs) with substantially all of our direct wholesaler and distributor customers that allow us to monitor U.S. wholesaler inventory levels and requires those wholesalers and distributors to maintain inventory levels that are no more than one month of their demand. The IMAs, including those with our three largest wholesalers, expire in December 2014 subject to certain termination provisions.

In a number of defined countries outside of the U.S., we have established a full scale distributor model to make medically necessary drugs available to patients. We continue to own the marketing authorization and trademarks for these products, but have contracted the services of a full-service distributor to provide distribution and logistics; regulatory and pharmacovigilance; and sales, advertising and promotion for certain products. These contracts clearly define terms and conditions, along with the services we will provide (such as supply through a firm order period). We monitor in-country sales and forecasts to ensure that reasonable inventory levels for all products for sale are maintained to fully and continuously meet the demand for the products within the distributor's territory or responsibility. Sales in these distributor-based countries represented less than 1% of the Company's total revenues in 2013.

## **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 research and development 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 or decreased volume of sales, or both.

### *Generic Competition*

One of the biggest competitive challenges that 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 trials 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 research and development 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 revenues of that product in a very short period of time.

The rate of revenues decline of a product after the expiration of exclusivity 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 revenues 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, see “—Intellectual Property and Product Exclusivity” above.

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

## **Managed Care Organizations**

The growth of MCOs in the U.S. 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 trials 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.

### **Government Regulation and Price Constraints**

The pharmaceutical industry is subject to extensive global regulation by regional, country, state and local agencies. The Federal Food, Drug, and Cosmetic Act (FDC Act), other Federal statutes and regulations, various state statutes and regulations, 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.

Of particular importance is the FDA 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, 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 FDA mandates that drugs be manufactured, packaged and labeled in conformity with current Good Manufacturing Practices (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 product approvals, 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 which may be subject to a lengthy application process.

The distribution of pharmaceutical products is subject to the Prescription Drug Marketing Act (PDMA) as part of the FDC 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 who 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 drug labeling changes relating to safety, (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 trials 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 Office of Inspector General of the U.S. Department of Health and Human Services (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 Guidances to segments of the healthcare industry, including the 2003 Compliance Program Guidance for Pharmaceutical Manufacturers (the OIG Guidance), 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 OIG 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 Agency 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.

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 approval or approval of the EC 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.

In many markets outside the U.S., we operate in an environment of government-mandated, cost-containment programs. 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 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 markets, such as the UK and Germany, the government does not set pricing restrictions at launch, but pricing freedom is subsequently limited, such as by the operation of a profit and price control plan in the UK and by the operation of a reference price system in Germany. Companies also face significant delays in market access for new products, mainly in France, Spain, Italy and Belgium, and more than two years can elapse before new medicines become available on some national markets. Additionally, member states of the EU have regularly imposed new or additional cost containment measures for pharmaceuticals. In recent years, Italy, for example, has imposed mandatory price decreases. The existence of price differentials within the EU due to the different national pricing and reimbursement laws leads to significant parallel trade flows.

In the U.S. the 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. In March 2010, the U.S. government enacted healthcare reform legislation, signing into law the Patient Protection and Affordable Care Act (HR 3590) and a reconciliation bill containing a package of changes to the healthcare bill. The legislation makes extensive changes to the current system of healthcare insurance and benefits intended to broaden coverage and reduce costs. These bills significantly change how Americans receive healthcare coverage and how they pay for it. They also have a significant impact on companies, in particular those companies in the pharmaceutical industry and other healthcare related industries, including BMS. We have experienced and will continue to experience additional financial costs and certain other changes to our business as the new healthcare law is implemented. For example, minimum rebates on our Medicaid drug sales have increased from 15.1 percent to 23.1 percent 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.

Beginning in 2011, we were also required to provide a 50 percent discount on our brand-name drugs to patients who fall within the Medicare Part D coverage gap, also referred to as the “donut hole” and we were also required to pay an annual non-tax-deductible fee to the federal government based on an allocation of our market share of branded prior year sales to certain government programs including Medicare, Medicaid, Department of Veterans Affairs, Department of Defense and TRICARE.

For further discussion of these rebates and programs, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Total Revenues” 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, see “—Manufacturing and Quality Assurance” below and discussions of particular products.

### **Manufacturing and Quality Assurance**

To meet all expected product demand, we operate and manage our manufacturing network, including our third-party contract manufacturers, and the inventory related thereto, 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 our 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, see “—Government Regulation and Price Constraints” above.

Our pharmaceutical manufacturing facilities are located in the U.S., Puerto Rico, France, Italy, Ireland, Japan, Mexico and China and require significant ongoing capital investment for both maintenance and compliance with increasing regulatory requirements. In addition, as our product line changes over the next several years, 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 rely on third parties to manufacture or supply us with all or a portion of the active ingredients necessary for us to manufacture various products, including *Baraclude*, the *Sustiva* Franchise, *Erbix*\*, *Yervoy*, *Reyataz*, *Abilify*\*, *Kombiglyze*, *Orencia*, *Eliquis*, *Avalide*\* and *Plavix*\*. Beginning February 1, 2014, following the sale of our diabetes business to AstraZeneca, AstraZeneca assumed manufacturing responsibilities for *Bydureon*\* and *Byetta*\*. 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, 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. As an additional protection, in some cases, we take steps to maintain an approved back-up source where available. For example, we will rely on the capacity of our Devens, Massachusetts facility and the capacity available at our third-party contract manufacturers to manufacture *Orencia*.

If we or any third-party manufacturer that we rely on for existing or future products is unable to maintain a stable supply of products, operate at sufficient capacity to meet our order requirements, comply with government regulations for manufacturing pharmaceuticals or meet the complex processing requirements for biologics, our business performance and prospects could be negatively impacted. Additionally, if we or any of our third-party suppliers were to experience extended plant shutdowns or substantial unplanned increases in demand or suspension of manufacturing for regulatory reasons, we could experience an interruption in supply of certain products or product shortages until production could be resumed or expanded.

In connection with divestitures, licensing 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. 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 quality-assurance procedures relating to the quality and integrity of technical information and production processes.

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

### **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. We expended approximately \$19 million in 2013, \$21 million in 2012 and \$16 million in 2011 on capital projects undertaken specifically to meet environmental requirements. 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 the U.S. Comprehensive Environmental Response, Compensation, and Liability Act (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 16 current or former facilities. We have also been identified as a “potentially responsible party” (PRP) under applicable laws for environmental conditions at approximately 23 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, see “Item 8. Financial Statements—Note 22. Legal Proceedings and Contingencies.”

### **Employees**

As of December 31, 2013, we employed approximately 28,000 people. This includes approximately 4,000 employees that are in the process of being transferred to AstraZeneca as part of the sale of the diabetes business in February 2014. See “Item 8. Financial Statements—Note 5. Assets Held-For-Sale” for further discussion.

### **Foreign Operations**

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

For a geographic breakdown of total revenues, see the table captioned Geographic Areas in “Item 8. Financial Statements—Note 2. Business Segment Information” and for further discussion of our total revenues by geographic area see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Total Revenues.”

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.

Depending on the direction of change relative to the U.S. dollar, foreign currency values can increase or decrease the reported dollar value of our net assets and results of operations. The change in foreign exchange rates had a net unfavorable impact on the growth rate of revenues in 2013. While we cannot predict with certainty future changes in foreign exchange rates or the effect they will have on the



growth rate of revenues, we attempt to mitigate their impact through operational means and by using various financial instruments. See the discussions under “Item 7A. Quantitative and Qualitative Disclosures About Market Risk” and “Item 8. Financial Statements—Note 10. Financial Instruments and Fair Value Measurements.”

### **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 furnishes such material to, the U.S. Securities and Exchange Commission (SEC).

Information relating to corporate governance at Bristol-Myers Squibb, including our Standards of Business Conduct and Ethics, 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 “Investors—Corporate Governance” caption 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—Stockholder Services” caption. In addition, information about our Sustainability programs is available on our website under the “Responsibility” caption.

We incorporate by reference certain information from parts of our proxy statement for the 2013 Annual Meeting of Stockholders. The SEC allows us to disclose important information by referring to it in that manner. Please refer to such information. Our proxy statement for the 2014 Annual Meeting of Stockholders and 2013 Annual Report will be available on our website under the “Investors—SEC Filings” caption on or about March 19, 2014.

### **Item 1A. RISK FACTORS.**

Any of the factors 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, may also impair our operations or financial condition.

#### ***We face intense competition from other manufacturers, including for both innovative medicines and lower-priced generic products.***

*BMS is dependent on the uptake and market expansion for marketed brands, new indications and product extensions, as well as co-promotional activities with alliance partners, to deliver future growth. Competition, including lower-priced generic versions of our products, is a major challenge within the U.S. and internationally. We face patent expirations and increasingly aggressive generic competition. Competition may include (i) new products developed by competitors that have lower prices, real or perceived superior efficacy (benefit) or safety (risk) profiles, or that are otherwise competitive with our products; (ii) technological advances and patents attained by our competitors; (iii) clinical study results from our products or a competitor’s products; (iv) business combinations among our competitors and major customers; and (v) competing interests for external partnerships to develop and bring new products to markets. We could also experience limited or no market access due to real or perceived differences in value propositions for our products compared with competitors.*

#### ***It is possible that we may 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 the period in which it has market exclusivity. In the U.S. and in some other countries, when market exclusivity expires and generic versions of a product are approved and marketed, there are usually very substantial and rapid declines in a product’s revenues.*

*Market exclusivity for our products is based upon patent rights and/or 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 markets. 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 of a product can be approved and marketed. In addition, prior to the expiration of data exclusivity, a competitor could seek regulatory approval by submitting its own clinical trial data to obtain marketing approval.*

*Manufacturers of generic products are also increasingly seeking to challenge patents before they expire, and we could face earlier-than-expected competition from generic companies for any of our products at any time. Patents covering two of our key products (Sustiva and Baraclude) are currently the subject of patent litigation. In some cases, generic manufacturers may 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. For example, we may face generic competition for Baraclude in the U.S. at any time following a federal court’s decision to invalidate the composition of matter patent in February 2013. There is no assurance that a particular product will enjoy market exclusivity for the full period of time that appears in the estimates disclosed in this Form 10-K. In addition, some countries, such as India, are allowing competitors to manufacture and sell generic versions of branded products, known as compulsory licensing, which negatively impact the protections afforded the Company.

**Increased pricing pressure and other restrictions in the U.S. and abroad from managed care organizations, institutional purchasers, and government agencies and program, among others, could negatively affect our revenues and profit margins.**

Our products continue to be subject to increasing pressures across the portfolio relating to market access, pricing and rebates and other restrictions in the U.S., the EU and other regions around the world, including but not limited to: (i) rules and practices of managed care organizations and institutional and governmental purchasers; (ii) judicial decisions and governmental laws and regulations for Medicare, Medicaid and U.S. healthcare reform, including the 2010 Patient Protection and Affordable Care Act; (iii) the potential impact of pharmaceutical reimbursement, Medicare Part D Formularies and product pricing in general; (iv) delays in gaining reimbursement; (v) government price erosion mechanisms across Europe and in other countries, resulting in deflation for pharmaceutical product pricing; (vi) collection delays in government funded public hospitals (vii) the impact on pricing from parallel trade across borders; (viii) other developments in technology and/or industry practices that could directly or indirectly impact the reimbursement policies and practices of third-party payers; and (ix) limited or no market access due to real or perceived differences in value propositions for our products compared to competing products.

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

Developing and commercializing new products includes inherent risks and uncertainties, such as (i) compounds or products may appear promising in development but fail to reach market within the expected or optimal timeframe, or fail ever to reach market or be approved for product extensions or additional indications, including due to efficacy or safety concerns, the delay or denial of regulatory approvals, delays or difficulties with producing products at a commercial scale or excessive costs to manufacture them; (ii) failure to enter into or successfully 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 that may cause delays or denials of new product approvals. We have observed a recent trend by the U.S. Food & Drug Administration (FDA) to delay its approval decision on a new product beyond its announced action date by six months or longer.

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 and, if the product was obtained through acquisition, it could result in a significant impairment of in-process research and development or other intangible assets. Further, if certain acquired pipeline programs are cancelled or if we believe that their commercial prospects have been reduced, we may recognize material non-cash impairment charges for those programs. Finally, a natural or man-made disaster or sabotage of research and development labs, our compound library and/or a loss of key molecules and intermediaries could negatively impact the product development cycle.

**Failure to execute our business strategy could adversely impact our growth and profitability.**

We are a biopharmaceutical company with a focus on innovative products for significant unmet medical needs in oncology, virology, immunology and specialty cardiovascular disease. We may not be able to consistently maintain a rich pipeline, through internal research and development or transactions with third parties, to support future revenue growth. The competition among major 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. We also may not be able to successfully realize the expected efficiencies and effectiveness from changes in our structure or operations to further our specialty care strategy, including the recent reorganizations of our research and development organization and our commercial operations as well as the evolution of support functions under our Enterprises Services organization, or from ongoing continuous improvement initiatives. In addition, realizing synergies and other expected benefits from acquisitions, divestitures, mergers, alliances, restructuring or other strategic initiatives, may take longer than expected to complete or may encounter other difficulties, including the need for regulatory approvals where applicable. If we are unable to support and grow our currently marketed products, successfully execute the launches of newly approved products, advance our late-stage pipeline, manage change and transformational issues, and manage our costs effectively, our operating results and financial condition could be negatively impacted. In addition, our failure to hire and retain personnel with the right expertise and experience in critical operations could adversely impact the execution of our business strategy.

***The public announcement of data from clinical studies or news of any developments related to our late-stage immuno-oncology compounds is likely to cause significant volatility in our stock price. If the development of any of our key immuno-oncology compounds, whether alone or as part of a combination therapy, is delayed or discontinued, our stock price could decline significantly.***

*As we are evolving to a specialty care biopharmaceutical company, we are focusing more of our efforts and resources in certain disease areas such as oncology, virology, immunology, and specialty cardiovascular disease. With our more focused portfolio, investors are placing heightened scrutiny on some of our late-stage compounds. In particular, nivolumab is an important asset in our immuno-oncology portfolio. During 2014, we expect to receive a significant amount of data from clinical trials evaluating nivolumab, a fully human monoclonal antibody being investigated as an anticancer treatment in non-small-lung cancer, renal cell cancer, and melanoma, along with other tumor types, alone or in combination with other approved cancer products such as Yervoy.*

*The announcement of data from our clinical studies or news of any developments related to our late-stage immuno-oncology compounds, such as nivolumab, is likely to cause significant volatility in our stock price. Furthermore, the announcement of any negative or unexpected data or the discontinuation of development of any of our key immuno-oncology compounds, whether alone or as part of a combination therapy, or any delay in our anticipated timelines for filing for regulatory approval will likely cause our stock price to decline significantly. There is no assurance that data from our clinical studies will support a filing for regulatory approval or even if approved, that any of our key immuno-oncology compounds will become commercially successful.*

***The businesses we acquire may underperform, and we may not be able to successfully integrate them into our existing business.***

*We may 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 lower 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) research & development, manufacturing, distribution, sales, marketing, promotion and information technology activities; (ii) policies, procedures, processes, controls and compliance; (iii) company cultures; (iv) compensation structures and other human resource activities; and (v) tax considerations.*

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

*We have historically derived a majority of our revenue and earnings from several key products and while we are not as heavily dependent on one or two products as in past years, our dependence on the profitability of our key products is likely to continue. In 2013, Abilify\* revenues of \$2.3 billion represented 14% of revenues. Reyataz and the Sustiva franchise, with combined revenues of \$3.2 billion, represented 9% and 10% of revenues, respectively. Baraclade, Orencia, and Sprycel revenues totaled \$1.5 billion, \$1.4 billion and \$1.3 billion, respectively. A reduction in revenues of one or more of these products could significantly negatively impact our revenues, cash flows and earnings.*

***Changes in U.S. or foreign laws and regulations may negatively affect our revenues and profit margins.***

*We could become subject to new government laws and regulations, which could negatively affect our business, our operating results and the financial condition of our Company, such as (i) additional healthcare reform initiatives in the U.S. or in other countries, including additional mandatory discounts; (ii) increasing tax revenues in the U.S. or other countries as a means to reduce debt by changing tax rates; limiting, phasing-out or eliminating deductions or tax credits; modifying tax collection processes; taxing certain tax havens; taxing certain excess income from intellectual property; changing rules for earnings repatriations; and changing other tax laws; (iii) new laws, regulations and judicial or other governmental decisions affecting pricing, drug reimbursement, receivable payments, and access or marketing within or across jurisdictions; (iv) changes in intellectual property law; (v) changes in accounting standards; (vi) increasing data privacy regulations and enforcement; (vii) emerging and new regulatory requirements for reporting payments and other value transfers to healthcare professionals, including for the U.S. National Physician Payment Transparency Program, and (viii) the potential impact of importation restrictions, legislative and/or other regulatory changes.*

***Product labeling changes for our marketed products could result in unexpected safety or efficacy concerns and have a negative impact on that product's revenues.***

*Regulatory authorities can change the labeling for any pharmaceutical product at any time, 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 trials, adverse events reports, studies that identify biomarkers (objective characteristics that can indicate a particular response to a product or therapy), or other studies that produce important additional information about a product. New information added to a product's label can affect the safety and/or the efficacy profile of a product, leading to potential product recalls, withdrawals, or declining revenue, as well as product liability claims. Sometimes the additional information from these studies identifies a portion of the patient population that may be non-responsive to a medicine 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 can also be sponsored by our competitors, insurance companies, government institutions, managed care organizations, influential 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 of our products, it can also have negatively impact our revenues for a product due to product returns and a more limited patient population going forward.*

Additionally, certain study results, especially from head-to-head trials, could affect a product's formulary listing, which could also adversely affect revenues.

***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) seizure or recalls of products or forced closings of manufacturing plants; (ii) supply chain continuity including from natural or man-made disasters at one of our facilities or at a critical supplier, as well as our failure or the failure of any of our suppliers to comply with Current Good Manufacturing Practices and other applicable regulations or quality assurance guidelines that could lead to manufacturing shutdowns, product shortages and 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 necessary raw materials, supplies or finished goods for an extended period of time; (v) the failure of a third-party manufacturer to supply us with 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; (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; and (viii) other manufacturing or distribution issues, including limits to manufacturing capacity due to regulatory requirements, and changes in the types of products produced, such as biologics; physical limitations or other business interruptions.

***Adverse outcomes in 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) antibribery regulations such as the U.S. Foreign Corrupt Practice Act or UK Anti-Bribery Act, (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 and safety matters; and (iv) tax liabilities.

***We depend on third parties to meet their contractual, regulatory, and other obligations.***

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, information technology and other business unit and functional services; and meet their contractual, regulatory, and other obligations in relation to their arrangements with us. Some of these third-party providers are located in markets that are subject to political and social risk, corruption, infrastructure problems and natural disasters in addition to country specific privacy and data security risks 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 the Company's 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, U.K. 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.

***We are increasingly dependent on information technology and our systems and infrastructure face certain risks, including from cyber security and data leakage.***

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, intentional destruction of confidential information stored in our systems or in non-encrypted portable media or storage devices. We could also experience a business interruption, information 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. We have invested in industry appropriate protections and monitoring practices of our data and information technology to reduce these risks and continue to monitor our systems on an ongoing basis for any current or potential threats. There can be no assurance, however, that our efforts will prevent breakdowns or breaches to our or our third party providers' databases or systems that could adversely affect our business.

***Social media platforms present risks and challenges.***

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. In addition, negative or inaccurate posts or comments about us on any social networking web site 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, as there might not be structured processes in place to secure and protect information. Identifying new points of entry as social media continues to expand presents new challenges.

**Adverse changes in U.S., global, regional or local economic conditions could adversely affect our profitability.**

Global economic risks pose significant challenges to a company's growth and profitability and are difficult to mitigate. The world's major economies hold historically-high debt levels while experiencing slow growth and high unemployment. Several risks lie ahead, including the management of the U.S. debt level and the European sovereign debt crisis. We have significant operations in Europe, including for manufacturing. We have exposure to customer credit risks in Europe, including from government-guaranteed hospital receivables in markets where payments are not received on time. In addition, future pension plan funding requirements continue to be sensitive to global economic conditions and the related impact on equity markets. We are also exposed to other commercial risks and economic factors over which we have no control, which could pose significant challenges to our underlying profitability.

**Changes in foreign currency exchange rates and interest rates could have a material adverse effect on our operating results and liquidity.**

We have significant operations outside of the U.S. revenues from operations outside of the U.S. accounted for approximately 49% of our revenues in 2013. As such, we are exposed to fluctuations in foreign currency exchange rates which can be difficult to mitigate. We are also exposed to changes in interest rates. Our ability to access the money markets and/or capital markets could be impeded if adverse liquidity market conditions occur.

**The illegal distribution and sale by third parties of counterfeit versions of our products or stolen products could have a negative impact on our 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. In addition, 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.

**Item 1B. UNRESOLVED STAFF COMMENTS.**

None.

**Item 2. PROPERTIES.**

Our world headquarters are located at 345 Park Avenue, New York, NY, where we lease approximately 81,000 square feet of floor space. We own or lease approximately 194 properties in 49 countries.

We manufacture products at 12 worldwide locations, all of which are owned by us. Our manufacturing locations and aggregate square feet of floor space by geographic area were as follows at December 31, 2013:

	Number of Locations	Square Feet
United States	5	2,767,000
Europe	4	1,531,000
Rest of the World	3	514,000
Total	12	4,812,000

Portions of these manufacturing locations and the other properties owned or leased by us in the U.S. and elsewhere are used for research and development, administration, storage and distribution. For further information about our properties, see "Item 1. Business—Manufacturing and Quality Assurance."

**Item 3. LEGAL PROCEEDINGS.**

Information pertaining to legal proceedings can be found in "Item 8. Financial Statements—Note 22. Legal Proceedings and Contingencies" and is incorporated by reference herein.

**Item 4. MINE SAFETY DISCLOSURES.**

Not applicable.

## PART IA

### Executive Officers of the Registrant

Listed below is information on our executive officers as of February 14, 2014. 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 Stockholders, and thereafter, are elected for a one-year term or until their successors have been elected. All executive officers serve at the pleasure of the Board of Directors.

<u>Name and Current Position</u>	<u>Age</u>	<u>Employment History for the Past 5 Years</u>
Lamberto Andreotti <i>Chief Executive Officer and Director</i> <i>Member of the Senior Management Team</i>	63	2005 to 2007 – Executive Vice President and President, Worldwide Pharmaceuticals. 2007 to 2008 – Executive Vice President and Chief Operating Officer, Worldwide Pharmaceuticals. 2008 to 2009 – Executive Vice President and Chief Operating Officer. 2009 to 2010 – President and Chief Operating Officer and Director of the Company. 2010 to present – Chief Executive Officer and Director of the Company.
Charles Bancroft <i>Executive Vice President and Chief Financial Officer</i> <i>Member of the Senior Management Team</i>	54	2005 to 2009 – Vice President, Finance, Worldwide Pharmaceuticals. 2010 to 2011 – Chief Financial Officer of the Company. 2011 to present – Executive Vice President and Chief Financial Officer of the Company.
Giovanni Caforio, M.D. <i>Executive Vice President and Chief Commercial Officer</i> <i>Member of the Senior Management Team</i>	49	2007 to 2009 – Senior Vice President, U.S. Oncology. 2009 to 2010 – Senior Vice President, Oncology, U.S. and Global Commercialization. 2011 to 2011 – Senior Vice President, Oncology and Immunology, Global Commercialization. 2011 to 2013 – President, U.S. Pharmaceuticals 2013 to present – Executive Vice President and Chief Commercial Officer
Joseph C. Caldarella <i>Senior Vice President and Corporate Controller</i>	58	2005 to 2010 – Vice President and Corporate Controller. 2010 to present – Senior Vice President and Corporate Controller.
Francis Cuss, MB BChir, FRCP <i>Executive Vice President and Chief Scientific Officer</i> <i>Member of the Senior Management Team</i>	59	2006 to 2010 – Senior Vice President, Discovery and Exploratory Clinical Research. 2010 to 2013 – Senior Vice President, Research. 2013 to present – Executive Vice President and Chief Scientific Officer
Brian Daniels, M.D. <i>Senior Vice President, Global Development and Medical Affairs, Research and Development</i> <i>Member of the Senior Management Team</i>	54	2004 to 2008 – Senior Vice President, Global Clinical Development. 2008 to present – Senior Vice President, Global Development and Medical Affairs.
John E. Elicker <i>Senior Vice President, Public Affairs and Investor Relations</i> <i>Member of the Senior Management Team</i>	54	2000 to 2002 – Senior Director, Investor Relations. 2002 to 2010 – Vice President, Investor Relations. 2010 to 2012 – Senior Vice President, Investor Relations. 2012 to present – Senior Vice President, Public Affairs and Investor Relations.
Frances Heller <i>Senior Vice President, Business Development</i> <i>Member of the Senior Management Team</i>	47	2003 to 2008 – Head, Strategic Alliances at Novartis Pharmaceuticals. 2008 to 2011 – Executive Vice President, Exelixis. 2011 to 2012 – Instructor, Stanford University. 2012 to present – Senior Vice President, Business Development.
Sandra Leung <i>General Counsel and Corporate Secretary</i> <i>Member of the Senior Management Team</i>	53	2006 to 2007 – Vice President, Corporate Secretary and Acting General Counsel. 2007 to present – General Counsel and Corporate Secretary.
Samuel J. Moed <i>Senior Vice President, Strategic Planning and Analysis</i> <i>Member of the Senior Management Team</i>	51	2005 to 2010 – Senior Vice President, Worldwide Strategy and Operations. 2010 to 2012 – Senior Vice President, Strategy. 2012 to present – Senior Vice President, Strategic Planning and Analysis.

**Name and Current Position**

Anne Nielsen  
*Senior Vice President and Chief Compliance and Ethics Officer*  
*Member of the Senior Management Team*

Louis S. Schmukler  
*President, Global Manufacturing and Supply*  
*Member of the Senior Management Team*

Paul von Autenried  
*Senior Vice President, Enterprise Services and Chief Information Officer*  
*Member of the Senior Management Team*

**Age** **Employment History for the Past 5 Years**

53 2001 to 2009 – Vice President and Senior Counsel  
2009 to 2013 – Vice President and Associate General Counsel  
2013 to 2013 – Senior Vice President and Deputy General Counsel  
2013 to present – Senior Vice President and Chief Compliance and Ethics Officer

58 2007 to 2009 – Senior Vice President, Pharmaceutical Operating Unit, Wyeth Pharmaceuticals, Inc.  
2009 to 2011 – Senior Vice President, Specialty/Biotechnology Operating Unit, Pfizer.  
2011 to present – President, Global Manufacturing and Supply.

52 2007 to 2011 – Vice President and Chief Information Officer.  
2011 to 2012 – Senior Vice President and Chief Information Officer.  
2012 to present – Senior Vice President, Enterprise Services and Chief Information Officer.

## PART II

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

#### Market Prices

Bristol-Myers Squibb common stock is traded on the New York Stock Exchange (NYSE) (Symbol: BMY). A quarterly summary of the high and low market prices is presented below:

	2013		2012	
	High	Low	High	Low
<b>Common:</b>				
First Quarter	\$ 41.19	\$ 32.71	\$ 35.01	\$ 31.85
Second Quarter	47.68	39.68	35.95	32.47
Third Quarter	47.53	41.32	36.15	31.57
Fourth Quarter	53.84	46.41	34.38	30.81

#### Holders of Common Stock

The number of record holders of common stock at December 31, 2013 was 51,115.

The number of record holders is based upon the actual number of holders registered on our books at such date 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.

#### Dividends

Our Board of Directors declared the following dividends per share, which were paid in 2013 and 2012 in the quarters indicated below:

	Common		Preferred	
	2013	2012	2013	2012
First Quarter	\$ 0.35	\$ 0.34	\$ 0.50	\$ 0.50
Second Quarter	0.35	0.34	0.50	0.50
Third Quarter	0.35	0.34	0.50	0.50
Fourth Quarter	0.35	0.34	0.50	0.50
	\$ 1.40	\$ 1.36	\$ 2.00	\$ 2.00

In December 2013, our Board of Directors declared a quarterly dividend of \$0.36 per share on our common stock which was paid on February 3, 2014 to shareholders of record as of January 3, 2014. The Board of Directors also declared a quarterly dividend of \$0.50 per share on our preferred stock, payable on March 3, 2014 to shareholders of record as of February 7, 2014.



## Issuer Purchases of Equity Securities

The following table summarizes the surrenders and repurchases of our equity securities during the 12 month period ended December 31, 2013:

Period	Total Number of Shares Purchased <sup>(a)</sup>	Average Price Paid per Share <sup>(a)</sup>	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(b)</sup>	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(b)</sup>
Dollars in Millions, Except Per Share Data				
January 1 to 31, 2013	3,206,822	\$ 34.25	3,191,812	\$ 1,672
February 1 to 28, 2013	2,466,156	\$ 36.67	2,452,642	\$ 1,583
March 1 to 31, 2013	4,780,971	\$ 38.45	2,510,200	\$ 1,484
Three months ended March 31, 2013	10,453,949		8,154,654	
April 1 to 30, 2013	675,677	\$ 40.85	665,458	\$ 1,456
May 1 to 31, 2013	519,070	\$ 41.65	487,187	\$ 1,436
June 1 to 30, 2013	402,285	\$ 46.30	391,002	\$ 1,418
Three months ended June 30, 2013	1,597,032		1,543,647	
July 1 to 31, 2013	793,859	\$ 44.44	784,977	\$ 1,383
August 1 to 31, 2013	342,124	\$ 43.59	334,261	\$ 1,368
September 1 to 30, 2013	7,113	\$ 41.90	—	\$ 1,368
Three months ended September 30, 2013	1,143,096		1,119,238	
October 1 to 31, 2013	29,164	\$ 47.22	—	\$ 1,368
November 1 to 30, 2013	20,603	\$ 52.50	—	\$ 1,368
December 1 to 31, 2013	6,026	\$ 51.65	—	\$ 1,368
Three months ended December 31, 2013	55,793		—	
Twelve months ended December 31, 2013	13,249,870		10,817,539	

(a) The total number of shares purchased and the total number of shares purchased as part of publicly announced programs is different because shares of common stock are withheld by us from employee restricted stock awards in order to satisfy our applicable tax withholding obligations.

(b) In May 2010, the Board of Directors authorized the repurchase of up to \$3.0 billion of common stock. In June 2012, the Board of Directors increased its authorization for the repurchase of common stock by an additional \$3.0 billion. The repurchase program does not have an expiration date and we may consider future repurchases.

**Item 6. SELECTED FINANCIAL DATA.**

**Five Year Financial Summary**

Amounts in Millions, except per share data

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Income Statement Data:</b> <sup>(a)</sup>					
Total Revenues	\$ 16,385	\$ 17,621	\$ 21,244	\$ 19,484	\$ 18,808
<i>Continuing Operations:</i>					
Net Earnings	2,580	2,501	5,260	4,513	4,420
Net Earnings Attributable to:					
Noncontrolling Interest	17	541	1,551	1,411	1,181
BMS	2,563	1,960	3,709	3,102	3,239
Net Earnings per Common Share Attributable to BMS:					
Basic	\$ 1.56	\$ 1.17	\$ 2.18	\$ 1.80	\$ 1.63
Diluted	\$ 1.54	\$ 1.16	\$ 2.16	\$ 1.79	\$ 1.63
Average common shares outstanding:					
Basic	1,644	1,670	1,700	1,713	1,974
Diluted	1,662	1,688	1,717	1,727	1,978
Cash dividends paid on BMS common and preferred stock	\$ 2,309	\$ 2,286	\$ 2,254	\$ 2,202	\$ 2,466
Cash dividends declared per common share	\$ 1.41	\$ 1.37	\$ 1.33	\$ 1.29	\$ 1.25
<b>Financial Position Data at December 31:</b>					
Cash and cash equivalents	\$ 3,586	\$ 1,656	\$ 5,776	\$ 5,033	\$ 7,683
Marketable securities <sup>(b)</sup>	4,686	4,696	5,866	4,949	2,200
Total Assets	38,592	35,897	32,970	31,076	31,008
Long-term debt <sup>(c)</sup>	7,981	7,232	5,376	5,328	6,130
Equity	15,236	13,638	15,867	15,638	14,785

(a) For a discussion of items that affected the comparability of results for the years 2013, 2012 and 2011, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures."

(b) Includes current and non-current marketable securities.

(c) Also includes the current portion of long-term debt.

## Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

### EXECUTIVE SUMMARY

Bristol-Myers Squibb Company (which may be referred to as Bristol-Myers Squibb, BMS, the Company, we, our or us) is a global specialty care biopharmaceutical company whose mission is to discover, develop and deliver innovative medicines that help patients prevail over serious diseases. We license, manufacture, market, distribute and sell pharmaceutical products on a global basis.

The comparability of total revenues and earnings to the prior year periods was impacted by the reduction in our share of *Abilify*\* (aripiprazole) revenues from 51.5% in 2012 to 34.0% in 2013, the acquisition of Amylin and expanded diabetes alliance arrangement with AstraZeneca in 2012, the loss of exclusivity of *Plavix*\* in 2012, and a \$1.8 billion intangible asset impairment charge in 2012.

As we transitioned away from *Plavix*\* and *Avapro*\*/*Avalide*\*, we continued to grow our key brands. We also shifted our strategic focus in early-stage research and development and advanced our immuno-oncology portfolio, our hepatitis C portfolio and the rest of our late-stage pipeline.

In February 2014, BMS sold to AstraZeneca the diabetes business of BMS which comprised our global alliance with them, including all rights and ownership to *Onglyza* (saxagliptin), *Forxiga* (dapagliflozin), *Bydureon*\* (exenatide extended-release for injectable suspension), *Byetta*\* (exenatide), *Symlin*\* (pramlintide acetate) and metreleptin. AstraZeneca paid \$2.7 billion to BMS at closing, a \$600 million milestone in February 2014 for the approval of *Farxiga* (dapagliflozin) in the U.S., and will make contingent regulatory and sales-based milestone payments of up to \$800 million and royalty payments based on net sales through 2025. See "Item 8. Financial Statements—Note 5. Assets Held-For-Sale" for further discussion.

### Highlights

The following table summarizes our financial information:

Dollars in Millions, except per share data	Year Ended December 31,		
	2013	2012	2011
Total Revenues	\$ 16,385	\$ 17,621	\$ 21,244
Total Expenses	13,494	15,281	14,263
Earnings before Income Taxes	2,891	2,340	6,981
Provision for/(Benefit from) Income Taxes	311	(161)	1,721
<i>Effective tax/(benefit) rate</i>	<i>10.8%</i>	<i>(6.9)%</i>	<i>24.7%</i>
Net Earnings Attributable to BMS			
GAAP	2,563	1,960	3,709
Non-GAAP	3,019	3,364	3,921
Diluted Earnings Per Share			
GAAP	1.54	1.16	2.16
Non-GAAP	1.82	1.99	2.28
Cash, Cash Equivalents and Marketable Securities	8,272	6,352	11,642

Our non-GAAP financial measures, including non-GAAP earnings and related EPS information, are adjusted to exclude specified items which 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 see "—Non-GAAP Financial Measures" below.

### Business Environment

The pharmaceutical/biotechnology industry is highly competitive and subject to numerous government regulations. Many competitive factors may significantly affect revenues of our products, including product efficacy, safety, price, demand, competition and cost-effectiveness; marketing effectiveness; market access; product labeling; quality control and quality assurance of our manufacturing operations; and research and development of new products. To successfully compete in the healthcare industry, we must demonstrate that our products offer medical benefits and cost advantages. Our new product introductions often compete with other products already on

the market in the same therapeutic category, in addition to potential competition of new products that competitors may introduce in the future. We manufacture branded products, which are priced higher than generic products. Generic competition is one of our key challenges.

In the pharmaceutical/biotechnology industry, the majority of an innovative product's commercial value is usually realized during its market exclusivity period. Afterwards, it is no longer protected by a patent and is subject to new competing products in the form of generic brands. Upon exclusivity loss, we can experience a significant reduction of that product's sales in a short period of time. Competitors seeking approval of biological products under a full Biologics License Application (BLA) must file their own safety and efficacy data and address the challenges of biologics manufacturing, involving more complex processes and costs than those of other pharmaceutical operations. Under the U.S. healthcare legislation enacted in 2010, there is an abbreviated path for regulatory approval of biosimilar versions of biological products. This path for approval of biosimilar products under the U.S. healthcare legislation significantly affects the regulatory data exclusivity for biological products. The legislation provides a regulatory mechanism allowing for regulatory approval of biologic drugs similar to (but not necessarily generic copies of) innovative drugs on the basis of less extensive data than required by a full BLA. It is not possible at this time to reasonably assess the impact of the U.S. biosimilar legislation on the Company.

Globally, the healthcare industry is subject to various government-imposed regulations authorizing prices or price controls that will continue to impact our total revenues. In March 2010, the U.S. government enacted healthcare reform legislation, signing into law the Patient Protection and Affordable Care Act (HR 3590) and a reconciliation bill containing a package of changes to the healthcare bill. We will continue to experience additional financial costs and certain other changes to our business as healthcare law provisions become effective.

The aggregate financial impact of U.S. healthcare reform over the next few years depends on a number of factors, including but not limited to pending implementation guidance, potential changes in sales volume eligible for the new rebates, discounts or fees, and the expected increase in the number of people with healthcare coverage from the Patient Protection and Affordable Care Act.

In many regions outside the U.S., we operate in environments of government-mandated, cost-containment programs, or under other regulatory bodies or groups exerting downward pressure on pricing. For example, pricing freedom is limited in the United Kingdom (UK) by the operation of a profit control plan and in Germany by the operation of a reference price system. Many European countries have continuing fiscal challenges as healthcare payers, including government agencies, have reduced and are expected to continue to reduce the cost of healthcare through actions that directly or indirectly impose additional price restrictions. Companies also face significant delays in market access for new products as more than two years can elapse after drug approval before new medicines are available in some countries.

The growth of Managed Care Organizations (MCOs) in the U.S. significantly impacted competition in the healthcare industry. MCOs seek to reduce healthcare expenditures for participants through volume purchases and long-term contractual discounts with various pharmaceutical providers. Because of the market potential created by the large pool of participants, marketing prescription drugs to MCOs is an important part of our strategy. Companies compete for inclusion in MCO formularies and we generally are successful in having our key products included. We believe that developments in the managed care industry, including on going consolidation, continue to have a downward pressure on prices.

Pharmaceutical and biotechnology production processes are complex, highly regulated and vary widely by product. Shifting or adding manufacturing capacity is usually a lengthy process requiring significant capital expenditures and regulatory approvals. Biologics manufacturing involves more complex processes than those of traditional pharmaceutical operations. As biologics become a larger percentage of our product portfolio, we will continue to maintain supply arrangements with third-party manufacturers and incur substantial investments to increase our internal capacity to produce biologics on a commercial scale. The United States Food and Drug Administration (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 the facility.

We maintain a competitive position in the market and strive to uphold this position, depending on our success in discovering, developing and delivering innovative, cost-effective products to help patients prevail over serious diseases.

We are the subject of a number of significant pending lawsuits, claims, proceedings and investigations. It is not possible at this time to reasonably assess the final outcomes of these investigations or litigations. For additional discussion of legal matters, see "Item 8. Financial Statements—Note 22. Legal Proceedings and Contingencies."

## **Strategy**

Since 2007, we have been transforming BMS into a leading-edge biopharma company focused exclusively on discovering, developing, and delivering innovative medicines that address serious unmet medical needs. We continue to evolve driven by this fundamental objective as we grow our marketed products and progress our pipeline.

We are focused on four core therapeutic areas: oncology, virology, immunology, and specialty cardiovascular disease. Within oncology, we are pioneering innovative medicines in the area of immuno-oncology which unlock the body's own immune system to battle cancer. *Yervoy* (ipilimumab), our first immuno-oncology agent, was introduced in 2011 for the treatment of metastatic melanoma and we continue to invest significantly in our deep pipeline of innovative medicines in this area covering a broad array of cancers.

We are evolving our commercial model and growing our marketed product portfolio in a manner consistent with our overall strategy. In oncology, we are building on the success of *Yervoy*, which yielded 2013 revenues of nearly \$1 billion, and other products such as *Sprycel* (dasatinib) and *Erbitux\** (cetuximab). Beyond oncology, we continue to support key brands in our virology franchise such as *Reyataz* (atazanavir sulfate) and *Baraclude* (entecavir) (together accounting for approximately \$3 billion in revenues in 2013), in addition to investing in *Orencia* (abatacept), the key brand in our immunology portfolio, which accounted for approximately \$1.4 billion in revenues in 2013. Additionally, we are strongly committed to *Eliquis* (apixaban), a novel oral anti-coagulant, which launched globally in 2013.

In February 2014, we divested our diabetes portfolio which allows us to further accelerate the evolution of our business model into a leading specialty care biopharma company. This transaction also allows us to focus our resources behind our growth opportunities that drive the greatest long-term value.

Looking ahead, we will continue to implement our biopharma strategy by driving the growth of key brands, executing new product launches, investing in our pipeline, maintaining a culture of continuous improvement, and pursuing disciplined capital allocation, including through business development.

### Product and Pipeline Developments

We manage our research and development (R&D) programs on a portfolio basis, investing resources in each stage of research and development 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 future growth. We consider our R&D programs that have entered into Phase III development to be significant, as these programs constitute our late-stage development pipeline. These development programs include both investigational compounds in Phase III development for initial indications and marketed products that are in Phase III development for additional indications or formulations. Spending on these programs represents approximately 30-45% of our annual R&D expenses. No individual investigational compound or marketed product represented 10% or more of our R&D expenses in any of the last three years. While we do not expect all of our late-stage development programs to make it to market, our late-stage development programs are the R&D programs that could potentially have an impact on our revenue and earnings within the next few years. The following are the recent significant developments in our marketed products and our late-stage pipeline:

Hepatitis C Portfolio - (Daclatasvir - a NS5A replication complex inhibitor in development; Asunaprevir - a NS3 protease inhibitor in development; BMS-791325 - a NS5B non-nucleoside polymerase inhibitor in development)

- In January 2014, the Company announced that the European Medicines Agency (EMA) has validated the marketing authorization application (MAA) for the use of daclatasvir for the treatment of adults with chronic hepatitis C with compensated liver disease, including genotype 1, 2, 3 and 4. The application seeks the approval of daclatasvir for use in combination with other agents, including sofosbuvir, for the treatment of chronic hepatitis C. The EMA's validation marks the start of an accelerated regulatory review process.
- In November 2013, the Company announced the submission of a New Drug Application (NDA) to Japan's Pharmaceutical and Medical Devices Agency. The submission was based on results from a Phase III study demonstrating that the 24-week, all-oral regimen of daclatasvir and asunaprevir achieved an overall sustained virologic response 24 weeks after the end of treatment of 84.7% in Japanese patients with chronic hepatitis genotype 1b who were either interferon ineligible/intolerant or non-responders (null and partial) to interferon-based therapies.
- In April 2013, at the European Association for the Study of the Liver in Amsterdam, the Company announced new Phase II data demonstrating that 12- and 24-week triple direct-acting antiviral treatment regimens of daclatasvir, asunaprevir, and BMS-791325 showed high rates of sustained virologic response of up to 94% in treatment-naïve, genotype 1 chronic hepatitis C patients, at time points ranging from 4 to 36 weeks post-treatment. The FDA designated this triple-DAA regimen as a Breakthrough Therapy for the treatment of chronic hepatitis C.

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

- In December 2013, the Company announced that the FDA has granted an additional six month period of exclusivity to market *Baraclude*.

- In February 2013, the U.S. District Court for the District of Delaware invalidated the composition of matter patent covering *Baraclude*, which was scheduled to expire in 2015. See "Item 8. Financial Statements—Note 22. Legal Proceedings and Contingencies" for further discussion. The Company is prepared to take legal action in the event that Teva Pharmaceutical Industries Ltd. (Teva) chooses to launch its generic product prior to the resolution of the Company's appeal.

*Sustiva (efavirenz)* - a non-nucleoside reverse transcriptase inhibitor for the treatment of Human Immunodeficiency Virus (HIV)

- In February 2013, the Company announced that the FDA has granted an additional six-month period of exclusivity to market *Sustiva*. Exclusivity for *Sustiva* in the U.S. is now scheduled to expire in March 2015.

Nivolumab - a fully human monoclonal antibody that binds to the programmed death receptor-1 (PD-1) on T and NKT cells that is being investigated as an anti-cancer treatment.

- In October 2013, the Company announced long-term follow-up results from the lung cancer cohort (n=129) of the expanded Phase I dose-ranging study (003) of nivolumab. Results showed sustained activity in heavily pre-treated patients with non-small-cell lung cancer as defined by one- and two-year survival rates of 42% and 24%, respectively, across dose cohorts.
- In June 2013, the Company announced the results from Study 004, a dose-ranging Phase I trial evaluating the safety and anti-tumor activity of nivolumab combined either concurrently or sequentially with *Yervoy* in patients with advanced melanoma. In patients who received the dose used in the Phase III trial (1 mg/kg nivolumab + 3 mg/kg *Yervoy*) in the concurrent regimen, 53% had confirmed objective responses by modified World Health Organization criteria. In all nine of the responders, tumors shrank by at least 80% by the time of the first scheduled clinical treatment assessment (12 weeks), including three complete responses.

*Sprycel (dasatinib)* - an oral inhibitor of multiple tyrosine kinases indicated for the first-line treatment of adults with Philadelphia chromosome-positive chronic myeloid leukemia in chronic phase and the treatment of adults with chronic, accelerated, or myeloid or lymphoid blast phase chronic myeloid leukemia with resistance or intolerance to prior therapy, including *Gleevec\** (imatinib mesylate). *Sprycel* is part of our strategic alliance with Otsuka.

- In December 2013, at the American Society of Hematology, the Company and Otsuka announced four-year follow-up data from the Phase III DASISION study of *Sprycel* 100 mg once daily vs. *Gleevec\** (400 mg daily) in the first-line treatment of adults with Philadelphia chromosome-positive chronic phase chronic myeloid leukemia. At four years, 76% of *Sprycel* patients vs. 63% of *Gleevec\** patients achieved a major molecular response. Additionally, 84% of *Sprycel* patients vs. 64% of *Gleevec\** patients achieved BCR-ABL  $\leq 10\%$  at three months, which is considered an optimal molecular response as defined by treatment guidelines (2013 European LeukemiaNet guidelines). Patients in both arms who achieved this response at three months had improved overall survival and progression-free survival at four years versus those who did not. At four years, 67% of *Sprycel* patients (n=172) and 65% of *Gleevec\** patients (n=168) remained on treatment.

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

- In November 2013, the EMA has approved the use of *Yervoy* in first line (chemotherapy naïve) advanced melanoma patients.
- In September 2013, at the European Cancer Congress, results were presented from a pooled analysis of survival data for 12 studies in patients with metastatic or locally advanced or unresectable melanoma who were treated with *Yervoy* at different doses and regimens, including the investigational dose of 10 mg/kg and some patients who were followed for up to 10 years. The analysis found that a plateau in the survival curve begins at three years, with some patients followed for up to ten years. At three years, 22% of patients were alive.
- In September 2013, the Company announced results from the Phase III randomized, double-blind clinical trial (Study 043) comparing *Yervoy* to placebo following radiation in patients with advanced metastatic castration-resistant prostate cancer who have received prior treatment with docetaxel. The study's primary endpoint of overall survival did not reach statistical significance. However, antitumor activity was observed across some efficacy endpoints, including progression free-survival.

Elotuzumab - a humanized monoclonal antibody being investigated as an anticancer treatment. Elotuzumab is part of our strategic alliance with AbbVie Inc. (AbbVie).

- In June 2013, the Company and AbbVie announced updated efficacy and safety data from a small, randomized Phase II, open-label study in patients with previously-treated multiple myeloma that evaluated two doses of elotuzumab in combination with lenalidomide and low-dose dexamethasone. In the 10 mg/kg arm, which is the dose used in the ongoing Phase III trials, median progression-free survival (PFS), or the time without disease progression, was 33 months after a median follow-up of 20.8 months

and the objective response rate (ORR) was 92%. As previously reported, median PFS was 18 months in the 20 mg/kg arm after a median follow-up of 17.1 months and ORR was 76%.

*Abilify\** (aripiprazole) - an antipsychotic agent for the treatment of schizophrenia, bipolar mania disorder and major depressive disorder and is part of our strategic alliance with Otsuka

- In January 2013, the European Commission (EC) approved *Abilify\** for the treatment of pediatric bipolar mania.

Metreleptin - a protein in development for the treatment of lipodystrophy that was part of our strategic alliance with AstraZeneca and included in our sale of the diabetes business to them

- In June 2013, the Company and AstraZeneca announced the FDA has accepted the filing and granted a Priority Review designation for the BLA. In July 2013, the FDA notified the Company and its partner, AstraZeneca, that it will require a three-month extension to complete its review of the data supporting the BLA. In December 2013, the Company and AstraZeneca announced the FDA's Endocrinologic and Metabolic Drugs Advisory Committee (EMDAC) recommended metreleptin for the treatment of pediatric and adult patients with generalized lipodystrophy (LD). EMDAC did not recommend metreleptin in patients with partial LD for the indication currently proposed. The Company and AstraZeneca remain committed to pursuing metreleptin for treatment in patients with metabolic disorders associated with partial LD. The Companies acknowledged the EMDAC's feedback and will continue to work with the FDA to identify the appropriate patients with partial LD who may benefit from metreleptin. The Prescription Drug User Free Act (PDUFA) date, the date by which a decision by the FDA is expected, is February 27, 2014.

*Farxiga/Xigduo* (dapagliflozin and metformin hydrochloride) - an oral sodium-glucose cotransporter (SGLT2) inhibitor for the treatment of diabetes that was part of our strategic alliance with AstraZeneca and included in our sale of the diabetes business to them

- In January 2014, the Company and AstraZeneca announced that *Xigduo* has been granted marketing authorization by the European Commission for the treatment of type 2 diabetes in the EU.
- In January 2014, the Company and AstraZeneca announced the FDA has approved *Farxiga* to improve glycemic control, along with diet and exercise, in adults with type 2 diabetes.
- In September 2013, at the Annual Meeting of the European Association for the Study of Diabetes (EASD), the Company and AstraZeneca announced results from a Phase III study evaluating dapagliflozin in adult patients with type 2 diabetes who were inadequately controlled on combination treatment with metformin plus sulfonylurea. Patients treated with dapagliflozin as an add on therapy to metformin plus sulfonylurea demonstrated significant improvements in glycosylated hemoglobin levels (HbA1c) and, among key secondary endpoints, significant reductions in fasting plasma glucose and body weight compared to placebo at 24 weeks. Significant improvements were also observed in seated systolic blood pressure at eight weeks in patients treated with dapagliflozin compared to placebo.
- In June 2013, the Company and AstraZeneca announced the results of a two-week Phase IIa pilot study evaluating *Farxiga* added to insulin in 70 adult patients with sub-optimally controlled type 1 diabetes, which showed that the mean of daily blood glucose derived from 7-point glucose measurements trended downward in all treatment groups through day seven and reductions in total daily insulin dosing at day seven were observed with *Farxiga*.
- In March 2013, the Japanese Ministry of Health, Labor and Welfare also accepted for review the regulatory submission for *Farxiga* for the treatment of type 2 diabetes.
- In January 2013, China's State Food and Drug Administration accepted for review the regulatory submission for *Farxiga* for the treatment of type 2 diabetes.

*Onglyza* (saxagliptin) - a once-daily oral tablet for the treatment of type 2 diabetes that is part of our strategic alliance with AstraZeneca and included in our sale of the diabetes business to them

- In February 2014, the FDA announced that it is requesting clinical trial data to investigate a possible association between use of *Onglyza/Kombiglyze* and heart failure. The FDA stated that this request is part of a broader evaluation that the FDA is conducting of all type 2 diabetes drug therapies and cardiovascular risk.

- In September 2013 at the European Society of Cardiology, the Company and AstraZeneca announced the full results of the SAVOR clinical trial in adult patients with type 2 diabetes. In this study, *Onglyza* met the primary safety objective, demonstrating no increased risk for the primary composite endpoint of cardiovascular death, non-fatal myocardial infarction or non-fatal ischemic stroke, when added to a patient's current standard of care (with or without other anti-diabetic therapies), as compared to placebo. *Onglyza* did not meet the primary efficacy endpoint of superiority to placebo for the same composite endpoint. Patients treated with *Onglyza* experienced improved glycemic control and reduced development and progression of microalbuminuria over two years as assessed in exploratory analyses. At a subsequent meeting (the Annual Meeting of the EASD) additional subanalyses from SAVOR were presented. These subanalyses found no increased rate of hypoglycemia among patients treated with *Onglyza* compared to placebo when added to metformin monotherapy, at baseline. These subanalyses also found higher rates of hypoglycemia only in the *Onglyza* group compared to the placebo group among patients taking sulfonylureas, agents known to cause hypoglycemia, at baseline. In addition, the subanalyses found that rates of adjudication-confirmed pancreatitis were balanced between the *Onglyza* and placebo treatment groups. Observed rates of pancreatic cancer were also low (5 patients in the *Onglyza* arm versus 12 patients in the placebo arm).

*Orencia* (abatacept) - a fusion protein indicated for adult patients with moderate to severe rheumatoid arthritis who have had an inadequate response to one or more currently available treatments, such as methotrexate or anti-tumor necrosis factor therapy.

- In June 2013, the Company and Ono Pharmaceutical Co., Ltd. announced that the Japanese Ministry of Health Labour and Welfare approved the subcutaneous formulation of *Orencia* for the treatment of rheumatoid arthritis in cases where existing treatments are inadequate.
- In June 2013, the Company announced the results of year two data from AMPLE which compared the subcutaneous formulation of *Orencia* versus *Humira*\* (adalimumab), each on a background of methotrexate in biologic naïve patients with moderate to severe rheumatoid arthritis. AMPLE met its primary endpoint as measured by non-inferiority of American College of Rheumatology 20% improvement at year one. The *Orencia* regimen achieved comparable rates of efficacy versus the *Humira*\* regimen (64.8% vs 63.4%, respectively).

*Eliquis* - an oral Factor Xa inhibitor, targeted at stroke prevention in nonvalvular atrial fibrillation (NVAF) and the prevention and treatment of venous thromboembolic (VTE) disorders. *Eliquis* is part of our strategic alliance with Pfizer.

- In December 2013, the Company and Pfizer announced that the FDA has accepted for review a Supplemental New Drug Application for *Eliquis* for treatment of deep vein thrombosis (DVT) and pulmonary embolism (PE), and for the reduction in the risk of recurrent DVT and PE. The PDUFA date is August 25, 2014.
- In November 2013, the European Medicines Agency accepted for review an application for *Eliquis* for the treatment of DVT and PE, and prevention of recurrent DVT and PE.
- In September 2013 at the European Society of Cardiology (ESC) Congress, the Company and Pfizer announced the results of a posthoc subanalysis from the Phase III ARISTOTLE trial, which evaluated Eliquis compared to warfarin in patients with or without other types of valvular heart disease (VHD) who were eligible for enrollment in the ARISTOTLE trial, including mitral regurgitation, mitral stenosis, aortic regurgitation, aortic stenosis, tricuspid regurgitation, or valve surgery. The results of this subanalysis were consistent with the results of the overall ARISTOTLE trial and demonstrated that Eliquis compared with warfarin reduced stroke or systemic embolism, caused fewer major bleeding events, and reduced all-cause mortality in NVAF patients with or without VHD.
- In August 2013 at the ESC, the Company and Pfizer announced the results of a post-hoc subanalysis from the Phase III ARISTOTLE trial which showed comparable rates of clinical events versus the warfarin treatment arm in a 30-day period following a procedure which required the temporary discontinuation of an anticoagulant prior to and following the procedure.
- In July 2013, the Company and Pfizer announced that the FDA has accepted for review a Supplemental New Drug Application for *Eliquis*, for the prophylaxis of deep vein thrombosis, which may lead to pulmonary embolism, in adult patients who have undergone hip or knee replacement surgery. The PDUFA date is March 15, 2014.
- In June 2013, the Company and Pfizer announced that results from the Phase III AMPLIFY trial, which evaluated *Eliquis* versus the current standard of care for the treatment of acute venous thromboembolism, were published online by the *New England Journal of Medicine* and presented at the International Society on Thrombosis and Haemostasis congress in Amsterdam. The results showed that *Eliquis* demonstrated comparable efficacy and significantly lower rates of major bleeding in patients compared to the current standard of care.



- In May 2013, the Company and Pfizer announced the results from a prespecified subanalysis of the ARISTOTLE trial were published in *Circulation*, the peer-reviewed journal of the American Heart Association. The trends across the subgroup analysis were consistent with the overall study results that had demonstrated Eliquis' superiority versus warfarin in the reduction of stroke or systemic embolism and the number of major bleeding events and mortality in patients with NVAF.
- *Eliquis* received regulatory approval for the reduction of the risk of stroke and systemic embolism in patients with NVAF in South Korea in January, in Israel and Russia in February, and in Mexico and Colombia in April 2013.
- *Eliquis* received regulatory approval for the prevention of venous thromboembolic events in adult patients who have undergone elective hip or knee replacement surgery in China in January and in Mexico in April 2013.

## RESULTS OF OPERATIONS

### Total Revenues

The composition of the changes in revenues was as follows:

Dollars in Millions	Year Ended December 31,			2013 vs. 2012				2012 vs. 2011			
	Total Revenues			Analysis of % Change				Analysis of % Change			
	2013	2012	2011	Total Change	Volume	Price	Foreign Exchange	Total Change	Volume	Price	Foreign Exchange
United States	\$ 8,318	\$ 10,384	\$ 14,039	(20)%	(19)%	(1)%	—	(26)%	(30)%	4 %	—
Europe	3,930	3,706	3,879	6 %	7 %	(3)%	2 %	(4)%	6 %	(3)%	(7)%
Rest of the World	3,295	3,204	3,237	3 %	11 %	(2)%	(6)%	(1)%	2 %	(1)%	(2)%
Other <sup>(a)</sup>	842	327	89	**	N/A	N/A	—	**	N/A	N/A	—
<b>Total</b>	<b>\$ 16,385</b>	<b>\$ 17,621</b>	<b>\$ 21,244</b>	<b>(7)%</b>	<b>(5)%</b>	<b>(1)%</b>	<b>(1)%</b>	<b>(17)%</b>	<b>(17)%</b>	<b>2 %</b>	<b>(2)%</b>

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

\*\* Change in excess of 100%.

No single country outside the U.S. contributed more than 10% of total revenues in any period presented. In general, our business is not seasonal.

The change in U.S. revenues in both periods attributed to volume reflects the exclusivity loss of *Plavix*\* in May 2012 and *Avapro*\*/*Avalide*\* in March 2012, partially offset by increased demand for most key products and Amylin-related product revenues following the completion of our acquisition in August 2012.

The change in U.S. revenues in 2013 attributed to price was a result of the reduction in our share of *Abilify*\* (aripiprazole) revenues from 51.5% in 2012 to 34.0% in 2013 (8% impact) partially offset by higher average net selling prices of *Abilify*\* and other key products. The change in U.S. revenues in 2012 attributed to price was a result of higher average net selling prices of *Abilify*\* and other key products partially offset by the reduction in our share of *Abilify*\* revenues from 53.5% to 51.5% in 2012. See “—Key Products” for further discussion of total revenues by key product.

Revenues in Europe increased in 2013 due to volume growth for most key products, Amylin-related product revenues following the transition of non-U.S. operations in the the second quarter of 2013 and favorable foreign exchange partially offset by the restructured Sanofi agreement. See "Item 8. Financial Statements—Note 3. Alliances" for further discussion. Revenues decreased in 2012 primarily due to unfavorable foreign exchange and lower revenues of certain mature brands from divestitures and generic competition as well as generic competition for *Plavix*\* and *Avapro*\*/*Avalide*\* partially offset by volume growth for most key products. Revenues in both periods continued to be negatively impacted by fiscal challenges in many European countries as healthcare payers, including government agencies, have reduced and are expected to continue to reduce healthcare costs through actions that directly or indirectly impose additional price reductions. These measures include, but are not limited to, mandatory discounts, rebates, and other restrictive measures.

Revenues in the Rest of the World increased in 2013 due to volume growth for most key products partially offset by the restructured Sanofi agreement, unfavorable foreign exchange (particularly in Japan), and generic competition for mature brands. Revenues in the Rest of the World decreased in 2012 due to generic competition for *Plavix*\* and *Avapro*\*/*Avalide*\* and lower revenues of mature brands from generic competition and divestitures partially offset by volume growth for most key products.

Other revenues increased in 2013 due to higher royalties resulting from the restructured Sanofi agreement and alliance and other revenue attributed to mature brands and over-the-counter products alliances. Other revenues increased in 2012 due to enhanced royalty-related

revenues and higher revenues attributed to active pharmaceutical ingredient supply agreements resulting from divestitures of manufacturing facilities and restructured alliance agreements. These revenues are expected to decline in 2015 and 2016 upon the expiration of certain royalty and alliance agreements. See "Item 8. Financial Statements—Note 3. Alliances" for further discussion of the alliances.

In February 2014, BMS sold to AstraZeneca the diabetes business of BMS which comprised our global alliance with them, including all rights and ownership to *Onglyza*, *Forxiga*, *Bydureon\**, *Byetta\**, *Symlin\** and metrelleptin. Total revenues of these products were \$1.7 billion in 2013. See "Item 8. Financial Statements—Note 5. Assets Held-For-Sale" for further discussion.

We recognize revenue net of gross-to-net adjustments that are further described in "—Critical Accounting Policies". Our share of certain *Abilify\** and *Atripa\** revenues is reflected net of all gross-to-net adjustments in alliance and other revenues. Although not presented as a gross-to-net adjustment in the below tables, our share of *Abilify\** and *Atripa\** gross-to-net adjustments were approximately \$1.1 billion in 2013, \$1.5 billion in 2012 and \$1.3 billion in 2011. Changes in these gross-to-net adjustments were impacted by additional rebates and discounts required under U.S. healthcare reform and a reduction in our share of *Abilify\** revenues.

The activities and ending reserve balances for each significant category of gross-to-net adjustments were as follows:

Dollars in Millions	Charge-Backs Related to Government Programs	Cash Discounts	Healthcare Rebates and Other Contract Discounts	Medicaid Rebates	Sales Returns	Other Adjustments	Total
Balance at January 1, 2012	\$ 51	\$ 28	\$ 417	\$ 411	\$ 161	\$ 181	\$ 1,249
Provision related to sale made in:							
Current period	651	191	351	423	256	451	2,323
Prior period	—	1	(67)	(37)	(8)	(17)	(128)
Returns and payments	(663)	(208)	(561)	(459)	(88)	(435)	(2,414)
Amylin acquisition	2	1	34	13	23	3	76
Impact of foreign currency translation	—	—	1	—	1	—	2
Balance at December 31, 2012	\$ 41	\$ 13	\$ 175	\$ 351	\$ 345	\$ 183	\$ 1,108
Provision related to sale made in:							
Current period	563	154	504	360	114	540	2,235
Prior period	—	—	(5)	(85)	(52)	(6)	(148)
Returns and payments	(565)	(153)	(477)	(388)	(107)	(479)	(2,169)
Assets/related liabilities held-for-sale	(2)	(2)	(48)	(11)	(20)	(1)	(84)
Impact of foreign currency translation	—	—	(2)	—	(1)	(1)	(4)
Balance at December 31, 2013	\$ 37	\$ 12	\$ 147	\$ 227	\$ 279	\$ 236	\$ 938

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

Dollars in Millions	Year Ended December 31,			% Change	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
<b>Gross product sales</b>	\$ 14,391	\$ 15,849	\$ 20,385	(9)%	(22)%
<b>Gross-to-Net Adjustments</b>					
Charge-Backs Related to Government Programs	(563)	(651)	(767)	(14)%	(15)%
Cash Discounts	(154)	(192)	(282)	(20)%	(32)%
Managed Healthcare Rebates and Other Contract Discounts	(499)	(284)	(752)	76 %	(62)%
Medicaid Rebates	(275)	(386)	(536)	(29)%	(28)%
Sales Returns	(62)	(248)	(76)	(75)%	**
Other Adjustments	(534)	(434)	(350)	23 %	24 %
<b>Total Gross-to-Net Adjustments</b>	<b>(2,087)</b>	<b>(2,195)</b>	<b>(2,763)</b>	<b>(5)%</b>	<b>(21)%</b>
<b>Net product sales</b>	<b>\$ 12,304</b>	<b>\$ 13,654</b>	<b>\$ 17,622</b>	<b>(10)%</b>	<b>(23)%</b>

\*\* Change in excess of 100%

Gross-to-net adjustment rates are primarily a function of changes in revenues mix and contractual and legislative discounts and rebates. Gross-to-net adjustments decreased in 2013 and 2012 due to:

- Chargebacks related to government programs, cash discounts and Medicaid rebates decreased in both periods as a result of lower *Plavix*\* revenues following its loss of exclusivity.
- Managed healthcare rebates and other contract discounts in 2013 increased primarily due to Amylin-related net product sales. Managed healthcare rebates and other contract discounts in 2012 decreased primarily as a result of lower *Plavix*\* revenues following its loss of exclusivity. Managed healthcare rebates and other contract discounts in 2012 also decreased due to a \$67 million reduction in the estimated amount of Medicare Part D coverage gap discounts attributable to prior period rebates after receiving actual invoices and the nonrenewal of *Plavix*\* contract discounts in the Medicare Part D program as of January 1, 2012.
- The estimated Medicaid rebates attributable to prior period sales were reduced by \$85 million in 2013 and \$37 million in 2012 after receiving actual invoices and other information from certain state Medicaid administrative offices.
- The provision for sales returns was higher in 2012 as a result of the loss of exclusivity of *Plavix*\* and *Avapro*\*/*Avalide*\*. The U.S. sales return reserves for these products were \$147 million and \$173 million at December 31, 2013 and 2012, respectively, and were determined after considering several factors including estimated inventory levels in the distribution channels. In accordance with Company policy, these products are eligible to be returned between six months prior and twelve months after product expiration. Adjustments to these reserves might be required in the future for revised estimates to various assumptions including actual returns, which are mostly expected to occur in 2014.
- Other adjustments increased in 2013 primarily due to higher government rebates in non-U.S. markets. Other adjustments increased in 2012 due to U.S. co-pay and coupon programs.

## Key Products

Revenues of key products represented 83% of total revenue in 2013, 84% in 2012 and 86% in 2011. The following table presents U.S. and international revenues by key product, the percentage change from the prior period and the foreign exchange impact when compared to the prior period. Commentary detailing the reasons for significant variances for key products is provided below:

Dollars in Millions	Year Ended December 31,			% Change		% Change Attributable to Foreign Exchange	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011	2013 vs. 2012	2012 vs. 2011
<b>Key Products</b>							
<b>Virology</b>							
<i>Baraclude (entecavir)</i>	\$ 1,527	\$ 1,388	\$ 1,196	10 %	16 %	(3)%	(2)%
U.S.	289	241	208	20 %	16 %	—	—
Non-U.S.	1,238	1,147	988	8 %	16 %	(3)%	(2)%
<i>Reyataz (atazanavir sulfate)</i>	1,551	1,521	1,569	2 %	(3)%	(1)%	(3)%
U.S.	769	783	771	(2)%	2 %	—	—
Non-U.S.	782	738	798	6 %	(8)%	(2)%	(6)%
<i>Sustiva (efavirenz) Franchise</i>	1,614	1,527	1,485	6 %	3 %	—	(2)%
U.S.	1,092	1,016	950	7 %	7 %	—	—
Non-U.S.	522	511	535	2 %	(4)%	1 %	(5)%
<b>Oncology</b>							
<i>Erbitux* (cetuximab)</i>	696	702	691	(1)%	2 %	—	—
U.S.	682	688	681	(1)%	1 %	—	—
Non-U.S.	14	14	10	—	40 %	—	(2)%
<i>Sprycel (dasatinib)</i>	1,280	1,019	803	26 %	27 %	(4)%	(4)%
U.S.	541	404	299	34 %	35 %	—	—
Non-U.S.	739	615	504	20 %	22 %	(7)%	(6)%
<i>Yervoy (ipilimumab)</i>	960	706	360	36 %	96 %	—	N/A
U.S.	577	503	323	15 %	56 %	—	—
Non-U.S.	383	203	37	89 %	**	—	N/A
<b>Neuroscience</b>							
<i>Abilify* (aripiprazole)</i>	2,289	2,827	2,758	(19)%	3 %	—	(1)%
U.S.	1,519	2,102	2,052	(28)%	2 %	—	—
Non-U.S.	770	725	706	6 %	3 %	1 %	(7)%
<b>Metabolics</b>							
<i>Bydureon* (exenatide extended-release for injectable suspension)</i>	298	78	N/A	**	N/A	N/A	N/A
U.S.	263	75	N/A	**	N/A	—	N/A
Non-U.S.	35	3	N/A	**	N/A	N/A	N/A
<i>Byetta* (exenatide)</i>	400	149	N/A	**	N/A	N/A	N/A
U.S.	304	147	N/A	**	N/A	—	N/A
Non-U.S.	96	2	N/A	**	N/A	N/A	N/A
<i>Forxiga (dapagliflozin)</i>	23	—	N/A	N/A	N/A	N/A	N/A
U.S.	N/A	N/A	N/A	N/A	N/A	—	N/A
Non-U.S.	23	—	N/A	N/A	N/A	N/A	N/A
<i>Onglyza/Kombiglyze (saxagliptin/saxagliptin and metformin)</i>	877	709	473	24 %	50 %	—	(2)%
U.S.	591	516	346	15 %	49 %	—	—
Non-U.S.	286	193	127	48 %	52 %	(2)%	(9)%

Dollars in Millions	Year Ended December 31,			% Change		% Change Attributable to Foreign Exchange	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011	2013 vs. 2012	2012 vs. 2011
<b>Key Products (continued)</b>							
<b>Immunoscience</b>							
<i>Nulojix (belatacept)</i>	\$ 26	\$ 11	\$ 3	**	**	—	N/A
U.S.	20	9	3	**	**	—	—
Non-U.S.	6	2	—	**	N/A	—	N/A
<i>Orencia (abatacept)</i>	1,444	1,176	917	23 %	28 %	(2)%	(2)%
U.S.	954	797	621	20 %	28 %	—	—
Non-U.S.	490	379	296	29 %	28 %	(8)%	(6)%
<b>Cardiovascular</b>							
<i>Avapro*/Avalide* (irbesartan/irbesartan-hydrochlorothiazide)</i>							
	231	503	952	(54)%	(47)%	—	(1)%
U.S.	(7)	155	549	**	(72)%	—	—
Non-U.S.	238	348	403	(32)%	(14)%	—	(3)%
<i>Eliquis (apixaban)</i>							
	146	2	—	**	N/A	—	N/A
U.S.	97	—	N/A	N/A	N/A	—	—
Non-U.S.	49	2	—	**	N/A	—	N/A
<i>Plavix* (clopidogrel bisulfate)</i>							
	258	2,547	7,087	(90)%	(64)%	—	—
U.S.	153	2,424	6,709	(94)%	(64)%	—	—
Non-U.S.	105	123	378	(15)%	(67)%	3 %	(1)%
<b>Mature Products and All Other</b>							
	2,765	2,756	2,950	—	(7)%	(1)%	(3)%
U.S.	474	524	527	(10)%	(1)%	—	—
Non-U.S.	2,291	2,232	2,423	3 %	(8)%	(1)%	(3)%

\*\* Change in excess of 100%

*Baraclude* — an oral antiviral agent for the treatment of chronic hepatitis B

- U.S. revenues in both periods increased due to higher average net selling prices and higher demand. We may experience a rapid and significant decline in U.S. revenues beginning in 2014 due to possible generic competition following a Federal court's decision in February 2013 invalidating the composition of matter patent.
- International revenues increased in both periods due to higher demand partially offset by unfavorable foreign exchange.

*Reyataz* — a protease inhibitor for the treatment of the HIV

- U.S. revenues in 2013 decreased due to lower demand partially offset by higher average net selling prices. U.S. revenues in 2012 increased due to higher average net selling prices.
- International revenues in 2013 increased due to higher demand and the timing of government purchases in certain countries. International revenues in 2012 decreased due to unfavorable foreign exchange, the timing of government purchases in certain countries and lower demand resulting from competing products.

*Sustiva 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\** (efavirenz 600 mg/emtricitabine 200 mg/tenofovir disoproxil fumarate 300 mg), a product sold through our alliance with Gilead

- U.S. revenues in 2013 increased due to higher average net selling prices partially offset by lower demand. U.S. revenues in 2012 increased primarily due to higher demand and higher average net selling prices.
- International revenues in 2013 increased due to favorable foreign exchange. International revenues in 2012 decreased due to unfavorable foreign exchange.

*Erbix*\* — a monoclonal antibody designed to exclusively target and block the Epidermal Growth Factor Receptor, which is expressed on the surface of certain cancer cells in multiple tumor types as well as normal cells and is currently indicated for use against colorectal cancer and head and neck cancer. *Erbix*\* is part of our strategic alliance with Lilly.

- U.S. revenues in both periods remained relatively flat.

*Sprycel* — an oral inhibitor of multiple tyrosine kinases indicated for the first-line treatment of adults with Philadelphia chromosome-positive chronic myeloid leukemia in chronic phase and the treatment of adults with chronic, accelerated, or myeloid or lymphoid blast phase chronic myeloid leukemia with resistance or intolerance to prior therapy, including *Gleevec*\* (imatinib mesylate). *Sprycel* is part of our strategic alliance with Otsuka.

- U.S. revenues in both periods increased primarily due to higher demand and higher average net selling prices.
- International revenues in both periods increased primarily due to higher demand partially offset by unfavorable foreign exchange.

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

- U.S. revenues in both periods increased due to higher demand. U.S. revenues in 2013 were also favorably impacted by the recognition of \$27 million of revenues that were previously deferred until sufficient historical experience to estimate sales returns was developed.
- International revenues in both periods increased due to higher demand.

*Abilify*\* — an antipsychotic agent for the treatment of schizophrenia, bipolar mania disorder and major depressive disorder and is part of our strategic alliance with Otsuka

- U.S. revenues decreased due to a reduction in our contractual share of revenues from 51.5% in 2012 to a 34.0% in 2013, which was partially offset by higher average net selling prices. U.S. revenues in 2012 increased due to higher average net selling prices and a \$62 million reduction in BMS's share in the estimated amount of customer rebates and discounts attributable to 2011 based on actual invoices received.
- International revenues in both periods increased primarily due to higher demand. International revenues were impacted by unfavorable foreign exchange in 2012.

*Bydureon*\* — a once-weekly GLP-1 receptor agonist for the treatment of type 2 diabetes and was part of our strategic alliance with AstraZeneca

- U.S. revenues are included in our results since the completion of our Amylin acquisition in August 2012.
- The transition of international operations of *Bydureon*\* in a majority of markets from Lilly was completed in the second quarter of 2013. See "Item 8. Financial Statements—Note 3. Alliances" for further discussion.

*Byetta*\* — a twice daily glucagon-like peptide-1 (GLP-1) receptor agonist for the treatment of type 2 diabetes and was part of our strategic alliance with AstraZeneca

- U.S. revenues are included in our results since the completion of our Amylin acquisition in August 2012.
- The transition of international operations of *Byetta*\* in a majority of markets from Lilly was completed in the second quarter of 2013. See "Item 8. Financial Statements—Note 3. Alliances" for further discussion.

*Forxiga* — an oral sodium-glucose cotransporter (SGLT2) inhibitor for the treatment of type 2 diabetes and was part of our strategic alliance with AstraZeneca

- *Forxiga* was launched for the treatment of type 2 diabetes in a limited number of EU markets during the fourth quarter of 2012 and continues to be launched in various EU markets.

*Onglyza/Kombiglyze* (known in the EU as *Onglyza/Komboglyze*) — a once-daily oral tablet for the treatment of type 2 diabetes and was part of our strategic alliance with AstraZeneca

- U.S. revenues in 2013 increased primarily due to higher average net selling prices. U.S. revenues in 2012 increased primarily due to higher overall demand and higher average net selling prices.
- International revenues increased in both periods primarily due to higher demand, which was partially offset by unfavorable foreign exchange in 2012.

*Nulojix* — a fusion protein with novel immunosuppressive activity targeted at prevention of kidney transplant rejection

- *Nulojix* was approved and launched in the U.S. and EU during 2011.

*Orencia* — a fusion protein indicated for adult patients with moderate to severe rheumatoid arthritis who have had an inadequate response to one or more currently available treatments, such as methotrexate or anti-tumor necrosis factor therapy

- U.S. revenues in both periods increased primarily due to higher demand and higher average net selling prices.
- International revenues in both periods increased primarily due to higher demand, partially driven by the launch of the subcutaneous formulation of *Orencia* in certain EU markets beginning in the second quarter of 2012, partially offset by unfavorable foreign exchange.

*Avapro\*/Avalide\** (known in the EU as *Aprovel\*/Karvea\**) — an angiotensin II receptor blocker for the treatment of hypertension and diabetic nephropathy that is also part of the Sanofi alliance

- U.S. revenues are no longer recognized following the restructured Sanofi agreement, effective January 1, 2013. Negative sales in 2013 were due to an increase in the sales return reserve for *Avalide\**. U.S. revenues decreased in 2012 due to the loss of exclusivity in March 2012.
- International revenues were impacted by changes attributed to the restructured Sanofi agreement. See "Item 8. Financial Statements—Note 3. Alliances" for further discussion. International revenues in 2012 decreased due to lower demand including from generic competition in certain EU markets and Canada.

*Eliquis* — an oral Factor Xa inhibitor, targeted at stroke prevention in atrial fibrillation and the prevention and treatment of VTE disorders. *Eliquis* is part of our strategic alliance with Pfizer.

- *Eliquis* was launched in the U.S., Europe, Japan and Canada in the first quarter of 2013 and continues to be launched in various markets for the reduction of the risk of stroke and systemic embolism in patients with NVAf.
- *Eliquis* was approved in the EU for VTE prevention in May 2011 and was launched in a limited number of EU countries beginning in May 2011.

*Plavix\** — a platelet aggregation inhibitor that is part of our alliance with Sanofi

- U.S. revenues in both periods decreased due to the loss of exclusivity in May 2012.
- International revenues in 2013 were impacted by changes attributed to the restructured Sanofi agreement. See "Item 8. Financial Statements—Note 3. Alliances" for further discussion. International revenues in 2012 were negatively impacted by generic clopidogrel products in the EU, Canada, and Australia.

Mature Products and All Other — includes all other products, including those which have lost exclusivity in major markets, over-the-counter brands and royalty-related revenue

- U.S. revenues decreased in both periods from generic erosion of certain products which was partially offset by sales of *Symlyn\** following the completion of our Amylin acquisition in August 2012.
- International revenues increased in 2013 due to certain alliances which were partially offset by the continued generic erosion of other products. International revenues in 2012 decreased due to the continued generic erosion of certain brands and unfavorable foreign exchange.
- International revenues are expected to decline in 2015 and 2016 upon the expiration of certain royalty and alliance agreements.

#### Estimated End-User Demand

Pursuant to the U.S. Securities and Exchange Commission (SEC) Consent Order described below 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 these products were not material as of the dates indicated above. No U.S. products had estimated levels of inventory in the distribution channel in excess of one month on hand at December 31, 2013. Below are international products that had estimated levels of inventory in the distribution channel in excess of one month on hand at September 30, 2013.

*Dafalgan*, an analgesic product sold principally in Europe, had 1.1 months of inventory on hand at direct customers at September 30, 2013 and December 31, 2012. The level of inventory on hand was primarily due to ordering patterns of pharmacists in France.

*Reyataz* had 1.1 months of inventory on hand internationally at September 30, 2013 compared to 0.7 month of inventory on hand at December 31, 2012. The level of inventory on hand was due to government purchasing patterns in Brazil.

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 90% 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.

For our businesses outside of the U.S., we have 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. When direct customer product level inventory, ultimate patient/consumer demand or out-movement data does not exist or is otherwise not available, we have developed a variety of other methodologies to estimate such data, including using such factors as historical sales made to direct customers and third-party market research data related to prescription trends and end-user demand. Accordingly, we rely on a variety of methods to estimate direct customer product level inventory and to calculate months on hand. Factors that may affect our estimates include generic competition, seasonality of products, direct customer purchases in light of 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, 2013 is not available prior to the filing of this annual report on 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

Dollar in Millions	2013	2012	2011	% Change	
				2013 vs. 2012	2012 vs. 2011
Cost of products sold	\$ 4,619	\$ 4,610	\$ 5,598	—	(18)%
Marketing, selling and administrative	4,084	4,220	4,203	(3)%	—
Advertising and product promotion	855	797	957	7 %	(17)%
Research and development	3,731	3,904	3,839	(4)%	2 %
Impairment charge for BMS-986094 intangible asset	—	1,830	—	(100)%	N/A
Other (income)/expense	205	(80)	(334)	**	(76)%
Total Expenses	\$ 13,494	\$ 15,281	\$ 14,263	(12)%	7 %

\*\* Change in excess of 100%

### Cost of products sold

Cost of products sold include material costs, internal labor and overhead from our owned manufacturing sites, third-party processing costs, other supply chain costs and the settlement of foreign currency forward contracts that are used to hedge forecasted intercompany inventory purchase transactions. Essentially all of these costs are managed by our global manufacturing and supply organization. Cost of products sold also includes royalties and profit sharing attributed to licensed products and alliances, amortization of acquired developed technology costs from business combinations and milestone payments that occur on or after regulatory approval.

Cost of products sold can vary between periods as a result of product mix (particularly resulting from royalties and profit sharing expenses in connection with our alliances), price, inflation and costs attributed to the rationalization of manufacturing sites resulting in accelerated depreciation, impairment charges and other stranded costs. In addition, changes in foreign currency may also provide volatility as certain costs are denominated in foreign currencies. Cost of products sold as a percentage of total revenues were 28.2% in 2013, 26.2% in 2012, and 26.4% in 2011. These changes were primarily attributed to a less favorable product mix as a result of royalties and profit sharing expenses in connection with our alliances.

- Cost of products sold in 2013 was relatively flat as higher profit sharing expenses in connection with our alliances (including those resulting from the Amylin acquisition in August 2012) and higher net amortization costs attributable to the Amylin acquisition were partially offset by lower royalties following the loss of exclusivity of *Plavix*\* and *Avapro*\*/*Avalide*\* and higher impairment charges during 2012.
- The decrease in cost of products sold in 2012 was primarily attributed to lower sales volume following the loss of exclusivity of *Plavix*\* and *Avapro*\*/*Avalide*\* which resulted in lower royalties in connection with our Sanofi alliance and favorable foreign exchange partially offset by impairment charges discussed below and higher amortization costs resulting from the Amylin acquisition (net of the amortization of the Amylin alliance proceeds).
- Impairment charges of \$147 million were recognized in 2012, including \$120 million related to continued competitive pricing pressures and a reduction in the undiscounted projected cash flows to an amount less than the carrying value of a developed technology intangible asset. The remaining \$27 million impairment charge related to the abandonment of a manufacturing facility resulting from the outsourcing of a manufacturing process.



### Marketing, selling and administrative

Marketing, selling and administrative expenses include salary and benefit costs, third-party professional and marketing fees, outsourcing fees, shipping and handling costs and other expenses that are not attributed to product manufacturing costs or research and development expenses. These expenses are managed through regional commercialization organizations or global corporate organizations such as finance, law, information technology and human resources.

- Marketing, selling and administrative expenses in 2013 decreased due to the accelerated vesting of stock options and restricted stock units related to the Amylin acquisition (\$67 million) in 2012, a lower pharmaceutical company fee assessed by the Federal government, and, a reduction in sales related activities for certain products to coincide with their respective lifecycles partially offset by higher spending to support the launch of new key products and additional spending following the Amylin acquisition.
- Marketing, selling and administrative expenses in 2012 increased primarily as a result of the Amylin acquisition (\$125 million, including the accelerated vesting of stock options and restricted stock units), partially offset by a reduction in sales-related activities for *Plavix*\* and *Avapro*\*/*Avalide*\*. Marketing, selling and administrative expenses were also impacted by favorable foreign exchange.

### Advertising and product promotion

Advertising and product promotion expenses include media, sample and direct to consumer programs.

- Advertising and product promotion expenses in 2013 increased primarily due to higher spending for recently launched key products.
- Advertising and product promotion expenses in 2012 decreased primarily due to lower spending on the promotion of *Plavix*\*, *Avapro*\*/*Avalide*\*, *Abilify*\*, and certain mature brands in the U.S. to coincide with their product life cycle.

### Research and development

Research and development expenses include salary and benefit costs, third-party grants and fees paid to clinical research organizations, supplies and facility costs. Total research and development expenses include the costs of discovery research, preclinical development, early- and late-clinical development and drug formulation, as well as clinical trials and medical support of marketed products, proportionate allocations of enterprise-wide costs, facilities, information technology, and employee stock compensation costs, and other appropriate costs. Upfront licensing fees and other related payments upon the achievement of regulatory or other contractual milestones are also included. Certain expenses are shared with alliance partners based upon contractual agreements.

Most expenses are managed by our global research and development organization of which, approximately \$2.2 billion, \$1.9 billion and \$2.0 billion of the total spend in 2013, 2012 and 2011, respectively, was attributed to development activities with the remainder attributed to preclinical and research activities. These expenses can vary between periods for a number of reasons, including the timing of upfront, milestone and other licensing payments.

- Research and development expenses in 2013 decreased primarily due to prior year impairment charges, accelerated vesting of stock options and restricted stock units related to the Amylin acquisition and upfront, milestone and other licensing payments partially offset by additional costs following the Amylin acquisition and higher clinical grant spending.
- Research and development expenses in 2012 increased primarily from \$60 million of expenses related to the Amylin acquisition (including accelerated vesting of Amylin stock options and restricted stock units of \$27 million) partially offset by favorable foreign exchange and the net impact of upfront, milestone, and other licensing payments and IPRD impairment charges. Refer to “Specified Items” included in “—Non-GAAP Financial Measures” for amounts attributed to each period. IPRD impairment charges relate to projects previously acquired in the Medarex, Inc. (Medarex) acquisition and Inhibitex, Inc (Inhibitex) acquisition (including \$45 million in 2012 related to FV-100, a nucleoside inhibitor for the reduction of shingles-associated pain) resulting from unfavorable clinical trial results and decisions to cease further development.

### Impairment charge for BMS-986094 intangible asset

A \$1.8 billion impairment charge was recognized in 2012 when the development of BMS-986094 (formerly INX-189), a compound which we acquired as part of our acquisition of Inhibitex to treat hepatitis C virus infection, was discontinued in the interest of patient safety. See “Item 8. Financial Statements —Note 14. Goodwill and Other Intangible Assets” for further information.

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 a reduction in expectations used in the valuations could potentially lead to an impairment. See “—Critical Accounting Policies” for further discussion.

### Other (income)/expense

Other (income)/expense include:

Dollars in Millions	Year Ended December 31,		
	2013	2012	2011
Interest expense	\$ 199	\$ 182	\$ 145
Investment income	(104)	(106)	(91)
Provision for restructuring	226	174	116
Litigation charges/(recoveries)	20	(45)	6
Equity in net income of affiliates	(166)	(183)	(281)
Out-licensed intangible asset impairment	—	38	—
Gain on sale of product lines, businesses and assets	(2)	(53)	(37)
Other income received from alliance partners, net	(148)	(312)	(140)
Pension curtailments and settlements	165	158	10
Other	15	67	(62)
Other (income)/expense	\$ 205	\$ (80)	\$ (334)

- Interest expense increased in both periods due to higher average borrowings.
- Provision for restructuring was primarily attributable to employee termination benefits. Employee termination costs of \$145 million were incurred in 2013 as a result of workforce reductions in several European countries. The employee reductions are primarily attributed to sales force reductions resulting from the restructuring of the Sanofi and Otsuka agreements and streamlining operations due to challenging market conditions in Europe.
- Litigation charges/(recoveries) in 2012 included \$172 million for our share of the Apotex damages award concerning *Plavix*\*.
- Equity in net income of affiliates is primarily related to our international partnership with Sanofi in Europe and Asia which decreased in both periods as a result of our restructuring of the Sanofi agreement and continues to be negatively impacted by generic competition for *Plavix*\* in Europe and Asia. Equity in net income of affiliates in 2012 decreased due to the continued impact of generic competition on international *Plavix*\* net sales, the conversion of certain territories to opt-out markets and the impact of unfavorable foreign exchange.
- Out-licensed intangible asset impairment charges in 2012 are related to assets acquired in the Medarex and ZymoGenetics, Inc. (ZymoGenetics) acquisitions and resulted from unfavorable clinical trial results and/or abandonment of the programs.
- Gain on sale of product lines, businesses and assets was primarily related to the sale of a building in Mexico in 2012 and the sale of mature brands in 2011.
- Other income from alliance partners includes royalties and amortization of upfront, milestone and other licensing payments related to certain alliances. The decrease in U.S. *Plavix*\* net product sales resulted in lower development royalties owed to Sanofi in 2013. Royalties received from Sanofi (except in Europe and Asia) are presented in revenues beginning in 2013 as a result of the restructured Sanofi agreement. See "Item 8. Financial Statements—Note 3. Alliances" for further discussion.
- Pension settlement charges were recognized after determining the annual lump sum payments would exceed the annual interest and service costs for certain pension plans, including the primary U.S. pension plan in 2013 and 2012. The charges included the acceleration of a portion of unrecognized actuarial losses. Similar charges may occur in the future. See "Item 8. Financial Statements—Note 19. Pension, Postretirement and Postemployment Liabilities" for further detail.
- The change in Other is primarily related to higher acquisition costs and losses on debt repurchases in 2012 and sales tax reimbursements, gains on debt repurchases, and higher upfront, milestone and licensing receipts in 2011.

### **Income Taxes**

Dollars in Millions	2013	2012	2011
Earnings Before Income Taxes	\$ 2,891	\$ 2,340	\$ 6,981
Provision for/(benefit from) income taxes	311	(161)	1,721
Effective tax/(benefit) rate	10.8%	(6.9)%	24.7%

The change in the effective tax rates was primarily due to a \$392 million tax benefit in 2012 attributed to a capital loss deduction resulting from the tax insolvency of Inhibitex. The impact of this deduction reduced the effective tax rate by 16.7 percentage points in 2012. Other changes resulted from tax benefits attributable to higher impairment charges in 2012 (including an \$1,830 million impairment charge for the BMS-986094 intangible asset in the U.S.); favorable earnings mix between high and low tax jurisdictions attributable to lower *Plavix*\* revenues and to a lesser extent, an internal transfer of intellectual property in the fourth quarter of 2012; the legal enactment of the 2012 and 2013 research and development tax credit during 2013, and higher charges from contingent tax matters.

Historically, the effective income tax rate is lower than the U.S. statutory rate of 35% due to our decision to indefinitely reinvest the earnings for certain of our manufacturing operations in Ireland and Puerto Rico. We have favorable tax rates in Ireland and Puerto Rico under grants not scheduled to expire prior to 2023.

### Noncontrolling Interest

See “Item 8. Financial Statements—Note 3. Alliances” for a discussion of our *Plavix*\* and *Avapro*\*/*Avalide*\* partnerships with Sanofi for the territory covering the Americas. The decrease in noncontrolling interest in both periods resulted from the exclusivity loss in the U.S. of *Plavix*\* in May 2012 and *Avapro*\*/*Avalide*\* in March 2012. A summary of noncontrolling interest is as follows:

Dollars in Millions	Year Ended December 31,		
	2013	2012	2011
Sanofi partnerships	\$ 36	\$ 844	\$ 2,323
Other	1	14	20
Noncontrolling interest-pre-tax	37	858	2,343
Income taxes	(20)	(317)	(792)
Net earnings attributable to noncontrolling interest-net of taxes	\$ 17	\$ 541	\$ 1,551

### 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 due to their significant and/or unusual nature are evaluated on an individual basis. Similar charges or gains for some of these items have been recognized in prior periods and it is reasonably possible that they could reoccur in future periods. Non-GAAP information is intended to portray the results of our baseline performance which include the discovery, development, licensing, manufacturing, marketing, distribution and sale of pharmaceutical products on a global basis and to enhance an investor’s overall understanding of our past financial performance and prospects for the future. 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.

Specified items were as follows:

Dollars in Millions	Year Ended December 31,		
	2013	2012	2011
Accelerated depreciation, asset impairment and other shutdown costs	\$ 36	\$ 147	\$ 75
Amortization of acquired Amylin intangible assets	549	229	—
Amortization of Amylin alliance proceeds	(273)	(114)	—
Amortization of Amylin inventory adjustment	14	23	—
<b>Cost of products sold</b>	<b>326</b>	<b>285</b>	<b>75</b>
Stock compensation from accelerated vesting of Amylin awards	—	67	—
Process standardization implementation costs	16	18	29
<b>Marketing, selling and administrative</b>	<b>16</b>	<b>85</b>	<b>29</b>
Stock compensation from accelerated vesting of Amylin awards	—	27	—
Upfront, milestone and other licensing payments	16	47	207
IPRD impairment	—	142	28
<b>Research and development</b>	<b>16</b>	<b>216</b>	<b>235</b>
<b>Impairment charge for BMS-986094 intangible asset</b>	<b>—</b>	<b>1,830</b>	<b>—</b>
Provision for restructuring	226	174	116
Gain on sale of product lines, businesses and assets	—	(51)	(12)
Pension settlements	161	151	13
Acquisition and alliance related items	(10)	43	—
Litigation charges/(recoveries)	(23)	(45)	9
Upfront, milestone and other licensing receipts	(14)	(10)	(20)
Out-licensed intangible asset impairment	—	38	—
Loss on debt repurchases	—	27	—
<b>Other (income)/expense</b>	<b>340</b>	<b>327</b>	<b>106</b>
<b>Increase to pretax income</b>	<b>698</b>	<b>2,743</b>	<b>445</b>
Income tax on items above	(242)	(947)	(136)
Specified tax benefit <sup>(a)</sup>	—	(392)	(97)
<b>Income taxes</b>	<b>(242)</b>	<b>(1,339)</b>	<b>(233)</b>
<b>Increase to net earnings</b>	<b>\$ 456</b>	<b>\$ 1,404</b>	<b>\$ 212</b>

(a) The 2012 specified tax benefit relates to a capital loss deduction. The 2011 specified tax benefit relates to releases of tax reserves that were specified in prior periods.

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

Dollars in Millions, except per share data	Year Ended December 31,		
	2013	2012	2011
Net Earnings Attributable to BMS — GAAP	\$ 2,563	\$ 1,960	\$ 3,709
Earnings attributable to unvested restricted shares	—	(1)	(8)
Net Earnings Attributable to BMS used for Diluted EPS Calculation — GAAP	\$ 2,563	\$ 1,959	\$ 3,701
Net Earnings Attributable to BMS — GAAP	\$ 2,563	\$ 1,960	\$ 3,709
Less Specified Items	456	1,404	212
Net Earnings Attributable to BMS — Non-GAAP	3,019	3,364	3,921
Earnings attributable to unvested restricted shares	—	(1)	(8)
Net Earnings Attributable to BMS used for Diluted EPS Calculation — Non-GAAP	\$ 3,019	\$ 3,363	\$ 3,913
Average Common Shares Outstanding — Diluted	1,662	1,688	1,717
Diluted EPS Attributable to BMS — GAAP	\$ 1.54	\$ 1.16	\$ 2.16
Diluted EPS Attributable to Specified Items	0.28	0.83	0.12
Diluted EPS Attributable to BMS — Non-GAAP	\$ 1.82	\$ 1.99	\$ 2.28



## Financial Position, Liquidity and Capital Resources

Our net debt position was as follows:

Dollars in Millions	2013	2012
Cash and cash equivalents	\$ 3,586	\$ 1,656
Marketable securities — current	939	1,173
Marketable securities — non-current	3,747	3,523
Total cash, cash equivalents and marketable securities	8,272	6,352
Short-term borrowings and current portion of long-term debt	(359)	(826)
Long-term debt	(7,981)	(6,568)
Net debt position	\$ (68)	\$ (1,042)

Cash, cash equivalents and marketable securities held in the U.S. were approximately \$2.2 billion at December 31, 2013. Most of the remaining \$6.1 billion is held primarily in low-tax jurisdictions and is attributable to earnings that are expected to be indefinitely reinvested offshore. Cash repatriations are subject to restrictions in certain jurisdictions and may be subject to withholding and additional U.S. income taxes.

We started issuing commercial paper to meet near-term domestic liquidity requirements during 2012. The average amount of commercial paper outstanding was \$259 million at a weighted-average interest rate of 0.12% during 2013. The maximum month-end amount of commercial paper outstanding was \$820 million with no outstanding borrowings at December 31, 2013. We will continue to issue commercial paper on an as-needed basis.

In February 2014, BMS sold to AstraZeneca the diabetes business of BMS which comprised our global alliance with them. Under the terms of the agreement, AstraZeneca made an upfront payment of \$2.7 billion to the Company. BMS also received a \$600 million milestone payment in February 2014 for the approval of *Farxiga* in the U.S. See “Item 8. Financial Statements—Note 5. Assets Held-For-Sale” for further discussion. In January 2014, notices were provided to the holders of the 5.45% Notes due 2018 that BMS will exercise its call option to redeem the notes in their entirety in February 2014. The outstanding principal amount of the notes is \$582 million.

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, which may impact our results of operations. Our investment policy places limits on these investments and 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. See “Item 8. Financial Statements—Note 10. Financial Instruments and Fair Value Measurements.”

We have two separate \$1.5 billion five-year revolving credit facilities from a syndicate of lenders. The facilities provide for customary terms and conditions with no financial covenants and are extendable on any anniversary date with the consent of the lenders. No borrowings were outstanding under either revolving credit facility at December 31, 2013 or 2012.

In October 2013, BMS issued \$1.5 billion of senior unsecured notes in a registered public offering consisting of \$500 million in aggregate principal amount of 1.750% Notes due 2019, \$500 million in aggregate principal amount of 3.250% Notes due 2023 and \$500 million in aggregate principal amount of 4.500% Notes due 2044. The proceeds were used for general corporate purposes, including the repayment of our commercial paper borrowings.

Additional regulations in the U.S. could be passed in the future which could further reduce our results of operations, operating cash flow, liquidity and financial flexibility. We also continue to monitor the potential impact of the economic conditions in certain European countries and the related impact on prescription trends, pricing discounts, creditworthiness of our customers, and our ability to collect outstanding receivables from our direct customers. Currently, we believe these economic conditions in the EU will not have a material impact on our liquidity, cash flow or financial flexibility.

As a mechanism to limit our overall credit exposures, and an additional source of liquidity, we sell trade receivables to third parties, principally from wholesalers in Japan and certain government-backed entities in Italy, Portugal, and Spain. Sales of trade receivables in Italy, Portugal and Spain were \$509 million in 2013, \$322 million in 2012 and \$484 million in 2011. Sales of receivables in Japan were \$522 million in 2013, \$634 million in 2012 and \$593 million in 2011. Our sales agreements do not allow for recourse in the event of uncollectibility and we do not retain interest to the underlying assets once sold.

We continue to manage our operating cash flows by focusing on working capital items that are most directly affected by changes in sales volume, such as receivables, inventories, and accounts payable.

Dollars in Millions	December 31, 2013	December 31, 2012
Net trade receivables	\$ 1,690	\$ 1,708
Inventories	1,498	1,657
Accounts payable	(2,559)	(2,202)
Total	\$ 629	\$ 1,163

### *Credit Ratings*

Moody's Investors Service long-term and short-term credit ratings are currently A2 and Prime-1, respectively, and their long-term credit outlook was revised from stable to negative in September 2013. Standard & Poor's long-term and short-term credit ratings are currently A+ and A-1+, respectively, and their long-term credit outlook remains stable. Fitch lowered our long-term credit rating from A to A-, lowered our short-term credit rating from F1 to F2, and revised our long-term credit outlook from negative to stable in July 2013 and from stable to negative in December 2013. Our credit ratings are considered investment grade. Our 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. Our short-term ratings reflect the agencies' opinion that we have good to extremely strong capacity for timely repayment.

### *Cash Flows*

The following is a discussion of cash flow activities:

Dollars in Millions	2013	2012	2011
Cash flow provided by/(used in):			
Operating activities	\$ 3,545	\$ 6,941	\$ 4,840
Investing activities	(572)	(6,727)	(1,437)
Financing activities	(1,068)	(4,333)	(2,657)

### *Operating Activities*

Cash flow from operating activities represents the cash receipts and cash disbursements from all of our activities other than investing activities 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; pension contributions; and tax payments in the ordinary course of business.

The changes in cash provided by operating activities in both periods were primarily attributable to:

- Upfront, milestone and contingent alliance proceeds of \$967 million in 2013, \$3.7 billion in 2012 (\$3.6 billion from AstraZeneca as consideration for entering into the Amylin alliance) and \$205 million in 2011.
- Lower operating cash flows of \$700 million in 2013 and \$1.5 billion in 2012 attributed to *Plavix\** and *Avapro\*/Avalide\** revenue reductions following the loss of exclusivity of these products in 2012; and
- Other changes including working capital requirements in each period.

### *Investing Activities*

The changes in cash used in investing activities were primarily attributable to:

- Cash was used to fund the acquisitions of Amylin (\$5.0 billion) and Inhibitex (\$2.5 billion) in 2012 and Amira (\$360 million) in 2011.
- Cash used in the sales, purchases and maturities of marketable securities was \$44 million in 2013 and \$859 million in 2011, which was primarily attributed to the timing of investments in time deposits and corporate debt securities with maturities greater than 90 days. Cash generated from the sales, purchases, and maturities of marketable securities was \$1.3 billion in 2012. The cash was used to partially fund acquisitions in 2012.
- Other investing activities included litigation recoveries of \$102 million in 2011.

## Financing Activities

The changes in cash used in financing activities were primarily attributable to:

- Cash used to repurchase common stock was \$433 million in 2013, \$2.4 billion in 2012 and \$1.2 billion in 2011. In May 2010, the Board of Directors authorized the repurchase of up to \$3.0 billion. In June 2012, the Board of Directors increased its authorization for the repurchase of stock by an additional \$3.0 billion. The repurchase program does not have an expiration date and we may consider future repurchases.
- Dividend payments were \$2.3 billion in 2013, 2012 and 2011. Dividends declared per common share were \$1.41 in 2013, \$1.37 in 2012 and \$1.33 in 2011. In December 2013, we declared a quarterly dividend of \$0.36 per common share and expect to pay a dividend for the full year of 2014 of \$1.44 per share. Dividend decisions are made on a quarterly basis by our Board of Directors.
- Proceeds from the issuance of senior unsecured notes were \$1.5 billion in 2013 and \$2.0 billion in 2012.
- The \$597 million principal amount of our 5.25% Notes matured and was repaid in 2013. Repayments of debt assumed in the Amylin acquisition were \$2.0 billion in 2012.
- Management periodically evaluates potential opportunities to repurchase certain debt securities and terminate certain interest rate swap contracts prior to their maturity. Cash outflows related to the repurchase of debt were \$109 million in 2012 and \$78 million in 2011. Proceeds from the termination of interest rate swap contracts were \$296 million in 2011.
- Proceeds from stock option exercises were \$435 million (excluding \$129 million of cash retained from excess tax benefits) in 2013, \$392 million (excluding \$71 million of cash retained from excess tax benefits) in 2012 and \$554 million (excluding \$47 million of cash retained from excess tax benefits) in 2011. The amount of proceeds vary each period based upon fluctuations in the market value of our stock relative to the exercise price of the stock options and other factors.

## **Contractual Obligations**

Payments due by period for our contractual obligations at December 31, 2013 were as follows:

Dollars in Millions	Obligations Expiring by Period						
	Total	2014	2015	2016	2017	2018	Later Years
Short-term borrowings	\$ 359	\$ 359	\$ —	\$ —	\$ —	\$ —	\$ —
Long-term debt	7,566	—	—	684	750	631	5,501
Interest on long-term debt <sup>(a)</sup>	5,567	257	269	294	287	219	4,241
Operating leases	614	145	137	117	77	65	73
Purchase obligations	1,476	703	379	200	133	61	—
Uncertain tax positions <sup>(b)</sup>	114	114	—	—	—	—	—
Other long-term liabilities	627	—	101	164	47	39	276
Total <sup>(c)</sup>	\$ 16,323	\$ 1,578	\$ 886	\$ 1,459	\$ 1,294	\$ 1,015	\$ 10,091

- (a) Includes estimated future interest payments on our short-term and long-term debt securities. Also includes accrued interest payable recognized on our consolidated balance sheets, which consists primarily of accrued interest on short-term and long-term debt as well as accrued periodic cash settlements of derivatives.
- (b) Due to the uncertainty related to the timing of the reversal of uncertain tax positions, only the short-term uncertain tax benefits have been provided in the table above. See “Item 8. Financial Statements—Note 8. Income Taxes” for further detail.
- (c) The table above excludes future contributions by us to our pensions, postretirement and postemployment benefit plans. Required contributions are contingent upon numerous factors including minimum regulatory funding requirements and the funded status of each plan. Due to the uncertainty of such future obligations, they are excluded from the table. Contributions for both U.S. and international plans are expected to be \$100 million in 2014. See “Item 8. Financial Statements—Note 19. Pension, Postretirement and Postemployment Liabilities” for further detail.

In addition to the above, we are committed to \$3.6 billion (in the aggregate) of potential future research and development milestone payments to third parties as part of in-licensing and development programs. Early-stage milestones, defined as milestones achieved through Phase III clinical trials, comprised \$700 million of the total committed amount. Late-stage milestones, defined as milestones achieved post Phase III clinical trials, comprised \$2.9 billion of the total committed amount. Payments under these agreements generally are due and payable only upon achievement of certain developmental and regulatory milestones, for which the specific timing cannot be predicted. In addition to certain royalty obligations that are calculated as a percentage of net product sales, some of these agreements also provide for sales-based milestones aggregating \$1.6 billion that we would be obligated to pay to alliance partners upon achievement of certain sales levels. 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. See “Item 8. Financial Statements—Note 3. Alliances” for further information regarding our alliances.

For a discussion of contractual obligations, see “Item 8. Financial Statement s—Note 19. Pension, Postretirement and Postemployment Liabilities,” “—Note 10. Financial Instruments and Fair Value Measurements” and “—Note 21. Leases.”



## **SEC Consent Order**

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.

We maintain inventory management agreements (IMAs) with our U.S. pharmaceutical wholesalers, which account for nearly 100% of our gross U.S. revenues. Under the current terms of the IMAs, 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 90% 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**

In July 2013, the Financial Accounting Standards Board issued an update that clarified existing guidance on the presentation of unrecognized tax benefits when various qualifying tax benefit carryforwards exist, including when the unrecognized tax benefit should be presented as a reduction to deferred tax assets or as a liability. This update is required to be adopted for all annual periods and interim reporting periods beginning after December 15, 2013, with early adoption permitted. The reduction to deferred tax assets is expected to be approximately \$250 million.

## **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. These accounting policies were discussed with the Audit Committee of the Board of Directors.

## ***Revenue Recognition***

Our accounting policy for revenue recognition has a substantial impact on reported results and relies on certain estimates. We recognize revenue when persuasive evidence of an arrangement exists, the sales price is fixed and determinable, collectability is reasonably assured and title and substantially all of the risks and rewards of ownership have transferred, which is generally at time of shipment. Revenue is also reduced for gross-to-net 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 revised information or actual experience. In addition, See “—Total Revenues” above for further discussion and analysis of each significant category of gross-to-net sales adjustments.

### ***Gross-to-Net Adjustments***

The following categories of gross-to-net adjustments involve significant estimates, judgments and information obtained from external sources.

#### *Charge-backs related to government programs*

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).

#### *Cash discounts*

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).

#### *Managed healthcare rebates and other contract discounts*

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 in addition to their commercial plans, as well as other contract counterparties such as hospitals and group purchasing organizations globally. Beginning in 2011, the rebates for the Medicare Part D program included a 50% discount on the Company’s brand-name drugs to patients who fall within the Medicare Part D coverage gap. Rebates are also required under the U.S. Department of Defense TRICARE Retail Pharmacy Refund Program. The estimated amount for these unpaid or unbilled rebates and discounts are presented as a liability. A \$67 million reversal for the estimated amount of 2011 Medicare Part D coverage gap discounts occurred in 2012 after receipt of the actual invoices.

#### *Medicaid rebates*

Our U.S. businesses 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. Retroactive to January 1, 2010, minimum rebates on Medicaid drug sales increased from 15.1% to 23.1%. Medicaid rebates have also been extended to drugs used in managed Medicaid plans beginning in March 2010. The estimated amount for these unpaid or unbilled rebates is presented as a liability. The estimated Medicaid rebates attributable to prior period revenues were reduced by \$85 million in 2013 and \$37 million in 2012.

#### *Sales returns*

Products are typically eligible to be returned between six months prior to and twelve months after product expiration, in accordance with our policy. 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 instances of expected precipitous declines in demand following the loss of exclusivity. The estimated amount for product returns is presented as a liability. Reserves were established for *Plavix*\* and *Avapro*\*/*Avalide*\* (\$147 million and \$173 million at December 31, 2013 and 2012, respectively) after considering the relevant factors as well as estimated future retail and wholesale inventory work down that would occur after the loss of exclusivity.

Estimated returns for new products are determined after considering historical sales return experience of similar products, such as those within the same product line or similar therapeutic category. We defer recognition of revenue until the right of return expires or until sufficient historical experience to estimate sales returns is developed in limited circumstances. This typically occurs when the new product is not an extension of an existing line of product or when historical experience with products in a similar therapeutic category is lacking. Estimated levels of inventory in the distribution channel and projected demand are also considered in estimating sales returns for new products.

### Use of information from external sources

Information from external sources is used to estimate gross-to-net 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.

### **Retirement 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, 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 Citigroup Pension Discount curve is used for the U.S. plans. The U.S. plans' pension expense for 2013 was determined using a 4.15% weighted-average discount rate. The present value of benefit obligations at December 31, 2013 for the U.S. pension plans was determined using a 4.62% discount rate. If the discount rate used in determining the U.S. plans' pension expense for 2013 was reduced by an additional 1%, such expense would increase by approximately \$10 million. If the assumed discount rate used in determining the U.S. pension plans' projected benefit obligation at December 31, 2013 was reduced by an additional 1%, the projected benefit obligation would increase by approximately \$950 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 U.S. plans' pension expense for 2013 was determined using an 8.63% 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 2013 was reduced by 1%, such expense would increase by \$53 million.

For a more detailed discussion on retirement benefits, see "Item 8. Financial Statements—Note 19. Pension, Postretirement and Postemployment Liabilities."

### **Business Combinations**

Goodwill and other intangible assets acquired in business combinations, licensing and other transactions were \$15.6 billion (representing 41% of total assets), including \$6.2 billion included in assets held-for-sale at December 31, 2013.

Assets acquired and liabilities assumed are recognized at the date of acquisition at their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recognized as goodwill. The fair value of intangible assets, including IPRD, is typically determined using the "income method." This method starts with a forecast of net cash flows, risk adjusted for estimated probabilities of technical and regulatory success (for IPRD) and adjusted to present value using an appropriate discount rate that reflects the risk associated with the cash flow streams. All assets are valued from a market participant view which might be different than specific BMS views. The valuation process is very complex and requires significant input and judgment using internal and external sources. Although the valuations are required to be finalized within a one-year period, it must consider all and only those facts and evidence available at the acquisition date. The most complex and judgmental matters applicable to the valuation process are summarized below:

- *Unit of accounting* – Most intangible assets are valued as single global assets rather than multiple assets for each jurisdiction or indication after considering the development stage, expected levels of incremental costs to obtain additional approvals, risks associated with further development, amount and timing of benefits expected to be derived in the future, expected patent lives in various jurisdictions and the intention to promote the asset as a global brand.

- *Estimated useful life* – The asset life expected to contribute meaningful cash flows is determined after considering all pertinent matters associated with the asset, including expected regulatory approval dates (if unapproved), exclusivity periods and other legal, regulatory or contractual provisions as well as the effects of any obsolescence, demand, competition, and other economic factors, including barriers to entry.
- *Probability of Technical and Regulatory Success (PTRS) Rate* – PTRS rates are determined based upon industry averages considering the respective programs development stage and disease indication and adjusted for specific information or data known at the acquisition date. Subsequent clinical results or other internal or external data obtained could alter the PTRS rate and materially impact the estimated fair value of the intangible asset in subsequent periods leading to impairment charges.
- *Projections* – Future revenues are estimated after considering many factors such as initial market opportunity, pricing, sales trajectories to peak sales levels, competitive environment and product evolution. Future costs and expenses are estimated after considering historical market trends, market participant synergies and the timing and level of additional development costs to obtain the initial or additional regulatory approvals, maintain or further enhance the product. We generally assume initial positive cash flows to commence shortly after the receipt of expected regulatory approvals which typically may not occur for a number of years. Actual cash flows attributed to the project are likely to be different than those assumed since projections are subjected to multiple factors including trial results and regulatory matters which could materially change the ultimate commercial success of the asset as well as significantly alter the costs to develop the respective asset into commercially viable products.
- *Tax rates* – The expected future income is tax effected using a market participant tax rate. Our recent valuations typically use a U.S. tax rate (and applicable state taxes) after considering the jurisdiction in which the intellectual property is held and location of research and manufacturing infrastructure. We also considered that any earnings repatriation would likely have U.S. tax consequences.
- *Discount rate* – Discount rates are selected after considering the risks inherent in the future cash flows; the assessment of the asset’s life cycle and the competitive trends impacting the asset, including consideration of any technical, legal, regulatory, or economic barriers to entry, as well as expected changes in standards of practice for indications addressed by the asset.

See “Item 8. Financial Statements—Note 4. Acquisitions” for specific details and values assigned to assets acquired and liabilities assumed in our acquisitions of Amylin and Inhibitex in 2012 and Amira in 2011. Significant estimates utilized at the time of the valuations to support the fair values of the lead compounds within the acquisitions include:

Dollars in Millions	Fair value	Discount rate utilized	Estimated useful life (in years)	Phase of Development as of acquisition date	PTRS Rate utilized	Year of first projected positive cash flow
<b>Commercialized products:</b>						
<i>Bydureon*</i>	\$ 5,260	11.1%	13	N/A	N/A	N/A
<i>Byetta*</i>	770	10.0%	7	N/A	N/A	N/A
<i>Symlin*</i>	310	10.0%	9	N/A	N/A	N/A
<i>Recothrom</i>	230	11.0%	10	N/A	N/A	N/A
<b>IPRD:</b>						
BMS-986094 (formerly INX-189)	1,830	12.0%	N/A	Phase II	38.0%	2017
Metreleptin	120	12.0%	N/A	Phase III	75.0%	2017
AM152	160	12.5%	N/A	Phase I	12.5%	2021

### **Impairment**

#### Goodwill

Goodwill was \$7.1 billion at December 31, 2013. Goodwill is tested at least annually for impairment on an enterprise level by assessing qualitative factors or performing a quantitative analysis in determining whether it is more likely than not that its fair value exceeds the carrying value. Examples of qualitative factors assessed in the current year included our share price, our 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 the prior year. Positive and negative influences of each relevant factor were assessed both individually and in the aggregate and as a result it was concluded that no additional quantitative testing was required.

For discussion on goodwill, acquired in-process research and development and other intangible assets, see “Item 8. Financial Statements—Note 1. Accounting Policies—Goodwill, Acquired In-Process Research and Development and Other Intangible Assets.”

### Other Intangible Assets, including IPRD

Other intangible assets were \$2.3 billion at December 31, 2013, including licenses (\$525 million), developed technology rights (\$1.0 billion), capitalized software (\$241 million) and IPRD (\$548 million). Intangible assets are tested for impairment whenever current facts or circumstances warrant a review, although IPRD is required to be tested 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 loss of exclusivity, pricing pressures, adverse regulatory changes or clinical trial 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.

Considering the high risk nature of research and development and the industry's success rate of bringing developmental compounds to market, IPRD impairment charges are likely to occur in future periods. We recognized charges of \$2.1 billion in 2012 including a \$1.8 billion charge resulting from the discontinued development of BMS-986094 and for other projects previously acquired in the Medarex, Inc. and Inhibitex acquisitions resulting from unfavorable clinical trial results, additional development costs, extended development periods and decisions to cease further development. We also recognized charges of \$30 million in 2011 related to three Medarex projects for which development has ceased. IPRD is closely monitored and assessed each period for impairment.

In addition to IPRD, commercial assets are also subject to impairment. For example, an impairment charge of \$120 million was recognized in 2012 related to a non-key product from a prior acquisition after continuing competitive pricing pressures.

We operate in a very dynamic market and regulatory environment in which events can occur causing our expectations to change quickly and thus leading to potential impairment charges. Specific intangible assets with material carrying values at December 31, 2013, that are exposed to potential impairment include IPRD assets peginterferon lambda (\$310 million) in Phase III development for the treatment of hepatitis C virus and AM152 (\$160 million) in Phase II development for the treatment of fibrosis. These assets are monitored for changes in expectations from those used in the initial valuation.

### Property, Plant and Equipment

Property, plant and equipment is tested for impairment whenever current facts or circumstances warrant a review. 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.

### **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.

For discussions on contingencies, see "Item 8. Financial Statements—Note 1. Accounting Policies—Contingencies," "—Note 8. Income Taxes" and "—Note 22. Legal Proceedings and Contingencies."

### **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 \$4.8 billion net of valuation allowances of \$4.6 billion at December 31, 2013 and \$5.1 billion, net of valuation allowances of \$4.4 billion at December 31, 2012.

Deferred tax assets related to a U.S. Federal net operating loss carryforward of \$138 million and a U.S. Federal tax credit carryforward of \$23 million were recognized at December 31, 2013. The net operating loss carryforward expires in varying amounts beginning in 2022. The U.S. Federal tax credit carryforward expires in varying amounts beginning in 2017. The realization of these carryforwards is

dependent on generating sufficient domestic-sourced taxable income prior to their expiration. Although realization is not assured, we believe it is more likely than not that these deferred tax assets will be realized.

In addition, a deferred tax asset related to a U.S. Federal and state capital loss of \$784 million was recognized at December 31, 2013 that can be carried back three years and carried forward five years. The realization of this carryforward is dependent upon generating sufficient capital gains prior to its expiration. A \$383 million valuation allowance was established for this item at December 31, 2013.

Taxes are not provided on undistributed earnings of foreign subsidiaries expected to be reinvested indefinitely offshore.

Prior to the Mead Johnson Nutrition Company (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. For example, Mead Johnson has 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. We have agreed to indemnify Mead Johnson for certain taxes related to its business prior to the completion of the IPO and created as part of the restructuring to facilitate the IPO.

We established liabilities 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.

For discussions on income taxes, see "Item 8. Financial Statements—Note 1. Accounting Policies—Income Taxes" and "—Note 8. Income Taxes."

### **Special Note Regarding Forward-Looking Statements**

This annual report on 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 and Section 21E of the Securities Exchange Act of 1934. You can identify these forward-looking statements by the fact they use words such as "should", "expect", "anticipate", "estimate", "target", "may", "project", "guidance", "intend", "plan", "believe" 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 current expectations and involve inherent risks and uncertainties, including factors that could delay, divert or change any of them, and could cause actual outcomes to differ materially from current expectations. These statements are likely to relate to, among other things, our goals, plans and projections 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 and the outcome of contingencies such as legal proceedings and financial results, which are based on current expectations that involve inherent risks and uncertainties, including internal or external factors that could delay, divert or change any of them in the next several years. We have included important factors in the cautionary statements included in this Annual Report on 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. We undertake no obligation to release publicly any revisions to forward-looking statements as a result of new information, future events or otherwise.

## **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 is exposed to changes in foreign currency rates. Our primary net foreign currency translation exposures are the Euro, Japanese yen, Chinese renminbi, Canadian dollar, and South Korean won. Foreign currency forward contracts are used to manage foreign exchange risk that primarily arises from certain intercompany purchase transactions and are designated as foreign currency cash flow hedges when appropriate. In addition, we are exposed to foreign exchange transaction risk that arises 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 a portion of these exposures and are not designated as hedges. Changes in the fair value of these derivatives are recognized in earnings as incurred.

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 \$135 million at December 31, 2013. If realized, this appreciation would negatively affect 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 recognized as part of the foreign currency translation component of accumulated other comprehensive income/(loss). If our net investment were to fall 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, see "Item 8. Financial Statements—Note 10. Financial Instruments and Fair Value Measurements."

### **Interest Rate Risk**

Fixed-to-floating interest rate swap contracts are used and designated as fair-value hedges as part of our interest rate risk management strategy. These contracts are intended to provide us with an appropriate balance of fixed and floating rate debt. We estimate that an increase of 100 basis points in short-term or long-term interest rates would decrease the fair value of our interest rate swap contracts by \$161 million, excluding the effects of our counterparty and our own credit risk. If realized, the fair value reduction would affect earnings over the remaining life of the contracts.

We estimate that an increase of 100 basis points in long-term interest rates would decrease the fair value of long-term debt by \$697 million. Our marketable securities are subject to changes in fair value as a result of interest rate fluctuations and other market factors. Our policy is to invest only in institutions that meet high credit quality standards. We estimate that an increase of 100 basis points in interest rates in general would decrease the fair value of our debt security portfolio by approximately \$104 million.

### **Credit Risk**

Although not material, certain European government-backed entities with a higher risk of default were identified by monitoring economic factors including credit ratings, credit-default swap rates and debt-to-gross domestic product ratios in addition to entity specific factors. Historically, our exposure was limited by factoring receivables. Our credit exposures in Europe may increase in the future due to reductions in our factoring arrangements and the ongoing sovereign debt crisis. Our credit exposure to trade receivables in Greece, Portugal, Italy and Spain was approximately \$172 million at December 31, 2013, of which approximately 80% was from government-backed entities.

We monitor our investments with counterparties with the objective of minimizing concentrations of credit risk. Our investment policy places 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. When the fair value of a derivative instrument contract is positive, we are exposed to credit risk if the counterparty fails to perform. When the fair value of a derivative instrument contract is negative, the counterparty is exposed to credit risk if we fail to perform our obligation. Under the terms of the agreements, posting of 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, see "Item 8. Financial Statements—Note 10. Financial Instruments and Fair Value Measurements."

**BRISTOL-MYERS SQUIBB COMPANY**  
**CONSOLIDATED STATEMENTS OF EARNINGS**  
Dollars and Shares in Millions, Except Per Share Data

**Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.**

EARNINGS	Year Ended December 31,		
	2013	2012	2011
Net product sales	\$ 12,304	\$ 13,654	\$ 17,622
Alliance and other revenues	4,081	3,967	3,622
<b>Total Revenues</b>	<b>16,385</b>	<b>17,621</b>	<b>21,244</b>
Cost of products sold	4,619	4,610	5,598
Marketing, selling and administrative	4,084	4,220	4,203
Advertising and product promotion	855	797	957
Research and development	3,731	3,904	3,839
Impairment charge for BMS-986094 intangible asset	—	1,830	—
Other (income)/expense	205	(80)	(334)
<b>Total Expenses</b>	<b>13,494</b>	<b>15,281</b>	<b>14,263</b>
Earnings Before Income Taxes	2,891	2,340	6,981
Provision for/(Benefit from) Income Taxes	311	(161)	1,721
<b>Net Earnings</b>	<b>2,580</b>	<b>2,501</b>	<b>5,260</b>
Net Earnings Attributable to Noncontrolling Interest	17	541	1,551
<b>Net Earnings Attributable to BMS</b>	<b>\$ 2,563</b>	<b>\$ 1,960</b>	<b>\$ 3,709</b>
<b>Earnings per Common Share</b>			
Basic	\$ 1.56	\$ 1.17	\$ 2.18
Diluted	\$ 1.54	\$ 1.16	\$ 2.16
Cash dividends declared per common share	\$ 1.41	\$ 1.37	\$ 1.33

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



**BRISTOL-MYERS SQUIBB COMPANY**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
Dollars in Millions

<b>COMPREHENSIVE INCOME</b>	<b>Year Ended December 31,</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net Earnings	\$ 2,580	\$ 2,501	\$ 5,260
Other Comprehensive Income/(Loss), net of taxes and reclassifications to earnings:			
Derivatives qualifying as cash flow hedges:	7	(27)	56
Pension and postretirement benefits	1,166	(118)	(742)
Available for sale securities	(37)	3	28
Foreign currency translation	(75)	(15)	(16)
<b>Total Other Comprehensive Income/(Loss)</b>	<b>1,061</b>	<b>(157)</b>	<b>(674)</b>
<b>Comprehensive Income</b>	<b>3,641</b>	<b>2,344</b>	<b>4,586</b>
Comprehensive Income Attributable to Noncontrolling Interest	17	535	1,558
<b>Comprehensive Income Attributable to BMS</b>	<b>\$ 3,624</b>	<b>\$ 1,809</b>	<b>\$ 3,028</b>

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

**BRISTOL-MYERS SQUIBB COMPANY**  
**CONSOLIDATED BALANCE SHEETS**  
Dollars in Millions, Except Share and Per Share Data

	December 31,	
	2013	2012
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 3,586	\$ 1,656
Marketable securities	939	1,173
Receivables	3,360	3,083
Inventories	1,498	1,657
Deferred income taxes	1,701	1,597
Prepaid expenses and other	412	355
Assets held-for-sale	7,420	—
Total Current Assets	18,916	9,521
Property, plant and equipment	4,579	5,333
Goodwill	7,096	7,635
Other intangible assets	2,318	8,778
Deferred income taxes	508	203
Marketable securities	3,747	3,523
Other assets	1,428	904
Total Assets	\$ 38,592	\$ 35,897
<b>LIABILITIES</b>		
Current Liabilities:		
Short-term borrowings and current portion of long-term debt	\$ 359	\$ 826
Accounts payable	2,559	2,202
Accrued expenses	2,152	2,573
Deferred income	756	825
Accrued rebates and returns	889	1,054
Income taxes payable	160	193
Dividends payable	634	606
Liabilities related to assets held-for-sale	4,931	—
Total Current Liabilities	12,440	8,279
Pension, postretirement and postemployment liabilities	718	1,882
Deferred income	769	4,024
Income taxes payable	750	648
Deferred income taxes	73	383
Other liabilities	625	475
Long-term debt	7,981	6,568
Total Liabilities	23,356	22,259
Commitments and contingencies (Note 22)		
<b>EQUITY</b>		
Bristol-Myers Squibb Company Shareholders' Equity:		
Preferred stock, \$2 convertible series, par value \$1 per share: Authorized 10 million shares; issued and outstanding 4,369 in 2013 and 5,117 in 2012, 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 2013 and 2012	221	221
Capital in excess of par value of stock	1,922	2,694
Accumulated other comprehensive loss	(2,141)	(3,202)
Retained earnings	32,952	32,733
Less cost of treasury stock — 559 million common shares in 2013 and 570 million in 2012	(17,800)	(18,823)
Total Bristol-Myers Squibb Company Shareholders' Equity	15,154	13,623
Noncontrolling interest	82	15
Total Equity	15,236	13,638
Total Liabilities and Equity	\$ 38,592	\$ 35,897

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

**BRISTOL-MYERS SQUIBB COMPANY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
Dollars in Millions

	Year Ended December 31,		
	2013	2012	2011
<b>Cash Flows From Operating Activities:</b>			
Net earnings	\$ 2,580	\$ 2,501	\$ 5,260
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Net earnings attributable to noncontrolling interest	(17)	(541)	(1,551)
Depreciation and amortization, net	763	681	628
Deferred income taxes	(491)	(1,230)	415
Stock-based compensation	191	154	161
Impairment charges	40	2,180	28
Proceeds from Amylin diabetes alliance	—	3,570	—
Other	(9)	(35)	(147)
Changes in operating assets and liabilities:			
Receivables	(504)	648	(220)
Inventories	(45)	(103)	(193)
Accounts payable	412	(232)	593
Deferred income	965	295	58
Income taxes payable	126	(50)	(134)
Other	(466)	(897)	(58)
<b>Net Cash Provided by Operating Activities</b>	<b>3,545</b>	<b>6,941</b>	<b>4,840</b>
<b>Cash Flows From Investing Activities:</b>			
Proceeds from sale and maturities of marketable securities	1,815	4,890	5,960
Purchases of marketable securities	(1,859)	(3,607)	(6,819)
Additions to property, plant and equipment and capitalized software	(537)	(548)	(367)
Proceeds from sale of businesses and other investing activities	9	68	149
Purchase of businesses, net of cash acquired	—	(7,530)	(360)
<b>Net Cash Used in Investing Activities</b>	<b>(572)</b>	<b>(6,727)</b>	<b>(1,437)</b>
<b>Cash Flows From Financing Activities:</b>			
Short-term debt borrowings/(repayments)	198	49	(1)
Proceeds from issuance of long-term debt	1,489	1,950	—
Repayments of long-term debt	(597)	(2,108)	(78)
Interest rate swap contract terminations	20	2	296
Issuances of common stock	564	463	601
Repurchases of common stock	(433)	(2,403)	(1,221)
Dividends	(2,309)	(2,286)	(2,254)
<b>Net Cash Used in Financing Activities</b>	<b>(1,068)</b>	<b>(4,333)</b>	<b>(2,657)</b>
Effect of Exchange Rates on Cash and Cash Equivalents	25	(1)	(3)
Increase/(Decrease) in Cash and Cash Equivalents	1,930	(4,120)	743
Cash and Cash Equivalents at Beginning of Year	1,656	5,776	5,033
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 3,586</b>	<b>\$ 1,656</b>	<b>\$ 5,776</b>

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

## **Note 1. ACCOUNTING POLICIES**

### **Basis of Consolidation**

The consolidated financial statements are prepared in conformity with United States (U.S.) generally accepted accounting principles (GAAP), including the accounts of Bristol-Myers Squibb Company (which may be referred to as Bristol-Myers Squibb, BMS, or the Company) and all of its controlled majority-owned subsidiaries. All intercompany balances and transactions are eliminated. Material subsequent events are evaluated and disclosed through the report issuance date.

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. There were no arrangements with material variable interest entities during any of the periods presented.

### **Use of Estimates**

The preparation of financial statements requires the use of management estimates 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. Net product sales and alliance and other revenues previously presented in the aggregate as net sales in the consolidated statements of earnings are now presented separately.

### **Revenue Recognition**

Revenue is recognized when persuasive evidence of an arrangement exists, the sales price is fixed and determinable, collectability is reasonably assured and title and substantially all risks and rewards of ownership is transferred, generally at time of shipment (including the supply of commercial products to alliance partners when they are the principal in the end customer sale). However, certain revenue of non-U.S. businesses is recognized on the date of receipt by the customer and alliance and other revenue related to *Abilify*\* and *Atrippla*\* is not recognized until the products are sold to the end customer by the alliance partner. Royalties based on third party sales are recognized as earned in accordance with the contract terms when the third party sales are reliably measurable and collectability is reasonably assured. Refer to “—Note 3. Alliances” for further detail regarding alliances.

Provisions are made at the time of revenue recognition for expected sales returns, discounts, rebates and estimated sales allowances based on historical experience updated for changes in facts and circumstances including the impact of applicable healthcare legislation. Such provisions are recognized as a reduction of revenue. When a new product is not an extension of an existing line of product or there is no historical experience with products in a similar therapeutic category, revenue is deferred until the right of return no longer exists or sufficient historical experience to estimate sales returns is developed.

### **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 U.S. Treasury securities, government agency securities, bank deposits, time deposits 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 Securities and Investments in Other Companies**

Marketable 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.

Investments in 50% or less owned companies are accounted for using the equity method of accounting when the ability to exercise significant influence is maintained. The share of net income or losses of equity investments is included in equity in net income of affiliates in other (income)/expense. Equity investments 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, the length of time and extent that the market value has been less than cost, and the financial condition of the investee.

## **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.

## **Impairment of Long-Lived Assets**

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 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. 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 Level 3 fair value inputs, including a discounted value of estimated future cash flows.

## **Capitalized Software**

Eligible costs to obtain internal use software for significant systems projects are capitalized and amortized over the estimated useful life of the software. Insignificant costs to obtain software for projects are expensed as incurred.

## **Business Combinations**

Businesses acquired are consolidated upon obtaining control of the acquiree. 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. Legal, audit, business valuation, and all other business acquisition costs are expensed when incurred.

## **Goodwill, Acquired In-Process Research and Development and Other Intangible Assets**

The fair value of intangible assets is typically determined using the “income method” which utilizes 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 in which 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 in 2013 include our share price, our 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 the 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. If the carrying value of IPRD is determined to exceed the fair value, an impairment loss is recognized for the difference.

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 pre-tax 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 rationalize manufacturing facilities. Judgment is used when estimating the impact of restructuring plans, including future termination benefits and other exit costs to be incurred when the actions take place. Actual results could vary from these estimates.

### **Contingencies**

Loss contingencies from legal proceedings and claims may occur from a wide range of matters, including government investigations, shareholder lawsuits, product and environmental liability, contractual claims and tax 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.

### **Derivative Financial Instruments**

Derivatives are used principally in the management of interest rate and foreign currency exposures and are not held or used for trading purposes.

Derivatives are recognized at fair value with changes in fair value recognized in earnings unless specific hedge criteria are met. If the derivative is designated as a fair value hedge, changes in fair value of the derivative and of the hedged item attributable to the hedged risk are recognized in earnings. If the derivative is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative are reported in accumulated other comprehensive income/(loss) (OCI) and subsequently recognized in earnings when the hedged item affects earnings. Cash flows are classified consistent with the underlying hedged item. Derivatives are designated and assigned as hedges of forecasted transactions, specific assets or specific liabilities. When hedged assets or liabilities are sold or extinguished or the forecasted transactions being hedged are no longer probable to occur, a gain or loss is immediately recognized in earnings. Non-derivative instruments, primarily euro denominated long-term debt, are also designated as hedges of net investments in foreign affiliates. The effective portion of the designated non-derivative instrument is recognized in the foreign currency translation section of OCI and the ineffective portion is recognized in earnings.

### **Shipping and Handling Costs**

Shipping and handling costs are included in marketing, selling and administrative expenses and were \$119 million in 2013, \$125 million in 2012 and \$139 million in 2011.

### **Advertising and Product Promotion Costs**

Advertising and product promotion costs are expensed as incurred.

### **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 OCI.

### **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. Strategic alliances with third parties provide rights to develop, manufacture, market and/or sell pharmaceutical products, the rights to which are owned by the other party. Research and development is recognized net of reimbursements in connection with alliance agreements.

## Recently Issued Accounting Standards

In July 2013, the Financial Accounting Standards Board issued an update that clarified existing guidance on the presentation of unrecognized tax benefits when various qualifying tax benefit carryforwards exist, including when the unrecognized tax benefit should be presented as a reduction to deferred tax assets or as a liability. This update is required to be adopted for all annual periods and interim reporting periods beginning after December 15, 2013, with early adoption permitted. The reduction to deferred tax assets is expected to be approximately \$250 million.

## Note 2. 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 development and delivery of products to the market. Regional commercial organizations are used to distribute and sell the product. The business is also supported by global corporate staff functions. Segment information 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.

Products are sold principally to wholesalers, and to a lesser extent, directly to distributors, retailers, hospitals, clinics, government agencies and pharmacies. Gross revenues to the three largest pharmaceutical wholesalers in the U.S. as a percentage of global gross revenues were as follows:

	2013	2012	2011
McKesson Corporation	19%	23%	26%
Cardinal Health, Inc.	14%	19%	21%
AmerisourceBergen Corporation	15%	14%	16%

Selected geographic area information was as follows:

Dollars in Millions	Total Revenues			Property, Plant and Equipment	
	2013	2012	2011	2013	2012
United States	\$ 8,318	\$ 10,384	\$ 14,039	\$ 3,708	\$ 4,464
Europe	3,930	3,706	3,879	729	740
Rest of the World	3,295	3,204	3,237	142	129
Other <sup>(a)</sup>	842	327	89	—	—
Total	\$ 16,385	\$ 17,621	\$ 21,244	\$ 4,579	\$ 5,333

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



Total revenues of key products were as follows:

Dollars in Millions	Year Ended December 31,		
	2013	2012	2011
<b>Virology</b>			
<i>Baraclude (entecavir)</i>	\$ 1,527	\$ 1,388	\$ 1,196
<i>Reyataz (atazanavir sulfate)</i>	1,551	1,521	1,569
<i>Sustiva (efavirenz) Franchise<sup>(a)</sup></i>	1,614	1,527	1,485
<b>Oncology</b>			
<i>Erbix* (cetuximab)</i>	696	702	691
<i>Sprycel (dasatinib)</i>	1,280	1,019	803
<i>Yervoy (ipilimumab)</i>	960	706	360
<b>Neuroscience</b>			
<i>Abilify* (aripiprazole)<sup>(b)</sup></i>	2,289	2,827	2,758
<b>Metabolics</b>			
<i>Bydureon* (exenatide extended-release for injectable suspension)</i>	298	78	N/A
<i>Byetta* (exenatide)</i>	400	149	N/A
<i>Forxiga (dapagliflozin)</i>	23	—	N/A
<i>Onglyza/Kombiglyze (saxagliptin/saxagliptin and metformin)</i>	877	709	473
<b>Immunoscience</b>			
<i>Nulogix (belatacept)</i>	26	11	3
<i>Orencia (abatacept)</i>	1,444	1,176	917
<b>Cardiovascular</b>			
<i>Avapro*/Avalide* (irbesartan/irbesartan-hydrochlorothiazide)</i>	231	503	952
<i>Eliquis (apixaban)</i>	146	2	—
<i>Plavix* (clopidogrel bisulfate)</i>	258	2,547	7,087
<b>Mature Products and All Other</b>	2,765	2,756	2,950
<b>Total Revenues</b>	<b>\$ 16,385</b>	<b>\$ 17,621</b>	<b>\$ 21,244</b>

(a) Includes \$1,366 million in 2013, \$1,267 million in 2012 and \$1,203 million in 2011 presented in alliance and other revenue.

(b) Includes \$1,840 million in 2013, \$2,340 million in 2012 and \$2,303 million in 2011 presented in alliance and other revenue.

### 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. We refer to these collaborations as alliances and our partners as alliance partners.

Payments between alliance partners are accounted for and presented in the results of operations after considering the specific nature of the payment and the underlying activities to which the payments relate. Multiple alliance activities, including the transfer of rights, are only separated into individual units of accounting if they have standalone value from other activities that occur over the life of the arrangements. In these situations, the arrangement consideration is allocated to the activities or rights on a relative selling price basis. If multiple alliance activities or rights do not have standalone value, they are combined into a single unit of accounting.

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 third-party 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 and other revenue as the sale of commercial products are considered part of BMS's ongoing major or central operations. Refer to "Revenue Recognition" included in "—Note 1. Accounting Policies" 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 and other revenue as the sale of commercial products are considered part of BMS's ongoing major or central operations.

- Amounts payable by BMS to alliance partners for profit sharing, royalties and other sales-based fees 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; advertising and product promotion 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 shorter of the contractual term 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)/expense as the activities being performed at that time are not related to the sale of commercial products that are part of BMS's ongoing major or central operations; amounts received for commercial products are presented in alliance and other revenue as the sale of commercial products are considered part of BMS's ongoing major or central operations (except for the AstraZeneca PLC (AstraZeneca) alliance pertaining to the Amylin products – see further discussion under the specific AstraZeneca alliance disclosure herein).
- 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 expenses.
- Equity in net income of affiliates is included in other (income)/expense.
- All payments between BMS and its alliance partners are presented in cash flows from operating activities.

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.

Dollars in Millions	Year Ended December 31,		
	2013	2012	2011
<b>Revenues from alliances:</b>			
Net product sales	\$ 4,417	\$ 6,124	\$ 10,460
Alliance and other revenues	3,804	3,748	3,548
Total Revenues	8,221	9,872	14,008
<b>Payments to/(from) alliance partners:</b>			
Cost of products sold	\$ 1,356	\$ 1,706	\$ 2,823
Marketing, selling and administrative	(125)	(80)	(9)
Advertising and product promotion	(58)	(97)	(86)
Research and development	(140)	4	89
Other (income)/expense	(313)	(489)	(317)
Net earnings attributable to noncontrolling interest, pre-tax	36	844	2,323

**Selected Alliance Balance Sheet Information:**

Dollars in Millions	December 31,	
	2013	2012
Receivables – from alliance partners	\$ 1,122	\$ 857
Accounts payable – to alliance partners	1,396	1,052
Deferred income from alliances <sup>(a)</sup>	5,089	4,647

(a) Includes deferred income classified as liabilities related to assets held-for-sale of \$ 3,671 million at December 31, 2013.

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.

## Otsuka

BMS has a worldwide commercialization agreement with Otsuka Pharmaceutical Co., Ltd. (Otsuka), to codevelop and copromote *Abilify*\*, excluding certain Asian countries. The U.S. portion of the agreement was amended in 2009 and 2012 and expires upon the expected loss of product exclusivity in April 2015. The agreement expires in all European Union (EU) countries in June 2014 and in each other non-U.S. country where we have the exclusive right to sell *Abilify*\*, the agreement expires on the later of April 2015 or loss of exclusivity in any such country.

Both parties actively participate in joint executive governance and operating committees. Although Otsuka assumed responsibility for providing and funding all sales force efforts effective January 2013 (under the 2012 U.S. amendment), BMS is responsible for funding certain operating expenses up to various annual limits in 2013 through 2015. BMS purchases the active pharmaceutical ingredient (API) from Otsuka and completes the manufacture of the product for subsequent sale to third-party customers in the U.S. and certain other countries. Otsuka assumed responsibility for providing and funding sales force efforts in the EU effective April 2013. BMS also provides certain other services including distribution, customer management and pharmacovigilance. Otsuka is the principal for third-party product sales in the U.S., United Kingdom (UK), Germany, France, Spain and Italy (beginning March 1, 2013) and BMS is the principal for third-party product sales when it is the exclusive distributor for or has an exclusive right to sell *Abilify*\* which is in the remaining territories.

Alliance and other revenue is recognized for only BMS's share of total net sales to third-party customers in these territories. In the U.S., BMS's contractual share was 51.5% in 2012 and 53.5% in 2011. Beginning January 1, 2013, BMS's contractual share changed to the percentages of total U.S. net sales set forth in the table below. An assessment of BMS's expected annual contractual share is completed each quarterly reporting period and adjusted based upon reported U.S. *Abilify*\* net sales at December 31, 2013. BMS's annual contractual share was 34.0% in 2013. The alliance and other revenue recognized in any interim period or quarter does not exceed the amounts that are due under the contract.

Annual U.S. Net Sales	BMS Share as a % of U.S. Net Sales
\$0 to \$2.7 billion	50%
\$2.7 billion to \$3.2 billion	20%
\$3.2 billion to \$3.7 billion	7%
\$3.7 billion to \$4.0 billion	2%
\$4.0 billion to \$4.2 billion	1%
In excess of \$4.2 billion	20%

In the United Kingdom, Germany, France, Spain, and Italy (beginning on March 1, 2013), BMS's contractual share of third-party net sales is 65%. In these countries and the U.S., alliance and other revenue is recognized when *Abilify*\* is shipped and all risks and rewards of ownership have been transferred to third-party customers.

Under the terms of the 2009 U.S. amendment, BMS paid Otsuka \$400 million in 2009, which is amortized as a reduction of alliance and other revenue through the expected loss of U.S. exclusivity in April 2015. The unamortized balance is included in other assets. Otsuka receives a royalty based on 1.5% of total U.S. net sales, which is included in cost of products sold. Otsuka was responsible for 30% of the U.S. expenses related to the commercialization of *Abilify*\* from 2010 through 2012.

BMS and Otsuka also have an alliance for *Sprycel* and *Ixempra* (ixabepilone) in the U.S., Japan and the EU. While both parties actively participate in various governance committees, BMS has control over the decision making. Both parties co-promote the product. BMS is responsible for the development and manufacture of the product. BMS is also the principal in the end-customer product sales.

A fee is paid to Otsuka based on the following percentages of annual net sales of *Sprycel* and *Ixempra*:

	% of Net Sales	
	2010 - 2012	2013 - 2020
\$0 to \$400 million	30%	65%
\$400 million to \$600 million	5%	12%
\$600 million to \$800 million	3%	3%
\$800 million to \$1.0 billion	2%	2%
In excess of \$1.0 billion	1%	1%

During these annual periods, Otsuka contributes 20% of the first \$175 million of certain commercial operational expenses relating to the Oncology Products in the Oncology Territory and 1% of such costs in excess of \$175 million.

The U.S. extension and the oncology alliance include a change-of-control provision in the case of an acquisition of BMS. If the acquiring company does not have a competing product to *Abilify*\*, then the new company will assume the *Abilify*\* agreement (as amended) and the oncology alliance as it exists today. If the acquiring company has a product that competes with *Abilify*\*, Otsuka can elect to request

the acquiring company to choose whether to divest *Abilify*\* or the competing product. In the scenario where *Abilify*\* is divested, Otsuka would be obligated to acquire the rights of BMS under the *Abilify*\* agreement (as amended). The agreements also provide that in the event of a generic competitor to *Abilify*\* after January 1, 2010, BMS has the option of terminating the *Abilify*\* April 2009 amendment (with the agreement as previously amended remaining in force). If BMS were to exercise such option then either (i) BMS would receive a payment from Otsuka according to a pre-determined schedule and the oncology alliance would terminate at the same time or (ii) the oncology alliance would continue for a truncated period according to a pre-determined schedule.

Summarized financial information related to this alliance was as follows:

Dollars in Millions	Year Ended December 31,		
	2013	2012	2011
<b>Revenues from Otsuka alliances:</b>			
Net product sales	\$ 1,543	\$ 1,386	\$ 1,181
Alliance and other revenues <sup>(a)</sup>	1,840	2,340	2,303
Total Revenues	3,383	3,726	3,484
<b>Payments to/(from) Otsuka:</b>			
Cost of products sold:			
Oncology fee	295	138	134
Royalties	86	78	72
Amortization of intangible assets	—	5	6
Cost of product supply	135	153	145
Cost reimbursements to/(from) Otsuka	(10)	(47)	(45)
<b>Selected Alliance Balance Sheet information:</b>			
Dollars in Millions	December 31,		
	2013	2012	
Other assets – extension payment	\$ 87	\$ 153	

(a) Includes the amortization of the extension payment as a reduction to alliance and other revenue of \$66 million in 2013, 2012 and 2011.

### **AstraZeneca**

BMS and AstraZeneca had a diabetes alliance consisting of three worldwide codevelopment and commercialization agreements. The first agreement covered *Onglyza* and related combination products sold under various names. The second agreement covered *Forxiga* (will be commercialized as *Farxiga* in the U.S.) and related combination products. The third agreement covered Amylin's portfolio of products (*Bydureon*\*, *Byetta*\*, *Symlyn*\* (pramlintide acetate) and metreleptin, which is currently in development) as well as certain assets owned by Amylin, included a manufacturing facility. The *Onglyza* agreement excluded Japan.

Upon entering into each of the separate agreements, co-exclusive license rights for the product or products underlying each agreement were granted to AstraZeneca in exchange for an upfront payment and potential milestone payments, and both parties assumed certain obligations to actively participate in the alliance. Both parties actively participated in a joint executive committee and various other operating committees and had joint responsibilities for the research, development, distribution, sales and marketing activities of the alliance using resources in their own infrastructures. BMS manufactured the products in all three alliances and was the principal in the end-customer product sales in substantially all countries.

For each alliance agreement, we have determined that the rights transferred to AstraZeneca did not have standalone value as such rights were not sold separately by BMS or any other party, nor could AstraZeneca have received any benefit for the delivered rights without the fulfillment of other ongoing obligations by BMS under the alliance agreements, including the exclusive supply arrangement. As such, each global alliance was treated as a single unit of accounting. As a result, up-front proceeds and any subsequent contingent milestone proceeds were amortized over the life of the related products.

In 2012, BMS received a \$3.6 billion non-refundable, upfront payment from AstraZeneca in consideration for entering into the Amylin alliance. In 2013, AstraZeneca exercised its option for equal governance rights over certain key strategic and financial decisions regarding the Amylin alliance and paid BMS \$135 million as consideration. These payments were accounted for as deferred income and amortized based on the relative fair value of the predominant elements included in the alliance over their estimated useful lives (intangible assets related to *Bydureon*\* with an estimated useful life of 13 years, *Byetta*\* with an estimated useful life of 7 years, *Symlyn*\* with an estimated life of 9 years, metreleptin with an estimated useful life of 12 years, and the Amylin manufacturing plant with an estimated useful life of 15 years). The amortization was presented as a reduction to cost of products sold because the alliance assets were acquired shortly before

the commencement of the alliance and AstraZeneca was entitled to share in the proceeds from the sale of any of the assets. The amortization of the acquired Amylin intangible assets and manufacturing plant was also presented in cost of products sold. BMS was entitled to reimbursements for 50% of capital expenditures related to the acquired Amylin manufacturing facility. BMS and AstraZeneca also shared in certain tax attributes related to the Amylin alliance.

BMS received \$300 million in non-refundable upfront, milestone and other licensing payments related to *Onglyza* to date. BMS also received \$250 million in non-refundable upfront, milestone and other licensing payments related to *Forxiga* to date. Amortization of the *Onglyza* and *Forxiga* deferred income was included in other income as *Onglyza* and *Forxiga* were not commercial products at the commencement of the alliance.

Both parties equally shared most commercialization and development expenses, as well as profits and losses.

Summarized financial information related to the AstraZeneca alliances was as follows:

Dollars in Millions	Year Ended December 31,		
	2013	2012	2011
<b>Revenues from AstraZeneca alliances:</b>			
Net product sales	\$ 1,658	\$ 962	\$ 472
Alliance and other revenues	16	10	1
Total Revenues	\$ 1,674	\$ 972	\$ 473
<b>Payments to/(from) AstraZeneca:</b>			
Cost of products sold:			
Profit sharing	673	425	207
Amortization of deferred income	(307)	(126)	—
Cost reimbursements to/(from) AstraZeneca recognized in:			
Cost of products sold	(25)	(4)	—
Marketing, selling and administrative	(127)	(66)	(14)
Advertising and product promotion	(45)	(43)	(21)
Research and development	(86)	(25)	35
Other (income)/expense:			
Amortization of deferred income	(31)	(38)	(38)
Provision for restructuring	(25)	(21)	—
<b>Selected Alliance Cash Flow information:</b>			
Non-refundable upfront, milestone and other licensing payments received:			
Amylin-related products	135	3,547	—
<i>Forxiga</i>	80	—	120
<b>Selected Alliance Balance Sheet information:</b>			
Dollars in Millions	December 31,		
	2013	2012	
Deferred income – Non-refundable upfront, milestone and other licensing receipts <sup>(a)</sup>			
Amylin-related products	\$ 3,288	\$ 3,423	
<i>Onglyza</i>	191	208	
<i>Forxiga</i>	192	206	

(a) Included in liabilities related to assets held-for-sale at December 31, 2013.

In February 2014, BMS sold to AstraZeneca the diabetes business of BMS which comprised our global alliance with them, including all rights and ownership to *Onglyza*, *Forxiga*, *Bydureon\**, *Byetta\**, *Symlin\** (pramlintide acetate) and metreleptin. The transaction included the shares of Amylin, and the resulting transfer of its manufacturing plant; the intellectual property related to *Onglyza* and *Forxiga* and the future purchase of BMS's manufacturing facility located in Mount Vernon, Indiana no earlier than 18 months following the closing of the transaction. The parties terminated their existing alliance agreements in connection with the sale and entered into several new agreements, including a transitional services agreement, a supply agreement and a development agreement. See “—Note 5. Assets Held-For-Sale” for further information.

## Gilead

BMS and Gilead Sciences, Inc. (Gilead) have joint ventures in the U.S. (for the U.S. and Canada) and in Europe to develop and commercialize *Atripla\** (efavirenz 600 mg/ emtricitabine 200 mg/ tenofovir disoproxil fumarate 300 mg), combining *Sustiva*, a product of BMS, and *Truvada\** (emtricitabine and tenofovir disoproxil fumarate), a product of Gilead. The joint ventures are consolidated by Gilead.

Both parties actively participate in a joint executive committee and various other operating committees with direct oversight over the activities of the joint ventures. The joint ventures purchase *Sustiva* and *Truvada\** API in bulk form from the parties and complete the finishing of *Atripla\**. In the U.S. and Canada, the joint venture sells and distributes *Atripla\** and is the principal in third-party customer sales. In Europe, Gilead and its affiliates sell and distribute *Atripla\** and are the principal in third-party customer sales. The parties no longer coordinate joint promotional activities.

Alliance and other revenue recognized for *Atripla\** include only the bulk efavirenz component of *Atripla\** which is based on the relative ratio of the average respective net selling prices of *Truvada\** and *Sustiva*. Alliance and other revenue is deferred and the related alliance receivable is not recognized until the combined product is sold to third-party customers.

In Europe, following the 2013 loss of exclusivity of *Sustiva* and effective January 1, 2014, the percentage of *Atripla\** net sales that BMS will recognize will be based on the ratio of the difference in the average net selling prices of *Atripla\** and *Truvada\** to the *Atripla\** average net selling price. This alliance will continue until either party terminates the arrangement or the last patent expiration occurs for *Atripla\**, *Truvada\**, or *Sustiva*.

In the U.S., the agreement may be terminated by Gilead upon the launch of a generic version of *Sustiva* or by BMS upon the launch of a generic version of *Truvada\**. In the event Gilead terminates the agreement upon the loss of exclusivity for *Sustiva*, BMS will receive a quarterly royalty payment for 36 months following termination. Such payment in the first 12 months following termination is equal to 55% of *Atripla\** 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 the second and third years following termination, the payment to BMS is reduced to 35% and 15%, respectively, of *Atripla\** net sales multiplied by the price ratio described above. BMS will continue to supply *Sustiva* at cost plus a markup to the joint ventures during this three-year period, unless either party elects to terminate the supply arrangement.

Summarized financial information related to this alliance was as follows:

Dollars in Millions	Year Ended December 31,		
	2013	2012	2011
<b>Revenues from Gilead alliances:</b>			
Net product sales	\$ —	\$ —	\$ 1
Alliance and other revenues	1,366	1,267	1,203
Total Revenues	1,366	1,267	1,204
Equity in net loss of affiliates	17	18	16
<b>Selected Alliance Balance Sheet information:</b>		December 31,	
Dollars in Millions		2013	2012
Deferred revenue		\$ 468	\$ 339

## Lilly

BMS has a commercialization agreement with Eli Lilly and Company (Lilly) through Lilly's November 2008 acquisition of ImClone Systems Incorporated (ImClone) for the codevelopment and promotion of *Erbitux\** in the U.S. which expires in September 2018. Both parties actively participate in a joint executive committee and various other operating committees and have shared responsibilities for the research and development of the alliance using resources in their own infrastructures. Lilly is responsible for supplying the product to BMS for distribution and sale. BMS is responsible for promotional efforts for the product in North America although Lilly has the right to copromote at their own expense. BMS also has codevelopment and copromotion rights in Canada and Japan. BMS is the principal in third-party customer sales in North America. Under the commercialization agreement, BMS pays Lilly a distribution fee based on a flat rate of 39% of net sales of *Erbitux\** in North America plus a share of certain royalties paid by Lilly.

In Japan, BMS shares rights to *Erbitux\** under an agreement with Lilly and Merck KGaA and receives 50% of the pre-tax profit from Merck KGaA's net sales of *Erbitux\** in Japan which is further shared equally with Lilly.

In March 2013, BMS and Lilly terminated its arrangement for necitumumab (IMC-11F8), with all rights returning to Lilly. Discovered by ImClone, necitumumab is a fully human monoclonal antibody that was part of the alliance between BMS and Lilly.

BMS is amortizing \$500 million of license acquisition costs associated with the *Erbix*\* alliance agreement through 2018.

Summarized financial information related to this alliance was as follows:

Dollars in Millions	Year Ended December 31,		
	2013	2012	2011
<b>Revenues from Lilly alliance:</b>			
Net product sales	\$ 696	\$ 702	\$ 691
<b>Payments to/(from) Lilly:</b>			
Cost of products sold:			
Distribution fees and royalties	289	291	287
Amortization of intangible asset	37	38	37
Cost of product supply	65	81	73
Cost reimbursements to/(from) Lilly	(13)	23	5
Other (income)/expense – Japan commercialization fee	(30)	(37)	(34)
<b>Selected Alliance Balance Sheet information</b>			
Dollars in Millions	December 31,		
	2013	2012	
Other intangible assets – Non-refundable upfront, milestone and other licensing payments	\$ 174	\$ 211	

BMS acquired Amylin Pharmaceuticals, Inc. (Amylin) on August 8, 2012 (see “—Note 4. Acquisitions” for further information). Amylin had previously entered into a settlement and termination agreement with Lilly regarding their alliance for the global development and commercialization of *Byetta*\* and *Bydureon*\* (exenatide products) under which the parties agreed to transition full responsibility of these products to Amylin. The transition of the U.S. operations was completed by the time of the acquisition. The transition of non-U.S. operations of the exenatide products in a majority of markets was completed on April 1, 2013 terminating Lilly's exclusive right to non-U.S. commercialization of the exenatide products. Promissory notes assumed in the acquisition of Amylin aggregating \$1.4 billion were repaid to Lilly during 2012.

## **Sanofi**

In September 2012, BMS and Sanofi restructured the terms of the codevelopment and cocommercialization agreements for *Plavix*\* and *Avapro*\**Avalide*\*. Effective January 1, 2013, Sanofi assumed essentially all of the worldwide operations of the alliance with the exception of *Plavix*\* in the U.S. and Puerto Rico. The alliance for *Plavix*\* in these markets will continue unchanged through December 2019 under the same terms as in the original alliance arrangements described below. In exchange for the rights being assumed by Sanofi, BMS will receive quarterly royalties from January 1, 2013 until December 31, 2018 and a terminal payment from Sanofi of \$200 million at the end of 2018. All ongoing disputes between the companies were resolved including an \$80 million payment by BMS to Sanofi related to the *Avalide*\* supply disruption in the U.S. in 2011 (accrued for in 2011).

Beginning in 2013, all royalties received from Sanofi in the territory covering the Americas and Australia, opt-out markets, and former development royalties are presented in alliance and other revenues (\$220 million). Development and opt-out royalty income of \$143 million in 2012 and \$126 million in 2011 were included in other (income)/expense. Development royalty expense of \$67 million in 2012 and \$182 million in 2011 was included in other (income)/expense. Royalties attributed to the territory covering Europe and Asia continue to be earned by the territory partnership and are included in equity in net income of affiliates. Additionally, equity in net income of affiliates in 2013 included \$22 million of profit that was deferred prior to the restructuring of the agreement. Alliance and other revenues attributed to the supply of irbesartan API to Sanofi were \$116 million in 2013, \$117 million in 2012 and \$33 million in 2011. The supply arrangement for irbesartan expires in 2015.

Prior to the restructuring, BMS's worldwide alliance with Sanofi for the codevelopment and cocommercialization of *Avapro*\**Avalide*\* and *Plavix*\* operated under the framework of two geographic territories: one in the Americas (principally the U.S., Canada, Puerto Rico and Latin American countries) and Australia, and the other in Europe and Asia. These two territory partnerships managed central expenses, such as marketing, research and development and royalties, and supply of finished product to individual countries. BMS acted as the operating partner and owned a 50.1% majority controlling interest in the territory covering the Americas and Australia and consolidates all country partnership results for this territory with Sanofi's 49.9% share of the results reflected as a noncontrolling interest. BMS also recognized net product sales in comarketing countries outside this territory (e.g. Italy for irbesartan only, Germany, Greece and Spain).

Sanofi acted as the operating partner and owned a 50.1% majority controlling interest in the territory covering Europe and Asia and BMS has a 49.9% ownership interest in this territory.

Summarized financial information related to this alliance was as follows:

Dollars in Millions	Year Ended December 31,		
	2013	2012	2011
<b>Revenues from Sanofi alliances:</b>			
Net product sales	\$ 153	\$ 2,930	\$ 8,003
Alliance and other revenues	336	120	37
Total Revenues	489	3,050	8,040
<b>Payments to/(from) Sanofi:</b>			
Cost of product supply	4	81	245
Cost of products sold – Royalties	4	530	1,583
Equity in net income of affiliates	(183)	(201)	(298)
Other (income)/expense	(18)	(171)	72
Noncontrolling interest – pre-tax	36	844	2,323
<b>Selected Alliance Cash Flow information:</b>			
Distributions (to)/from Sanofi - Noncontrolling interest	43	(742)	(2,335)
Distributions from Sanofi - Investment in affiliates	149	229	283

**Selected Alliance Balance Sheet information:**

Dollars in Millions	December 31,	
	2013	2012
Investment in affiliates – territory covering Europe and Asia <sup>(a)</sup>	43	9
Noncontrolling interest	49	(30)

(a) Included in alliance receivables.

The following is summarized financial information for interests in the partnerships with Sanofi for the territory covering Europe and Asia, which are not consolidated but are accounted for using the equity method:

Dollars in Millions	Year Ended December 31,		
	2013	2012	2011
Net sales	\$ 395	\$ 1,077	\$ 1,469
Gross profit	319	453	658
Net income	\$ 313	\$ 394	\$ 562

Cost of products sold for the territory covering Europe and Asia includes discovery royalties of \$38 million in 2013, \$133 million in 2012 and \$184 million in 2011, which are paid directly to Sanofi. All other expenses are shared based on the applicable ownership percentages. Current assets and current liabilities include approximately \$108 million in 2013, \$293 million in 2012 and \$400 million in 2011 related to receivables/payables attributed to cash distributions to BMS and Sanofi as well as intercompany balances between partnerships within the territory. The remaining current assets and current liabilities consist of third-party trade receivables, inventories and amounts due to BMS and Sanofi for the purchase of inventories, royalties and expense reimbursements.

**Pfizer**

BMS and Pfizer Inc. (Pfizer) maintain a worldwide codevelopment and cocommercialization agreement for *Eliquis*, an anticoagulant discovered by BMS. Pfizer funds between 50% and 60% of all development costs depending on the study. The companies share commercialization expenses and profits and losses equally on a global basis. In certain countries not in the BMS global commercialization network, Pfizer will commercialize *Eliquis* alone and will pay BMS compensation based on a percentage of net sales.

Upon entering into the agreement, co-exclusive license rights for the product was granted to Pfizer in exchange for an upfront payment and potential milestone payments, and both parties assumed certain obligations to actively participate in the alliance. Both parties 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 manufactures the product in the alliance and is the principal in the end-customer product sales in substantially all countries.



We have determined that the rights transferred to Pfizer did not have standalone value as such rights were not sold separately by BMS or any other party, nor could Pfizer have received any benefit for the delivered rights without the fulfillment of other ongoing obligations by BMS under the alliance agreement, including the exclusive supply arrangement. As such, the global alliance was treated as a single unit of accounting. As a result, up-front proceeds and any subsequent contingent milestone proceeds were amortized over the life of the related product.

BMS received \$784 million in non-refundable upfront, milestone and other licensing payments related to *Eliquis* to date, including \$20 million received in January 2014, and could receive up to an additional \$100 million for development and regulatory milestones. Amortization of the *Eliquis* deferred income is included in other income as *Eliquis* was not a commercial product at the commencement of the alliance.

Summarized financial information related to this alliance was as follows:

Dollars in Millions	Year Ended December 31,		
	2013	2012	2011
<b>Revenues from Pfizer alliance:</b>			
Net product sales	\$ 144	\$ 2	\$ —
Alliance and other revenues	2	—	—
Total Revenues	146	2	—
<b>Payments to/(from) Pfizer:</b>			
Cost of products sold – Profit sharing	69	1	—
Cost reimbursements to/(from) Pfizer	4	(11)	(75)
Other (income)/expense – Amortization of deferred income	(41)	(37)	(33)
<b>Selected Alliance Cash Flow information:</b>			
Non-refundable upfront, milestone and other licensing payments receipts	205	20	65

**Selected Alliance Balance Sheet information:**

Dollars in Millions	December 31,	
	2013	2012
Deferred income	\$ 581	\$ 397

**Reckitt Benckiser Group**

In May 2013, BMS and Reckitt Benckiser Group plc (Reckitt) entered into a three-year alliance for several over-the-counter-products sold primarily in Mexico and Brazil. Net sales of these products were approximately \$100 million in 2012. Reckitt received the right to sell, distribute and market the products through May 2016 and will have certain responsibilities related to regulatory matters in the covered territory. BMS will receive royalties on net sales of the products and will also exclusively supply certain of the products to Reckitt pursuant to a supply agreement at cost plus a markup. Certain limited assets, including the market authorizations and certain employees directly attributed to the business, were transferred to Reckitt at the start of the alliance period. BMS retained ownership of all other assets related to the business including the trademarks covering the products.

BMS also granted Reckitt an option to acquire the trademarks, inventory and certain other assets exclusively related to the products at the end of the alliance period at a price determined based on a multiple of sales (plus the cost of any remaining inventory held by BMS at the time). If the option is not exercised, all assets previously transferred to Reckitt will revert back to BMS. The option may be exercised by Reckitt between May and November 2015, in which case closing would be expected to occur in May 2016.

Non-refundable upfront proceeds of \$485 million received by BMS were allocated to two units of accounting, including the rights transferred to Reckitt (\$376 million) and the fair value of the option to purchase the remaining assets (\$109 million) using the best estimate of the selling price for these elements after considering various market factors. These market factors included an analysis of any estimated excess of the fair value of the business over the potential purchase price if the option is exercised. The fair value of the option was determined using Level 3 inputs and included in other liabilities. Changes in the estimated fair value of the option liability were not significant in 2013. The amount allocated to the rights transferred to Reckitt is amortized as alliance and other revenue over the contractual term. Alliance and other revenue was \$116 million in 2013, including product supply and royalties.

## **The Medicines Company**

In February 2013, BMS and The Medicines Company entered into a two-year alliance for *Recothrom*, a recombinant thrombin for use as a topical hemostat to control non-arterial bleeding during surgical procedures (previously acquired by BMS in connection with its acquisition of ZymoGenetics, Inc in 2010). Net product sales of *Recothrom* were \$67 million in 2012. The Medicines Company received the right to sell, distribute and market *Recothrom* on a global basis for two years, and will have certain responsibilities related to regulatory matters in the covered territory. BMS will exclusively supply *Recothrom* to The Medicines Company pursuant to a supply agreement at cost plus a markup and will also receive royalties on net sales of *Recothrom*. Certain employees directly attributed to the business and certain assets were transferred to The Medicines Company at the start of the alliance period, including the *Recothrom* Biologics License Application and related regulatory assets. BMS retained all other assets related to *Recothrom* including the patents, trademarks and inventory.

BMS also granted The Medicines Company an option to acquire the patents, trademarks, inventory and certain other assets exclusively related to *Recothrom* at a price determined based on a multiple of sales (plus the cost of any remaining inventory held by BMS at that time). If the option is not exercised, all assets previously transferred to The Medicines Company will revert back to BMS. The option may be exercised by The Medicines Company between February and August 2014, in which case closing would be expected to occur in February 2015.

Non-refundable upfront proceeds of \$115 million received by BMS were allocated to two units of accounting, including the rights transferred to The Medicines Company (\$80 million) and the fair value of the option to purchase the remaining assets (\$35 million) using the best estimate of the selling price for these elements after considering various market factors. These market factors included an analysis of any estimated excess of the fair value of the business over the potential purchase price if the option is exercised. The fair value of the option was determined using Level 3 inputs and included in other liabilities. Changes in the estimated fair value of the option liability were not significant in 2013. The amount allocated to the rights transferred to The Medicines Company is amortized as alliance and other revenue over the contractual term. Alliance and other revenue was \$74 million in 2013, including product supply and royalties.

## **Valeant**

In October 2012, BMS and PharmaSwiss SA, a wholly-owned subsidiary of Valeant Pharmaceuticals International Inc. (Valeant) entered into an alliance for certain mature brand products in Europe. Valeant received the right to sell, distribute, and market the products in Europe through December 31, 2014 and will have certain responsibilities related to regulatory matters in the covered territory. During the alliance term, BMS will also exclusively supply the products to Valeant pursuant to a supply agreement at cost plus a markup.

BMS also granted Valeant an option to acquire the trademarks and intellectual property exclusively related to the products at a price determined based on a multiple of sales. If the option is not exercised, all rights transferred to Valeant will revert back to BMS. The option may be exercised by Valeant between January and June 2014, in which case closing would be expected to occur in December 2014.

Non-refundable upfront proceeds of \$79 million received by BMS were allocated to two units of accounting, including the rights transferred to Valeant (\$61 million) and the fair value of the option to purchase the remaining assets (\$18 million) using the best estimate of the selling price for these elements after considering various market factors. These market factors included an analysis of any estimated excess of the fair value of the business over the potential purchase price if the option is exercised. The fair value of the option was determined using Level 3 inputs and included in accrued expenses. Changes in the estimated fair value of the option liability were not significant in 2013 and 2012. The amount allocated to the rights transferred to Valeant is amortized as alliance and other revenue over the contractual term. Alliance and other revenue was \$49 million in 2013 and \$5 million in 2012, including product supply. Net product sales recognized during a transitional period were \$4 million in 2013 and \$5 million in 2012.

## **Note 4. ACQUISITIONS**

### *Amylin Pharmaceuticals, Inc. Acquisition*

On August 8, 2012, BMS completed its acquisition of the outstanding shares of Amylin, a biopharmaceutical company focused on the discovery, development and commercialization of innovative medicines to treat diabetes and other metabolic diseases. Acquisition costs of \$29 million were included in other expenses.

BMS obtained full U.S. commercialization rights to Amylin's two primary commercialized assets, *Bydureon*\*, a once-weekly diabetes treatment and *Byetta*\*, a daily diabetes treatment, both of which are glucagon-like peptide-1 (GLP-1) receptor agonists approved in certain countries to improve glycemic control in adults with type 2 diabetes. BMS also obtained full commercialization rights to *Symlin*\*, an amylinomimetic approved in the U.S. for adjunctive therapy to mealtime insulin to treat diabetes. Goodwill generated from this acquisition was primarily attributed to the expansion of our diabetes franchise.

IPRD was attributed to metreleptin, an analog of the human hormone leptin being studied and developed for the treatment of diabetes and/or hypertriglyceridemia in pediatric and adult patients with inherited or acquired lipodystrophy. The estimated useful life and the cash flows utilized to value metreleptin assumed initial positive cash flows to commence shortly after the expected receipt of regulatory approvals, subject to trial results.

See "—Note 5. Assets Held-For-Sale" for a discussion of the sale of the Company's diabetes business, including Amylin, to AstraZeneca which comprised our global diabetes alliance with them.

#### *Inhibitex, Inc. Acquisition*

On February 13, 2012, BMS completed its acquisition of the outstanding shares of Inhibitex, Inc. (Inhibitex), a clinical-stage biopharmaceutical company focused on developing products to prevent and treat serious infectious diseases. Acquisition costs of \$12 million were included in other expense.

BMS obtained Inhibitex's lead asset, INX-189, an oral nucleotide polymerase (NS5B) inhibitor in Phase II development for the treatment of chronic hepatitis C virus infections. Goodwill generated from this acquisition was primarily attributed to the potential to offer a full portfolio of therapy choices for hepatitis virus infections as well as to provide additional levels of sustainability to BMS's virology pipeline.

IPRD was primarily attributed to INX-189. INX-189 was expected to be most effective when used in combination therapy and it was assumed all market participants would inherently maintain franchise synergies attributed to maximizing the cash flows of their existing virology pipeline assets. The cash flows utilized to value INX-189 included such synergies and also assumed initial positive cash flows to commence shortly after the expected receipt of regulatory approvals, subject to trial results.

In August 2012, the Company discontinued development of INX-189 in the interest of patient safety. As a result, the Company recognized a non-cash, pre-tax impairment charge of \$1.8 billion related to the IPRD intangible asset in the third quarter of 2012. For further information discussion of the impairment charge, see "—Note 14. Goodwill and Other Intangible Assets."

#### *Amira Pharmaceuticals, Inc. Acquisition*

On September 7, 2011, BMS completed its acquisition of the outstanding shares of Amira Pharmaceuticals, Inc. (Amira) for \$325 million in cash plus three separate, contingent \$50 million payments due upon achievement of certain development and sales-based milestones. The first contingent payment was made in the fourth quarter of 2011. The purchase price of Amira includes the estimated fair value of the total contingent consideration of \$58 million, which was recorded in other liabilities. Acquisition costs of \$1 million were included in other expense. Amira was a privately-held biotechnology company primarily focused on the discovery and development of therapeutic products for the treatment of cardiovascular and fibrotic inflammatory diseases. The acquisition provides BMS with: 1) full rights to develop and commercialize AM152 which has completed Phase I clinical studies and the remainder of the Amira lysophosphatidic acid 1 receptor antagonist program; 2) researchers with fibrotic expertise; and 3) a pre-clinical autotaxin program. Goodwill generated from the acquisition was primarily attributed to acquired scientific expertise in fibrotic diseases allowing for expansion into a new therapeutic class.

The total consideration transferred and the allocation of the acquisition date fair values of assets acquired and liabilities assumed in the Amylin, Inhibitex, and Amira acquisitions were as follows:

Dollars in Millions

<b>Identifiable net assets:</b>	<b>Amylin</b>	<b>Inhibitex</b>	<b>Amira</b>
Cash	\$ 179	\$ 46	\$ 15
Marketable securities	108	17	—
Inventory	173	—	—
Property, plant and equipment	742	—	—
Developed technology rights	6,340	—	—
IPRD	120	1,875	160
Other assets	136	—	—
Debt obligations	(2,020)	(23)	—
Other liabilities	(339)	(10)	(16)
Deferred income taxes	(1,068)	(579)	(41)
Total identifiable net assets	4,371	1,326	118
Goodwill	847	1,213	265
Total consideration transferred	\$ 5,218	\$ 2,539	\$ 383

Cash paid for the acquisition of Amylin included payments of \$5,093 million to its outstanding common stockholders and \$219 million to holders of its stock options and restricted stock units (including \$94 million attributed to accelerated vesting that was accounted for as stock compensation expense in the third quarter of 2012).

The results of operations and cash flows from acquired companies are included in the consolidated financial statements as of the acquisition date. Pro forma supplemental financial information is not provided as the impacts of the acquisitions were not material to operating results in the year of acquisition. Goodwill, IPRD and all intangible assets valued in these acquisitions are non-deductible for tax purposes.

#### Note 5. ASSETS HELD-FOR-SALE

In February 2014, BMS sold to AstraZeneca the diabetes business of BMS which comprised our global alliance with them, including all rights and ownership to *Onglyza*, *Forxiga*, *Bydureon\**, *Byetta\**, *Symlin\** and metreleptin. The transaction included the shares of Amylin (previously acquired by BMS in August 2012), and the resulting transfer of its manufacturing facility in West Chester, Ohio; the intellectual property related to *Onglyza* and *Forxiga*; and the future purchase of BMS's manufacturing facility located in Mount Vernon, Indiana no earlier than 18 months following the closing of the transaction. Substantially all employees dedicated to the diabetes business were transferred to AstraZeneca upon the closing of the transaction.

As consideration for the transaction, AstraZeneca paid \$2.7 billion to BMS at closing, a \$600 million milestone in February 2014 for the approval of *Farxiga* in the U.S., and will make contingent regulatory and sales-based milestone payments of up to \$800 million and royalty payments based on net sales through 2025. In addition, AstraZeneca will make payments of up to \$225 million if and when certain assets are transferred including the Mount Vernon manufacturing site and the diabetes business in China.

The business was treated as a single disposal group held for sale as of December 31, 2013. No write-down was required as the fair value of the business less costs to sell exceeded the related carrying value. The following assets and liabilities of the diabetes business held-for-sale is presented separately from BMS's other accounts as of December 31, 2013.

Dollars in Millions	December 31, 2013
<b>Assets</b>	
Receivables	\$ 83
Inventories	163
Deferred income taxes - current	125
Prepaid expenses and other	20
Property, plant and equipment	678
Goodwill <sup>(a)</sup>	550
Other intangible assets	5,682
Other assets	119
<b>Total assets held-for-sale</b>	<b>7,420</b>
<b>Liabilities</b>	
Short-term borrowings and current portion of long-term debt	27
Accounts payable	30
Accrued expenses	148
Deferred income - current	352
Accrued rebates and returns	81
Deferred income - noncurrent	3,319
Deferred income taxes - noncurrent	946
Other liabilities	28
<b>Total liabilities related to assets held-for-sale</b>	<b>4,931</b>

(a) The allocation of goodwill was based on the relative fair value of the diabetes business (as of December 31, 2013) being divested to the Company's reporting unit.

The stock and asset purchase agreement contains multiple elements that will be delivered subsequent to the closing of the transaction. Each element of the transaction was determined to have standalone value and as a result, a portion of the consideration received at closing will be allocated to the undelivered elements using the relative selling price method including the China diabetes business, the Mount Vernon manufacturing facility, the development agreement and the incremental discount attributed to the supply agreement. The remaining amount of consideration received at closing will be included in the calculation of the estimated net gain on disposal.

All contingent consideration, including royalties and milestone payments, if and when received, will also be allocated to the underlying elements of the transaction on a relative selling price basis. Amounts allocated to the sale of the business will be immediately recognized. Amounts allocated to the other elements will either be recognized immediately or deferred, in whole or in part, to the extent each element has been delivered.

**Note 6. OTHER (INCOME)/EXPENSE**

Other (income)/expense includes:

Dollars in Millions	Year Ended December 31,		
	2013	2012	2011
Interest expense	\$ 199	\$ 182	\$ 145
Investment income	(104)	(106)	(91)
Provision for restructuring (See Note 7)	226	174	116
Litigation charges/(recoveries)	20	(45)	6
Equity in net income of affiliates	(166)	(183)	(281)
Out-licensed intangible asset impairment	—	38	—
Gain on sale of product lines, businesses and assets	(2)	(53)	(37)
Other income received from alliance partners, net	(148)	(312)	(140)
Pension curtailments and settlements	165	158	10
Other	15	67	(62)
Other (income)/expense	\$ 205	\$ (80)	\$ (334)

**Note 7. RESTRUCTURING**

The following is the provision for restructuring:

Dollars in Millions	Year Ended December 31,		
	2013	2012	2011
Employee termination benefits	\$ 211	\$ 145	\$ 85
Other exit costs	15	29	31
Provision for restructuring	\$ 226	\$ 174	\$ 116

Restructuring charges included termination benefits for workforce reductions of manufacturing, selling, administrative, and research and development personnel across all geographic regions of approximately 1,450 in 2013, 1,205 in 2012 and 822 in 2011.

The following table represents the activity of employee termination and other exit cost liabilities:

Dollars in Millions	Year Ended December 31,		
	2013	2012	2011
Liability at January 1	\$ 167	\$ 77	\$ 126
Charges	249	178	128
Change in estimates	(23)	(4)	(12)
Provision for restructuring	226	174	116
Foreign currency translation	4	(1)	2
Amylin acquisition	—	26	—
Liabilities related to assets held-for-sale	(67)	—	—
Spending	(228)	(109)	(167)
Liability at December 31	\$ 102	\$ 167	\$ 77

## Note 8. INCOME TAXES

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

Dollars in Millions	Year Ended December 31,		
	2013	2012	2011
<b>Current:</b>			
U.S.	\$ 375	\$ 627	\$ 864
Non-U.S.	427	442	442
Total Current	802	1,069	1,306
<b>Deferred:</b>			
U.S.	(390)	(1,164)	406
Non-U.S.	(101)	(66)	9
Total Deferred	(491)	(1,230)	415
Total Provision/(Benefit)	\$ 311	\$ (161)	\$ 1,721

### Effective Tax Rate

The reconciliation of the effective tax/(benefit) rate to the U.S. statutory Federal income tax rate was:

Dollars in Millions	% of Earnings Before Income Taxes					
	2013		2012		2011	
<b>Earnings/(Loss) before income taxes:</b>						
U.S.	\$ (135)		\$ (271)		\$ 4,336	
Non-U.S.	3,026		2,611		2,645	
Total	\$ 2,891		\$ 2,340		\$ 6,981	
U.S. statutory rate	1,012	35.0 %	819	35.0 %	2,443	35.0 %
Non-tax deductible annual pharmaceutical company fee	63	2.2 %	90	3.8 %	80	1.2 %
Foreign tax effect of certain operations in Ireland, Puerto Rico and Switzerland	(620)	(21.4)%	(688)	(29.4)%	(593)	(8.5)%
State and local taxes (net of valuation allowance)	25	0.9 %	20	0.9 %	33	0.5 %
U.S. Federal, state and foreign contingent tax matters	134	4.6 %	66	2.8 %	(161)	(2.3)%
U.S. Federal research and development tax credit	(181)	(6.3)%	—	—	(69)	(1.0)%
U.S. tax effect of capital losses	—	—	(392)	(16.7)%	—	—
Foreign and other	(122)	(4.2)%	(76)	(3.3)%	(12)	(0.2)%
	\$ 311	10.8 %	\$ (161)	(6.9)%	\$ 1,721	24.7 %

The change in the 2013 effective tax rate from 2012 was due to:

- A tax benefit in 2012 of \$392 million attributable to a capital loss deduction resulting from the tax insolvency of Inhibitex;
- Tax benefits attributable to higher impairment charges in 2012 (including an \$1,830 million impairment charge for the BMS-986094 intangible asset in the U.S.); and
- Higher charges from contingent tax matters (\$134 million in 2013 and \$66 million in 2012)

Partially offset by:

- Favorable earnings mix between high and low tax jurisdictions primarily attributable to lower *Plavix*\* revenues in 2013 and to a lesser extent the impact of an internal transfer of intellectual property in the fourth quarter of 2012; and
- A favorable impact on the current year rate from the legal enactment of the 2012 and 2013 research and development tax credit during 2013. The retroactive reinstatement of the 2012 research and development tax credit recognized in 2013 was \$82 million.

The change in the 2012 effective tax rate from 2011 was due to:

- A tax benefit of \$392 million attributable to a capital loss deduction resulting from the tax insolvency of Inhibitex; and
- Favorable earnings mix between high and low tax jurisdictions primarily attributed to lower *Plavix*\* revenues and a \$1,830 million impairment charge for BMS-986094 intangible asset in the U.S. and to a lesser extent, an internal transfer of intellectual property.

Partially offset by:

- Contingent tax matters which resulted in a \$66 million charge in 2012 and \$161 million benefit in 2011;
- An unfavorable impact on the current year rate from the delay in the legal enactment of the research and development tax credit, which was not extended as of December 31, 2012; and
- Changes in prior period estimates upon finalizing U.S. tax returns resulting in a \$54 million benefit in 2011.

#### *Deferred Taxes and Valuation Allowance*

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

Dollars in Millions	December 31,	
	2013	2012
<b>Deferred tax assets</b>		
Foreign net operating loss carryforwards	\$ 3,892	\$ 3,722
Milestone payments and license fees	483	550
Deferred income	2,168	2,083
U.S. capital losses	784	794
U.S. Federal net operating loss carryforwards	138	170
Pension and postretirement benefits	120	693
State net operating loss and credit carryforwards	377	346
Intercompany profit and other inventory items	495	288
U.S. Federal tax credit carryforwards	23	31
Other foreign deferred tax assets	187	197
Share-based compensation	107	111
Legal settlements	20	45
Repatriation of foreign earnings	49	86
Internal transfer of intellectual property	223	—
Other	357	344
<b>Total deferred tax assets</b>	<b>9,423</b>	<b>9,460</b>
Valuation allowance	(4,623)	(4,404)
<b>Net deferred tax assets</b>	<b>4,800</b>	<b>5,056</b>
<b>Deferred tax liabilities</b>		
Depreciation	(148)	(147)
Acquired intangible assets	(2,567)	(2,768)
Other	(780)	(734)
<b>Total deferred tax liabilities</b>	<b>(3,495)</b>	<b>(3,649)</b>
<b>Deferred tax assets, net</b>	<b>\$ 1,305</b>	<b>\$ 1,407</b>
Recognized as:		
Assets held-for-sale	\$ 125	\$ —
Deferred income taxes – current	1,701	1,597
Deferred income taxes – non-current	508	203
U.S. and foreign income taxes payable – current	(10)	(10)
Liabilities related to assets held-for-sale	(946)	—
Deferred income taxes – non-current	(73)	(383)
<b>Total</b>	<b>\$ 1,305</b>	<b>\$ 1,407</b>

The U.S. Federal net operating loss carryforwards were \$396 million at December 31, 2013. 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 U.S. Federal tax credit carryforwards expire in varying amounts beginning in 2017. The realization of the U.S. Federal tax credit carryforwards is dependent on generating sufficient domestic-sourced taxable income prior to their expiration. The capital loss available of \$2,196 million can be carried back to 2009 and carried forward to 2017. The foreign and state net operating loss carryforwards expire in varying amounts beginning in 2014 (certain amounts have unlimited lives).

Management has established a valuation allowance when a deferred tax asset is more likely than not to be realized. At December 31, 2013, a valuation allowance of \$4,623 million was established for the following items: \$3,849 million primarily for foreign net operating loss and tax credit carryforwards, \$378 million for state deferred tax assets including net operating loss and tax credit carryforwards, \$13 million for U.S. Federal net operating loss carryforwards and \$383 million for U.S. Federal capital losses.

Changes in the valuation allowance were as follows:

Dollars in Millions	Year Ended December 31,		
	2013	2012	2011
Balance at beginning of year	\$ 4,404	\$ 3,920	\$ 1,863
Provision	252	494	2,410
Utilization	(68)	(145)	(135)
Foreign currency translation	40	39	(222)
Acquisitions	(5)	9	6
Balance at end of year	\$ 4,623	\$ 4,404	\$ 3,920

Income tax payments were \$478 million in 2013, \$676 million in 2012 and \$597 million in 2011. The current tax benefit realized as a result of stock related compensation credited to capital in excess of par value of stock was \$129 million in 2013, \$71 million in 2012 and \$47 million in 2011.

U.S. taxes have not been provided on approximately \$24 billion of undistributed earnings of foreign subsidiaries as these undistributed earnings are indefinitely invested offshore at December 31, 2013. Additional tax provisions will be required if these earnings are repatriated in the future to the U.S. or if such earnings are determined to be remitted in the foreseeable future. Due to complexities in the tax laws and assumptions that would have to be made, it is not practicable to estimate the amounts of income taxes that will have to be provided. As a result, BMS has favorable tax rates in Ireland and Puerto Rico under grants not scheduled to expire prior to 2023.

Business is conducted in various countries throughout the world and is subject to tax in numerous jurisdictions. A significant number of tax returns are filed and 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 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. The effect of changes in estimates related to contingent tax liabilities is included in the effective tax rate reconciliation above.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits is as follows:

Dollars in Millions	Year Ended December 31,		
	2013	2012	2011
Balance at beginning of year	\$ 642	\$ 628	\$ 845
Gross additions to tax positions related to current year	74	46	44
Gross additions to tax positions related to prior years	108	6	105
Gross additions to tax positions assumed in acquisitions	—	31	1
Gross reductions to tax positions related to prior years	(87)	(57)	(325)
Settlements	26	(54)	(30)
Reductions to tax positions related to lapse of statute	(8)	(19)	(7)
Cumulative translation adjustment	1	1	(5)
Balance at end of year	\$ 756	\$ 642	\$ 628



Additional information regarding unrecognized tax benefits is as follows:

Dollars in Millions	Year Ended December 31,		
	2013	2012	2011
Unrecognized tax benefits that if recognized would impact the effective tax rate	\$ 508	\$ 633	\$ 570
Accrued interest	83	59	51
Accrued penalties	34	32	25
Interest expense	24	14	10
Penalty expense	3	16	7

Uncertain tax benefits reduce deferred tax assets to the extent the uncertainty directly related to that asset; otherwise, they are recognized as either current or non-current U.S. and foreign income taxes payable. Accrued interest and penalties payable for unrecognized tax benefits are included in either current or non-current U.S. and foreign 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, including but not limited to the major tax jurisdictions listed in the table below, which have proposed adjustments to tax for issues such as transfer pricing, certain tax credits and the deductibility of certain expenses. BMS estimates that it is reasonably possible that the total amount of unrecognized tax benefits at December 31, 2013 will decrease in the range of approximately \$350 million to \$400 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, primarily settlement related, will involve the payment of additional taxes, the adjustment of certain deferred taxes and/or the recognition of tax benefits. BMS also anticipates that it is reasonably possible that new issues will be raised by tax authorities which may require increases to the balance of 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:

U.S.	2008 to 2013
Canada	2006 to 2013
France	2011 to 2013
Germany	2007 to 2013
Italy	2003 to 2013
Mexico	2006 to 2013

#### Note 9. EARNINGS PER SHARE

Amounts in Millions, Except Per Share Data	Year Ended December 31,		
	2013	2012	2011
Net Earnings Attributable to BMS	\$ 2,563	\$ 1,960	\$ 3,709
Earnings attributable to unvested restricted shares	—	(1)	(8)
Net Earnings Attributable to BMS common shareholders	\$ 2,563	\$ 1,959	\$ 3,701
Earnings per share - basic	\$ 1.56	\$ 1.17	\$ 2.18
Weighted-average common shares outstanding - basic	1,644	1,670	1,700
Contingently convertible debt common stock equivalents	1	1	1
Incremental shares attributable to share-based compensation plans	17	17	16
Weighted-average common shares outstanding - diluted	1,662	1,688	1,717
Earnings per share - diluted	\$ 1.54	\$ 1.16	\$ 2.16
Anti-dilutive weighted-average equivalent shares - stock incentive plans	—	2	13

## Note 10. 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 values of financial instruments are classified into one of the following categories:

Level 1 inputs utilize non-binding quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs. These instruments include U.S. treasury securities.

Level 2 inputs utilize observable prices for similar instruments, non-binding quoted prices for identical or similar instruments in markets that are not active, and other observable inputs that can be corroborated by market data for substantially the full term of the assets or liabilities. These instruments include corporate debt securities, certificates of deposit, money market funds, foreign currency forward contracts, interest rate swap contracts, equity funds, fixed income funds and long-term debt. Additionally, certain corporate debt securities utilize a third-party matrix pricing model that uses 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 and are valued at the respective net asset value of the underlying investments. There were no significant unfunded commitments or restrictions on redemptions related to equity and fixed income funds as of December 31, 2013. Level 2 derivative instruments are valued using London Interbank Offered Rate (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 period-to-period due to volatility in underlying foreign currencies and underlying interest rates, which are driven by market conditions and the duration of the contract. Credit adjustment volatility may have a significant impact on the valuation of interest rate swaps due to changes in counterparty credit ratings and credit default swap spreads.

Level 3 unobservable inputs are used when little or no market data is available. The fair value of written options to sell the assets of certain businesses in connection with alliance agreements (see “—Note 3. Alliances” for further discussion) is based on an option pricing methodology that considers revenue and profitability projections, volatility, discount rates, and potential exercise price assumptions. The fair value of contingent consideration related to an acquisition (See “—Note 4. Acquisitions”) was estimated utilizing a model that considered the probability of achieving each milestone and discount rates. Valuation models for the Auction Rate Security (ARS) and Floating Rate Security (FRS) portfolio are based on expected cash flow streams and collateral values including assessments of counterparty credit quality, default risk underlying the security, discount rates and overall capital market liquidity. The fair value of the ARS and FRS was not material at December 31, 2013 and 2012.

Financial assets and liabilities measured at fair value on a recurring basis are summarized below:

Dollars in Millions	December 31, 2013				December 31, 2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Cash and cash equivalents - Money market and other securities</b>	\$ —	\$ 3,201	\$ —	\$ 3,201	\$ —	\$ 1,288	\$ —	\$ 1,288
<b>Marketable securities</b>								
Certificates of deposit	—	122	—	122	—	34	—	34
Corporate debt securities	—	4,432	—	4,432	—	4,377	—	4,377
U.S. Treasury securities	—	—	—	—	150	—	—	150
Equity funds	—	74	—	74	—	57	—	57
Fixed income funds	—	46	—	46	—	47	—	47
ARS and FRS	—	—	12	12	—	—	31	31
<b>Derivative assets:</b>								
Interest rate swap contracts	—	64	—	64	—	146	—	146
Foreign currency forward contracts	—	50	—	50	—	59	—	59
<b>Derivative liabilities:</b>								
Interest rate swap contracts	—	(27)	—	(27)	—	—	—	—
Foreign currency forward contracts	—	(35)	—	(35)	—	(30)	—	(30)
<b>Written option liabilities<sup>(a)</sup></b>	—	—	(162)	(162)	—	—	(18)	(18)
<b>Contingent consideration liability<sup>(b)</sup></b>	—	—	(8)	(8)	—	—	(8)	(8)

(a) Written option liabilities of \$18 million and \$144 million are included in accrued expenses and other liabilities, respectively. See "Note 3. Alliances" for further information.

(b) The contingent consideration liability is included in other liabilities. See "Note 4. Acquisitions" for further information.

The following table summarizes the activity the financial assets utilizing Level 3 fair value measurements:

Dollars in Millions	2013			2012		
	Written option liabilities	Contingent consideration liability	ARS and FRS	Written option liabilities	Contingent consideration liability	ARS and FRS
Fair value at January 1	\$ (18)	\$ (8)	\$ 31	\$ —	\$ (8)	\$ 110
Additions from new alliances	(144)	—	—	(18)	—	—
Unrealized gains	—	—	1	—	—	2
Sales	—	—	(20)	—	—	(81)
Fair value at December 31	\$ (162)	\$ (8)	\$ 12	\$ (18)	\$ (8)	\$ 31

#### Available-for-sale Securities

The following table summarizes available-for-sale securities:

Dollars in Millions	Amortized Cost	Gross Unrealized Gain in Accumulated OCI	Gross Unrealized Loss in Accumulated OCI	Fair Value
<b>December 31, 2013</b>				
Certificates of deposit	\$ 122	\$ —	\$ —	\$ 122
Corporate debt securities	4,401	44	(13)	4,432
ARS	9	3	—	12
<b>Total</b>	<b>4,532</b>	<b>47</b>	<b>(13)</b>	<b>4,566</b>
<b>December 31, 2012</b>				
Certificates of deposit	\$ 34	\$ —	\$ —	\$ 34
Corporate debt securities	4,305	72	—	4,377
U.S. Treasury securities	150	—	—	150
ARS and FRS	29	3	(1)	31
<b>Total</b>	<b>4,518</b>	<b>75</b>	<b>(1)</b>	<b>4,592</b>

Available-for-sale securities included in current marketable securities were \$819 million at December 31, 2013. Non-current available-for-sale corporate debt securities maturing within five years were \$3,735 million at December 31, 2013. Auction rate securities maturing beyond 10 years were \$12 million at December 31, 2013.

#### Fair Value Option for Financial Assets

The Company invests in equity and fixed income funds that are designed to offset the changes in fair value of certain employee retirement benefits. Investments in equity and fixed income funds are included in current marketable securities and were \$74 million and \$46 million, respectively, at December 31, 2013 and \$57 million and \$47 million, respectively, at December 31, 2012. Investment income resulting from the change in fair value for the investments in equity and fixed income funds was \$14 million in 2013 and \$5 million in 2012.

#### Qualifying Hedges

The following summarizes the fair value of outstanding derivatives:

Dollars in Millions	Balance Sheet Location	December 31, 2013		December 31, 2012	
		Notional	Fair Value	Notional	Fair Value
<i>Derivatives designated as hedging instruments:</i>					
Interest rate swap contracts	Other assets	\$ 673	\$ 64	\$ 573	\$ 146
Interest rate swap contracts	Other liabilities	1,950	(27)	—	—
Foreign currency forward contracts	Prepaid expenses and other	301	44	—	—
Foreign currency forward contracts	Other assets	100	6	735	59
Foreign currency forward contracts	Accrued expenses	704	(31)	916	(30)
Foreign currency forward contracts	Other liabilities	263	(4)	—	—

*Cash Flow Hedges* — Foreign currency forward contracts are primarily utilized to hedge forecasted intercompany inventory purchase transactions in certain foreign currencies. These forward contracts are designated as cash flow hedges with the effective portion of changes in fair value being temporarily reported in accumulated OCI and recognized in earnings when the hedged item affects earnings. The net gains on foreign currency forward contracts are expected to be reclassified to cost of products sold within the next two years, including \$14 million of pre-tax gains to be reclassified within the next 12 months. The notional amount of outstanding foreign currency forward contracts was primarily attributed to the Euro (\$780 million) and Japanese yen (\$247 million) at December 31, 2013.

Cash flow hedge accounting is discontinued when the forecasted transaction is no longer probable of occurring on the originally forecasted date, or 60 days thereafter, 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. Any ineffective portion of the change in fair value is included in current period earnings. The earnings impact related to discontinued cash flow hedges and hedge ineffectiveness was not significant during all periods presented.

*Net Investment Hedges* — Non-U.S. dollar borrowings of €541 million (\$741 million) are designated to hedge the foreign 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 gains or losses on the remeasurement of the debt is recognized in the foreign currency translation component of accumulated OCI with the related offset in long term debt.

*Fair Value Hedges* — Fixed-to-floating interest rate swap contracts are designated as fair value hedges and are used as part of an interest rate risk management strategy to create an appropriate balance of fixed and floating rate debt. The swaps and underlying debt for the benchmark risk being hedged are recorded at fair value. The effective interest rate paid on fixed-to-floating interest rate swaps is one-month LIBOR (0.17% as of December 31, 2013) plus an interest rate spread ranging from (0.8)% to 4.4%. When the underlying swap is terminated prior to maturity, the fair value basis adjustment to the underlying debt instrument is amortized into earnings as a reduction to interest expense over the remaining life of the debt.

Fixed-to-floating interest rate swap contracts were executed in 2013 to convert \$2,050 million notional amount from fixed rate to variable rate debt.

During 2011, fixed-to-floating interest rate swap contracts of \$1.6 billion notional amount and €1.0 billion notional amount were terminated generating total proceeds of \$356 million (including accrued interest of \$66 million).

## Debt Obligations

Short-term borrowings and the current portion of long-term debt includes:

Dollars in Millions	December 31,	
	2013	2012
Bank drafts and short-term borrowings	\$ 359	\$ 162
Current portion of long-term debt	—	664
<b>Total</b>	<b>\$ 359</b>	<b>\$ 826</b>

Long-term debt and the current portion of long-term debt includes:

Dollars in Millions	December 31,	
	2013	2012
<b>Principal Value:</b>		
5.25% Notes due 2013	\$ —	\$ 597
4.375% Euro Notes due 2016	684	659
0.875% Notes due 2017	750	750
5.45% Notes due 2018	582	582
1.75% Notes due 2019	500	—
4.625% Euro Notes due 2021	684	659
2.000% Notes due 2022	750	750
7.15% Debentures due 2023	304	304
3.250% Notes due 2023	500	—
6.80% Debentures due 2026	330	330
5.875% Notes due 2036	625	625
6.125% Notes due 2038	480	480
3.250% Notes due 2042	500	500
4.500% Notes due 2044	500	—
6.88% Debentures due 2097	260	260
0% - 5.75% Other - maturing 2014 - 2030	144	135
<b>Subtotal</b>	<b>7,593</b>	<b>6,631</b>
<b>Adjustments to Principal Value:</b>		
Fair value of interest rate swap contracts	37	146
Unamortized basis adjustment from swap terminations	442	509
Unamortized bond discounts	(64)	(54)
<b>Total</b>	<b>\$ 8,008</b>	<b>\$ 7,232</b>
Current portion of long-term debt <sup>(a)</sup>	\$ 27	\$ 664
<b>Long-term debt</b>	<b>7,981</b>	<b>6,568</b>

(a) Included in liabilities related to assets held-for-sale at December 31, 2013.

Included in other debt is \$49 million of Floating Rate Convertible Senior Debentures due 2023 which can be redeemed by the holders at par on September 15, 2018 or if a fundamental change in ownership occurs. The Debentures are callable at par at any time by the Company. The Debentures have a current conversion price of \$39.58, equal to a conversion rate of 25.2623 shares for each \$1,000 principal amount, subject to certain anti-dilutive adjustments.

The average amount of commercial paper outstanding was \$259 million at a weighted-average interest rate of 0.12% during 2013. The maximum month end amount of commercial paper outstanding was \$820 million with no outstanding borrowings at December 31, 2013.

During the fourth quarter of 2013, \$1.5 billion of senior unsecured notes were issued: \$500 million in aggregate principal amount of 1.750% Notes due 2019, \$500 million in aggregate principal amount of 3.250% Notes due 2023 and \$500 million in aggregate principal amount of 4.500% Notes due 2044 in a registered public offering. Interest on the notes will be paid semi-annually. The notes rank equally in right of payment with all of BMS's existing and future senior unsecured indebtedness. BMS may redeem the notes, in whole or in part, at any time at a predetermined redemption price. The net proceeds of the note issuances were \$1,477 million, which is net of a discount of \$12 million and deferred loan issuance costs of \$11 million.

During the third quarter of 2012, \$2.0 billion of senior unsecured notes were issued: \$750 million in aggregate principal amount of 0.875% Notes due 2017, \$750 million in aggregate principal amount of 2.000% Notes due 2022 and \$500 million in aggregate principal amount of 3.250% Notes due 2042 in a registered public offering. Interest on the notes will be paid semi-annually. The notes rank equally in right of payment with all of BMS's existing and future senior unsecured indebtedness. BMS may redeem the notes, in whole or in part, at any time at a predetermined redemption price. The net proceeds of the note issuances were \$1,950 million, which is net of a discount of \$36 million and deferred loan issuance costs of \$14 million.

The \$597 million principal amount of 5.25% Notes Due 2013 matured and was repaid in the third quarter of 2013. Substantially all of the \$2.0 billion debt obligations assumed in the acquisition of Amylin were repaid during the third quarter of 2012, including a promissory note with Lilly with respect to a revenue sharing obligation and Amylin senior notes due 2014. In January 2014, notices were provided to the holders of the 5.45% Notes due 2018 that BMS will exercise its call option to redeem the notes in their entirety in February 2014. The outstanding principal amount of the notes is \$582 million.

The principal value of long-term debt obligations was \$7,593 million at December 31, 2013, of which \$27 million is due in 2014, \$684 million is due in 2016, \$750 million is due in 2017, \$631 million is due in 2018 and the remaining \$5,501 million is due in 2019 or thereafter. The fair value of long-term debt was \$8,487 million and \$8,285 million at December 31, 2013 and 2012, respectively, and was estimated 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.

There were no debt repurchases in 2013. Debt repurchase activity for 2012 and 2011, including repayment of the Amylin debt obligations, was as follows:

Dollars in Millions	2012	2011
Principal amount	\$ 2,052	\$ 71
Carrying value	2,081	88
Repurchase price	2,108	78
Notional amount of interest rate swap contracts terminated	6	34
Swap termination proceeds	2	6
Total loss/(gain)	27	(10)

Interest payments were \$268 million in 2013, \$241 million in 2012 and \$171 million in 2011 net of amounts related to interest rate swap contracts.

BMS has two separate \$1.5 billion five-year revolving credit facilities from a syndicate of lenders. The facilities provide for customary terms and conditions with no financial covenants and are extendable on any anniversary date with the consent of the lenders. No borrowings were outstanding under either revolving credit facility at December 31, 2013 or 2012.

At December 31, 2013, \$633 million of financial guarantees were provided in the form of stand-by letters of credit and performance bonds. The stand-by letters of credit are issued through financial institutions in support of guarantees made by BMS and its affiliates for various obligations. The performance bonds were 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. A significant majority of the outstanding financial guarantees will expire within the year and are not expected to be funded.

#### Note 11. RECEIVABLES

Receivables include:

Dollars in Millions	December 31,	
	2013	2012
Trade receivables	\$ 1,779	\$ 1,812
Less allowances	(89)	(104)
Net trade receivables	1,690	1,708
Alliance partners receivables	1,122	857
Prepaid and refundable income taxes	262	319
Miscellaneous receivables	286	199
Receivables	\$ 3,360	\$ 3,083

Non-U.S. receivables sold on a nonrecourse basis were \$1,031 million in 2013, \$956 million in 2012, and \$1,077 million in 2011. In the aggregate, receivables from three pharmaceutical wholesalers in the U.S. represented 40% and 37% of total trade receivables at December 31, 2013 and 2012, respectively.

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

Dollars in Millions	Year Ended December 31,		
	2013	2012	2011
Balance at beginning of year	\$ 104	\$ 147	\$ 107
Provision	720	832	1,094
Utilization	(731)	(875)	(1,054)
Assets held-for-sale	(4)	—	—
Balance at end of year	\$ 89	\$ 104	\$ 147

#### Note 12. INVENTORIES

Inventories include:

Dollars in Millions	December 31,	
	2013	2012
Finished goods	\$ 491	\$ 572
Work in process	757	814
Raw and packaging materials	250	271
Inventories	\$ 1,498	\$ 1,657

Inventories expected to remain on-hand beyond one year are included in other assets and were \$351 million at December 31, 2013 and \$424 million at December 31, 2012.

#### Note 13. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment includes:

Dollars in Millions	December 31,	
	2013	2012
Land	\$ 109	\$ 114
Buildings	4,748	4,963
Machinery, equipment and fixtures	3,699	3,695
Construction in progress	287	611
Gross property, plant and equipment	8,843	9,383
Less accumulated depreciation	(4,264)	(4,050)
Property, plant and equipment	\$ 4,579	\$ 5,333

Property, plant and equipment related to the Mount Vernon, Indiana manufacturing facility was approximately \$300 million as of December 31, 2013. The facility is expected to be sold no earlier than 18 months following the closing of the diabetes business transaction. It was not included in assets held-for-sale because the assets were not available for immediate sale in their present condition and are not expected to be sold within a year. See "—Note 3. Alliances" for further discussion on the sale of the diabetes business.

Depreciation expense was \$453 million in 2013, \$382 million in 2012 and \$448 million in 2011.

#### Note 14. GOODWILL AND OTHER INTANGIBLE ASSETS

Changes in the carrying amount of goodwill were as follows:

Dollars in Millions	December 31,	
	2013	2012
Carrying amount of goodwill at January 1	\$ 7,635	\$ 5,586
Acquisitions:		
Inhibitex	—	1,213
Amylin	11	836
Assets held-for-sale	(550)	—
Carrying amount of goodwill at December 31	\$ 7,096	\$ 7,635

In the first quarter of 2013, the purchase price allocation was finalized for the Amylin acquisition resulting in an \$11 million adjustment to goodwill and deferred income taxes. Goodwill of \$550 million was allocated to the sale of the diabetes business and included in assets held-for-sale. See “—Note 5. Assets Held-For-Sale” for further discussion.

Other intangible assets include:

Dollars in Millions	Estimated Useful Lives	December 31, 2013			December 31, 2012		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Licenses	5 – 15 years	\$ 1,162	\$ 637	\$ 525	\$ 1,160	\$ 534	\$ 626
Developed technology rights	9 – 15 years	2,486	1,482	1,004	8,827	1,604	7,223
Capitalized software	3 – 10 years	1,240	999	241	1,200	939	261
Total finite-lived intangible assets		4,888	3,118	1,770	11,187	3,077	8,110
IPRD		548	—	548	668	—	668
Total other intangible assets		\$ 5,436	\$ 3,118	\$ 2,318	\$ 11,855	\$ 3,077	\$ 8,778

Changes in other intangible assets were as follows:

Dollars in Millions	2013	2012	2011
Other intangible assets carrying amount at January 1	\$ 8,778	\$ 3,124	\$ 3,370
Capitalized software and other additions	80	60	75
Acquisitions	—	8,335	160
Amortization expense	(858)	(607)	(353)
Impairment charges	—	(2,134)	(30)
Assets held-for-sale	(5,682)	—	—
Other	—	—	(98)
Other intangible assets, net carrying amount at December 31	\$ 2,318	\$ 8,778	\$ 3,124

Developed technology rights of \$5,562 million and IPRD of \$120 million related to the sale of the diabetes business were reclassified to assets held-for-sale as of December 31, 2013. See “—Note 5. Assets Held-For-Sale” for further discussion.

Annual amortization expense of other intangible assets is expected to be approximately \$300 million in 2014, \$200 million in 2015, \$200 million in 2016, \$200 million in 2017, \$150 million in 2018 and \$720 million thereafter.

BMS announced the discontinued development of BMS-986094 (formerly known as INX-189), a nucleotide polymerase (NS5B) inhibitor that was in Phase II development for the treatment of the hepatitis C virus infection in August 2012. The decision was made in the interest of patient safety, based on a rapid, thorough and ongoing assessment of patients in a Phase II study that was voluntarily suspended on August 2012. BMS acquired BMS-986094 with its acquisition of Inhibitex in February 2012. As a result of the termination of this development program, a \$1,830 million pre-tax impairment charge was recognized for the IPRD intangible asset.

An impairment charge of \$120 million was recognized in 2012 related to continued competitive pricing pressures and a partial write-down to fair value of developed technology rights related to a previously acquired non-key product.



**Note 15. ACCRUED EXPENSES**

Accrued expenses include:

Dollars in Millions	December 31,	
	2013	2012
Employee compensation and benefits	\$ 735	\$ 844
Royalties	173	152
Accrued research and development	380	418
Restructuring - current	73	120
Pension and postretirement benefits	47	49
Accrued litigation	65	162
Other	679	828
Total accrued expenses	\$ 2,152	\$ 2,573

**Note 16. SALES REBATES AND RETURN ACCRUALS**

Reductions to trade receivables and accrued rebates and returns liabilities are as follows:

Dollars in Millions	December 31,	
	2013	2012
Charge-backs related to government programs	\$ 37	\$ 41
Cash discounts	12	13
Reductions to trade receivables	\$ 49	\$ 54
Managed healthcare rebates and other contract discounts	\$ 147	\$ 175
Medicaid rebates	227	351
Sales returns	279	345
Other adjustments	236	183
Accrued rebates and returns	\$ 889	\$ 1,054

**Note 17. DEFERRED INCOME**

Deferred income includes:

Dollars in Millions	December 31,	
	2013	2012
Upfront, milestone and other licensing receipts	\$ 970	\$ 4,346
<i>Atripla</i> * deferred revenue	468	339
Gain on sale-leaseback transactions	71	99
Other	16	65
Total deferred income	\$ 1,525	\$ 4,849
Current portion	\$ 756	\$ 825
Non-current portion	769	4,024

Upfront, milestone and other licensing receipts are amortized over the expected life of the product. For further information pertaining to upfront, milestone and other licensing receipts and deferred revenue related to *Atripla*\*, see “—Note 3. Alliances”. Deferred gains on several sale-leaseback transactions are amortized over the remaining lease terms of the related facilities through 2018. Amortization of deferred income was \$548 million in 2013, \$308 million in 2012 and \$173 million in 2011.

Deferred income of \$3,671 million was included in liabilities related to assets held-for-sale at December 31, 2013. See “—Note 5. Assets Held-For-Sale” for further discussion.

**Note 18. EQUITY**

Dollars and Shares in Millions	Common Stock		Capital in Excess of Par Value of Stock	Retained Earnings	Treasury Stock		Noncontrolling Interest
	Shares	Par Value			Shares	Cost	
Balance at January 1, 2011	2,205	\$ 220	\$ 3,682	\$ 31,636	501	\$ (17,454)	\$ (75)
Net earnings	—	—	—	3,709	—	—	2,333
Cash dividends declared	—	—	—	(2,276)	—	—	—
Stock repurchase program	—	—	—	—	42	(1,226)	—
Employee stock compensation plans	—	—	(568)	—	(28)	1,278	—
Other comprehensive income attributable to noncontrolling interest	—	—	—	—	—	—	7
Distributions	—	—	—	—	—	—	(2,354)
Balance at December 31, 2011	2,205	220	3,114	33,069	515	(17,402)	(89)
Net earnings	—	—	—	1,960	—	—	850
Cash dividends declared	—	—	—	(2,296)	—	—	—
Stock repurchase program	—	—	—	—	73	(2,407)	—
Employee stock compensation plans	3	1	(420)	—	(18)	986	—
Other comprehensive income attributable to noncontrolling interest	—	—	—	—	—	—	(6)
Distributions	—	—	—	—	—	—	(740)
Balance at December 31, 2012	2,208	221	2,694	32,733	570	(18,823)	15
Net earnings	—	—	—	2,563	—	—	38
Cash dividends declared	—	—	—	(2,344)	—	—	—
Stock repurchase program	—	—	—	—	11	(413)	—
Employee stock compensation plans	—	—	(772)	—	(22)	1,436	—
Distributions	—	—	—	—	—	—	29
Balance at December 31, 2013	2,208	\$ 221	\$ 1,922	\$ 32,952	559	\$ (17,800)	\$ 82

Treasury stock is recognized at the cost to reacquire the shares. Shares issued from treasury are recognized utilizing the first-in first-out method.

In May 2010, the Board of Directors authorized the repurchase of up to \$3.0 billion of common stock. In June 2012, the Board of Directors increased its authorization for the repurchase of stock by an additional \$3.0 billion. The repurchase program does not have an expiration date and we may consider future repurchases.

Noncontrolling interest is primarily related to the *Plavix\** and *Avapro\*/Avalide\** partnerships with Sanofi for the territory covering the Americas. Net earnings attributable to noncontrolling interest are presented net of taxes of \$20 million in 2013, \$317 million in 2012 and \$792 million in 2011 with a corresponding increase to the provision for income taxes. Distribution of the partnership profits to Sanofi and Sanofi's funding of ongoing partnership operations occur on a routine basis. The above activity includes the pre-tax income and distributions related to these partnerships.

The components of other comprehensive income/(loss) were as follows:

Dollars in Millions	Pretax	Tax	After Tax
<b>2011</b>			
Derivatives qualifying as cash flow hedges: <sup>(a)</sup>			
Unrealized gains	\$ 28	\$ (4)	\$ 24
Reclassified to net earnings	52	(20)	32
Derivatives qualifying as cash flow hedges	80	(24)	56
Pension and other postretirement benefits:			
Actuarial losses	(1,251)	421	(830)
Amortization <sup>(b)</sup>	115	(34)	81
Settlements and curtailments <sup>(c)</sup>	11	(4)	7
Pension and other postretirement benefits	(1,125)	383	(742)
Available for sale securities, unrealized gains	35	(7)	28
Foreign currency translation	(16)	—	(16)
	<u>\$ (1,026)</u>	<u>\$ 352</u>	<u>\$ (674)</u>
<b>2012</b>			
Derivatives qualifying as cash flow hedges: <sup>(a)</sup>			
Unrealized gains	\$ 26	\$ (17)	\$ 9
Reclassified to net earnings	(56)	20	(36)
Derivatives qualifying as cash flow hedges	(30)	3	(27)
Pension and other postretirement benefits:			
Actuarial losses	(432)	121	(311)
Amortization <sup>(b)</sup>	133	(43)	90
Settlements and curtailments <sup>(c)</sup>	159	(56)	103
Pension and other postretirement benefits	(140)	22	(118)
Available for sale securities:			
Unrealized gains	20	(8)	12
Realized gains <sup>(d)</sup>	(11)	2	(9)
Available for sale securities	9	(6)	3
Foreign currency translation	(15)	—	(15)
	<u>\$ (176)</u>	<u>\$ 19</u>	<u>\$ (157)</u>
<b>2013</b>			
Derivatives qualifying as cash flow hedges: <sup>(a)</sup>			
Unrealized gains	\$ 58	\$ (17)	\$ 41
Reclassified to net earnings	(56)	22	(34)
Derivatives qualifying as cash flow hedges	2	5	7
Pension and other postretirement benefits:			
Actuarial gains	1,475	(504)	971
Amortization <sup>(b)</sup>	129	(43)	86
Settlements <sup>(c)</sup>	165	(56)	109
Pension and other postretirement benefits	1,769	(603)	1,166
Available for sale securities:			
Unrealized losses	(35)	3	(32)
Realized gains <sup>(d)</sup>	(8)	3	(5)
Available for sale securities	(43)	6	(37)
Foreign currency translation	(75)	—	(75)
	<u>\$ 1,653</u>	<u>\$ (592)</u>	<u>\$ 1,061</u>

(a) Reclassifications to net earnings of derivatives qualifying as effective hedges are recognized in costs of products sold.

(b) Actuarial losses and prior service cost/(credits) are amortized into cost of products sold, research and development, and marketing, selling and administrative expenses.

(c) Pension settlements and curtailments are recognized in other (income)/expense.

(d) Realized (gains)/losses on available for sale securities are recognized in other (income)/expense.

The accumulated balances related to each component of other comprehensive income/(loss), net of taxes, were as follows:

Dollars in Millions	December 31,	
	2013	2012
Derivatives qualifying as cash flow hedges	\$ 16	\$ 9
Pension and other postretirement benefits	(1,857)	(3,023)
Available for sale securities	28	65
Foreign currency translation	(328)	(253)
Accumulated other comprehensive income/(loss)	\$ (2,141)	\$ (3,202)

#### Note 19. PENSION, POSTRETIREMENT AND POSTEMPLOYMENT LIABILITIES

The Company and certain of its subsidiaries sponsor 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, which covers most U.S. employees and represents approximately 71% and 64% of the consolidated pension plan assets and obligations respectively. The funding policy is to contribute at least the minimum amount required by the Employee Retirement Income Security Act of 1974 (ERISA). Plan benefits are based primarily on the participant's years of credited service and final average compensation. Plan assets consist principally of equity and fixed-income securities.

Comprehensive medical and group life benefits are provided for substantially all U.S. retirees who elect to participate in comprehensive medical and group life plans. 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. Similar plans exist for employees in certain countries outside of the U.S.

The net periodic benefit (credit)/cost of defined benefit pension and postretirement benefit plans includes:

Dollars in Millions	Pension Benefits			Other Benefits		
	2013	2012	2011	2013	2012	2011
Service cost — benefits earned during the year	\$ 38	\$ 32	\$ 43	\$ 8	\$ 8	\$ 8
Interest cost on projected benefit obligation	302	319	337	13	22	26
Expected return on plan assets	(519)	(508)	(464)	(26)	(25)	(26)
Amortization of prior service credits	(4)	(3)	(1)	(2)	(2)	(3)
Amortization of net actuarial loss	134	129	112	1	10	7
Curtailments	—	(1)	(3)	—	—	(1)
Settlements	165	160	15	—	—	—
Total net periodic benefit (credit)/cost	\$ 116	\$ 128	\$ 39	\$ (6)	\$ 13	\$ 11

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 2013 and 2012.

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

Dollars in Millions	Pension Benefits		Other Benefits	
	2013	2012	2013	2012
Benefit obligations at beginning of year	\$ 8,200	\$ 7,499	\$ 460	\$ 582
Service cost—benefits earned during the year	38	32	8	8
Interest cost	302	319	13	22
Plan participants' contributions	2	2	23	24
Curtailments	—	(19)	—	—
Settlements	(350)	(260)	—	—
Plan amendments	(1)	(8)	—	—
Actuarial losses/(gains)	(761)	838	(43)	(107)
Retiree Drug Subsidy	—	—	6	6
Benefits paid	(206)	(227)	(63)	(76)
Exchange rate losses	9	24	—	1
Benefit obligations at end of year	\$ 7,233	\$ 8,200	\$ 404	\$ 460
Fair value of plan assets at beginning of year	\$ 6,542	\$ 5,842	\$ 311	\$ 305
Actual return on plan assets	1,154	761	61	41
Employer contributions	251	396	9	11
Plan participants' contributions	2	2	23	24
Settlements	(350)	(260)	—	—
Retiree Drug Subsidy	—	—	6	6
Benefits paid	(206)	(227)	(63)	(76)
Exchange rate gains	13	28	—	—
Fair value of plan assets at end of year	\$ 7,406	\$ 6,542	\$ 347	\$ 311
Funded status	\$ 173	\$ (1,658)	\$ (57)	\$ (149)
Assets/(Liabilities) recognized:				
Other assets	\$ 731	\$ 22	\$ 87	\$ 12
Accrued expenses	(35)	(37)	(12)	(12)
Pension and other postretirement liabilities	(523)	(1,643)	(132)	(149)
Funded status	\$ 173	\$ (1,658)	\$ (57)	\$ (149)
Recognized in accumulated other comprehensive loss:				
Net actuarial losses/(gains)	\$ 2,878	\$ 4,572	\$ (44)	\$ 34
Net obligation at adoption	—	1	—	—
Prior service credit	(41)	(44)	(4)	(6)
Total	\$ 2,837	\$ 4,529	\$ (48)	\$ 28

The accumulated benefit obligation for all defined benefit pension plans was \$7,125 million and \$8,068 million at December 31, 2013 and 2012, respectively.

Additional information related to pension plans was as follows:

Dollars in Millions	2013	2012
Pension plans with projected benefit obligations in excess of plan assets:		
Projected benefit obligation	\$ 1,291	\$ 8,112
Fair value of plan assets	732	6,432
Pension plans with accumulated benefit obligations in excess of plan assets :		
Accumulated benefit obligation	\$ 1,101	\$ 7,987
Fair value of plan assets	608	6,432

## Actuarial Assumptions

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

	Pension Benefits		Other Benefits	
	2013	2012	2013	2012
Discount rate	4.4%	3.7%	3.8%	3.0%
Rate of compensation increase	2.3%	2.3%	2.1%	2.0%

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

	Pension Benefits			Other Benefits		
	2013	2012	2011	2013	2012	2011
Discount rate	4.1%	4.4%	5.2%	3.0%	4.1%	4.8%
Expected long-term return on plan assets	8.0%	8.2%	8.3%	8.8%	8.8%	8.8%
Rate of compensation increase	2.3%	2.3%	2.4%	2.1%	2.0%	2.0%

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

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:

	2013	2012	2011
10 years	8.0%	8.5%	5.6%
15 years	6.8%	6.5%	7.0%
20 years	8.8%	8.5%	8.1%

The accumulated other comprehensive loss was reduced by \$1,475 million during 2013 as a result of actuarial gains attributed to the benefit obligation (\$805 million) and higher than expected return on plan assets (\$670 million). These actuarial gains resulted from prevailing equity and fixed income market conditions and an increase in interest rates in 2013.

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". The fair value of plan assets exceeded the market-related value by \$455 million at December 31, 2013. Differences between the assumed and actual returns are amortized to the market-related value on a straight-line basis over a three-year period.

Gains and losses have resulted from changes in actuarial assumptions (such as changes in the discount rate) and from differences between assumed and actual experience (such as differences between actual and expected return on plan assets). These gains and losses (except those differences being amortized to the market-related value) are only amortized to the extent they exceed 10% of the higher of the market-related value or the projected benefit obligation for each respective plan. The majority of the remaining actuarial losses are amortized over the life expectancy of the plans' participants for U.S. plans (28 years) and expected remaining service periods for most other plans into cost of products sold, research and development, and marketing, selling and administrative expenses. The amortization of net actuarial loss and prior service credit is expected to be approximately \$100 million in 2014.

Assumed healthcare cost trend rates at December 31 were as follows:

	2013	2012	2011
Healthcare cost trend rate assumed for next year	6.4%	6.8%	7.4%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.5%	4.5%	4.5%
Year that the rate reaches the ultimate trend rate	2019	2018	2018

Assumed healthcare cost trend rates have an effect on the amounts reported for the healthcare plans. A one-percentage-point change in assumed healthcare cost trend rates would not have a material impact on the service and interest cost or post retirement benefit obligation.

## Plan Assets

The fair value of pension and postretirement plan assets by asset category at December 31, 2013 and 2012 was as follows:

Dollars in Millions	December 31, 2013				December 31, 2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Equity Securities	\$ 1,804	\$ —	\$ —	\$ 1,804	\$ 2,196	\$ —	\$ —	\$ 2,196
Equity Funds	534	1,679	—	2,213	410	1,555	—	1,965
Fixed Income Funds	238	657	—	895	234	401	—	635
Corporate Debt Securities	—	1,410	—	1,410	—	453	3	456
Venture Capital and Limited Partnerships	—	—	369	369	—	—	381	381
Government Mortgage Backed Securities	—	1	—	1	—	350	8	358
U.S. Treasury and Agency Securities	—	514	—	514	—	259	—	259
Short-Term Investment Funds	—	122	—	122	—	189	—	189
Insurance Contracts	—	—	142	142	—	—	132	132
Event Driven Hedge Funds	—	122	—	122	—	92	—	92
Collateralized Mortgage Obligation Bonds	—	—	—	—	—	50	6	56
State and Municipal Bonds	—	24	—	24	—	44	3	47
Asset Backed Securities	—	—	—	—	—	23	3	26
Real Estate	4	—	—	4	3	—	—	3
Cash and Cash Equivalents	133	—	—	133	58	—	—	58
Total plan assets at fair value	\$ 2,713	\$ 4,529	\$ 511	\$ 7,753	\$ 2,901	\$ 3,416	\$ 536	\$ 6,853

The investment valuation policies per investment class are as follows:

Level 1 inputs utilize quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs. These instruments include equity securities, equity funds, real estate 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 include observable prices for similar instruments, quoted prices for identical or similar instruments in markets that are not active, 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, event driven hedge funds and short-term investment funds classified as Level 2 within the fair value hierarchy are valued at the net asset value of their shares held at year end. There were no significant unfunded commitments or restrictions on redemptions related to investments valued at NAV as of December 31, 2013. Corporate debt securities, government mortgage backed securities, collateralized mortgage obligation bonds, asset backed securities, U.S. treasury and agency securities, and state and municipal bonds 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. Venture capital and limited partnerships classified as Level 3 within the fair value hierarchy invest in underlying securities whose market values are determined using pricing models, discounted cash flow methodologies, or similar techniques. Some of the most significant unobservable inputs used in the valuation methodologies include discount rates, Earning Before Interest, Taxes, Depreciation and Amortization (EBITDA) multiples, and revenue multiples. Significant changes in any of these inputs could result in significantly lower or higher fair value measurements. Insurance contract interests 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. Insurance contracts are held by certain foreign pension plans. Valuation models for corporate debt securities, government mortgage backed securities, collateralized mortgage obligation bonds and asset backed securities classified as Level 3 within the fair value hierarchy are based on estimated bids from brokers or other third-party vendor sources that utilize expected cash flow streams and collateral values including assessments of counterparty credit quality, default risk, discount rates and overall capital market liquidity.

The following summarizes the activity for financial assets utilizing Level 3 fair value measurements:

Dollars in Millions	Venture Capital and Limited Partnerships	Insurance Contracts	Other	Total
Fair value at January 1, 2012	\$ 408	\$ 125	\$ 33	\$ 566
Purchases	43	5	—	48
Sales	(8)	(7)	(10)	(25)
Settlements	(51)	—	(2)	(53)
Realized (losses)/gains	53	—	(4)	49
Unrealized gains/(losses)	(64)	9	6	(49)
Fair value at December 31, 2012	381	132	23	536
Purchases	22	4	—	26
Sales	(12)	(8)	(4)	(24)
Settlements	(101)	—	(19)	(120)
Realized gains	48	5	—	53
Unrealized gains	31	9	—	40
Fair value at December 31, 2013	\$ 369	\$ 142	\$ —	\$ 511

The investment strategy emphasizes equities in order to achieve higher expected returns and lower expenses and required cash contributions over the long-term. A target asset allocation of 53% public equity (20% U.S. and 20% international and 13% global), 7% private equity and 40% long-duration fixed income is maintained for the U.S. pension plans. Investments are diversified within each of the three major asset categories. Approximately 95% of the U.S. pension plans equity investments are actively managed. Venture capital and limited partnerships are typically valued on a three month lag using latest available information. BMS common stock represents less than 1% of the plan assets at December 31, 2013 and 2012.

#### Contributions

Contributions to the U.S. pension plans were \$184 million in 2013, \$335 million in 2012 and \$343 million in 2011. Contributions to the international pension plans were \$67 million in 2013, \$61 million in 2012 and \$88 million in 2011. Aggregate contributions to the U.S. and international plans are expected to be approximately \$100 million in 2014.

#### Estimated Future Benefit Payments

Dollars in Millions	Pension Benefits	Other Benefits
2014	\$ 411	\$ 44
2015	366	42
2016	377	40
2017	382	38
2018	380	35
Years 2019 – 2023	1,974	144

#### 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. were \$190 million in both 2013 and 2012 and \$181 million in 2011.

#### Post Employment Benefit Plans

Post-employment liabilities for long-term disability benefits were \$63 million and \$90 million at December 31, 2013 and 2012, respectively, with a related credit of \$8 million in 2013 and expense of \$17 million in 2012 and \$18 million in 2011.

#### Termination Indemnity Plans

International statutory termination obligations are recognized on an undiscounted basis assuming employee termination at each measurement date. The liability recognized for these obligations was \$23 million and \$29 million at December 31, 2013 and 2012, respectively.



## Note 20. EMPLOYEE STOCK BENEFIT PLANS

On May 1, 2012, the shareholders approved the 2012 Stock Award and Incentive Plan (the 2012 Plan), which replaced the 2007 Stock Incentive Plan. Shares of common stock reserved for issuance pursuant to stock plans, options and conversions of preferred stock were 262 million at December 31, 2013. Shares available to be granted for the active plans, adjusted for the combination of plans, were 114 million at December 31, 2013. Shares for the stock option exercise and share unit vesting are issued from treasury stock. Only shares actually delivered to participants in connection with an award after all restrictions have lapsed will reduce the number of shares reserved. Shares tendered in a prior year to pay the purchase price of options and shares previously utilized to satisfy withholding tax obligations upon exercise continue to be available and reserved.

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. Additionally, 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.

Common stock or stock units may be granted to key employees, subject to restrictions as to continuous employment. Restrictions expire over a four year period from date of grant. Compensation expense is recognized over the vesting period. 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 were granted to certain executives beginning in 2010. Vesting is conditioned upon continuous employment until vesting date and the payout factor equals 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.

Long-term performance awards have a three year cycle and are delivered in the form of a target number of performance share units. The number of shares ultimately issued is calculated based on actual performance compared to earnings targets and other performance criteria established at the beginning of each year of the three year performance cycle. The awards have annual goals with a maximum payout of 167.5%. If threshold targets are not met for a performance period, no payment is made under the plan for that annual period. Vesting occurs at the end of the three year period.

Stock-based compensation expense is based on awards ultimately expected to vest and is recognized over the vesting period. The acceleration of unvested stock options and restricted stock units in connection with the acquisition of Amylin resulted in stock-based compensation expense in 2012. Forfeitures are estimated based on historical experience at the time of grant and revised in subsequent periods if actual forfeitures differ from those estimates. Stock-based compensation expense was as follows:

Dollars in Millions	Years Ended December 31,		
	2013	2012	2011
Stock options	\$ 2	\$ 7	\$ 27
Restricted stock	74	64	79
Market share units	29	23	23
Long-term performance awards	86	60	32
Amylin stock options and restricted stock units (see Note 4)	—	94	—
Total stock-based compensation expense	\$ 191	\$ 248	\$ 161
Income tax benefit	\$ 64	\$ 82	\$ 56

Share-based compensation activities were as follows:

	Stock Options		Restricted Stock Units		Market Share Units		Long-Term Performance Awards	
	Number of Options Outstanding	Weighted-Average Exercise Price of Shares	Number of Nonvested Awards	Weighted-Average Grant-Date Fair Value	Number of Nonvested Awards	Weighted-Average Grant-Date Fair Value	Number of Nonvested Awards	Weighted-Average Grant-Date Fair Value
Shares in Thousands								
Balance at January 1, 2013	41,965	\$ 23.21	7,568	\$ 27.18	2,204	28.46	4,096	28.44
Granted	—	—	2,653	38.73	1,025	37.40	2,464	37.40
Released/Exercised	(18,029)	23.62	(3,050)	24.36	(809)	27.08	(2,072)	27.26
Adjustments for actual payout	—	—	—	—	(298)	27.08	38	37.40
Forfeited/Canceled	(813)	23.19	(619)	30.97	(290)	31.51	(234)	34.66
Balance at December 31, 2013	23,123	22.88	6,552	32.81	1,832	33.82	4,292	33.75
Vested or expected to vest	23,123	22.88	6,053	32.81	1,692	33.82	3,965	33.75

Total compensation costs related to share-based payment awards not yet recognized and the weighted-average period over which such awards are expected to be recognized at December 31, 2013 were as follows:

	Restricted Stock Units	Market Share Units	Long-Term Performance Awards
Dollars in Millions			
Unrecognized compensation cost	\$ 155	\$ 32	\$ 27
Expected weighted-average period in years of compensation cost to be recognized	2.7	2.6	1.4

Additional information related to share-based compensation awards is summarized as follows:

Amounts in Millions, except per share data	2013	2012	2011
Weighted-average grant date fair value (per share):			
Restricted stock units	\$ 38.73	\$ 32.71	\$ 26.04
Market share units	37.40	31.85	25.83
Long-term performance awards	37.40	32.33	25.30
Fair value of options or awards that vested during the year:			
Stock options	\$ 11	\$ 23	\$ 45
Restricted stock units	74	74	75
Market share units	30	18	8
Long-term performance awards	90	56	21
Total intrinsic value of stock options exercised during the year	\$ 323	\$ 153	\$ 154

The fair value of restricted stock units and long-term performance awards are determined based on the closing trading price of the Company's common stock on the grant date. The fair value of market share units approximated the closing trading price of the Company's common stock on the grant date and was estimated on the date of the grant considering the payout formula and the probability of satisfying market conditions.

The following table summarizes significant ranges of outstanding and exercisable options at December 31, 2013 (amounts in millions, except per share data):

Range of Exercise Prices	Options Outstanding and Exercisable			
	Number Outstanding and Exercisable (in thousands)	Weighted-Average Remaining Contractual Life (in years)	Weighted-Average Exercise Price Per Share	Aggregate Intrinsic Value
\$1 - \$20	6,457	5.16	\$ 17.51	\$ 230
\$20 - \$30	16,660	2.49	24.96	470
\$30 - \$40	6	3.47	31.30	—
	23,123	3.24	22.88	\$ 700

The aggregate intrinsic value in the preceding table represents the total pre-tax intrinsic value, based on the closing stock price of \$53.15 on December 31, 2013.

## Note 21. LEASES

Minimum rental commitments for non-cancelable operating leases (primarily real estate and motor vehicles) in effect at December 31, 2013, were as follows:

Years Ending December 31,	Dollars in Millions
2014	\$ 145
2015	137
2016	117
2017	77
2018	65
Later years	73
Total minimum rental commitments	\$ 614

Operating lease expense was \$144 million in 2013, \$142 million in 2012 and \$136 million in 2011. Sublease income was not material for all periods presented.

## Note 22. 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. 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, 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

### *Atripla\**

In April 2009, Teva Pharmaceutical Industries Ltd. (Teva) filed an abbreviated New Drug Application (aNDA) to manufacture and market a generic version of *Atripla\**. *Atripla\** is a single tablet three-drug regimen combining the Company's *Sustiva* (efavirenz) and Gilead's *Truvada\**. As of this time, the Company's U.S. patent rights covering *Sustiva*'s composition of matter and method of use have not been challenged. Teva sent Gilead a Paragraph IV certification letter challenging two of the fifteen Orange Book-listed patents for *Atripla\**. In May 2009, Gilead filed a patent infringement action against Teva in the U.S. District Court for the Southern District of New York (SDNY). In January 2010, the Company received a notice that Teva has amended its aNDA and is challenging eight additional Orange Book-listed patents for *Atripla\**. In March 2010, the Company and Merck, Sharp & Dohme Corp. (Merck) filed a patent infringement action against Teva also in the SDNY relating to two U.S. patents which claim crystalline or polymorph forms of efavirenz. In August 2013, the Company, Merck and Teva reached a settlement relating to the two efavirenz polymorph patents and the case has been dismissed. In March 2010, Gilead filed two patent infringement actions against Teva in the SDNY relating to six Orange Book-listed patents for *Atripla\** and in April 2013, Gilead and Teva reached an agreement in principle to settle the lawsuit on the patents covering tenofovir disoproxil fumarate contained in the *Atripla\** and *Truvada\** products.

### *Baraclude*

In August 2010, Teva filed an aNDA to manufacture and market generic versions of *Baraclude*. The Company received a Paragraph IV certification letter from Teva challenging the one Orange Book-listed patent for *Baraclude*, U.S. Patent No. 5,206,244 (the '244 Patent), covering the entecavir molecule. In September 2010, the Company filed a patent infringement lawsuit in the U.S. District Court for the District of Delaware (Delaware District Court) against Teva for infringement. In February 2013, the Delaware District Court ruled against the Company and invalidated the '244 Patent. The Company has appealed the Delaware District Court's decision and a decision is expected during the first-half of 2014. In October 2013, Teva's aNDA for its generic version of entecavir was tentatively approved by the FDA. The Company is prepared to take legal action in the event that Teva chooses to launch its generic product prior to the resolution of the

Company's appeal. There could be a rapid and significant negative impact on U.S. net product sales of *Baraclude* beginning in early 2014. Net product sales of *Baraclude* in the U.S. were \$289 million in 2013.

#### ***Baraclude* — South Korea**

In 2013, Daewoong Pharmaceutical Co. Ltd. and Hanmi Pharmaceuticals Co., Ltd. initiated separate invalidity actions in the Korean Intellectual Property Office (KIPO) against Korean Patent No. 160,523 (the '523 patent). The '523 patent expires in October 2015 and is the Korean equivalent of the '244 Patent, the U.S. composition of matter patent. The invalidity actions are pending and a decision is expected in the first half of 2014. Although the outcome of the actions are unclear at this time, there is a risk that a decision invalidating the patent will encourage generic companies to launch generic versions of *Baraclude* prior to October 2015. Net product sales of *Baraclude* in South Korea were \$158 million in 2013.

#### ***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 clopidogrel 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 has been remanded to the Federal Court for further proceedings related to damages sought by Apotex. The Australian government has intervened in this matter and is also seeking damages for alleged losses experienced during the period when the injunction was in place. It is not possible at this time to predict the outcome of the Australian government's claim or its impact on the Company.

#### ***Plavix*\*—Canada (Apotex, Inc.)**

On April 22, 2009, Apotex filed an impeachment action against Sanofi in the Federal Court of Canada alleging that Sanofi's Canadian Patent No. 1,336,777 (the '777 Patent) is invalid. On June 8, 2009, Sanofi filed its defense to the impeachment action and filed a suit against Apotex for infringement of the '777 Patent. The trial was completed in June 2011 and in December 2011, the Federal Court of Canada issued a decision that the '777 Patent is invalid. In July 2013, the Federal Court of Appeal reversed the Federal Court of Canada's decision and upheld the validity of the '777 Patent. The case was remanded to the Federal Court of Canada to consider the damages owed to the Company by Apotex for the infringement of the '777 patent. In September 2013, Apotex sought leave to appeal the decision of the Federal Court of Appeal to the Supreme Court of Canada and in February 2014, the Supreme Court of Canada decided to hear the case.

### **GENERAL COMMERCIAL LITIGATION**

#### **Remaining Apotex Matters Related to *Plavix*\***

As previously disclosed, in November 2008, Apotex filed a lawsuit in New Jersey Superior Court against the Company and Sanofi, seeking payment of \$60 million, plus interest calculated at the rate of 1% per month, until paid, related to the break-up of a March 2006 proposed settlement agreement relating to the then pending *Plavix*\* patent litigation against Apotex. In April 2011, the New Jersey Superior Court granted the Company's cross-motion for summary judgment motion and denied Apotex's motion for summary judgment. Apotex appealed these decisions and the New Jersey Appellate Division reversed the grant of summary judgments remanding the case back to the Superior Court for additional proceedings. The parties have now agreed to resolve this matter through binding arbitration, which is currently scheduled for March 2014. The resolution of this matter is not expected to have a material impact on the Company.

In January 2011, Apotex filed a lawsuit in Florida State Court, Broward County, alleging breach of contract relating to the May 2006 proposed settlement agreement with Apotex relating to the then pending *Plavix*\* patent litigation. A trial was held in March 2013 and a jury verdict was delivered in favor of the Company. Apotex has appealed this decision.

## PRICING, SALES AND PROMOTIONAL PRACTICES LITIGATION AND INVESTIGATIONS

### ***Abilify\** Federal Subpoena**

In January 2012, the Company received a subpoena from the United States Attorney's Office for the SDNY requesting information related to, among other things, the sales and marketing of *Abilify\**. It is not possible at this time to assess the outcome of this matter or its potential impact on the Company.

### ***Abilify\** State Attorneys General Investigation**

In March 2009, the Company received a letter from the Delaware Attorney General's Office advising of a multi-state coalition investigating whether certain *Abilify\** marketing practices violated those respective states' consumer protection statutes. The Company has entered into a tolling agreement with the states. It is not possible at this time to reasonably assess the outcome of this investigation or its potential impact on the Company.

### ***Abilify\** Co-Pay Assistance Litigation**

In March 2012, the Company and its partner Otsuka were named as co-defendants in a putative class action lawsuit filed by union health and welfare funds in the SDNY. Plaintiffs are challenging the legality of the *Abilify\** co-pay assistance program under the Federal Antitrust and the Racketeer Influenced and Corrupt Organizations (RICO) laws, and seeking damages. The Company and Otsuka filed a motion to dismiss the complaint. In June 2013, the Court granted the Company's motion, dismissing all claims but allowing plaintiffs to re-plead the RICO claim. In August 2013, the plaintiffs moved for leave to file an amended complaint, which motion the Court granted in part. One claim alleging tortious interference with contract remains outstanding against the Company. It is not possible at this time to reasonably assess the outcome of this litigation or its potential impact on the Company, although at this time, the resolution of this matter is not expected to have a material impact on the Company.

### **AWP Litigation**

As previously disclosed, the Company, together with a number of other pharmaceutical manufacturers, has been a defendant in a number of private class actions as well as suits brought by the attorneys general of various states. In these actions, plaintiffs allege that defendants caused the Average Wholesale Prices (AWPs) of their products to be inflated, thereby injuring government programs, entities and persons who reimbursed prescription drugs based on AWPs. The Company remains a defendant in two state attorneys general suits pending in state courts in Pennsylvania and Wisconsin. Beginning in August 2010, the Company was the defendant in a trial in the Commonwealth Court of Pennsylvania (Commonwealth Court), brought by the Commonwealth of Pennsylvania. In September 2010, the jury issued a verdict for the Company, finding that the Company was not liable for fraudulent or negligent misrepresentation; however, the Commonwealth Court judge issued a decision on a Pennsylvania consumer protection claim that did not go to the jury, finding the Company liable for \$28 million and enjoining the Company from contributing to the provision of inflated AWPs. The Company appealed the decision to the Pennsylvania Supreme Court and oral argument took place in May 2013.

### **Qui Tam Litigation**

In March 2011, the Company was served with an unsealed qui tam complaint filed by three former sales representatives in California Superior Court, County of Los Angeles. The California Department of Insurance has elected to intervene in the lawsuit. The complaint alleges the Company paid kickbacks to California providers and pharmacies in violation of California Insurance Frauds Prevention Act, Cal. Ins. Code § 1871.7. It is not possible at this time to reasonably assess the outcome of this lawsuit or its impact on the Company.

## PRODUCT LIABILITY LITIGATION

The Company is a party to various product liability lawsuits. As previously disclosed, in addition to lawsuits, the Company also faces unfiled claims involving its products.

### ***Plavix\****

As previously disclosed, the Company and certain affiliates of Sanofi are defendants in a number of individual lawsuits in various state and federal courts claiming personal injury damage allegedly sustained after using *Plavix\**. Currently, over 5,700 claims involving injury plaintiffs as well as claims by spouses and/or other beneficiaries, are filed in state and federal courts in various states including California, Illinois, New Jersey, Delaware and New York. In February 2013, the Judicial Panel on Multidistrict Litigation granted the Company and Sanofi's motion to establish a multidistrict litigation to coordinate Federal pretrial proceedings in *Plavix\** product liability and related cases in New Jersey Federal Court. It is not possible at this time to reasonably assess the outcome of these lawsuits or the potential impact on the Company.

### ***Reglan\****

The Company is one of a number of defendants in numerous lawsuits, on behalf of approximately 3,000 plaintiffs, including injury plaintiffs claiming personal injury allegedly sustained after using *Reglan\** or another brand of the generic drug metoclopramide, a product indicated for gastroesophageal reflux and certain other gastrointestinal disorders, as well as claims by spouses and/or other beneficiaries. The Company, through its generic subsidiary, Apothecon, Inc., distributed metoclopramide tablets manufactured by another party between 1996 and 2000. It is not possible at this time to reasonably assess the outcome of these lawsuits. The resolution of these pending lawsuits, however, is not expected to have a material impact on the Company.

### **Hormone Replacement Therapy**

The Company is one of a number of defendants in a mass-tort litigation in which plaintiffs allege, among other things, that various hormone therapy products, including hormone therapy products formerly manufactured by the Company (*Estrace\**, Estradiol, *Delestrogen\** and *Ovcon\**) cause breast cancer, stroke, blood clots, cardiac and other injuries in women, that the defendants were aware of these risks and failed to warn consumers. The Company has agreed to resolve the claims of approximately 400 plaintiffs and has also reached a settlement in principle to resolve an additional 29 claims. The Company remains a defendant in approximately three actively pending lawsuits in federal and state courts throughout the U.S. All of the Company's hormone therapy products were sold to other companies between January 2000 and August 2001. The resolution of these remaining lawsuits is not expected to have a material impact on the Company.

### ***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 280 separate lawsuits pending on behalf of approximately 1,100 plaintiffs, which include injury plaintiffs as well as claims by spouses and/or other beneficiaries, in various courts in the U.S. The Company has agreed in principle to resolve over 350 of these claims. The majority of these cases have been brought by individuals who allege personal injury sustained after using *Byetta\**, primarily pancreatic cancer and pancreatitis, and, in some cases, claiming alleged wrongful death. The majority of cases are pending in Federal Court in San Diego in a recently established multidistrict litigation, with the next largest contingent of cases pending in a coordinated proceeding in California Superior Court in Los Angeles. Amylin and Lilly are currently scheduled for trial in a single-plaintiff case in February 2014 in California Superior Court in Los Angeles. 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. It is not possible to reasonably predict the outcome of any lawsuit, claim or proceeding or the potential impact on the Company.

### **BMS-986094**

In August 2012, the Company announced that it had discontinued development of BMS-986094, an investigational compound which was being tested in clinical trials to treat the hepatitis C virus infection due to the emergence of a serious safety issue. To date, the Company is aware of ten lawsuits that have been filed against the Company by plaintiffs in Texas, Oklahoma and Virginia, most of which were removed to Federal Court, alleging that they participated in clinical trials of BMS-986094 and suffered injuries as a result thereof. The Company has settled the vast majority of known claims, including eight of the filed claims. One claim filed in state court remains outstanding. The resolution of the remaining lawsuits and any other potential future lawsuits is not expected to have a material impact on the Company.

### **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 the Comprehensive Environmental Response, Compensation and Liability Act (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 \$66 million at December 31, 2013, 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).

### **New Brunswick Facility—Environmental & Personal Injury Lawsuits**

Since May 2008, over 250 lawsuits have been filed against the Company in New Jersey Superior Court by or on behalf of current and former residents of New Brunswick, New Jersey who live or have lived adjacent to the Company's New Brunswick facility. The complaints allege various personal injuries resulting from environmental contamination at the New Brunswick facility and historical operations at that site, or are claims for medical monitoring. A portion of these complaints also assert claims for alleged property damage. In October 2008, the New Jersey Supreme Court granted Mass Tort status to these cases and transferred them to the New Jersey Superior Court in Atlantic County for centralized case management purposes. Since October 2011, over 150 additional cases have been filed in New Jersey Superior Court and removed by the Company to United States District Court, District of New Jersey. Accordingly, there are in excess of 400 cases between the state and federal court actions. Discovery is ongoing. The first trial is currently scheduled to commence in state court in August 2014. The Company intends to defend itself vigorously in this litigation. It is not possible at this time to reasonably assess the outcome of these lawsuits or the potential impact on the Company.

### **North Brunswick Township Board of Education**

As previously disclosed, in October 2003, the Company was contacted by counsel representing the North Brunswick, NJ Board of Education (BOE) regarding a site where waste materials from E.R. Squibb and Sons may have been disposed from the 1940's through the 1960's. Fill material containing industrial waste and heavy metals in excess of residential standards was discovered during an expansion project at the North Brunswick Township High School, as well as at a number of neighboring residential properties and adjacent public park areas. In January 2004, the New Jersey Department of Environmental Protection (NJDEP) sent the Company and others an information request letter about possible waste disposal at the site, to which the Company responded in March 2004. The BOE and the Township, as the current owners of the school property and the park, are conducting and jointly financing soil remediation work and ground water investigation work under a work plan approved by the NJDEP, and have asked the Company to contribute to the cost. The Company is actively monitoring the clean-up project, including its costs. To date, neither the school board nor the Township has asserted any claim against the Company. Instead, the Company and the local entities have negotiated an agreement to attempt to resolve the matter by informal means, and avoid litigation. A central component of the agreement is the provision by the Company of interim funding to help defray cleanup costs and assure the work is not interrupted. The Company transmitted interim funding payments in December 2007 and November 2009. The parties commenced mediation in late 2008; however, those efforts were not successful and the parties moved to a binding allocation process. The parties are expected to conduct fact and expert discovery, followed by formal evidentiary hearings and written argument. Hearings are scheduled to commence in March 2014. In addition, in September 2009, the Township and BOE filed suits against several other parties alleged to have contributed waste materials to the site. The Company does not currently believe that it is responsible for any additional amounts beyond the two interim payments totaling \$4 million already transmitted. Any additional possible loss is not expected to be material.

### **OTHER PROCEEDINGS**

#### **SEC Germany Investigation**

In October 2006, the SEC informed the Company that it had begun a formal inquiry into the activities of certain of the Company's German pharmaceutical subsidiaries and its employees and/or agents. The SEC's inquiry encompasses matters formerly under investigation by the German prosecutor in Munich, Germany, which have since been resolved. The Company understands the inquiry concerns potential violations of the Foreign Corrupt Practices Act (FCPA). The Company has been cooperating with the SEC.

#### **FCPA Investigation**

In March 2012, the Company received a subpoena from the SEC. The subpoena, issued in connection with an investigation under the FCPA, primarily relates to sales and marketing practices in various countries. The Company is cooperating with the government in its investigation of these matters.

**Note 23. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)**

Dollars in Millions, except per share data	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
<b>2013</b>					
Total Revenues	\$ 3,831	\$ 4,048	\$ 4,065	\$ 4,441	\$ 16,385
Gross Margin	2,768	2,940	2,890	3,168	11,766
Net Earnings	623	530	692	735	2,580
Net Earnings/(Loss) Attributable to:					
Noncontrolling Interest	14	(6)	—	9	17
BMS	609	536	692	726	2,563
Earnings per Share - Basic <sup>(1)</sup>	\$ 0.37	\$ 0.33	\$ 0.42	\$ 0.44	\$ 1.56
Earnings per Share - Diluted <sup>(1)</sup>	0.37	0.32	0.42	0.44	1.54
Cash dividends declared per common share	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.36	\$ 1.41
Cash and cash equivalents	\$ 1,355	\$ 1,821	\$ 1,771	\$ 3,586	\$ 3,586
Marketable securities <sup>(2)</sup>	4,420	4,201	4,574	4,686	4,686
Total Assets	35,958	36,252	36,804	38,592	38,592
Long-term debt <sup>(3)</sup>	7,180	7,122	6,562	7,981	7,981
Equity	13,699	14,373	14,714	15,236	15,236

Dollars in Millions, except per share data	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
<b>2012</b>					
Total Revenues	\$ 5,251	\$ 4,443	\$ 3,736	\$ 4,191	\$ 17,621
Gross Margin	3,948	3,198	2,749	3,116	13,011
Net Earnings/(Loss)	1,482	808	(713)	924	2,501
Net Earnings/(Loss) Attributable to:					
Noncontrolling Interest	381	163	(2)	(1)	541
BMS	1,101	645	(711)	925	1,960
Earnings/(Loss) per Share - Basic <sup>(1)</sup>	\$ 0.65	\$ 0.38	\$ (0.43)	\$ 0.56	\$ 1.17
Earnings/(Loss) per Share - Diluted <sup>(1)</sup>	0.64	0.38	(0.43)	0.56	1.16
Cash dividends declared per common share	\$ 0.34	\$ 0.34	\$ 0.34	\$ 0.35	\$ 1.37
Cash and cash equivalents	\$ 2,307	\$ 2,801	\$ 1,503	\$ 1,656	\$ 1,656
Marketable securities <sup>(2)</sup>	6,307	5,968	5,125	4,696	4,696
Total Assets	32,408	31,667	36,044	35,897	35,897
Long-term debt <sup>(3)</sup>	5,270	5,209	7,227	7,232	7,232
Equity	16,246	15,812	13,900	13,638	13,638

(1) Earnings per share for the quarters may not add to the amounts for the year, as each period is computed on a discrete basis.

(2) Marketable securities includes current and non-current assets.

(3) Also includes the current portion of long-term debt.



The following specified items affected the comparability of results in 2013 and 2012:

**2013**

Dollars in Millions	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Accelerated depreciation, asset impairment and other shutdown costs	\$ —	\$ —	\$ —	\$ 36	\$ 36
Amortization of acquired Amylin intangible assets	138	137	137	137	549
Amortization of Amylin alliance proceeds	(67)	(67)	(68)	(71)	(273)
Amortization of Amylin inventory adjustment	14	—	—	—	14
<b>Cost of products sold</b>	<b>85</b>	<b>70</b>	<b>69</b>	<b>102</b>	<b>326</b>
<b>Marketing, selling and administrative<sup>(a)</sup></b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>10</b>	<b>16</b>
<b>Research and development<sup>(b)</sup></b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>16</b>	<b>16</b>
Provision for restructuring	33	173	6	14	226
Pension settlements	—	99	37	25	161
Acquisition and alliance related items	—	(10)	—	—	(10)
Litigation charges/(recoveries)	—	(23)	—	—	(23)
Upfront, milestone and other licensing receipts	(14)	—	—	—	(14)
<b>Other (income)/expense</b>	<b>19</b>	<b>239</b>	<b>43</b>	<b>39</b>	<b>340</b>
<b>Increase to pretax income</b>	<b>105</b>	<b>310</b>	<b>116</b>	<b>167</b>	<b>698</b>
Income tax on items above	(35)	(116)	(40)	(51)	(242)
<b>Increase to net earnings</b>	<b>\$ 70</b>	<b>\$ 194</b>	<b>\$ 76</b>	<b>\$ 116</b>	<b>\$ 456</b>

(a) Specified items in marketing, selling and administrative are process standardization implementation costs.

(b) Specified items in research and development are upfront, milestone and other licensing payments.

**2012**

Dollars in Millions	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Accelerated depreciation, asset impairment and other shutdown costs	\$ —	\$ 147	\$ —	\$ —	\$ 147
Amortization of acquired Amylin intangible assets	—	—	91	138	229
Amortization of Amylin alliance proceeds	—	—	(46)	(68)	(114)
Amortization of Amylin inventory adjustment	—	—	9	14	23
<b>Cost of products sold</b>	<b>—</b>	<b>147</b>	<b>54</b>	<b>84</b>	<b>285</b>
Stock compensation from accelerated vesting of Amylin awards	—	—	67	—	67
Process standardization implementation costs	8	5	3	2	18
<b>Marketing, selling and administrative</b>	<b>8</b>	<b>5</b>	<b>70</b>	<b>2</b>	<b>85</b>
Stock compensation from accelerated vesting of Amylin awards	—	—	27	—	27
Upfront, milestone and other licensing payments	—	—	21	26	47
IPRD impairment	58	45	—	39	142
<b>Research and development</b>	<b>58</b>	<b>45</b>	<b>48</b>	<b>65</b>	<b>216</b>
<b>Impairment charge for BMS-986094 intangible asset</b>	<b>—</b>	<b>—</b>	<b>1,830</b>	<b>—</b>	<b>1,830</b>
Provision for restructuring	22	20	29	103	174
Gain on sale of product lines, businesses and assets	—	—	—	(51)	(51)
Pension settlements	—	—	—	151	151
Acquisition and alliance related items	12	1	29	1	43
Litigation charges/(recoveries)	(172)	22	50	55	(45)
Upfront, milestone and other licensing receipts	—	—	—	(10)	(10)
Out-licensed intangible asset impairment	38	—	—	—	38
Loss on debt repurchases	19	—	8	—	27
<b>Other (income)/expense</b>	<b>(81)</b>	<b>43</b>	<b>116</b>	<b>249</b>	<b>327</b>
<b>Increase to pretax income</b>	<b>(15)</b>	<b>240</b>	<b>2,118</b>	<b>400</b>	<b>2,743</b>
Income tax on items above	8	(77)	(722)	(156)	(947)
Specified tax benefit <sup>(a)</sup>	—	—	—	(392)	(392)
<b>Income taxes</b>	<b>8</b>	<b>(77)</b>	<b>(722)</b>	<b>(548)</b>	<b>(1,339)</b>
<b>Increase/(Decrease) to Net Earnings</b>	<b>\$ (7)</b>	<b>\$ 163</b>	<b>\$ 1,396</b>	<b>\$ (148)</b>	<b>\$ 1,404</b>

(a) Specified tax benefit relates to a capital loss deduction.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Bristol-Myers Squibb Company and subsidiaries (the "Company") as of December 31, 2013 and 2012, and the related consolidated statements of earnings, comprehensive income, and cash flows for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Bristol-Myers Squibb Company and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, 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), the Company's internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control-Integrated Framework* (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 14, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey  
February 14, 2014

**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, 2013, 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 such term is defined under Exchange Act Rule 13a-15(e). Based on this evaluation, management has concluded that as of December 31, 2013, 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. 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, 2013 based on the framework in "Internal Control—Integrated Framework" (1992) 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, 2013 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 Form 10-K and issued its report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2013, which is included herein.

**Changes in Internal Control Over Financial Reporting**

As of December 31, 2013, we have included Amylin Pharmaceuticals, Inc., which was acquired in 2012, in our assessment of the effectiveness of our internal control over financial reporting. There were no changes in our internal control over financial reporting in the fourth quarter of 2013 that have or are reasonably likely to materially affect the Company's internal control over financial reporting.

**Item 9B. OTHER INFORMATION**

The Compensation and Management Development Committee of our Board of Directors has approved new equity award guidelines for all executives at the company. Beginning with the equity awards granted in March 2014, the award guidelines will be expressed as a percentage of salary rather than a fixed dollar amount for each grade level. The Committee approved the new guidelines with respect to our Named Executive Officers at the Committee's regularly scheduled meeting on February 13, 2014. The specific amounts will not be determined until awards are granted in March 2014.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the internal control over financial reporting of Bristol-Myers Squibb Company and subsidiaries (the "Company") as of December 31, 2013, based on criteria established in *Internal Control-Integrated Framework* (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission. 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 conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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 the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control-Integrated Framework* (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2013 of the Company and our report dated February 14, 2014 expressed an unqualified opinion on those consolidated financial statements.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey  
February 14, 2014

### **PART III**

#### **Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.**

- (a) Reference is made to the 2014 Proxy Statement to be filed on or about March 19, 2014 with respect to the Directors of the Registrant, 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 the Executive Officers of the Registrant has been included in Part IA of this Form 10-K in reliance on General Instruction G of Form 10-K and Instruction 3 to Item 401(b) of Regulation S-K.

#### **Item 11. EXECUTIVE COMPENSATION.**

Reference is made to the 2014 Proxy Statement to be filed on or about March 19, 2014 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 the 2014 Proxy Statement to be filed on or about March 19, 2014 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 the 2014 Proxy Statement to be filed on or about March 19, 2014 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 the 2014 Proxy Statement to be filed on or about March 19, 2014 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)

	<u>Page Number</u>
1. Consolidated Financial Statements	
<a href="#">Consolidated Statements of Earnings</a>	<a href="#">63</a>
<a href="#">Consolidated Statements of Comprehensive Income</a>	<a href="#">64</a>
<a href="#">Consolidated Balance Sheets</a>	<a href="#">65</a>
<a href="#">Consolidated Statements of Cash Flows</a>	<a href="#">66</a>
<a href="#">Notes to Consolidated Financial Statements</a>	<a href="#">67</a>
<a href="#">Report of Independent Registered Public Accounting Firm</a>	<a href="#">113</a>

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.

2. <a href="#">Exhibits Required to be filed by Item 601 of Regulation S-K</a>	<a href="#">119</a>
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The information called for by this Item is incorporated herein by reference to the Exhibit Index in this Form 10-K.





## EXHIBIT INDEX

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.

<u>Exhibit No.</u>	<u>Description</u>	<u>Page No.</u>
3a.	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).	†
3b.	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).	†
3c.	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).	†
3d.	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).	†
3e.	Bylaws of Bristol-Myers Squibb Company, as amended as of December 10, 2013 (incorporated herein by reference to Exhibit 3.1 to the Form 8-K dated December 10, 2013 and filed on December 11, 2013).	†
4a.	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).	†
4b.	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).	†
4c.	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).	†
4d.	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).	†
4e.	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).	†
4f.	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).	†
4g.	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).	†
4h.	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).	†
4i.	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).	†
4j.	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).	†
4k.	Form of 4.375% Notes due 2016 (incorporated herein by reference to Exhibit 4t to the Form 8-K dated November 20, 2006 and filed November 27, 2006).	†
4l.	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).	†
4m.	Form of 5.45% Notes due 2018 (incorporated herein by reference to Exhibit 4.2 to the Form 8-K dated May 1, 2008 and filed on May 7, 2008).	†
4n.	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).	†
4o.	Form of 0.875% Notes Due 2017 (incorporated herein by reference to Exhibit 4.1 to the Form 8-K dated July 26, 2012 and filed on July 31, 2012).	†

- 4p. Form of 2.000% Notes Due 2022 (incorporated herein by reference to Exhibit 4.1 to the Form 8-K dated July 26, 2012 and filed on July 31, 2012). †
- 4q. Form of 3.250% Notes Due 2042 (incorporated herein by reference to Exhibit 4.1 to the Form 8-K dated July 26, 2012 and filed on July 31, 2012). †
- 4r. 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). †
- 4s. Form of 1.750% Notes Due 2019 (incorporated herein by reference to Exhibit 4.2 to the Form 8-K dated and filed on October 31, 2013). †
- 4t. Form of 3.250% Notes Due 2023 (incorporated herein by reference to Exhibit 4.3 to the Form 8-K dated and filed on October 31, 2013). †
- 4u. Form of 4.500% Notes Due 2044 (incorporated herein by reference to Exhibit 4.4 to the Form 8-K dated and filed on October 31, 2013). †
- 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. Extension notice dated June 3, 2013 for 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 10b to the Form 10-Q for the quarterly period ended June 30, 2013). †
- 10d. \$1,500,000,000 Five Year Competitive Advance and Revolving Credit Facility Agreement dated as of July 31, 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). †
- 10e. Extension notice dated May 31, 2013 for 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 10c to the Form 10-Q for the quarterly period ended June 30, 2013). †
- 10f. SEC Consent Order (incorporated herein by reference to Exhibit 10s to the Form 10-Q for the quarterly period ended September 30, 2004). †
- 10g. 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). †
- 10h. 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). †
- 10i. Amended and Restated Articles of Association (Statuts) of Sanofi Pharma Bristol-Myers Squibb, a partnership (societe en nom collectif) organized under French law, dated as of January 1, 2013. English Translation (incorporated herein by reference to Exhibit 10q to the Form 10-K for the fiscal year ended December 31, 2012). †
- 10j. Amended and Restated Internal Regulation (Reglement Interieur) of Sanofi Pharma Bristol-Myers Squibb dated as of dated as of January 1, 2013. English Translation (incorporated herein by reference to Exhibit 10r to the Form 10-K for the fiscal year ended December 31, 2012). †

- 10k. Amendment to the Partnership Agreement of Bristol-Myers Squibb Sanofi Pharmaceuticals Holding Partnership between sanofi-aventis U.S. LLC (as successor-in-interest to Sanofi Pharmaceuticals, Inc.) and Bristol-Myers Squibb Company Investco, Inc. dated as of January 1, 2013 (incorporated herein by reference to Exhibit 10s to the Form 10-K for the fiscal year ended December 31, 2012). † ‡
- 10l. Termination Agreement of Territory A Alliance Support Agreement between Sanofi and Bristol-Myers Squibb Company dated as of January 1, 2013 (incorporated herein by reference to Exhibit 10t to the Form 10-K for the fiscal year ended December 31, 2012). † ‡
- 10m. Amendment No.4 to the Territory B Alliance Support Agreement between Sanofi and Bristol-Myers Squibb Company dated as of January 1, 2013 (incorporated herein by reference to Exhibit 10u to the Form 10-K for the fiscal year ended December 31, 2012). † ‡
- 10n. Amended and Restated Clopidogrel Intellectual Property License Agreement between Sanofi and Sanofi Pharma Bristol-Myers Squibb dated as of January 1, 2013 (incorporated herein by reference to Exhibit 10v to the Form 10-K for the fiscal year ended December 31, 2012). † ‡
- 10o. Amended and Restated Clopidogrel Intellectual Property License Agreement between Sanofi and Bristol-Myers Squibb Sanofi Pharmaceuticals Holding Partnership dated as of January 1, 2013 (incorporated herein by reference to Exhibit 10w to the Form 10-K for the fiscal year ended December 31, 2012). † ‡
- 10p. Amended and Restated Territory A Product Know-How License Agreement among Sanofi, Bristol-Myers Squibb Company and Sanofi Pharma Bristol-Myers Squibb dated as of January 1, 2013 (incorporated herein by reference to Exhibit 10x to the Form 10-K for the fiscal year ended December 31, 2012). † ‡
- 10q. Amended and Restated Territory B Product Know-How License Agreement among Sanofi, Bristol-Myers Squibb Company and Bristol-Myers Squibb Sanofi Pharmaceuticals Holding Partnership dated as of January 1, 2013 (incorporated herein by reference to Exhibit 10y to the Form 10-K for the fiscal year ended December 31, 2012). † ‡
- 10r. Amended and Restated Territory B1 Product Know-How License Agreement among Sanofi, Bristol-Myers Squibb Company and Sanofi-Aventis U.S. LLC dated as of January 1, 2013 (incorporated herein by reference to Exhibit 10z to the Form 10-K for the fiscal year ended December 31, 2012). † ‡
- 10s. Assignment Agreement among Sanofi, Bristol-Myers Squibb Company and Bristol-Myers Squibb Sanofi Pharmaceuticals Holding Partnership dated as of January 1, 2013 (incorporated herein by reference to Exhibit 10aa to the Form 10-K for the fiscal year ended December 31, 2012). † ‡
- 10t. Restated Development and Commercialization Collaboration Agreement between Otsuka Pharmaceutical Co., Ltd. and Bristol-Myers Squibb Company dated as of October 23, 2001 (incorporated by reference herein to Exhibit 10.12 to the Form 8-K filed on August 17, 2009). † ‡
- 10u. Amendment No. 3 to the Restated Development and Commercialization Collaboration Agreement between Otsuka Pharmaceutical Co., Ltd. and Bristol-Myers Squibb Company dated as of September 25, 2006 (incorporated by reference herein to Exhibit 10.13 to the Form 8-K filed on August 17, 2009). † ‡
- 10v. Amendment No. 5 to the Restated Development and Commercialization Collaboration Agreement between Otsuka Pharmaceutical Co., Ltd. and Bristol-Myers Squibb Company effective as of April 4, 2009 (incorporated by reference herein to Exhibit 10.14 to the Form 8-K filed on August 17, 2009). † ‡
- 10w. Amendment No. 9 to the Restated Development and Commercialization Collaboration Agreement between Otsuka Pharmaceutical Co., Ltd. and Bristol-Myers Squibb Company effective as of October 29, 2012 (incorporated herein by reference to Exhibit 1ee to the Form 10-K for the fiscal year ended December 31, 2012). † ‡
- 10x. Amended and Restated Stock and Asset Purchase Agreement between Bristol-Myers Squibb Company and AstraZeneca AB (PUBL) dated as of January 31, 2014 (filed herewith). † ‡
- ‡10y. Bristol-Myers Squibb Company 2002 Stock Incentive Plan, effective as of May 7, 2002 and as amended effective June 10, 2008 (incorporated herein by reference to Exhibit 10.1 to the Form 10-Q for the quarterly period ended September 30, 2008). † ‡

- ‡‡10z. 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). ‡
- ‡‡10aa. Bristol-Myers Squibb Company 2007 Stock Award and Incentive Plan, effective as of May 1, 2007 and as amended effective June 10, 2008 (incorporated herein by reference to Exhibit 10.2 to the Form 10-Q for the quarterly period ended September 30, 2008). ‡

- ‡‡10bb. Bristol-Myers Squibb Company TeamShare Stock Option Plan, as amended and restated effective September 10, 2002 (incorporated herein by reference to Exhibit 10c to the Form 10-K for the fiscal year ended December 31, 2002). ‡
- ‡‡10cc. 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). ‡
- ‡‡10dd. Form of Performance Share Units Agreement for the 2010-2012 Performance Cycle (incorporated herein by reference to Exhibit 10aa to the Form 10-K for the fiscal year ended December 31, 2009). ‡
- ‡‡10ee. Form of Performance Share Units Agreement for the 2011-2013 Performance Cycle (incorporated herein by reference to Exhibit 10aa to the Form 10-K for the fiscal year ended December 31, 2010). ‡
- ‡‡10ff. Form of Performance Share Units Agreement for the 2012-2014 Performance Cycle (incorporated by reference to Exhibit 10z to the Form 10-K for the fiscal year ended December 31, 2011). ‡
- ‡‡10gg. Form of Performance Share Units Agreement for the 2013-2015 Performance Cycle (incorporated by reference to Exhibit 10oo to the Form 10-K for the fiscal year ended December 31, 2012). ‡
- ‡‡10hh. Form of Performance Share Units Agreement for the 2014-2016 Performance Cycle (filed herewith) ‡
- ‡‡10ii. Form of Restricted Stock Units Agreement with five year vesting under the 2012 Stock Award and Incentive Plan (filed herewith). ‡
- ‡‡10jj. Form of Restricted Stock Units Agreement with four year vesting under the 2012 Stock Award and Incentive Plan (filed herewith). ‡
- ‡‡10kk. Form of Market Share Units Agreement under the 2012 Stock Award and Incentive Plan (filed herewith). ‡
- ‡‡10ll. Bristol-Myers Squibb Company Performance Incentive Plan, as amended (as adopted, incorporated herein by reference to Exhibit 2 to the Form 10-K for the fiscal year ended December 31, 1978; as amended as of January 8, 1990, incorporated herein by reference to Exhibit 19b to the Form 10-K for the fiscal year ended December 31, 1990; as amended on April 2, 1991, incorporated herein by reference to Exhibit 19b to the Form 10-K for the fiscal year ended December 31, 1991; as amended effective January 1, 1994, incorporated herein by reference to Exhibit 10d to the Form 10-K for the fiscal year ended December 31, 1993; and as amended effective January 1, 1994, incorporated herein by reference to Exhibit 10d to the Form 10-K for the fiscal year ended December 31, 1994). ‡
- ‡‡10mm. Bristol-Myers Squibb Company Executive Performance Incentive Plan effective January 1, 1997 (incorporated herein by reference to Exhibit 10b to the Form 10-K for the fiscal year ended December 31, 1996). ‡
- ‡‡10nn. Bristol-Myers Squibb Company Executive Performance Incentive Plan effective January 1, 2003 and as amended effective June 10, 2008 (incorporated herein by reference to Exhibit 10.3 to the Form 10-Q for the quarterly period ended September 30, 2008). ‡
- ‡‡10oo. Bristol-Myers Squibb Company 2007 Senior Executive Performance Incentive Plan (as amended and restated effective June 8, 2010 and incorporated herein by reference to Exhibit 10a. to the Form 10-Q for the quarterly period ended June 30, 2010). ‡
- ‡‡10pp. Bristol-Myers Squibb Company Benefit Equalization Plan – Retirement Income Plan, as amended and restated effective as of January 1, 2012, (incorporated herein by reference to Exhibit 10ww to the Form 10-K for the fiscal year ended December 31, 2012). ‡
- ‡‡10qq. Bristol-Myers Squibb Company Benefit Equalization Plan – Savings and Investment Program, as amended and restated effective as of January 1, 2012 (incorporated herein by reference to Exhibit 10xx to the Form 10-K for the fiscal year ended December 31, 2012). ‡
- ‡‡10rr. Squibb Corporation Supplementary Pension Plan, as amended (as previously amended and restated, incorporated herein by reference to Exhibit 19g to the Form 10-K for the fiscal year ended December 31, 1991; as amended as of September 14, 1993, and incorporated herein by reference to Exhibit 10g to the Form 10-K for the fiscal year ended December 31, 1993). ‡

- ¶¶10ss. Senior Executive Severance Plan, effective as of April 26, 2007 and as amended effective February 16, 2012 (incorporated by reference to Exhibit 10ll to the Form 10-K for the fiscal year ended December 31, 2011). ¶
- ¶¶10tt. Form of Agreement entered into between the Registrant and each of the named executive officers and certain other executives effective January 1, 2009 (incorporated herein by reference to Exhibit 10bb to the Form 10-K for the fiscal year ended December 31, 2008). ¶

‡‡10uu.	Form of Corrective Amendment between the Registrant and each of the named executive officers and certain other executives effective January 1, 2009 (incorporated herein by reference to Exhibit 10b to the Form 10-Q for the quarterly period ended June 30, 2012).	‡
‡‡10vv.	Bristol-Myers Squibb Company Retirement Income Plan for Non-Employee Directors, as amended March 5, 1996 (incorporated herein by reference to Exhibit 10k to the Form 10-K for the fiscal year ended December 31, 1996).	‡
‡‡10ww.	Bristol-Myers Squibb Company 1987 Deferred Compensation Plan for Non-Employee Directors, as amended December 17, 2009 (incorporated herein by reference to Exhibit 10tt to the Form 10-K for the fiscal year ended December 31, 2009).	‡
‡‡10xx.	Bristol-Myers Squibb Company Non-Employee Directors' Stock Option Plan, as amended (as approved by the Stockholders on May 1, 1990, incorporated herein by reference to Exhibit 28 to Registration Statement No. 33-38587 on Form S-8; as amended May 7, 1991, incorporated herein by reference to Exhibit 19c to the Form 10-K for the fiscal year ended December 31, 1991), as amended January 12, 1999 (incorporated herein by reference to Exhibit 10m to the Form 10-K for the fiscal year ended December 31, 1998).	‡
‡‡10yy.	Bristol-Myers Squibb Company Non-Employee Directors' Stock Option Plan, as amended (as approved by the Stockholders on May 2, 2000, incorporated herein by reference to Exhibit A to the 2000 Proxy Statement dated March 20, 2000).	‡
‡‡10zz.	Squibb Corporation Deferral Plan for Fees of Outside Directors, as amended (as adopted, incorporated herein by reference to Exhibit 10e Squibb Corporation 1991 Form 10-K for the fiscal year ended December 31, 1987, File No. 1-5514; as amended effective December 31, 1991 incorporated herein by reference to Exhibit 10m to the Form 10-K for the fiscal year ended December 31, 1992).	‡
‡‡10aaa.	Amendment to all of the Company's plans, agreements, legal documents and other writings, pursuant to action of the Board of Directors on October 3, 1989, to reflect the change of the Company's name to Bristol-Myers Squibb Company (incorporated herein by reference to Exhibit 10v to the Form 10-K for the fiscal year ended December 31, 1989).	‡
12	Statement re computation of ratios (filed herewith).	E-12-1
21	Subsidiaries of the Registrant (filed herewith).	E-21-1
23	Consent of Deloitte & Touche LLP (filed herewith).	E-23-1
31a.	Section 302 Certification Letter (filed herewith).	E-31-1
31b.	Section 302 Certification Letter (filed herewith).	E-31-1
32a.	Section 906 Certification Letter (filed herewith).	E-32-1
32b.	Section 906 Certification Letter (filed herewith).	E-32-2
101.	The following financial statements from the Bristol-Myers Squibb Company Annual Report on Form 10-K for the years ended December 31, 2013, 2012 and 2011, 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.

†† Confidential treatment has been requested for certain portions which are omitted in the copy of the exhibit electronically filed with the Commission. The omitted information has been filed separately with the Commission pursuant to the Company's application for confidential treatment.

\* Indicates, in this Form 10-K, brand names of products, which are registered trademarks not solely owned by the Company or its subsidiaries. *Byetta*, *Bydureon*, and *Symlin* are trademarks of Amylin Pharmaceuticals, LLC and AstraZeneca Pharmaceuticals LP; *Erbitux* is a trademarks of ImClone LLC; *Avapro/Avalide* (known in the EU as *Aprovel/Karvea*), *Iscover*, *Karvezide*, *Coaprovel* and *Plavix* are trademarks of Sanofi; *Abilify* is a trademark of Otsuka Pharmaceutical Co., Ltd.; *Truvada* is a trademark of Gilead Sciences, Inc.; *Gleevec* is a trademark of Novartis AG; *Atripla* is a trademark of Bristol-Myers Squibb and Gilead Sciences, LLC; *Norvir* is a trademark of Abbott Laboratories; *Estrace* and *Ovcon* are trademarks of Warner-Chilcott Company, LLC; *Delestrogen* is a trademark of JHP Pharmaceuticals, LLC; *Reglan* is a trademark of ANIP Acquisition Company and *Humira* is a trademark of AbbVie Biotechnology LTD. Brand names of products that are in all italicized letters, without an asterisk, are registered trademarks of BMS and/or one of its subsidiaries.

***\*Confidential Treatment Requested***

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AMENDED AND RESTATED  
STOCK AND ASSET PURCHASE AGREEMENT

between

BRISTOL-MYERS SQUIBB COMPANY

and

ASTRAZENECA AB (PUBL)

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Dated as of January 31, 2014

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\*CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE  
SECURITIES AND EXCHANGE COMMISSION

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\*CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

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**Seller Disclosure Schedule**

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AMENDED AND RESTATED STOCK AND ASSET PURCHASE AGREEMENT dated as of January 31, 2014 (as the same may be amended, restated, supplemented or modified from time to time, this “Agreement”), between BRISTOL-MYERS SQUIBB COMPANY, a Delaware corporation (“Seller”), and ASTRAZENECA AB (PUBL), a company incorporated in Sweden under no. 556011-7482 (“AZ”).

WHEREAS, Seller and AZ entered into a Stock and Asset Purchase Agreement dated as of December 19, 2013 (the “Original SAPA”).

WHEREAS, Seller and AZ now desire to amend and restate the Original SAPA.

WHEREAS, Seller and AstraZeneca UK Limited (“AZ UK”) entered into a Co-Development and Co-Promotion Agreement, dated as of January 11, 2007 (as amended from time to time, the “Saxa Collaboration Agreement”), in order to jointly conduct the clinical development and commercialization of a proprietary dipeptidyl peptidase IV inhibitor (BMS-477118), also known as “Saxagliptin” and presently marketed as “Onglyza”.

WHEREAS, Seller and AZ UK entered into a Co-Development and Co-Promotion Agreement, dated January 11, 2007 (as amended from time to time, the “Dapa Collaboration Agreement”), in order to jointly conduct the clinical development and commercialization of a proprietary SGLT 2 inhibitor (BMS-512148), also known as “Dapagliflozin” and presently marketed outside of the United States as “Forxiga”.

WHEREAS, pursuant to the Agreement and Plan of Merger, dated as of June 29, 2012, by and among Seller, B&R Acquisition Company, and Amylin Pharmaceuticals, Inc., on August 8, 2012 Seller acquired ownership of all equity interests of Amylin Pharmaceuticals, Inc.

WHEREAS, Seller and AstraZeneca Pharmaceuticals LP (“AZ Pharmaceuticals”) entered into that certain Joint Bidding Agreement, dated as of June 27, 2012, by and among Seller, AZ Pharmaceuticals and, solely with respect to Article VI thereof, AZ Parent, pursuant to which, *inter alia*, AZ Pharmaceuticals contributed approximately fifty percent (50%) of the purchase price Seller paid to acquire Amylin Pharmaceuticals, LLC (as successor to Amylin Pharmaceuticals, Inc.) (“Amylin”) and fifty percent (50%) of certain payments made by Amylin to Eli Lilly and Company and certain other Third Parties in settlement of outstanding debt.

WHEREAS, Seller, BMS Holdco, Inc. (“BMS Holdco” or the “Purchased Company”) and AZ Pharmaceuticals entered into that certain Bill of Sale and Assignment Agreement, dated as of August 9, 2012 (the “Assignment Agreement”), pursuant to which, *inter alia*, Seller and BMS Holdco themselves, and as agent for Amylin, assigned to AZ Pharmaceuticals, and AZ Pharmaceuticals assumed, ownership interests in and to certain assets specified therein.

WHEREAS, BMS Holdco and AZ Pharmaceuticals entered into a Co-Development and Co-Promotion Agreement, dated as of November 7, 2012 (the “Amylin Collaboration Agreement”), in order to provide for the further development and commercialization of certain of the compounds and products of Amylin and certain research and discovery activities related thereto.

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WHEREAS, Seller and its Selling Affiliates desire to sell and transfer to AZ and/or its designated Purchasing Affiliates, and AZ and/or its designated Purchasing Affiliates desire to purchase and accept from Seller and its Selling Affiliates, the Acquired Assets as fully described in this Agreement.

WHEREAS, Seller or a Selling Affiliate is the direct owner of one hundred percent (100%) of the issued and outstanding equity interests of BMS Holdco (such equity interests are collectively referred to as the “Purchased Company’s Equity Interests”).

WHEREAS, the Purchased Company is the direct or indirect owner of the issued and outstanding equity interests in each of the Subsidiaries listed in Section A of the Seller Disclosure Schedule (such entities are collectively referred to as the “Purchased Company Subsidiaries” and such equity interests are collectively referred to as the “Purchased Company Subsidiaries’ Equity Interests”).

WHEREAS, Amylin Pharmaceuticals, LLC (as successor to Amylin Pharmaceuticals, Inc.) and its subsidiaries are subsidiaries of BMS Holdco (the Purchased Company and the Purchased Company Subsidiaries are collectively referred to as the “Transferred Entities”).

WHEREAS, Seller and each of the Selling Affiliates desire to sell and transfer to AZ and/or the designated Purchasing Affiliates, and AZ and/or the designated Purchasing Affiliates desire to purchase and accept from Seller and the Selling Affiliates, the Purchased Company’s Equity Interests, the Acquired Assets and the Assumed Liabilities, all as fully described in this Agreement (collectively, the “Acquisition”).

WHEREAS, immediately after the Closing, and subject to the terms and conditions herein, AZ will (a) directly or through one or more Purchasing Affiliates own the Purchased Company’s Equity Interests and the Acquired Assets, (b) be responsible for the Assumed Liabilities and (c) indirectly own the Purchased Company Subsidiaries’ Equity Interests (the Purchased Company’s Equity Interests and the Purchased Company Subsidiaries’ Equity Interests are collectively referred to as the “Transferred Equity Interests”).

WHEREAS, subject to the terms and conditions herein, each of the Saxa Collaboration Agreement and the Dapa Collaboration Agreement will be terminated by the parties thereto (subject to the survival of certain provisions as provided therein), and, subject to Exhibit G, the Amylin Collaboration Agreement will continue.

WHEREAS, AZ Parent, contemporaneously with the execution and delivery of the Original SAPA, entered into and delivered the AZ Parent Guaranty, pursuant to which Parent agreed to guarantee the complete and punctual payment by AZ and its Affiliates of all the covenants, conditions and agreements of AZ and its Affiliates contained in this Agreement and in each of the Other Transaction Documents and to make the other agreements set forth in the AZ Parent Guaranty.

Accordingly, the parties hereby agree that the Original SAPA is amended and restated in its entirety as set forth hereby and the parties agree as follows:

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## ARTICLE I

### Purchase and Sale of the Purchased Company's Equity Interests and the Acquired Assets

#### SECTION 1.01 Purchase and Sale.

(a) Upon the terms and subject to the conditions set forth in this Agreement, at the Closing, Seller shall, and shall cause the Selling Affiliates to, sell, assign, transfer, convey and deliver to AZ or its designated Purchasing Affiliates, and AZ shall, or cause its designated Purchasing Affiliates to, purchase, acquire and accept from Seller and the Selling Affiliates all the right, title and interest of Seller and the Selling Affiliates in, to and under the Purchased Company's Equity Interests and the Acquired Assets for (i) the aggregate Purchase Price and (ii) AZ's or its designated Purchasing Affiliates' assumption of the Assumed Liabilities, without further recourse to Seller or its Affiliates (other than the Transferred Entities). Subject to the terms of the AZ Parent Guaranty, AZ shall have the right, exercisable by it by written notice to Seller at any time prior to the Closing (or, in the case of any Acquired Assets or Assumed Liabilities transferred after the Closing as part of a Deferred Transfer, at any time prior to such Deferred Transfer), to assign its rights to acquire the Purchased Company's Equity Interests or the Acquired Assets or to assume the Assumed Liabilities hereunder, in whole or in part, to one or more persons which are Subsidiaries of AstraZeneca plc, a public limited company organized under the laws of England, in accordance with and subject to the terms of this Agreement (each such assignee, a "Purchasing Affiliate"). Each such notice shall include (i) the name, legal form, jurisdiction of incorporation or formation, as applicable, and address for the relevant Purchasing Affiliate(s) and (ii) the portion of the Acquired Assets or Assumed Liabilities, as the case may be, which shall be acquired by such Purchasing Affiliate(s). Notwithstanding the foregoing, the physical transfer of certain assets, including Transferred Regulatory Documentation and the Acquired Assets described in Section 1.02(b) may be delayed subject to the terms and conditions of the Transitional Services Agreement and the Development Agreement. With respect to any Acquired Assets described in Section 1.02(a)(iv), no later than fifteen (15) business days prior to the Closing, Seller shall provide AZ with (x) a schedule setting forth the legal entities that own such Acquired Assets and (y) the address of any warehouse or storage facility where such Acquired Assets will be stored as of the Closing (or in the case of any Deferred Transfer, at the time of the Deferred Transfer).

(b) The sale, transfer, assignment and delivery of the International Acquired Assets and the assumption of the International Assumed Liabilities of each International Selling Affiliate will be effected pursuant to a short-form asset purchase agreement (each, an "International Asset Purchase Agreement"). Seller and AZ acknowledge their and their Affiliates' obligations under Section 9.02 with respect to legally-required notification, information and/or consultation obligations with any applicable works council, economic committee, union or other employee representative body, or any or employees (collectively, the "Employment Consultation Process") and, to the extent required under applicable local Law, Seller and AZ shall ensure that the Employment Consultation Process is completed prior to the relevant International Asset Purchase Agreement being entered into. Each International Asset Purchase Agreement shall be in a form reasonably acceptable to each of AZ and Seller, including

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with respect to (i) the deletion of provisions which are inapplicable to such International Selling Affiliate, AZ or its designated Purchasing Affiliate, as applicable, or the International Acquired Assets and the International Assumed Liabilities covered by such agreement, (ii) such changes as may be necessary to satisfy the requirements of applicable local Law, (iii) such changes as may be reasonably agreed upon by Seller and AZ regarding employees and employee benefits matters in order to adapt such agreement to the particular circumstances of the relevant International Selling Affiliate, AZ or its designated Purchasing Affiliate, as applicable, and country, provided that such changes shall be consistent with the principles underlying the corresponding provisions of this Agreement and (iv) such other changes as may be reasonably agreed by Seller and AZ, including to take into consideration the content and outcome of any Employment Consultation Process.

(c) Upon the terms and subject to the conditions set forth in this Agreement, prior to the Closing, Seller shall, and shall cause its Affiliates (including the Transferred Entities) to, make such contributions, transfers, assignments and acceptances, such that, upon the consummation of such contributions, transfers, assignments and acceptances, Seller or its designees shall own the Excluded Assets and shall be responsible for the Excluded Liabilities, without further recourse to any Transferred Entity, AZ or any of its Affiliates. For purposes of clarity, notwithstanding anything to the contrary herein, and notwithstanding that any such contributions, transfers, assignments or acceptances occurs after the Closing Date, (i) Seller and its Affiliates shall retain, and none of AZ, its Affiliates or any Transferred Entity shall acquire, and no Transferred Entity shall retain, any interest in the Excluded Assets and (ii) Seller and its Affiliates shall retain, and none of AZ, its Affiliates or any Transferred Entity shall assume, and no Transferred Entity shall retain, any Excluded Liability.

#### SECTION 1.02 Acquired Assets; Excluded Assets.

(a) The term “Acquired Assets” means all of the assets that are exclusively used or held for use by Seller or any of its Affiliates (other than the Transferred Entities) on the date hereof in any of, individually or collectively, the Saxa Business, the Dapa Business or the Amylin Business (other than the Excluded Assets) (subject to any increases, decreases or dispositions thereof as may occur prior to the Closing in accordance with Section 5.01), including the following (and Intellectual Property, which is addressed in Section 1.02(b)):

(i) all Contracts exclusively used or held for use in any of, individually or collectively, the Saxa Business, the Dapa Business or the Amylin Business, including those set forth in Section 1.02(a)(i) of the Seller Disclosure Schedule (collectively, the “Transferred Contracts”);

(ii) all Permits (other than Regulatory Approvals which are addressed in clause (ix) immediately below) exclusively used or held for use in any of, individually or collectively, the Saxa Business, the Dapa Business or the Amylin Business, including those set forth in Section 1.02(a)(ii) of the Seller Disclosure Schedule, but only to the extent such Permits may be transferred under applicable Law (collectively, the “Transferred Permits”);

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(iii) subject to the provisions of Section 9.08 with respect to personnel records, all business and financial records, files, books and documents, including all books of account, ledgers, general, financial and accounting records, Tax Returns and other Tax records (including work papers and supporting documentation), operating, production and other manuals, manufacturing and quality control records, manufacturing procedures, files, invoices, customers' and suppliers' lists, other distribution lists, billing records, manuals, laboratory books, preclinical, clinical and marketing studies and customer and supplier correspondence (in all cases, in any form or medium) (collectively, "Records"), in each case, exclusively related to any of, individually or collectively, the Saxa Business, the Dapa Business or the Amylin Business (collectively, the "Transferred Records");

(iv) (A) all raw materials, work-in-process, packaging, labels, supplies, goods in transit and finished goods inventory of products marketed and sold by or on behalf of the Amylin Business and (B) all finished goods inventory of products marketed and sold by or on behalf of any of the Saxa Business and the Dapa Business, in each case as of the Closing Date, and not discontinued, expired, defective, not fit for sale, non-conforming with relevant specifications, or adulterated or misbranded within the meaning of any applicable Law (collectively, the "Transferred Inventory");

(v) all rights to causes of action, lawsuits, judgments, claims, counterclaims, rights of recovery and demands exclusively related to any of, individually or collectively, the Saxa Business, the Dapa Business or the Amylin Business, in each case other than such matters relating to any Excluded Liabilities (for the avoidance of doubt, fifty percent (50%) of any monetary damages that result from all causes of action, lawsuits, judgments, claims, counterclaims, rights of recovery and demands exclusively related to any of, individually or collectively, the Saxa Business, the Dapa Business or the Amylin Business made or initiated prior to the Closing Date shall be paid to Seller or its Affiliates, on the one hand, and AZ or its Affiliates, on the other hand);

(vi) all rights to Third Party coverage for claims (including claims made after Closing with respect to insured incidents to the extent occurring prior to the Closing to the extent permitted under the terms of such Third Party policies) exclusively related to any of, individually or collectively, the Saxa Business, the Dapa Business or the Amylin Business, excluding any fronting policies or any self-insurance of Seller or any of its Affiliates and in each case other than claims relating to any Excluded Liabilities; provided that, with respect to any Liabilities where AZ and its Affiliates on the one hand, and Seller and its Affiliates on the other hand, shall both share liability pursuant to the terms of this Agreement or any Other Transaction Document, the proceeds of any Third Party insurance coverage referenced in this Section 1.02(a)(vi) actually received shall be shared among such parties in the same proportion as such Liabilities are shared;

(vii) (i) all labeling, advertising, marketing, sales and promotional materials (including television, radio and print content and materials), point of sale materials, and website and mobile application content, in each case, exclusively related to any of, individually or collectively, the Saxa Business, the Dapa Business or the Amylin

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Business, (ii) all consumer and end-user information, (iii) materials used for medical education activities and medical informational services, (iv) training materials, and (v) healthcare provider payor and consumer market research, in each case to the extent (A) exclusively related to any of, individually or collectively, the Saxa Business, the Dapa Business or the Amylin Business and (B) transferable in compliance with applicable Law;

(viii) to the extent permitted under applicable Law and subject to the provisions of Section 9.08, as applicable, (i) with respect to the Transferred Employees and Transferred Contingent Workers, all contracts, personnel records, pay data, income tax and social security records, sickness and family leave records, employee evaluations, grievance and disciplinary records and other employment-related documents, (ii) with respect to former employees of the Saxa Business, the Dapa Business or the Amylin Business, all personnel files, grievance files and related documents to the extent such former employees have grievances that remain unresolved as of the Closing, and (iii) all other files and documents necessary to allow AZ and its Affiliates to comply with their obligations hereunder and under applicable Law with respect to the Transferred Employees;

(ix) all (A) regulatory applications, submissions, registrations, licenses, clearances, authorizations and approvals (including all Regulatory Approvals), and non-clinical and clinical trial authorization applications or notifications prepared for submission or submitted to a Governmental Entity with a view to the obtaining or maintaining of any Regulatory Approval, including any investigational medicinal product dossier, in each case, including those set forth on Section 1.02(a)(ix) of the Seller Disclosure Schedule, (B) correspondence with or to Regulatory Authorities (including Regulatory Approval letters, minutes and official contact reports relating to any communications with any Regulatory Authorities) with respect to the assets described in clause (A) above, (C) records contained in the pharmacovigilance and study databases, all adverse drug experience or reaction reports and associated documents, investigations of adverse drug experience or reaction reports, and any other information relevant to the assessment of safety or benefit-risk ratios, and (D) non-clinical, clinical and other files, writings, notes, studies, reports and other documents or data contained or referenced in or supporting any of the foregoing, in each case, that were acquired, developed, compiled, collected or generated by Seller or any of its Affiliates or by any Third Party on behalf of Seller or any of its Affiliates, in each case, to the extent exclusively relating to any product under development or manufactured, distributed, marketed or sold at any time by or on behalf of, individually or collectively, the Saxa Business, the Dapa Business or the Amylin Business (collectively, the “Transferred Regulatory Documentation”);

(x) [Intentionally Omitted];

(xi) [Intentionally Omitted];

(xii) all goodwill (other than goodwill recorded on the balance sheet of Seller or any of its Affiliates) associated with the Saxa Business, the Dapa Business and the Amylin Business;

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(xiii) all assets in respect of a Seller Benefit Plan that are transferred to AZ or its Affiliate in accordance with the provisions of Article IX; provided that such assets shall not become Acquired Assets unless and until the date of such transfer;

(xiv) all equipment and other tangible personal property and interests therein exclusively used or held for use in any of, individually or collectively, the Saxa Business, the Dapa Business or the Amylin Business, including those categories of equipment set forth in Section 1.02(a)(xiv) of the Seller Disclosure Schedule (collectively, the “Transferred Personal Property”);

(xv) all Unique Instance Software Licenses; and

(xvi) all accounts receivable to the extent exclusively related to the operation or conduct of the Amylin Business.

(b) The term “Acquired Assets” shall also include all of the following Intellectual Property that is exclusively used or held for use by Seller or any of its Affiliates (other than the Transferred Entities) on the date hereof in any of, individually or collectively, the Saxa Business, the Dapa Business or the Amylin Business (other than the Excluded Assets) (subject to any increases, decreases or dispositions thereof as may occur prior to the Closing in accordance with Section 5.01) (the “Transferred Intellectual Property”):

(i) all Patents exclusively used or held for use by Seller or any of its Affiliates (other than the Transferred Entities) in any of, individually or collectively, the Saxa Business, the Dapa Business or the Amylin Business, including all Patents identified in Section 1.02(b)(i) of the Seller Disclosure Schedule;

(ii) all Trademarks exclusively used or held for use by Seller or any of its Affiliates (other than the Transferred Entities) in any of, individually or collectively, the Saxa Business, the Dapa Business or the Amylin Business, including all Trademarks identified in Section 1.02(b)(ii) of the Seller Disclosure Schedule;

(iii) all Copyright Registrations and Unregistered Intellectual Property exclusively used or held for use by Seller or any of its Affiliates (other than the Transferred Entities) in any of, individually or collectively, the Saxa Business, the Dapa Business or the Amylin Business, including all Copyright Registrations identified in Section 1.02(b)(iii) of the Seller Disclosure Schedule;

(iv) [Intentionally Omitted];

(v) all Technology exclusively used or held for use by Seller or any of its Affiliates (other than the Transferred Entities) in any of, individually or collectively, the Saxa Business, the Dapa Business or the Amylin Business, including all Technology identified in Section 1.02(b)(v) of the Seller Disclosure Schedule; and

(vi) to the extent not otherwise included in Technology, (A) all Information contained in the Transferred Regulatory Documentation or Transferred Records, (B) to

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the extent not otherwise included in the foregoing clause (A), all pre-clinical and clinical data, safety data, and marketing data exclusively relating to, individually or collectively, a Compound or a Product, and (C) to the extent not otherwise included in the foregoing clauses (A) and (B), all Information that relates exclusively to, individually or collectively, a Compound or a Product, in each case exclusively used or held for use by Seller or any of its Affiliates (other than the Transferred Entities) in any of, individually or collectively, the Saxa Business, the Dapa Business or the Amylin Business and excluding any Information to the extent owned by AZ or its Affiliates (“Product Know-How”); for the avoidance of doubt, all of the Intellectual Property identified on the Seller Disclosure Schedule referenced in this Section 1.02(b) constitutes Acquired Assets.

(c) Notwithstanding anything to the contrary set forth herein, the Acquired Assets shall not include (i) any properties, assets and rights of Seller and its Affiliates of whatever kind and nature, real, personal or mixed, tangible or intangible that are not exclusively used or held for use in the Business (other than the Transferred Intellectual Property identified in Section 1.02(b) of the Seller Disclosure Schedule), or (ii) any Excluded Assets.

(d) The term “Excluded Assets” means the following (and includes all assets set forth in Section 1.02(d) of the Seller Disclosure Schedule):

- (i) electronic mail other than Transferred Electronic Mail;
- (ii) any Excluded Tax Attributes;
- (iii) all rights of Seller and its Affiliates (other than the Transferred Entities) under this Agreement and the Other Transaction Documents, in each case in accordance with their respective terms;
- (iv) all Contracts set forth in Section 1.02(d) of the Seller Disclosure Schedule;
- (v) all Intellectual Property set forth in Section 1.02(d) of the Seller Disclosure Schedule, including;
  - (A) all Patents set forth in Section 1.02(d) of the Seller Disclosure Schedule; and
  - (B) all BMS Marks and all other Trademarks set forth in Section 1.02(d) of the Seller Disclosure Schedule;
- (vi) all Unregistered Intellectual Property consisting of Trademarks that were considered at one time during the branding process as potential candidates for, individually or collectively, the Saxa Business or the Dapa Business, but were not selected as the final candidate or were not exclusively used or exclusively held for use with the Saxa Business or the Dapa Business, as well as any domain names associated with such candidates (other than Unregistered Intellectual Property set forth in Section 1.02(b)(ii) of the Seller Disclosure Schedules);

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- (vii) all personal property and interests therein set forth in Section 1.02(d) of the Seller Disclosure Schedule;
- (viii) all proprietary materials used for Seller's and its Affiliates' human resource program and supporting documentation thereto;
- (ix) all cash and other assets of or relating to any employee benefit plan, program or arrangement or related trust (including any pension and savings plan assets) in which any employees of Seller or its Affiliates participate (except assets of Assumed Benefit Plans of Transferred Entities);
- (x) all raw materials, work-in-process, packaging, labels, supplies and goods in transit related to products marketed and sold by or on behalf of any of the Saxa Business or the Dapa Business;
- (xi) other than as set forth in Section 1.02(a)(xv), all Software Assets that are not owned or licensed by a Transferred Entity;
- (xii) all tangible manufacturing assets that may be used exclusively or non-exclusively for the Saxa Business or Dapa Business, including (A) all manufacturing plant, equipment, tools, and materials resident at any of Seller's or its Affiliates' sites (other than the manufacturing plant in West Chester, Ohio and the San Diego, CA site which are part of the Amylin Business), including any and all equipment and tools used in connection with quality control and release activities, (B) all equipment, tools, and materials owned by Seller or any of its Affiliates and which are leased to or otherwise located at any Third Party manufacturers or suppliers, and (C) all manufacturing Contracts;
- (xiii) the following Records:
  - (A) personnel records other than the Transferred Personnel Records, in accordance with the provisions of Section 9.08;
  - (B) subject to AZ's rights under Sections 8.07(c) and 10.10(c), Records to the extent relating to any Excluded Asset or Excluded Liability;
  - (C) subject to AZ's rights under Sections 8.07(c) and 10.10(c), Records (including accounting Records) relating to Taxes paid or payable by Seller or any of its Affiliates and all financial and Tax Records relating to the Business that form part of Seller's or any of its Affiliates' general ledger or otherwise constitute accounting Records; and
  - (D) file copies of the Records retained by Seller.
- (xiv) all Technology set forth on Section 1.02(d) of the Seller Disclosure Schedule.

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SECTION 1.03 Assumed Liabilities; Excluded Liabilities.

(a) Upon the terms and subject to the conditions of this Agreement, AZ and/or its Purchasing Affiliates shall assume, effective as of the Closing, and from and after the Closing AZ and/or its Purchasing Affiliates shall pay, perform and discharge when due, the following liabilities, obligations and commitments of whatever kind and nature, primary or secondary, direct or indirect, absolute or contingent, known or unknown, whether or not accrued (collectively, “Liabilities”), excluding the Excluded Liabilities (all the foregoing, collectively, the “Assumed Liabilities”), in each case without further recourse to Seller or its Affiliates (other than the Transferred Entities):

(i) all Environmental Liabilities to the extent arising out of or relating to the operation or conduct of the Business, the Transferred Entities or the Acquired Assets, in each case on or after the Closing Date, or the ownership, sale or lease of any of the Acquired Assets or the ownership or sale of the Transferred Entities, in each case to the extent arising on or after the Closing Date;

(ii) all Liabilities under or otherwise arising out of or relating to the Transferred Contracts or the Transferred Entity Contracts (including all Liabilities arising out of or relating to any termination or announcement or notification of an intent to terminate any such Contract), to the extent arising on or after the Closing Date, in each case other than any Excluded Contract Liabilities;

(iii) all Liabilities under or otherwise arising out of or relating to the Transferred Permits or any Transferred Entity Permit to the extent arising on or after the Closing Date;

(iv) all Liabilities in respect of any lawsuits, claims, actions or proceedings to the extent arising out of or relating to the operation or conduct of the Business, the Transferred Entities or the Acquired Assets, in each case to the extent arising on or after the Closing Date, or the ownership, sale or lease of any of the Acquired Assets or the ownership or sale of the Transferred Entities in each case, to the extent arising on or after the Closing Date (including any Liabilities relating to any product liability, consumer protection, consumer fraud, breach of warranty or similar claim for injury to person or property). For purposes of clarification all product liability or similar Liabilities resulting from Third Party Claims (A) related to the use of Products sold to ultimate consumers (or administered to a participant in a clinical trial) prior to the Closing and (B) where such ultimate consumers last purchased (or such participants were last administered) such Products prior to the Closing, shall be treated as Excluded Liabilities and shared by the parties under the Amylin Collaboration Agreement, Saxa Collaboration Agreement or Dapa Collaboration Agreement, as applicable, as in effect immediately prior to the Closing. For purposes of clarification all product liability or similar Liabilities resulting from Third Party Claims (A) related to the use of Products sold to ultimate consumers (or administered to a participant in a clinical trial) after the Closing and (B) where such ultimate consumers first purchased (or such participants first were administered) such Products after the Closing, shall be treated as Assumed Liabilities. For purposes of clarification all product liability or similar Liabilities

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resulting from Third Party Claims related to the use of Products sold to ultimate consumers (or administered to a patient in a clinical trial) prior to and after the Closing or that are not otherwise allocated between the parties pursuant to either of the two immediately preceding sentences shall be shared by the parties pursuant to their respective Allocable Portion, and the parties shall jointly manage in good faith any litigation related to any such Third Party Claims;

(v) all Liabilities for Taxes to the extent arising out of or relating to the Business or the Acquired Assets, in each case other than (A) Excluded Tax Liabilities, and (B) Transfer Taxes that are the responsibility of Seller pursuant to Section 8.07(e) (such non-excluded Liabilities, the “Assumed Tax Liabilities”);

(vi) subject to Section 8.16, all Liabilities arising out of or relating to the return (including any return based on breach of warranty) of, or refund, adjustment, allowance, rebate or exchange in respect of, any products marketed and/or sold by or on behalf of the Business, arising on or after the Closing Date;

(vii) all Liabilities arising from the use of Seller’s National Drug Code number, including any fees related to the foregoing imposed on Seller, AZ or any of their respective Affiliates in respect of its or their status as a “covered entity” pursuant to the Patient Protection and Affordable Care Act by AZ or its Affiliates on or after the Closing Date in connection with the Business; and

(viii) all Liabilities (other than the Retained Employee Liabilities) arising out of or relating to employment, compensation, employee benefits or termination of any employee, independent contractor or leased worker employed or retained by AZ and its Affiliates that (A) arise prior to, on or after the Closing Date with respect to such Liabilities incurred by the Transferred Entities, and (B) arise on or after the Closing Date with respect to such Liabilities incurred by Seller or its Affiliates that are not Transferred Entities; and

(ix) all other Liabilities to the extent arising out of or relating to the operation or conduct of the Business, the Transferred Entities or the Acquired Assets or the ownership, sale or lease of any of the Acquired Assets or the ownership or sale of the Transferred Entities, in each case to the extent arising on or after the Closing Date;

provided, that notwithstanding anything to the contrary contained herein, all Liabilities of the Transferred Entities arising prior to, on or after the Closing Date shall be retained by the Transferred Entities, and nothing in this Section 1.03 is intended to transfer any such Liabilities to Seller or any of its Affiliates (other than Transferred Entities), provided, further, that nothing contained in this Section 1.03(a) shall be deemed to preclude any AZ Indemnitee from making a claim for indemnification and being indemnified for any Losses that such person would have otherwise been entitled to make or be indemnified for under Section 10.01 or Section 10.04.

(b) Notwithstanding any other provision of this Agreement, AZ shall not assume any Excluded Liability, each of which shall be retained and paid, performed and

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discharged when due by Seller and its Affiliates (other than the Transferred Entities). The term “Excluded Liability” means all Liabilities of Seller or any of its Affiliates (other than the Transferred Entities) whether arising prior to, on or following the Closing other than the Assumed Liabilities, including the following:

(i) all Liabilities under or otherwise arising out of or relating to (A) any amounts payable with respect to any Transferred Contract or to the extent arising prior to the Closing, or (B) any breach of or default under (whether after the giving of notice or the lapse of time or both) of any Transferred Contract or by Seller or any of its Affiliates prior to the Closing (collectively, “Excluded Contract Liabilities”);

(ii) all Liabilities to the extent arising out of, relating to or in respect of any Excluded Asset;

(iii) all (A) intragroup Liabilities of Seller or any Selling Affiliate to any of their respective Affiliates and (B) Liabilities of any Transferred Entity to Seller or any of its Affiliates;

(iv) Taxes for all Pre-Closing Tax Periods, other than (A) Taxes arising out of any breach of any covenant relating to Taxes made by AZ or any of its Affiliates, and (B) Transfer Taxes that are the responsibility of AZ pursuant to Section 8.07(e) (such non-excluded Liabilities, the “Excluded Tax Liabilities”);

(v) any Liabilities arising out of or relating to employment, compensation, employee benefits or termination of any current or former employees, officers, consultants or independent contractors of the Business and their respective dependents and beneficiaries that, in each case, relate to periods prior to the Closing (other than any Liability incurred by a Transferred Entity) and any Liability expressly retained by Seller or the Selling Affiliates under Section 9.06(a)(the “Retained Employee Liabilities”);

(vi) all Liabilities set forth in Section 1.03(b)(vi) of the Seller Disclosure Schedule;

(vii) all Liabilities with respect to any Seller Benefit Plan or any other employee benefit plan sponsored or maintained by Seller or any of its Affiliates, except as otherwise contemplated by Article IX; and

(viii) all other Liabilities of Seller and its Affiliates (other than the Transferred Entities) to the extent arising out of or relating to the operation or conduct of the Business or the Acquired Assets or the ownership, sale or lease of any of the Acquired Assets, in each case to the extent arising prior to the Closing Date;

provided, that nothing contained in this Section 1.03(b) shall be deemed to preclude any Seller Indemnitee from making a claim for indemnification and being indemnified for any Losses that such person would have otherwise been entitled to make or be indemnified for under Section 10.02 or Section 10.04.

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SECTION 1.04 Risk of Loss. At the Closing (or, with respect to any Acquired Assets that are subject to Deferred Transfers pursuant to Section 2.01(b), upon such Deferred Transfer), title to the Transferred Equity Interests and the Acquired Assets shall be transferred to AZ and/or its designated Purchasing Affiliates, and AZ and/or its designated Purchasing Affiliates shall thereafter bear all risk of loss associated with the assets of the Transferred Entities and the Acquired Assets. For purposes of clarification, in the case of Acquired Assets that are subject to a Deferred Transfer, prior to such Deferred Transfer, the parties shall bear risk of loss (including for purposes of Sections 1.02 and 1.03 such that, with respect to a Deferred Business only, the Closing shall occur on the Deferred Transfer Date for such Deferred Business) as contemplated in the Saxa Collaboration Agreement, the Dapa Collaboration Agreement and the Amylin Collaboration Agreement, as applicable, as in effect as of immediately prior to the Closing, in each case without regard to the effect of Exhibit G, the Saxa Collaboration Termination Agreement and the Dapa Collaboration Termination Agreement.

SECTION 1.05 Consents of Third Parties; Shared Contracts.

(a) Notwithstanding anything in this Agreement to the contrary, this Agreement shall not, nor shall any Other Transaction Document, constitute an agreement to assign, transfer, grant or otherwise provide, directly or indirectly, any asset (including any Contract or Permit), claim or right, or any benefit arising under or resulting from such asset, claim or right, if an attempted direct or indirect assignment, transfer, grant or other provision thereof, without the consent of a Third Party, would constitute a breach or other contravention of the rights of such Third Party, would be ineffective with respect to any party to an agreement concerning such asset, claim or right or would in any way adversely affect the rights of Seller, any Selling Affiliate or the Transferred Entities or, upon assignment, transfer, grant or other provision, AZ or any Purchasing Affiliate under such asset, claim or right. If any direct or indirect transfer, assignment, grant or other provision by Seller, any Selling Affiliate or any Transferred Entity to, or any direct or indirect assumption by AZ or any Purchasing Affiliate of, any interest in, or liability, obligation or commitment under, any asset, claim or right (including any Contract or Permits) requires the consent of a Third Party, then such transfer, assignment, grant or other provision or assumption shall be made subject to such consent being obtained (including, with respect to Seller and any Selling Affiliate and any of the Transferred Entities, in connection with this Agreement or any Other Transaction Document).

(b) Subject to Deferred Transfers described in Section 2.01, if any such consent referred to in Section 1.05(a) is not obtained prior to the Closing, the Closing shall nonetheless take place and, thereafter, Seller and the Selling Affiliates shall (i) use their reasonable best efforts to retain such asset, claim or right for the use and benefit, insofar as reasonably possible, of AZ or a Purchasing Affiliate and implement an arrangement with the intent that AZ or such Purchasing Affiliate shall obtain (without infringing upon the legal rights of such Third Party or violating any applicable Law) the economic claims, rights and benefits under any such asset, claim or right and (ii) take such other actions as may be reasonably requested by AZ in order to place AZ or its designated Purchasing Affiliate, insofar as reasonably possible, in the same position as if such asset, claim or right had been transferred at the Closing as contemplated hereby and so that all the benefits and burdens relating to such asset, claim or right, including possession, use, risk of loss, potential for gain, and dominion, control

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and command over such asset, claim or right, are to inure from and after the Closing to AZ or its designated Purchasing Affiliate. Without limiting the foregoing, at the reasonable request and expense of AZ, Seller shall cooperate with AZ to enforce any rights or remedies Seller or its Affiliates may have with respect to any asset, claim or right the transfer of which is delayed or not completed on the Closing Date. For no additional consideration and at such time as Seller and AZ agree after obtaining the applicable authorization, consent or waiver, Seller shall, or shall cause a Selling Affiliate to, cause any such asset, claim or right to be conveyed, assigned, transferred and delivered to AZ or its designated Purchasing Affiliate and AZ or such Purchasing Affiliate shall acquire, accept and assume such asset, claim or right and such asset, claim or right shall be an “Acquired Asset” hereunder. This Section 1.05(b) does not relate to the transfer of Permits, which is addressed solely by Section 8.02(c).

(c) For a period of three (3) months following the Closing, AZ and Seller shall each use reasonable best efforts to cooperate with each other to (i) identify Shared Contracts (excluding Software Assets other than Unique Instance Software Licenses) and that are material to the Business and (ii) reasonably cooperate for a period of nine (9) months following the Closing with each other to assist AZ in entering into alternative, stand-alone arrangements with such third parties with respect to the matters related to the Business in such Shared Contracts. Each of Seller and AZ shall be responsible for its own costs in providing such cooperation; provided that neither party shall be required to make any payments to any third parties in connection with such cooperation.

#### SECTION 1.06 Refunds and Remittances.

(a) Received by Seller or the Selling Affiliates. After the Closing, if Seller or any of the Selling Affiliates receives (i) any refund or other amount which is an Acquired Asset or is otherwise properly due and owing to AZ or any Purchasing Affiliate in accordance with the terms of this Agreement or (ii) any refund or other amount which is related to claims or other matters for which AZ is responsible hereunder, and which amount is not an Excluded Asset, or is otherwise properly due and owing to AZ or any Purchasing Affiliate in accordance with the terms of this Agreement, Seller promptly shall remit, or shall cause to be remitted, such amount to AZ at the address set forth in Section 12.06.

(b) Received by AZ or the Purchasing Affiliates. After the Closing, if AZ or any of the Purchasing Affiliates receives (i) any refund or other amount which is an Excluded Asset or is otherwise properly due and owing to Seller or any of the Selling Affiliates in accordance with the terms of this Agreement or (ii) any refund or other amount which is related to claims or other matters for which Seller is responsible hereunder, and which amount is not an Acquired Asset, or is otherwise properly due and owing to Seller or any of the Selling Affiliates in accordance with the terms of this Agreement, AZ promptly shall remit, or shall cause to be remitted, such amount to Seller at the address set forth in Section 12.06.

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## ARTICLE II

### Closing; Purchase Price

#### SECTION 2.01 Closing.

(a) The meeting to effect the closing of the Acquisition (the “Closing Meeting”) shall be held at the offices of Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York, on the date specified by the parties, which shall be no later than the fifth (5th) business day following the satisfaction (or, to the extent permitted by applicable Law, waiver) of the conditions set forth in Article III (other than (i) delivery of items to be delivered at the Closing Meeting and (ii) satisfaction or, to the extent permitted by applicable Law, waiver of conditions that by their nature are to be satisfied at Closing, it being understood that the occurrence of the Closing shall remain subject to the delivery of such items and the satisfaction or, to the extent permitted by applicable Law, waiver of such conditions at the Closing), or at such other place, time and date as shall be agreed between AZ and Seller. The closing of the Acquisition (the “Closing”) shall be deemed to be effective as of 12:00:01 a.m. in each applicable time zone on a country by country basis on the date (such date, the “Closing Date”) immediately following the date of the Closing Meeting.

(b) Notwithstanding anything herein to the contrary, (A) (i) if any required filing, consent, approval or action required to be made or obtained relating to the Acquisition or advance ruling certificate or no-action letter required to obtain an exemption therefrom pursuant to the competition or antitrust Laws of any Governmental Entity (collectively, the “Antitrust Approvals”) as set forth on Section 2.01(b) of the Seller Disclosure Schedule, shall not have been obtained or deemed to have been obtained by the Closing Date due to circumstances in the jurisdictions of such Governmental Entity or (ii) if any legally required Employment Consultation Process has not been conducted to completion (as reasonably determined by Seller and AZ acting in good faith) (the “Consultation Completion”) by the Closing Date, to the extent required under applicable local Law (each such jurisdiction in clauses (i) and (ii), a “Deferred Jurisdiction”) and (B) all the conditions of Article III have been satisfied or waived, then the parties shall effect the Closing, but the transfer of the Acquired Assets and the assumption of the Assumed Liabilities in each such Deferred Jurisdiction (such Acquired Assets and Assumed Liabilities, collectively, a “Deferred Business”) will not occur on the Closing Date, but shall instead occur as soon as practicable after the Antitrust Approvals or Consultation Completion, as applicable, in such Deferred Jurisdiction have been obtained or deemed to have been obtained (or upon the waiver thereof by AZ and Seller). Subject to Section 8.05, the parties shall use reasonable best efforts to ensure that any Deferred Transfer occurs as soon as reasonably practicable after the Closing Date. For the avoidance of doubt, the Closing shall not be delayed as a result of any Deferred Transfer. At the closing of a Deferred Transfer pursuant to Section 2.01(d), AZ shall pay to Seller or one or more of Seller’s designated Affiliates an amount equal to the Deferred Transfer Payment applicable to such Deferred Business.

(c) From and after the Closing, and until such time as a Deferred Business has been transferred to AZ or its designated Purchasing Affiliate pursuant to Section 2.01(f) (each such transfer, a “Deferred Transfer”), such Deferred Business will be held by, and managed and operated by, Seller and its Affiliates pursuant to the terms (including those relating to economic

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and liability matters) of, the Amylin Collaboration Agreement, Saxa Collaboration Agreement and Dapa Collaboration Agreement, as applicable, as in effect immediately prior to the Closing, without giving effect to Exhibit G, the Saxa Collaboration Termination Agreement and the Dapa Collaboration Termination Agreement.

(d) The closing of a transfer of each Deferred Business will be effected on the fifth (5th) business day after the Antitrust Approvals or Consultation Completion, as applicable, in such Deferred Jurisdiction have been obtained or deemed to have been obtained (or upon the waiver thereof by AZ and Seller), or at such other time as the parties may agree, (the date of each such closing, a “Deferred Transfer Date”) without regard to any of the conditions set forth in Article III.

(e) [Intentionally Omitted]

(f) At the Closing Meeting, Seller shall deliver or cause to be delivered to AZ:

(i) a certificate or certificates representing the Purchased Company’s Equity Interests, duly endorsed by Seller or the applicable Selling Affiliate for transfer to AZ or its designated Purchasing Affiliate, with appropriate transfer stamps, if any, affixed;

(ii) such instruments of sale, assignment, transfer and conveyance (including a counterpart of each International Asset Purchase Agreement) as may be reasonably requested by AZ to effect or evidence the transfer of the Acquired Assets and the Assumed Liabilities to AZ and/or its designated Purchasing Affiliate, in each case duly executed by an authorized officer of Seller or the applicable Selling Affiliate;

(iii) a counterpart of the Transitional Services Agreement, duly executed by an authorized officer of Seller;

(iv) a counterpart of the Saxa Collaboration Termination Agreement, duly executed by an authorized officer of Seller;

(v) a counterpart of the Dapa Collaboration Termination Agreement, duly executed by an authorized officer of Seller;

(vi) a counterpart of the Technology License Agreement, duly executed by an authorized officer of Seller;

(vii) [Intentionally Omitted];

(viii) a counterpart of the Development Agreement, duly executed by an authorized officer of Seller or an Affiliate of Seller;

(ix) a counterpart of each amendment to each Existing PV Agreement, duly executed by an authorized officer of Seller or an Affiliate of Seller;

(x) a counterpart of the Master Supply Agreement, duly executed by an authorized officer of Seller or an Affiliate of Seller;

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(xi) a counterpart of the TRA Amendment, duly executed by authorized officers of Seller, BMS Holdco and Amylin; and

(xii) the certificate required to be delivered under Section 3.02(a).

(g) At the Closing Meeting, AZ or its applicable Purchasing Affiliates shall deliver or cause to be delivered to Seller:

(i) by wire transfer to a bank account designated in writing by Seller at least two (2) business days prior to the Closing Date, immediately available funds in an amount equal to the Closing Date Amount plus or minus, as the case may be, the Estimated Working Capital and Inventory Amounts;

(ii) such instruments of sale, assignment, transfer and conveyance (including its counterpart of each applicable International Asset Purchase Agreement) as Seller or the Selling Affiliates may reasonably request to effect or evidence the purchase of the Acquired Assets and the assumption of the Assumed Liabilities by AZ and/or its designated Purchasing Affiliates, in each case duly executed by an authorized officer of AZ and/or the applicable Purchasing Affiliate;

(iii) a counterpart of the Transitional Services Agreement, duly executed by an authorized officer of AZ and/or the applicable Purchasing Affiliate;

(iv) a counterpart of the Saxa Collaboration Termination Agreement, duly executed by an authorized officer of AZ UK;

(v) a counterpart of the Dapa Collaboration Termination Agreement, duly executed by an authorized officer of AZ UK;

(vi) a counterpart of the Technology License Agreement, duly executed by an authorized officer of AZ and/or the applicable Purchasing Affiliate;

(vii) [Intentionally Omitted];

(viii) a counterpart of the Development Agreement, duly executed by an authorized officer of AZ or an Affiliate of AZ;

(ix) a counterpart of each amendment to each Existing PV Agreement, duly executed by an authorized officer of AZ or an Affiliate of AZ;

(x) a counterpart of the Master Supply Agreement, duly executed by an authorized officer of AZ or an Affiliate of AZ;

(xi) a counterpart of the TRA Amendment, duly executed by authorized officers of AZ Parent and AZ Pharmaceuticals; and

(xii) the certificate required to be delivered under Section 3.03(a).

#### SECTION 2.02 Purchase Price.

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(a) On the Closing Date, AZ shall pay to Seller or one or more of Seller's designated Affiliates an amount (such amount, the "Closing Date Amount") equal to (i) two billion eight hundred million dollars (\$2,800,000,000) minus (ii) the aggregate amount of all Deferred Transfer Payments minus (iii) the aggregate amount of all payments made or directed by AZ or any of its Affiliates to Seller or any of its Affiliates under or pursuant to the Japan Co-Promotion and Supply Agreements between the date of this Agreement and the Closing Date minus (iv) the Amylin Expense Adjustment Amount.

(b) No later than three (3) business days prior to the Closing Date, Seller shall prepare and deliver to AZ a certificate (the "Closing Certificate") setting forth Seller's good faith estimate of (i) Amylin Working Capital as of the effective time of the Closing on the Closing Date (the "Estimated Amylin Working Capital"), (ii) Ex-Entity Inventory as of the effective time of the Closing on the Closing Date (the "Estimated Ex-Entity Inventory") based on the local standard cost recorded in the books and records of the relevant Selling Affiliate as of the time of such estimate and (iii) the Ex-Entity Inventory Difference as of the effective time of the Closing on the Closing Date based on Estimated Ex-Entity Inventory (the "Estimated Ex-Entity Inventory Difference"). The methodology and principles used in the calculation of the Estimated Amylin Working Capital, the Estimated Ex-Entity Inventory and the Estimated Ex-Entity Inventory Difference shall be prepared in accordance with the Working Capital and Inventory Principles. If the Estimated Amylin Working Capital is greater than zero, then, on the Closing Date, AZ shall pay to Seller or one or more of Seller's designated Affiliates an amount equal to one hundred percent (100%) of the Estimated Amylin Working Capital. If the Estimated Amylin Working Capital is less than zero, then, on the Closing Date, Seller or one or more of its designated Affiliates shall pay to AZ an amount equal to one hundred percent (100%) of the absolute value of the Estimated Amylin Working Capital. On the Closing Date, AZ shall pay to Seller or one or more of Seller's designated Affiliates an amount equal to one hundred percent (100%) of the Estimated Ex-Entity Inventory. If the Estimated Ex-Entity Inventory Difference is greater than zero, then, on the Closing Date, the amount of such difference shall be deducted from the Closing Date Amount. The payments and/or deductions to the Closing Date Amount made pursuant to this Section 2.02(b) are collectively referred to herein as the "Estimated Working Capital and Inventory Amounts". All invoicing for payments pursuant to this Section 2.02 with respect to the transfer of inventory in local markets shall be in the functional currency for such local market, based on the spot rate as published by Bloomberg. Inventory that would otherwise be included in Transferred Inventory and that is owned by Seller or any of its Affiliates in any Exception Market (as defined in the Closing Certificate) or any market with respect to which there will be a Deferred Transfer Payment as indicated in the Closing Certificate shall not be considered Transferred Inventory at the Closing (including for purposes of calculating Ex-Entity Inventory) and shall be transferred to AZ or its designated Affiliate or otherwise addressed pursuant to the terms of the Transitional Services Agreement.

(c) Within thirty (30) days after AZ becomes aware of the receipt of the U.S. Farxiga Approval, AZ or one of its Affiliates shall pay to Seller or one or more of Seller's designated Affiliates an aggregate amount equal to six hundred million dollars (\$600,000,000) (the "U.S. Farxiga Approval Amount"); provided, however that if the U.S. Farxiga Approval is received prior to the Closing Date, the U.S. Farxiga Approval Amount shall be paid on the later

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of (i) the Closing Date and (ii) within thirty (30) days after AZ becomes aware of the receipt of the U.S. Farxiga Approval.

(d) Within thirty (30) days after the Japanese Forxiga Approval, AZ or one of its Affiliates shall pay to Seller or one or more of Seller's designated Affiliates an aggregate amount equal to one hundred million dollars (\$100,000,000) (the "Japanese Forxiga Approval Amount"); provided, however, that if the Japanese Forxiga Approval is received prior to the Closing Date, the Japanese Forxiga Approval Amount shall be paid on the later of (i) the Closing Date and (ii) within thirty (30) days after AZ becomes aware of the receipt of the Japanese Forxiga Approval.

(e) Within thirty (30) days after the Ex-U.S. Saxa/Dapa Launch, AZ or one of its Affiliates shall pay to Seller or one or more of Seller's designated Affiliates an aggregate amount equal to one hundred million dollars (\$100,000,000) (the "Ex-U.S. Saxa/Dapa Launch Amount").

(f) On or before February 29, 2020, AZ or one of its Affiliates shall deliver a statement to Seller setting forth in reasonable detail the Cumulative Ex-U.S. Sales during the Ex-U.S. Sales Measurement Period (the "Period-End Cumulative Ex-U.S. Sales Statement") and shall pay to Seller or one or more of Seller's designated Affiliates an amount equal to one hundred fifty million dollars (\$150,000,000) (the "Tier I Ex-U.S. Sales Milestone Amount") if Cumulative Ex-U.S. Sales during the Ex-U.S. Sales Measurement Period (subject to Section 5.07(b)(ii)) as set forth in the Period-End Cumulative Ex-U.S. Sales Statement is equal to or greater than six billion dollars (\$6,000,000,000) (the "Tier I Ex-U.S. Sales Milestone").

(g) On or before February 29, 2020, in addition to the payment required in Section 2.02(f), if any, AZ or one of its Affiliates shall pay to Seller or one or more of Seller's designated Affiliates an amount equal to one hundred fifty million dollars (\$150,000,000) (the "Tier II Ex-U.S. Sales Milestone Amount") if Cumulative Ex-U.S. Sales during the Ex-U.S. Sales Measurement Period (subject to Section 5.07(b)(ii)) as set forth in the Period-End Cumulative Ex-U.S. Sales Statement is greater than eight billion dollars (\$8,000,000,000) (the "Tier II Ex-U.S. Sales Milestone"); provided that Cumulative Ex-U.S. Sales that occur in the Ex-U.S. Sales Measurement Period or any portion thereof in which the Tier I Ex-U.S. Sales Milestone is achieved may be included, if applicable, in the calculation of Cumulative Ex-U.S. Sales for determining whether the Tier II Ex-U.S. Sales Milestone has been achieved.

(h) On or before February 29, 2020, AZ or one of its Affiliates shall deliver a statement to Seller setting forth in reasonable detail the Cumulative U.S. Sales during the U.S. Sales Measurement Period (the "Period-End Cumulative U.S. Sales Statement") and shall pay to Seller or one or more of Seller's designated Affiliates an amount equal to one hundred fifty million dollars (\$150,000,000) (the "Tier I U.S. Sales Milestone Amount") if Cumulative U.S. Sales during the U.S. Sales Measurement Period (subject to Section 5.07(b)(ii)) as set forth in the Period-End Cumulative U.S. Sales Statement is equal to or greater than eight billion five hundred million dollars (\$8,500,000,000) (the "Tier I U.S. Sales Milestone").

(i) On or before February 29, 2020, in addition to the payment required in Section 2.02(h), AZ or one of its Affiliates shall pay to Seller or one or more of Seller's

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designated Affiliates an amount equal to one hundred fifty million dollars (\$150,000,000) (the “Tier II U.S. Sales Milestone Amount”) if Cumulative U.S. Sales during the U.S. Sales Measurement Period (subject to Section 5.07(b)(ii)) as set forth in the Period-End Cumulative U.S. Sales Statement is greater than ten billion five hundred million dollars (\$10,500,000,000) (the “Tier II U.S. Sales Milestone”); provided that Cumulative U.S. Sales that occur in the U.S. Sales Measurement Period or any portion thereof in which the Tier I U.S. Sales Milestone is achieved may be included, if applicable, in the calculation of Cumulative U.S. Sales for determining whether the Tier II U.S. Sales Milestone has been achieved.

(j) Within forty-five (45) days after March 31, June 30, September 30 and December 31 of each year (each a “Quarter Day”) starting on the first Quarter Day after Closing and ending on December 31, 2025, AZ shall deliver a statement (each an “AZ Non-Amylin WW Sales Statement”) to Seller setting forth the Non-Amylin WW Sales for the immediately preceding calendar quarter (for the avoidance of doubt, the first statement will be with respect to the period starting on the Closing and ending on the first Quarter Day after Closing and the last statement will be with respect to the last quarter of the 2025 calendar year). On the same date that AZ delivers such AZ Non-Amylin WW Sales Statement, AZ or one of its Affiliates shall pay to Seller or Seller’s designated Affiliates:

(i) with respect to the period commencing on the Closing and ending on December 31, 2014, an amount equal to the applicable First Tier Non-Amylin Royalty Rate for such calendar quarter multiplied by the Non-Amylin WW Sales for such calendar quarter set forth in the AZ Non-Amylin WW Sales Statement; and

(ii) with respect to the period commencing on the Closing and ending on December 31, 2016, an amount equal to the applicable Second Tier Non-Amylin Royalty Rate for such calendar quarter multiplied by the Non-Amylin WW Sales for such calendar quarter set forth in the AZ Non-Amylin WW Sales Statement, provided that no such royalty shall be payable on any Non-Amylin WW Sales exceeding five hundred million dollars (\$500,000,000) in a calendar year; and

(iii) with respect to the period commencing on January 1, 2015, and ending on December 31, 2025, an amount equal to the applicable Third Tier Non-Amylin Royalty Rate for such calendar quarter multiplied by the Non-Amylin WW Sales for such calendar quarter (subject to Section 5.07(b)(ii)) set forth in the AZ Non-Amylin WW Sales Statement.

For purposes of clarification, the royalties set forth in clauses (i) and (ii) and clauses (ii) and (iii) may be paid concurrently, and the five hundred million dollars (\$500,000,000) limit in clause (ii) shall apply only to such royalties described in clause (ii).

(k) Within forty-five (45) days after March 31, June 30, September 30 and December 31 of each year starting March 31, 2015 and ending on December 31, 2025, AZ shall deliver a statement, together with information and documentation supporting the calculations of AZ (each such statement an “AZ Amylin U.S. Sales Statement”) to Seller setting forth the Amylin U.S. Sales for the immediately preceding calendar quarter (for the avoidance of doubt, the first statement will be with respect to the first quarter of the 2015 calendar year and the last

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statement will be with respect to the last quarter of the 2025 calendar year). On the same date that AZ delivers such AZ Amylin U.S. Sales Statement, AZ or one of its Affiliates shall pay to Seller or Seller's designated Affiliates an amount equal to the applicable Amylin U.S. Royalty Rate for such calendar quarter multiplied by the Amylin U.S. Sales for such calendar quarter (subject to Section 5.07(b)(ii)) set forth in the AZ Amylin U.S. Sales Statement; provided, that the aggregate amounts paid to Seller and its designated Affiliates under this clause (k) for all years through December 31, 2025 shall not exceed one billion two hundred million dollars (\$1,200,000,000). For the avoidance of doubt, no royalties shall be payable by AZ or its Affiliates to Seller or its Affiliates with respect to Net Sales of Amylin Products outside the U.S.

(l) During the thirty (30)-day period beginning January 1 of each year starting January 1, 2015 and ending January 1, 2026, Seller and its independent auditors shall be permitted to review the working papers of AZ and its independent auditors relating to any or all of the AZ Non-Amylin WW Sales Statements, the AZ Amylin U.S. Sales Statements, the Period-End Cumulative Ex-U.S. Sales Statement or the Period-End Cumulative U.S. Sales Statement received by Seller in the previous calendar year; provided that Seller and its advisors, including its independent auditors, shall have executed (A) a customary confidentiality agreement with AZ providing AZ substantially the same level of confidentiality protection as afforded under Section 8.09 and (B) all customary release letters reasonably requested by AZ's independent auditors, in each case in connection therewith. Each such statement shall each become final and binding upon the parties on January 31 of the year following delivery thereof, unless prior to such date Seller gives written notice to AZ of its disagreement with any of such statements (a "Sales Statement Notice of Disagreement"). Any Sales Statement Notice of Disagreement shall (i) specify in reasonable detail the nature of any disagreement so asserted, (ii) include only disagreements based on mathematical errors or based on the Non-Amylin WW Sales, Amylin U.S. Sales, Cumulative Ex-U.S. Sales or Cumulative U.S. Sales, as applicable, not being calculated in accordance with this Agreement and (iii) specify the amount that Seller reasonably believes is the correct amount of the applicable Non-Amylin WW Sales, Amylin U.S. Sales, Cumulative Ex-U.S. Sales and/or Cumulative U.S. Sales based on the disagreements set forth in the Sales Statement Notice of Disagreement, including a reasonably detailed description of the adjustments applied to the applicable statement(s) in calculating such amount. If the Sales Statement Notice of Disagreement is received by AZ in a timely manner, then the applicable statements (as revised in accordance with this Section 2.03) shall become final and binding on the parties on the earlier of (i) the date Seller and AZ resolve in writing all differences they have with respect to the matters specified in the Sales Statement Notice of Disagreement and (ii) the date all disputed matters are finally resolved in writing by the Accounting Firm. During the thirty (30)-day period following the delivery of a Notice of Disagreement, Seller and AZ shall seek in good faith to resolve in writing any differences that they may have with respect to the matters specified in the Sales Statement Notice of Disagreement and agree on a final determination of the Non-Amylin WW Sales, Amylin U.S. Sales, Cumulative Ex-U.S. Sales and/or Cumulative U.S. Sales, as applicable. During such period, AZ and its independent auditors shall be permitted to review the working papers of Seller and its independent auditors relating to the Sales Statement Notice of Disagreement; provided that AZ and its advisors, including its independent auditors, shall have executed (A) a customary confidentiality agreement with Seller providing Seller the same level of protection as afforded under Section 8.09 and (B) all customary release letters reasonably requested by Seller's independent auditors, in each case in

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connection therewith. At the end of such thirty (30)-day period, if no agreement on the Non-Amylin WW Sales, Amylin U.S. Sales, Cumulative Ex-U.S. Sales and/or Cumulative U.S. Sales, as applicable, has been reached, upon the request of either Seller or AZ, Seller and AZ shall submit to the Accounting Firm (the selection of which is described in Section 2.03) for arbitration any and all matters that remain in dispute and that were properly included in the Sales Statement Notice of Disagreement. The parties shall jointly instruct the Accounting Firm that it shall (i) review only the matters that were properly included in the Sales Statement Notice of Disagreement and which remain in dispute, (ii) make its determination in accordance with the requirements of this Section 2.02 and (iii) render its written decision as promptly as practicable but in no event later than forty-five (45) days after submission to the Accounting Firm of all matters in dispute. Judgment may be entered upon the determination of the Accounting Firm in any court having jurisdiction over the party against which such determination is to be enforced. The Accounting Firm's determination shall be accompanied by a certificate of the Accounting Firm that it reached its decision in accordance with the provisions of this Section 2.02(l). The cost of any arbitration (including the fees and expenses of the Accounting Firm and reasonable attorney fees and expenses of the parties) pursuant to this Section 2.02 shall be borne by AZ and Seller in inverse proportion as they may prevail on matters resolved by the Accounting Firm, which proportionate allocations also shall be determined by the Accounting Firm at the time the determination of the Accounting Firm is rendered on the merits of the matters submitted. The fees, costs and expenses of AZ incurred in connection with its preparation of the AZ Non-Amylin WW Sales Statement, AZ Amylin U.S. Sales Statement, the Period-End Cumulative Ex-U.S. Sales Statement and the Period-End Cumulative U.S. Sales Statement, its review of any Sales Statement Notice of Disagreement and its preparation of its written brief submitted to the Accounting Firm shall be borne by AZ, and the fees, costs and expenses of Seller incurred in connection with its review of such statements, its preparation, review and certification of any Sales Statement Notice of Disagreement and its preparation of its written briefs submitted to the Accounting Firm shall be borne by Seller.

(m) AZ shall pay the amounts if and as required by this Section 2.02 in cash (in U.S. dollars) using immediately available funds (such amounts, together with any adjustments pursuant to Section 2.03, collectively, the "Purchase Price"). Subject to Section 10.12, neither AZ nor any of its Affiliates shall have any right to set-off any amounts due to be paid pursuant to this Section 2.02.

(n) On or prior to December 1 of each year beginning 2014 and through 2025, AZ shall provide to Seller an annual budget for the following calendar year that details the good faith sales estimates of each of the Products on a U.S. and ex-U.S. basis, together with information and documentation supporting AZ's calculations therefor.

(o) In addition to the other rights and obligations of the parties to this Agreement, at the request of Seller, AZ shall, and shall if applicable cause its Affiliates to, permit Seller or an independent, certified public accountant not having any significant relation to either Seller or AZ, as appointed by Seller, at reasonable times and upon reasonable notice, and not more than one (1) time per calendar year, to examine the books and records of AZ (or its relevant Affiliate) as may be reasonably necessary to determine the correctness of any payment made under this Agreement.

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(p) Notwithstanding anything to the contrary herein, each party hereto shall be entitled to deduct and withhold from amounts otherwise payable to any person hereunder such amounts as it is required to deduct and withhold with respect to the making of such payment under any Tax law. Any amounts so withheld with respect to payments made by AZ or any Permitted Purchasing Affiliates to any person pursuant to this Section 2.02 or Section 2.03 shall be treated for all purposes of this Agreement as having been paid to such person. Notwithstanding the foregoing, to the extent that any Taxes are required to be withheld with respect to payments made pursuant to Sections 2.02 or 2.03 to a person by a Purchasing Affiliate that is not a Permitted Purchasing Affiliate, then the amount paid by such Purchasing Affiliate shall be increased as necessary such that the amount received by such person after such required withholding for Taxes is equal to the amount such person would have received if no withholding had been required; provided that neither AZ nor such Purchasing Affiliate shall be required to pay any such increased amounts in respect of any such withholding to the extent such withholding results from a transaction undertaken by Seller or a Selling Affiliate after the Closing, except to the extent that such transaction is required to be undertaken pursuant to this Agreement. In all events, the parties shall cooperate in good faith to minimize the amount of withholding tax required to be deducted and withheld from any amounts payable hereunder. A “Permitted Purchasing Affiliate” means (i) with respect to any assignment of AZ’s right to purchase the Purchased Company’s Equity Interests, Zeneca Inc. or, with respect to any assignment of Zeneca Inc.’s rights to purchase the Purchased Company’s Equity Interests, any Purchasing Affiliate that is treated as person who is resident in the United Kingdom, Sweden or the United States for income tax purposes and (ii) with respect to any assignment of AZ’s right to purchase the Acquired Assets or to assume the Assumed Liabilities, (x) any Purchasing Affiliate that is treated as a resident for Tax purposes of the United Kingdom, Sweden or the United States (including AZ UK) or (y) any other Purchasing Affiliate that is organized in the same jurisdiction in which such Acquired Assets or Assumed Liabilities are held or located.

(q) For purposes of Section 2.02(f) through (k), in the event that AZ or any of its Affiliates sells a Competing Product in a country following the Closing, such Competing Product shall be deemed a Corresponding Product for purposes of determining Net Sales of such Corresponding Product in such country for any period beginning on the Closing Date and ending on the earlier of (i) the eighth anniversary of the Closing Date and (ii) the date such Competing Product is Divested. In the event that any Product is sold or transferred in any manner (directly or indirectly) to a Third Party (by way or sale, merger, business combination or otherwise), such Third Party shall agree, as a condition to any such sale or transfer, to fully assume the obligations of AZ and its Affiliates with respect to the obligations set forth in Section 2.02 (with respect to any royalty or milestone payments that are due or may become due to Seller and its Affiliates under this Agreement) and Section 7.05 (with respect to Diligent Efforts), in each case related to such sold or transferred assets or equity interests; provided that no such assumption by such Third Party will in any way relieve any obligations of the Seller and its Affiliates under this Agreement or the obligations of AZ Parent under the AZ Parent Guaranty. Any such sale or transfer of any assets or equity interests that does not include such assumption of obligations shall be void.

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SECTION 2.03 Working Capital and Inventory Amounts.

(a) As promptly as practicable, but no later than ninety (90) days after the Closing Date, AZ shall prepare and deliver to Seller (i) a statement (the “Amylin Working Capital Statement”) setting forth Amylin Working Capital as of the effective time of the Closing (the “Closing Amylin Working Capital”) determined in a manner consistent and in accordance with the Working Capital and Inventory Principles, (ii) a statement (the “Ex-Entity Inventory Statement”) setting forth Ex-Entity Inventory as of the effective time of the Closing (the “Closing Ex-Entity Inventory”) based on the local standard cost recorded in the books and records of the relevant Selling Affiliate as of such time, and (iii) a statement (the “Ex-Entity Inventory Difference Statement” and, together with the Amylin Working Capital Statement and the Ex-Entity Inventory Statement, the “Statements”) setting forth Ex-Entity Inventory Difference as of the effective time of the Closing (the “Closing Ex-Entity Inventory Difference”).

(b) During the forty-five (45)-day period following Seller’s receipt of the Statements, Seller and its independent auditors shall be permitted to review the working papers of AZ and its independent auditors relating to the Statements; provided that Seller and its advisors, including its independent auditors, shall have executed all release letters reasonably requested by AZ’s independent auditors in connection therewith. The Statements shall each become final and binding upon the parties on the forty-fifth (45th) day following delivery thereof, unless prior to such date Seller gives written notice to AZ of its disagreement with any of the Statements (a “Notice of Disagreement”). Any Notice of Disagreement shall (i) specify in reasonable detail the nature of any disagreement so asserted, (ii) include only disagreements based on mathematical errors or based on the Closing Amylin Working Capital not being calculated, the Closing Ex-Entity Inventory and/or the Closing Ex-Entity Inventory Difference not being determined in accordance with this Section 2.03 and (iii) specify the amount that Seller reasonably believes is the correct amount of the Closing Amylin Working Capital, the Closing Ex-Entity Inventory and/or the Closing Ex-Entity Inventory Difference based on the disagreements set forth in the Notice of Disagreement, including a reasonably detailed description of the adjustments applied to the applicable Statement(s) in calculating such amount. If the Notice of Disagreement is received by AZ in a timely manner, then the Statements (as revised in accordance with this Section 2.03), as applicable, shall become final and binding on the parties on the earlier of (i) the date Seller and AZ resolve in writing all differences they have with respect to the matters specified in the Notice of Disagreement and (ii) the date all disputed matters are finally resolved in writing by the Accounting Firm. During the forty-five (45)-day period following the delivery of a Notice of Disagreement, Seller and AZ shall seek in good faith to resolve in writing any differences that they may have with respect to the matters specified in the Notice of Disagreement and agree on a final determination of the Closing Amylin Working Capital, the Closing Ex-Entity Inventory and the Closing Ex-Entity Inventory Difference. During such period, AZ and its independent auditors shall be permitted to review the working papers of Seller and its independent auditors relating to the Notice of Disagreement; provided that AZ and its advisors, including its independent auditors, shall have executed all release letters reasonably requested by Seller’s independent auditors in connection therewith. At the end of such forty-five (45)-day period, if no agreement on the Closing Amylin Working Capital, the Closing Ex-Entity Inventory and/or the Closing Ex-Entity Inventory Difference has been reached, upon the request of either Seller or AZ, Seller and AZ shall submit to a nationally

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recognized independent accounting firm (the “Accounting Firm”) for arbitration any and all matters that remain in dispute and that were properly included in the Notice of Disagreement. The Accounting Firm shall be a nationally recognized independent public accounting firm as shall be agreed upon by the parties hereto in writing or, if the parties are unable to so agree in writing within ten (10) days after the end of such forty-five (45)-day period, then AZ and Seller shall each select such a firm and such firms shall jointly select a third nationally recognized independent public accounting firm to resolve the disputed matters. The parties shall jointly instruct the Accounting Firm that it shall (i) review only the matters that were properly included in the Notice of Disagreement and which remain in dispute, (ii) make its determination in accordance with the requirements of this Section 2.03 and (iii) render its written decision as promptly as practicable but in no event later than forty-five (45) days after submission to the Accounting Firm of all matters in dispute. Judgment may be entered upon the determination of the Accounting Firm in any court having jurisdiction over the party against which such determination is to be enforced. The Accounting Firm’s determination shall be accompanied by a certificate of the Accounting Firm that it reached its decision in accordance with the provisions of this Section 2.03(b). The cost of any arbitration (including the fees and expenses of the Accounting Firm and reasonable attorney fees and expenses of the parties) pursuant to this Section 2.03 shall be borne by AZ and Seller in inverse proportion as they may prevail on matters resolved by the Accounting Firm, which proportionate allocations also shall be determined by the Accounting Firm at the time the determination of the Accounting Firm is rendered on the merits of the matters submitted. The fees, costs and expenses of AZ incurred in connection with its preparation of the Statements, its review of any Notice of Disagreement and its preparation of its written brief submitted to the Accounting Firm shall be borne by AZ, and the fees, costs and expenses of Seller incurred in connection with its review of the Statements, its preparation, review and certification of the Notice of Disagreement and its preparation of its written brief submitted to the Accounting Firm shall be borne by Seller.

(c) Adjustments.

(i) If the Closing Amylin Working Capital is greater than the Estimated Amylin Working Capital, AZ shall pay to Seller or one or more of Seller’s designated Affiliates an amount equal to one hundred percent (100%) of the difference between the Closing Amylin Working Capital and the Estimated Amylin Working Capital. If the Closing Amylin Working Capital is less than the Estimated Amylin Working Capital, then Seller or one or more of its designated Affiliates shall pay to AZ an amount equal to one hundred percent (100%) of the difference between the Estimated Amylin Working Capital and the Closing Amylin Working Capital.

(ii) If the Closing Ex-Entity Inventory is greater than the Estimated Ex-Entity Inventory, AZ shall pay to Seller or one or more of Seller’s designated Affiliates an amount equal to one hundred percent (100%) of the difference between the Closing Ex-Entity Inventory and the Estimated Ex-Entity Inventory. If the Closing Ex-Entity Inventory is less than the Estimated Ex-Entity Inventory, then Seller or one or more of its designated Affiliates shall pay to AZ an amount equal to one hundred percent (100%) of

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the difference between the Estimated Ex-Entity Inventory and the Closing Ex-Entity Inventory.

(iii) If the Closing Ex-Entity Inventory Difference is greater than the Estimated Ex-Entity Inventory Difference, then Seller shall pay to AZ or one or more of AZ's designated Affiliates an amount equal to one hundred percent (100%) of the difference between the Closing Ex-Entity Inventory Difference and the Estimated Ex-Entity Inventory Difference. If the Closing Ex-Entity Inventory Difference is less than the Estimated Ex-Entity Inventory Difference, then AZ or one or more of its designated Affiliates shall pay to Seller an amount equal to one hundred percent (100%) of the difference between the Estimated Ex-Entity Inventory Difference and the Closing Ex-Entity Inventory Difference.

(iv) Within ten (10) business days after each Statement becomes final and binding on the parties, the applicable party shall make payment by wire transfer in immediately available funds of the amount required to be paid by this Section 2.03(c). Any payment not made within such ten (10) business day period shall accrue interest from the end of such ten (10) business day period until (but not including) the date of payment at a rate equal to the Prime Rate. For the avoidance of doubt, if one Statement becomes final and binding on the parties, but one or more of the other Statements is the subject of a Notice of Disagreement, the parties shall make any required payments pursuant to this Section 2.03(c) within the timeframe required by the immediately preceding sentence with respect to the final and binding Statement notwithstanding the Notice of Disagreement pertaining to any other Statements. The amount of any payment made pursuant to Section 2.03(c)(i)-(iii) shall be deemed an adjustment to the Purchase Price for all purposes hereunder.

(d) The term "Amylin Working Capital" means the calculation of assets and liabilities of the Transferred Entities in the same manner, using the same methods, as in the example set forth on Exhibit D hereto. The term "Ex-Entity Inventory" means the inventory of the Saxa Business and Dapa Business and the inventory of the Amylin Business not included as a component of Amylin Working Capital (but in each case, only to the extent (i) included in Transferred Inventory and (ii) that such inventory consists of finished product located in the local market (i.e., in the local distribution center) or in transit to the local distribution center with at least fifteen (15-)month shelf-life, excluding returns and unsalable product. The term "Ex-Entity Inventory Difference" means the aggregate amount of all differences, if any, between the value attributed to any item included in the Ex-Entity Inventory and the price to be paid by AZ or any of its Affiliates for such item of Ex-Entity Inventory under the Master Supply Agreement.

(e) Each line item of the Closing Amylin Working Capital and the Closing Ex-Entity Inventory shall be calculated in the same manner, using the same methods, as the corresponding line item in the applicable examples set forth on Exhibit D hereto was calculated, whether or not doing so is in accordance with U.S. GAAP, except as otherwise provided in Exhibit D hereto. The foregoing principles are referred to in this Agreement as the "Working Capital and Inventory Principles". The scope of the disputes to be resolved by the Accounting Firm shall be limited to whether there were mathematical errors in the applicable Statements, and whether the calculation of the Closing Amylin Working Capital and the Closing Ex-Entity

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Inventory, as applicable, were done in accordance with the Working Capital and Inventory Principles, and the Accounting Firm is not to make any other determination, including any determination as to whether U.S. GAAP was followed in calculating the applicable amounts or Statements. Any determinations by the Accounting Firm, and any work or analyses performed by the Accounting Firm in connection with its resolution of any dispute under this Section 2.03 shall not be admissible in evidence in any suit, action or other proceeding between the parties, other than to the extent necessary to enforce payment obligations under Section 2.03(c). Any items on or omissions from the Working Capital and Inventory Principles that are based upon errors of fact or mathematical errors shall be carried forward for purposes of calculating the Closing Amylin Working Capital or the Closing Ex-Entity Inventory, as applicable.

(f) Until the date on which the Statements shall become final and binding on the parties pursuant to Section 2.03(b), each party agrees that following the Closing it shall preserve the accounting books and records of the Business on which the Statements are to be based and shall not take any actions with respect to such books and records that would obstruct, prevent or otherwise affect the procedures or the results of the procedures set forth in this Section 2.03; provided that Seller's obligation to preserve the accounting books and records following the Closing shall not apply to Transferred Records that Seller or its Selling Affiliates no longer possess.

(g) Until the date on which the Statements shall become final and binding on the parties pursuant to Section 2.03(b), each party agrees that following the Closing it shall afford and cause to be afforded to the other party and any accountants, counsel or financial advisors retained by such other party in connection with the preparation of the Statements, Notice of Disagreement and any payments contemplated by this Section 2.03, access upon reasonable notice during normal business hours to the properties, books, contracts, personnel and records of the Business and such party's and its accountant's work papers relevant to the preparation of the Statements, the Notice of Disagreement and the adjustment contemplated by this Section 2.03, and shall provide the other party, upon such other party's reasonable request and at such other party's expense, with copies of any such books, contracts, records and work papers.

SECTION 2.04 Costs and Expenses. Notwithstanding anything in this Agreement to the contrary, and subject to Section 8.01, Seller or its Affiliates, on the one hand, and AZ or its Affiliates, on the other hand, shall each be responsible for fifty percent (50%) of all out-of-pocket costs and expenses of transferring the Acquired Assets, the Assumed Liabilities and the Transferred Equity Interests to AZ or its designated Purchasing Affiliate, including with respect to any Deferred Transfers; provided, however that, subject to the Transitional Services Agreement, AZ or its Affiliates shall be responsible for one hundred percent (100%) of the costs and expenses relating to (a) the physical transportation and delivery of any of the foregoing and (b) regulatory maintenance costs.

SECTION 2.05 No Double Counting. Notwithstanding anything in this Agreement to the contrary, (a) any expense, charge or item that could cause a reduction or increase of the Purchase Price under more than one provision of this Agreement shall only be counted one time in so reducing or increasing, as applicable, the Purchase Price, and (b) any

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payment, expense, charge or other financial obligation made or charged under one Transaction Document shall not be charged or paid under any other Transaction Document.

### ARTICLE III

#### Conditions to Closing

SECTION 3.01 Conditions to Obligations of Seller and AZ. The respective obligations of Seller and AZ to effect the transactions contemplated by this Agreement are subject to the satisfaction (or, to the extent permitted by applicable Law, waiver by either party in writing with respect to fulfillment of conditions to its own obligations) as of the Closing of the following conditions:

(a) No Injunctions or Restraints. No law (including common law), statute, rule, ordinance or regulation of a Governmental Entity (each, a "Law"), or judgment, executive order, stipulation, decree, legally binding agreement, temporary restraining order, preliminary or permanent injunction or other order (each, an "Injunction") enacted, entered, promulgated, enforced or issued by, or executed with, any Federal, state or local government or any court of competent jurisdiction, administrative agency or commission or other governmental authority or instrumentality (each, a "Governmental Entity"), or other legal restraint or prohibition making illegal, preventing or enjoining the Acquisition shall be in effect.

(b) Antitrust Approvals. (i) Any waiting period (and any extension thereof) applicable to the consummation of the Acquisition and the other transactions contemplated by this Agreement under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act") shall have expired or been terminated, (ii) the German Federal Cartel Office shall have submitted a notice stating that the Acquisition does not constitute a notifiable concentration under German merger control provisions, is not subject to prohibition or may be consummated, and (iii) both the Austrian Federal Competition Authority and Federal Cartel Prosecutor shall have waived their right to request a Phase II review of the Acquisition by the Austrian Federal Cartel Court, and neither the Austrian Federal Competition Authority nor the Federal Cartel Prosecutor shall have requested the initiation of Phase II proceedings within the Phase I period set out in the Austrian Cartel Act.

SECTION 3.02 Conditions to Obligations of AZ. The obligation of AZ and the Purchasing Affiliates to effect the transactions contemplated by this Agreement is subject to the satisfaction (or, to the extent permitted by applicable Law, waiver by AZ) as of the Closing of the following conditions:

(a) Representations and Warranties; Covenants. The representations and warranties of Seller made in Article IV of this Agreement (other than the representations and warranties in Section 4.06, Section 4.07, Section 4.08 and Section 4.11) shall be true and correct in all material respects (or, in the case of any such representation or warranty that is qualified by "material," "materiality," "Business Material Adverse Effect" or "Seller Material Adverse Effect", in all respects) as of the Closing as though made as of such time, except, in each case, to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such

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earlier date). The representations and warranties made in Section 4.06, Section 4.07, Section 4.08 and Section 4.11 shall be true and correct (without regard to “materiality” “Business Material Adverse Effect” or “Seller Material Adverse Effect” qualifications included therein) as of the Closing as though made as of such time, except, in each case, to the extent such representations and warranties expressly related to an earlier date (in which case such representations and warranties shall be true and correct as of such earlier date), except for breaches as to matters that, individually or in the aggregate, would not be reasonably likely to have a Business Material Adverse Effect or a Seller Material Adverse Effect. Seller and the Selling Affiliates shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by Seller and the Selling Affiliates at or prior to the time of the Closing. Seller shall have delivered to AZ a certificate dated the Closing Date and signed by an authorized officer of Seller to the effect that the conditions specified in this Section 3.02(a) are satisfied.

(b) Material Adverse Effect. Between the date hereof and the Closing Date, there shall not have occurred any Business Material Adverse Effect or Seller Material Adverse Effect.

(c) Other Transaction Documents. Seller shall have executed and delivered to AZ the Other Transaction Documents to which Seller is a party and each Affiliate of Seller shall have executed and delivered to AZ the Other Transaction Documents to which such Affiliate is specified to be a party.

SECTION 3.03 Conditions to Obligation of Seller. The obligation of Seller to, or to cause its Affiliates to, effect the transactions contemplated by this Agreement is subject to the satisfaction (or, to the extent permitted by applicable Law, waiver by Seller) as of the Closing of the following conditions:

(a) Representations and Warranties; Covenants. The representations and warranties of AZ made in Article VI of this Agreement shall be true and correct in all material respects (or, in the case of any such representation or warranty that is qualified by “material,” “materiality,” “Purchaser Material Adverse Effect” or words of similar import set forth therein, in all respects) as of the Closing as though made as of such time, except, in each case, to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date). AZ and its Purchasing Affiliates shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by AZ and its Purchasing Affiliates at or prior to the time of the Closing. AZ shall have delivered to Seller a certificate dated the Closing Date and signed by an authorized officer of AZ to the effect that the conditions specified in this Section 3.03(a) are satisfied.

(b) Other Transaction Documents. AZ shall have executed and delivered to Seller the Other Transaction Documents to which AZ is a party and each Affiliate of AZ shall have executed and delivered to Seller the Other Transaction Documents to which such Affiliate is specified to be a party.

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SECTION 3.04 Frustration of Closing Conditions. Neither AZ nor Seller may rely on the failure of any condition set forth in this Article III to be satisfied if such failure was caused by such party's material breach of this Agreement or such party's failure to act in good faith or to use its reasonable best efforts to cause the Closing to occur, as required by Section 8.04.

## ARTICLE IV

### Representations and Warranties of Seller

Except as set forth in the Seller Disclosure Schedule attached hereto (the "Seller Disclosure Schedule") (provided that the disclosure of an item in one section of the Seller Disclosure Schedule shall be deemed to be a disclosure in (a) only the corresponding section of the Seller Disclosure Schedule and (b) any other section of the Seller Disclosure Schedule only to the extent it is reasonably apparent from a reading of the text of such disclosure that such disclosure is applicable to such other section of the Seller Disclosure Schedule), Seller hereby represents and warrants to AZ as follows:

#### SECTION 4.01 Organization, Standing and Authority; Execution and Delivery; Enforceability.

(a) Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Each Selling Affiliate is a legal entity, duly organized, validly existing and, where applicable, in good standing under the laws of the jurisdiction of its organization. Seller and each of the Selling Affiliates has all requisite corporate or other entity power and authority to enter into this Agreement and the Other Transaction Documents to which it is, or is specified to be, a party and to consummate the transactions contemplated hereby and thereby. Seller has duly and properly taken, and each of the Selling Affiliates will have duly and properly taken prior to the Closing, all corporate acts and other proceedings required to be taken by it to authorize the execution, delivery and performance of this Agreement and the Other Transaction Documents to which it is or they are, or is or are specified to be, a party and to consummate the transactions contemplated hereby and thereby.

(b) This Agreement has been duly executed and delivered by Seller and, prior to the Closing, Seller and the Selling Affiliates will have duly executed and delivered each Other Transaction Document to which it is, or is specified to be, a party. Assuming that this Agreement has been duly authorized, executed and delivered by AZ, this Agreement constitutes, and, upon the due authorization, execution and delivery of the Other Transaction Documents by AZ, each Other Transaction Document will constitute, a legal, valid and binding obligation of Seller or the Selling Affiliates, as the case may be, enforceable against such person in accordance with its terms.

#### SECTION 4.02 No Conflicts; Consents.

(a) The execution and delivery of this Agreement by Seller do not, and the execution and delivery of the Other Transaction Documents by Seller and the Selling Affiliates

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specified to be parties thereto will not, and the consummation of the transactions contemplated hereby and thereby and compliance by Seller and the Selling Affiliates with the terms and conditions hereof and thereof will not, conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to a loss of a benefit under, or result in the creation of any liens, claims, encumbrances, security interests, options, charges or similar restrictions of any kind (“Liens”) (other than Permitted Liens or Liens arising from acts or omissions of AZ or its Affiliates) upon any of the Acquired Assets or any properties or assets of any of the Transferred Entities under, (i) any provision of the Certificate of Incorporation or By-laws (or the comparable governing instruments) of Seller, any Selling Affiliate or any of the Transferred Entities, (ii) any Supply Chain Contracts or (iii) any Injunction, or, subject to the matters referred to in paragraph (b) below, applicable Law, other than, in the case of clauses (ii) and (iii) above, any such items that, individually or in the aggregate, would not be reasonably likely to have a Business Material Adverse Effect or a Seller Material Adverse Effect.

(b) No consent, waiver, approval, license, permit, order or authorization of, or registration, declaration or filing with, any Governmental Entity or any other person is required to be obtained or made by or with respect to Seller, any Selling Affiliate or any Transferred Entity in connection with the execution, delivery and performance of this Agreement, the Other Transaction Documents or the consummation of the transactions contemplated hereby or thereby, other than (i) compliance with and filings under the HSR Act and compliance with and filings and approvals under applicable foreign merger control or competition Laws, (ii) those that may be required solely by reason of AZ’s or any Affiliate of AZ’s (as opposed to any other Third Party’s) participation in the transactions contemplated hereby or by the Other Transaction Documents, (iii) compliance with and filings under the Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereunder, (iv) compliance with and filings or notices required by the rules and regulations of the New York Stock Exchange, (v) compliance with and filings, approvals or notices required under applicable Law related to the transfer of Transferred Permits, Transferred Intellectual Property and Regulatory Approvals and (vi) such consents, waivers, approvals, licenses, permits, orders, authorizations, registrations, declarations and filings the absence of which, or the failure to make or obtain which, individually or in the aggregate, would not be reasonably likely to have a Seller Material Adverse Effect.

SECTION 4.03 Transferred Equity Interests . Seller or a Selling Affiliate has good and valid title to the Purchased Company’s Equity Interests free and clear of any Liens, and is the record and beneficial owner thereof. The Purchased Company has good and valid title to the Purchased Company Subsidiaries’ Equity Interests set forth in Section A of the Seller Disclosure Schedule, free and clear of all Liens (other than restrictions imposed by securities Laws), and is the record and beneficial owner thereof. Assuming AZ has the requisite power and authority to be the lawful owner of the Purchased Company’s Equity Interests, upon delivery to AZ at the Closing of certificates representing the Purchased Company’s Equity Interests, duly endorsed by Seller or the applicable Selling Affiliate for transfer to AZ, and upon Seller’s receipt of the Closing Date Amount, good and valid title to the Purchased Company’s Equity Interests will pass to AZ, free and clear of any Liens, other than those arising from acts or omissions of AZ or its Affiliates.

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SECTION 4.04 Organization, Standing and Documents of Transferred Entities. Section 4.04 of the Seller Disclosure Schedule sets forth the name and the jurisdiction of organization of each Transferred Entity. Each Transferred Entity is a legal entity duly organized, validly existing and, where applicable, in good standing under the laws of its jurisdiction of organization. Each Transferred Entity has all requisite corporate power and authority and possesses all governmental franchises, licenses, permits, authorizations and approvals necessary to enable it to own, lease or otherwise hold its properties and assets and to carry on its business as presently conducted, other than such franchises, licenses, permits, authorizations and approvals the lack of which, individually or in the aggregate, would not be reasonably likely to have a Seller Material Adverse Effect. Each Transferred Entity is in good standing and duly qualified to do business in each jurisdiction in which the conduct or nature of its business or the ownership, leasing or holding of its properties makes such qualification necessary, except such jurisdictions where the failure to be in good standing or so qualified, individually or in the aggregate, would not be reasonably likely to have a Seller Material Adverse Effect. Seller has prior to the date hereof delivered or otherwise made available to AZ true and complete copies of the organizational documents, each as amended to the date hereof, of each of the Transferred Entities.

SECTION 4.05 Equity Interests in the Transferred Entities.

(a) Section 4.05(a) of the Seller Disclosure Schedule sets forth, as of the date of this Agreement and for each Transferred Entity, the number of authorized equity interests in such Transferred Entity, the number of outstanding equity interests in such Transferred Entity and the record and beneficial owners thereof. Except for the Transferred Equity Interests, there are no shares of capital stock or other equity securities of the applicable Transferred Entity issued or outstanding. All of the Transferred Equity Interests have been duly authorized and validly issued and are fully paid and non-assessable. None of the Transferred Equity Interests have been issued in violation of, and are not subject to, any preemptive, subscription or similar rights under any provision of applicable Law, the Certificate of Incorporation or By-Laws (or comparable governing instruments) of the applicable Transferred Entity, any Contract to which the applicable Transferred Entity is subject, bound or a party or otherwise. There are not any outstanding bonds, debentures, notes or other indebtedness of any Transferred Entity having the right to vote (or that are convertible into, or exercisable or exchangeable for, securities having the right to vote) on any matters on which holders of the Transferred Equity Interests may vote (“Transferred Entity Voting Debt”). There are not any outstanding warrants, options, rights, “phantom” stock rights, stock appreciation rights, stock based performance units, convertible or exchangeable securities or other commitments or undertakings (other than this Agreement) (x) pursuant to which Seller, any Selling Affiliate, or any of the Transferred Entities is or may become obligated to issue, deliver or sell, any additional Transferred Equity Interests or any security convertible into, or exchangeable for, any Transferred Equity Interests or any Transferred Entity Voting Debt, (y) pursuant to which Seller, any Selling Affiliate, or any of the Transferred Entities is or may become obligated to issue, grant, extend or enter into any such warrant, option, right, unit, security, arrangement, commitment or undertaking or (z) that give any person the right to receive any benefits or rights similar to any rights enjoyed by or accruing to the holders of Transferred Equity Interests.

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(b) Other than this Agreement, the Transferred Equity Interests are not subject to any voting trust agreement or other contract, agreement, arrangement, commitment or understanding, including any such agreement, arrangement, commitment or understanding restricting or otherwise relating to the voting, dividend rights or disposition of the Transferred Equity Interests.

(c) BMS Holdco is a direct, wholly owned subsidiary of Seller that was formed solely for the purpose of acquiring and holding all of the issued and outstanding equity interests in Amylin in connection with Seller's acquisition of Amylin. Since the date of its incorporation, BMS Holdco has not carried on any business or conducted any operations, and has not acquired any assets or assumed or otherwise become liable for any Liabilities, other than the execution of the Assignment Agreement and the Amylin Collaboration Agreement, the performance of its obligations thereunder and matters ancillary thereto.

SECTION 4.06 Good and Valid Title to Acquired Assets; Sufficiency of Assets.

(a) Seller or a Selling Affiliate has, or as of the Closing Date will have, good and valid title to, or a valid lease or license or other right to use, all material Acquired Assets, in each case free and clear of all Liens, subject to AZ and its Affiliates' joint ownership in certain of such Acquired Assets, except (i) such as are set forth in Section 4.06(a)(i) of the Seller Disclosure Schedule, (ii) mechanics', carriers', workmen's, repairmen's or other like Liens arising or incurred in the ordinary course of business, (iii) Liens arising under original purchase price conditional sales contracts and equipment leases with Third Parties entered into in the ordinary course of business, (iv) Liens for Taxes and other governmental charges which are not yet due and payable or which may thereafter be paid without penalty, (v) Liens that may have been placed by any developer or other Third Party on leased property or on property over which Seller, a Selling Affiliate or a Transferred Entity has easement rights, together with any subordination or similar agreements relating thereto, (vi) zoning and building codes and other similar laws, orders, rules and regulations, (vii) recorded and/or unrecorded easements, covenants, rights-of-way and other similar restrictions, (viii) licenses, options and other similar like Liens relating to Intellectual Property that, with respect to exclusive licenses, are included in a Transferred Contract set forth in Section 1.02(a)(i) of the Seller Disclosure Schedule or, with respect to any non-exclusive licenses, are in the ordinary course of business, and (ix) other imperfections of title or Liens, if any, which do not, individually or in the aggregate, materially impair the value or continued use and operation of the Acquired Assets to which they relate in the conduct of the applicable Business as presently conducted (the Liens described in clauses (i) through (viii) above are hereinafter referred to collectively as "Permitted Liens"). This Section 4.06 does not relate to the Transferred Equity Interests.

(b) All material items of tangible Transferred Personal Property are in good maintenance and repair and operating condition (subject to normal wear and tear), except for failures to be in good maintenance and repair which, individually or in the aggregate, would not be reasonably likely to have a Business Material Adverse Effect.

(c) Except as set forth in Section 4.06(c) of the Seller Disclosure Schedule, the Acquired Assets together with the Transferred Entities and the assets thereof, the Business Employees and AZ and its Affiliates' respective rights under the Transitional Services

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Agreement, the Technology License Agreement, the Master Supply Agreement, the Development Agreement and Other Transaction Documents, as well as all assets of and services provided by AZ and any of its Affiliates under or in connection with the Amylin Collaboration Agreement, Saxa Collaboration Agreement and Dapa Collaboration Agreement, (i) constitute all of the assets, properties and rights that are necessary for AZ and the Purchasing Affiliates to conduct and operate the Business from and after the Closing in all material respects as currently conducted as of the date hereof and (ii) constitute all of the assets and properties exclusively used or held for use in the Business.

(d) Since August 8, 2012, (i) except for Contracts which are otherwise a Transferred Contract, none of the Transferred Entities has sold, leased, disposed of or otherwise transferred any material rights, assets or properties to any person other than to another Transferred Entity (excluding Products sold in the ordinary course of business and Intellectual Property), (ii) none of the Transferred Entities has sold, leased, disposed of or otherwise transferred or licensed any Intellectual Property covered by the Non-Collaboration Assets Agreement, (iii) Seller and its Affiliates have complied in all material respects with Section 7.5(a)(i) of the Amylin Collaboration Agreement, and (iv) the only business conducted or operated by the Transferred Entities has been pursuant to the Amylin Collaboration Agreement.

#### SECTION 4.07 Inventory.

(a) Except as set forth in Section 4.07(a) of the Seller Disclosure Schedule, and except as would not, individually or in the aggregate, be reasonably likely to have a Business Material Adverse Effect, the Transferred Inventory (i) is saleable and merchantable in the ordinary course of business, (ii) was produced or manufactured in accordance in all material respects with the specifications for the Products as set forth in the Amylin Collaboration Agreement, the Saxa Collaboration Agreement or the Dapa Collaboration Agreement, as applicable, and in compliance in all material respects with applicable Law and (iii) is not adulterated or misbranded within the meaning of any applicable Law.

(b) Except as set forth in Section 4.07(b) of the Seller Disclosure Schedule, and except as would not, individually or in the aggregate, be reasonably likely to have a Business Material Adverse Effect, to the extent that the Transferred Inventory contains raw materials and work-in-process, such raw materials and work-in-process have been manufactured, handled, maintained, packaged and stored at all times in accordance in all material respects with the specifications set forth in the Amylin Collaboration Agreement, the Saxa Collaboration Agreement or the Dapa Collaboration Agreement, as applicable, in compliance in all material respects with applicable Law. Except as set forth in Section 4.07(b) of the Seller Disclosure Schedule, the finished goods included in the Inventory are not obsolete or expired and will have at the Closing Date a remaining shelf life of at least twelve (12) months.

#### SECTION 4.08 Employee Matters.

(a) Section 4.08(a) of the Seller Disclosure Schedule contains a list, as of the date hereof, which list shall be updated by Seller within ten (10) business days prior to the Closing consistent with the terms of this Agreement, of (i) each Business Employee, including details of title, date of hire, salary or wage rate, and target bonus (if any), and (ii) all material

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Contracts (including employment and consulting agreements) between Seller or any Selling Affiliate, on the one hand, and any Business Employee or Contingent Worker of Seller or any of its Affiliates, on the other hand. To the knowledge of Seller, no Business Employee is a party to, or is otherwise bound by, any Contract, including any confidentiality, noncompetition, proprietary rights agreement or similar Contract, that would prohibit or impair the performance of his or her duties as an employee of AZ or any of its Affiliates if employed by AZ or any of its Affiliates pursuant to the provisions of Article IX.

(b) Section 4.08(b) of the Seller Disclosure Schedule contains a list of all material personnel policies, rules or procedures applicable to Business Employees. Seller has delivered to AZ true and complete copies of all such written policies, rules or procedures.

(c) Section 4.08(c) of the Seller Disclosure Schedule contains a list of each material “employee pension benefit plan” (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”)) (a “Pension Plan”), material “employee welfare benefit plan” (as defined in Section 3(1) of ERISA) and each other material U.S. or international plan, arrangement or policy relating to commission, profit sharing, stock options, stock awards, stock purchases, compensation, deferred compensation, retirement or pension, severance, fringe benefits, disability, medical or dental insurance, life assurance, vacation, overtime, supplemental unemployment or other employee benefits, in each case maintained or contributed to or required to be maintained or contributed to by Seller or any Selling Affiliate for the benefit of any Business Employees, but excluding any (i) payroll practices, (ii) plans, agreements and arrangements that are mandated by applicable Law (other than U.S. Law), and (iii) obligations under collective bargaining agreements, trade union agreements and works council agreements listed in Section 4.08(f) of the Seller Disclosure Schedule (all the foregoing, other than the excluded items, being herein called the “Seller Benefit Plans”). Seller or its Affiliates have delivered or made available to AZ (i) copies or written descriptions of the material terms of each Seller Benefit Plan, and (ii) for each U.S. Seller Benefit Plan relating to U.S. Business Employees that is an Assumed Benefit Plan, (A) the most recent summary plan description for each such Seller Benefit Plan for which such a summary plan description is required or has been prepared and all summaries of material modifications since the most recent summary plan description, (B) each trust agreement and insurance or group annuity Contract relating to such Seller Benefit Plan, (C) the most recent Form 5500 (including any applicable schedules thereto) required to be filed in respect of any such Seller Benefit Plan that is a Pension Plan and (D) the most recent IRS determination letter or opinion letter.

(d) Except as set forth in Section 4.08(d) of the Seller Disclosure Schedule, neither Seller nor any Selling Affiliate has any formal plan or commitment, whether legally binding or not, to create any additional Seller Benefit Plan or modify or change any existing Seller Benefit Plan in a material respect that would affect any Business Employee.

(e) Each Seller Benefit Plan has been established and administered in material compliance with its terms and applicable Law and is registered with and (if required) approved by (or is pending approval by) applicable regulatory authorities. All material required contributions that are due and payable have been made with respect to the Seller Benefit Plans, and none is currently subject to any funding shortfall. Each Seller Benefit Plan intended to be tax qualified under Sections 401(a) and 501(a) of the Code has been determined by the IRS to be,

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tax qualified under Sections 401(a) and 501(a) of the Code and, since such determination, no amendment to or failure to amend any such Seller Benefit Plan or any other circumstance is reasonably expected to adversely affect its tax qualified status.

(f) Section 4.08(f) of the Seller Disclosure Schedule sets forth a list of the written collective bargaining agreements applicable to any Business Employees and written agreements between Seller or any Selling Affiliate and any works council, trade union or other employee body purporting to represent or negotiate on behalf of any Business Employees.

(g) Neither Seller nor any Selling Affiliate is subject to any pending or, to the knowledge of Seller, threatened material labor strike or other material industrial action on the part of any Business Employees nor, to the knowledge of Seller, is there any threatened material arbitration, administrative proceeding or lawsuit alleging breach of any applicable Law governing the hiring, employment or the termination of employment or engagement of any Business Employee, agency worker or consultant providing services to the Business.

(h) Except as contemplated by this Agreement or as set forth in Section 4.08(h) of the Seller Disclosure Schedule, neither the Acquisition nor any of the other transactions contemplated by this Agreement or any of the Other Transaction Documents shall entitle any Business Employee to any (or any enhanced) severance, retention, change in control or any other material payment or benefit, or accelerate the vesting, accrual or exercise of any benefits under any Seller Benefit Plan, or require any payment into any Seller Benefit Plan.

(i) Except as set forth in Section 4.08(i) of the Seller Disclosure Schedule, there are no current actions, suits or claims pending or, to the knowledge of Seller, threatened in writing or reasonably anticipated (other than routine claims for benefits) against any Seller Employee Plan, against the assets of any Seller Benefit Plan or relating to any Seller Benefit Plan or against Seller or any Selling Affiliate relating to the employment of any Business Employee or consultancy arrangement with any Contingent Worker. Except as set forth in Section 4.08(i) of the Seller Disclosure Schedule, there are no material audits, inquiries or proceedings pending or, to the knowledge of Seller, threatened in writing by any Governmental Entity with respect to any Seller Employee Plan or with respect to the employment of any Business Employee or the retention of any Contingent Worker.

(j) No existing circumstances nor the transactions contemplated by this Agreement would reasonably be expected to result in any material Liabilities for AZ or any of its Affiliates with respect to any Seller Benefit Plan under Title IV of ERISA. No existing circumstances would reasonably be expected to result in any material Liabilities with respect to any Seller Benefit Plan under Section 4971 of the Code. No Transferred Entity sponsors an employee benefit plan subject to Title IV of ERISA, and neither AZ nor any AZ Employer would reasonably be expected to incur any liability under Title IV of ERISA with respect to any Seller Benefit Plan (or be required to contribute to any Seller Benefit Plan that is subject to Title IV of the ERISA) as a result of the transactions contemplated by this Agreement.

(k) Seller and the Selling Affiliates have complied in all material respects with all applicable Laws respecting employment and employment practices with respect to the Business Employees and Contingent Workers. To the knowledge of Seller, each individual who

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is providing services to the Business and is classified by Seller or an Affiliate as an independent contractor (or otherwise not classified as an employee) is properly classified as such.

SECTION 4.09 Debt. As of the Closing, none of the Transferred Entities shall have, or otherwise be responsible for, any debt for borrowed money, other than (i) the 2014 Notes or (ii) any debt included as a line item on the Amylin Working Capital Statement.

SECTION 4.10 Fees. The only brokers, finders or investment bankers that have acted for Seller or its Affiliates in connection with this Agreement or the transactions contemplated hereby or that may be entitled to any brokerage fee, finder's fee or commission in respect thereof are Goldman, Sachs & Co., and Seller or its Affiliates shall pay all fees or commissions which may be payable to the aforementioned firm.

SECTION 4.11 Tax Representations.

(a) (i) All material Tax Returns required to be filed with any taxing authority with respect to any Seller Pre-Closing Tax Period by or on behalf of any Transferred Entity (collectively, the "Seller Returns"), have, to the extent required to be filed on or before the date hereof, been filed when due in accordance with all applicable laws; (ii) as of the time of filing, the Seller Returns were true and complete in all material respects; and (iii) all material Taxes shown as due and payable on the Seller Returns that have been filed have been timely paid, or withheld and remitted to the appropriate taxing authority.

(b) (i) None of the Transferred Entities has granted any extension or waiver of the statute of limitations period applicable to any Seller Return, which period (after giving effect to such extension or waiver) has not yet expired; (ii) there is no material claim, audit, action, suit, proceeding or investigation now pending or threatened in writing against or with respect to the Transferred Entities in respect of any Tax relating to a Seller Pre-Closing Tax Period or, to the knowledge of Seller, otherwise; and (iii) during the Seller Pre-Closing Tax Period, none of Seller, its Affiliates or any Transferred Entity has, to the extent it has affected, may affect or may relate to any Transferred Entity, made or changed any material Tax election, changed any annual Tax accounting period, adopted or materially changed any method of Tax accounting, filed any amended material Tax Return, entered into any closing agreement, settled any material Tax claim or assessment, or surrendered any right to claim a Tax refund, offset or other reduction in Tax liability.

(c) (i) During the Seller Pre-Closing Tax Period, none of the Transferred Entities has been a member of an affiliated, consolidated, combined or unitary group other than one of which Seller was the common parent; (ii) as of the Closing, none of the Transferred Entities is party to any Tax sharing agreement; and (iii) as of the Closing, none of the Transferred Entities is party to any agreement or arrangement with any taxing authority with regard to the Tax liability of any other person.

(d) BMS Holdco is treated as a corporation for U.S. Federal income Tax purposes and each other Transferred Entity is treated as a disregarded entity for U.S. Federal income Tax purposes.

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(e) Each of Seller and BMS Holdco (and any predecessor for Tax purposes of BMS Holdco) and their respective Affiliates have complied with their obligations described in the TRA under the caption “Asset Purchase Gain Tax Reporting.”

SECTION 4.12 DISCLAIMER. AZ AND THE PURCHASING AFFILIATES ACKNOWLEDGE THAT (A) EXCEPT AS EXPRESSLY SET FORTH IN THIS ARTICLE IV AND AS EXPRESSLY SET FORTH IN THE OTHER TRANSACTION DOCUMENTS, NEITHER SELLER NOR ANY OTHER PERSON HAS MADE ANY REPRESENTATION OR WARRANTY, EXPRESSED OR IMPLIED, AS TO THE TRANSFERRED ENTITIES, THE ACQUIRED ASSETS, THE MANUFACTURE, DISTRIBUTION, MARKETING OR SALE OF ANY PRODUCTS BY SELLER, THE SELLING AFFILIATES OR THE TRANSFERRED ENTITIES, ANY OTHER ASPECT OF THE RESPECTIVE BUSINESSES OF SELLER, THE SELLING AFFILIATES AND THE TRANSFERRED ENTITIES OR THE ACCURACY OR COMPLETENESS OF ANY INFORMATION REGARDING THE BUSINESS, THE TRANSFERRED ENTITIES OR THE ACQUIRED ASSETS FURNISHED OR MADE AVAILABLE TO AZ AND ITS REPRESENTATIVES AND (B) AZ HAS NOT RELIED ON ANY REPRESENTATION OR WARRANTY FROM SELLER OR ANY OTHER PERSON WITH RESPECT TO THE BUSINESS, THE TRANSFERRED ENTITIES, THE ACQUIRED ASSETS, THE MANUFACTURE, DISTRIBUTION, MARKETING OR SALE OF ANY PRODUCTS BY SELLER, THE SELLING AFFILIATES AND THE TRANSFERRED ENTITIES, ANY OTHER ASPECT OF THE RESPECTIVE BUSINESSES OF SELLER, THE SELLING AFFILIATES AND THE TRANSFERRED ENTITIES OR THE ACCURACY OR COMPLETENESS OF ANY INFORMATION REGARDING THE BUSINESS, THE TRANSFERRED ENTITIES OR THE ACQUIRED ASSETS FURNISHED OR MADE AVAILABLE TO AZ AND ITS REPRESENTATIVES IN DETERMINING TO ENTER INTO THIS AGREEMENT, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS ARTICLE IV AND AS EXPRESSLY SET FORTH IN THE OTHER TRANSACTION DOCUMENTS. IN ENTERING INTO THIS AGREEMENT, AZ HAS RELIED SOLELY UPON ITS OWN INVESTIGATION AND ANALYSIS. AZ ACKNOWLEDGES THAT, SHOULD THE CLOSING OCCUR, AZ AND/OR ITS DESIGNATED PURCHASING AFFILIATES SHALL ACQUIRE THE TRANSFERRED ENTITIES AND THE ACQUIRED ASSETS WITHOUT ANY REPRESENTATION OR WARRANTY, EXPRESSED OR IMPLIED, AS TO MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, NON-INFRINGEMENT, VALIDITY, OR ENFORCEABILITY (EXCEPT WITH RESPECT TO THE REPRESENTATION AND WARRANTY IN SECTION 4.01(B)) AND IN AN “AS IS” CONDITION AND ON AN “AS IS” AND “WHERE IS” BASIS.

## ARTICLE V

### Covenants of Seller

Seller covenants and agrees as follows:

SECTION 5.01 Conduct. From the date hereof to the Closing, except as set forth in Section 5.01 of the Seller Disclosure Schedule or otherwise specifically required or permitted by the terms of this Agreement or specifically required by the terms of the Amylin Collaboration

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Agreement, the Saxa Collaboration Agreement or the Dapa Collaboration Agreement, Seller shall, and shall cause its Affiliates to, (i) conduct the Business in the ordinary course of business consistent with past practice, (ii) comply with their respective obligations under the Amylin Collaboration Agreement, the Saxa Collaboration Agreement and the Dapa Collaboration Agreement, and (iii) comply in all material respects with all applicable Laws, and Seller shall not, and shall not permit any of its Affiliates (including the Transferred Entities) to, do any of the following in connection with the Business without the prior written consent of AZ (which consent shall not be unreasonably withheld or delayed) (provided that clause (h) of this Section 5.01 shall only limit the actions of the Transferred Entities):

(a) amend the certificate of incorporation, by-laws, certificate of formation, limited liability company agreement or other comparable governing documents of any Transferred Entity;

(b) issue (A) any equity interests in, or any other security of, a Transferred Entity, (B) any option or warrant for, or any security convertible into, or exercisable or exchangeable for, any equity interests in, or any other security of, a Transferred Entity, (C) “phantom” stock rights, stock appreciation rights, stock-based performance units, commitments, Contracts, arrangements or undertakings to which any Transferred Entity is a party or by which any of them is bound (1) obligating any Transferred Entity to issue, deliver or sell, or cause to be issued, delivered or sold, additional units of its equity interests or any security convertible into, or exercisable or exchangeable for, any equity interest in any Transferred Entity or any Transferred Entity Voting Debt, (2) obligating any Transferred Entity to issue, grant, extend or enter into any such option, warrant, security, right, unit, commitment, Contract, arrangement or undertaking or (3) that give any person the right to receive any benefits or rights similar to any rights enjoyed by or accruing to the holders of the Transferred Equity Interests or (D) any Transferred Entity Voting Debt;

(c) split, combine or reclassify any of the equity interests in any Transferred Entity, or issue any other security in respect of, in lieu of or in substitution for the equity interests in any Transferred Entity;

(d) adopt or amend in any material respect any Seller Benefit Plan or employee collective bargaining agreement covering any Business Employee if such adoption or amendment would result in new or increased costs to AZ on or after the Closing Date, except in the ordinary course of business, pursuant to a written agreement that was entered into and legally binding prior to the date hereof or as required by applicable Law; provided, however, that Seller may adopt or amend any Seller Benefit Plan if (A) the cost to Seller or its Affiliates of providing the benefits thereunder would not result in a material cost to the Business, (B) such adoption or amendment does not materially increase or decrease benefits for any Business Employee or (C) if such adoption or amendment affects a broad cross-section of employees of Seller or its Affiliates in addition to the Business Employees;

(e) grant to any Business Employee any increase in base salary, wages, bonuses, incentive compensation, pension, severance or termination pay, except (A) in the ordinary course of business consistent with past practice, including with respect to normal year-end performance bonuses and annual merit increases, (B) as may be required under existing

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agreements, Seller Benefit Plans or applicable Law, (C) any increases for which Seller or its Affiliates shall be solely obligated or (D) in the event that such grant affects a broad cross-section of employees of Seller or its Affiliates in addition to the Business Employees;

(f) hire any Business Employee with an annual base salary in excess of \$300,000 or bonus opportunity in excess of \$120,000, or transfer any employee from one position to another position such that the employee would not be expected to be a Business Employee on the Closing Date on account of such transfer, except to comply with applicable Law or in accordance with an arrangement or a restructuring plan contemplated by Seller or its Affiliates as of the date hereof to the extent such plan has been disclosed to AZ prior to the date hereof;

(g) sell, lease, license, transfer or otherwise dispose of any Acquired Assets or any assets of the Transferred Entities which are material, individually or in the aggregate, to the Business, except (i) sales of Inventory in the ordinary course of business, (ii) as permitted by the Saxa Collaboration Agreement, the Dapa Collaboration Agreement or the Amylin Collaboration Agreement and (iii) sales of raw materials, work-in-process, finished goods, supplies, parts, spare parts and other inventories in the ordinary course of business or assets that are obsolete or no longer used in the Business;

(h) (i) acquire a business or substantially all of the assets of a business from any other person or (ii) acquire any material assets (other than inventory) that if so acquired prior to the Closing would constitute Acquired Assets;

(i) violate, withdraw, materially amend, allow to lapse or otherwise take any action that would result in Seller or any of its Affiliates being in default (with or without notice or lapse of time or both) under any Regulatory Approval or application thereof, or any other licenses, permits, authorizations, registrations, qualifications and approvals relating to the conduct of the Business, including the Transferred Permits and the Transferred Entity Permits, or take any other action or cause any other event that would result in the suspension, modification, revocation or nonrenewal thereof, or giving to any other person any right of termination, amendment or cancellation thereof;

(j) grant any license to any Transferred Intellectual Property or to any Intellectual Property owned by any of the Transferred Entities used or held for use in the Business;

(k) except in the ordinary course of business consistent with past practice, make any material change to any pricing, marketing, selling, billing, or receivables collection or payables or liability payment practices of the Business;

(l) settle, or offer or propose to settle, (A) any material lawsuit, action or other proceeding involving or against any of the Transferred Entities, the Acquired Assets or the Business or (B) any lawsuit, action or other proceeding that relates to the transactions contemplated hereby, in each case other than any such lawsuit, action or other proceeding that relates exclusively to any Excluded Liability or Excluded Asset, so long as such settlement does

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not provide for equitable relief or other ongoing constraints against any Transferred Entity, Acquired Asset or the Business;

(m) grant, create or incur any Lien (other than a Permitted Lien) on any material Acquired Asset that will not be discharged on or prior to the Closing;

(n) other than in the ordinary course consistent with past practice, enter into, amend or modify in any material respect any Contract that is or would be a material Transferred Contract or material Transferred Entity Contract, or otherwise waive, release or assign any material rights, claims or benefits of any material Transferred Contract or material Transferred Entity Contract;

(o) with respect to the Transferred Entities or the Acquired Assets, make any change in any material method of accounting or accounting practice (including an annual Tax accounting period), principle or policy (for either Tax or financial accounting purposes) other than those required by a change in U.S. GAAP or applicable Law, make or revoke any material Tax election unless required by applicable Law, file any amended material Tax Return, enter into any closing agreement, settle or resolve any material Tax claim, assessment, audit or other similar proceeding, surrender any right to claim a Tax refund, offset or other reduction in Tax, or consent to any extension or waiver of the limitations period applicable to any Tax claim or assessment; or

(p) commit or agree, whether in writing or otherwise, to do any of the foregoing.

Notwithstanding the foregoing, Seller shall not have obligations under this Section 5.01 solely to the extent that AZ or its Affiliates have control pursuant to the Amylin Collaboration Agreement, Saxa Collaboration Agreement or Dapa Collaboration Agreement with respect to Seller taking such actions (or refraining from taking such actions) that are enumerated in this Section 5.01.

SECTION 5.02 Resignations. On the Closing Date, Seller shall cause to be delivered to AZ duly signed resignations, effective immediately after the Closing, of all directors or limited liability company managers of the Transferred Entities or shall take such other action as is necessary to cause such persons to no longer be directors of any relevant Transferred Entity immediately after the Closing.

SECTION 5.03 Access. From the date hereof to the Closing, Seller shall, and shall cause its Affiliates to, (a) give AZ and its Affiliates and their respective officers, employees, advisors, agents or other representatives access, upon reasonable prior notice during normal business hours, to the properties, books and records to the extent relating to any of the Acquired Assets, the Transferred Entities or the Business; (b) furnish to AZ and its Affiliates and their respective officers, employees, advisors, agents or other representatives such financial and operating data and other information relating to the Acquired Assets, the Transferred Entities or the Business as such persons may reasonably request; and (c) use its reasonable best efforts to obtain the assistance of Seller's and its Affiliates' employees, counsel, accountants and financial advisors (including Ernst & Young, Seller's transition consultant) in connection with Seller's and

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its Affiliates' cooperation with AZ's investigation of the Acquired Assets (and the identification thereof), the Transferred Entities and the Business; provided, however, that such access, information requests and other cooperation (i) do not unreasonably disrupt the normal operations of Seller, its Affiliates or the Business, (ii) would not violate any attorney-client privilege of Seller, the Selling Affiliates or the Transferred Entities or violate any applicable Law and (iii) would not breach any duty of confidentiality owed to any person whether the duty arises contractually, statutorily or otherwise. Such rights of access explicitly exclude any Phase II environmental investigations or any other intrusive or invasive sampling, including subsurface testing of soil, surfacewater or groundwater at any owned or leased real property of Seller or any of its Affiliates.

#### SECTION 5.04 Business Confidential Information.

(a) Following the Closing, Seller shall, and shall cause its Affiliates to treat and hold any proprietary and confidential information to the extent relating to the operations or affairs of the Business, any Transferred Entity or any Acquired Asset (collectively, the "Business Confidential Information") with at least the same degree of care, but no less than reasonable care, with which it protects its own confidential information. Business Confidential Information that constitutes Acquired Assets shall not be used by Seller or its Affiliates except in accordance with the next sentence. For the avoidance of doubt, this Section 5.04 shall not limit or restrict in any manner the disclosure or use of Business Confidential Information by Seller and its Affiliates in connection with providing services to AZ and its Affiliates pursuant to the Transitional Services Agreement, in performing its or their obligations or exercising its or their rights thereunder or under any Other Transaction Document; provided that nothing herein shall limit Seller's or its Affiliates obligations pursuant to any other portion of this Agreement or any other Transaction Document.

(b) The obligations of confidentiality contained in Section 5.04(a) with respect to the Business Confidential Information shall not apply to any information to the extent that (i) it is already, or becomes, publicly available or otherwise part of the public domain after the Closing Date, and other than through any fault of Seller or any of its Affiliates in breach of this Agreement, (ii) it is disclosed to Seller or any of its Affiliates after the Closing Date, other than under an obligation of confidentiality, by a Third Party who to Seller's knowledge has no obligation of any nature to AZ not to disclose such information to others or (iii) it is acquired or developed independently by Seller after the Closing Date without reference to any Business Confidential Information in possession of Seller or any of its Affiliates as of immediately prior to the Closing.

(c) Notwithstanding Section 5.04(a), Seller may disclose Business Confidential Information to the extent required by any Governmental Entity or otherwise as required by Law or legal process. Before disclosing Business Confidential Information pursuant to this Section 5.04(c), Seller shall provide AZ with reasonably prompt notice of any court order, subpoena or interrogatories that requires disclosure of the Business Confidential Information so that AZ may seek a protective order or other appropriate remedy or waive compliance with this Agreement to the extent legally permitted. Seller shall consult with AZ on the advisability of taking steps to resist or narrow such request or requirement and shall otherwise cooperate with the efforts of AZ to protect the Business Confidential Information. Further, in the event such

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disclosure is required by any Governmental Entity, Seller shall (i) redact mutually agreed upon portions of the Business Confidential Information, (ii) submit a request to such Governmental Entity that such portions of the Business Confidential Information receive confidential treatment or otherwise be held in the strictest confidence to the fullest extent permitted by applicable Law and (iii) be permitted to rely on the advice of Seller's counsel with respect to its disclosure obligations under such requirement.

SECTION 5.05 Intercompany Agreements and Accounts. Except as otherwise provided under Schedule 2 to the Transitional Services Agreement, Seller shall take, or cause to be taken, all necessary actions to cause all intercompany agreements between Seller or its Affiliates (other than the Transferred Entities), on the one hand, and the Transferred Entities, on the other hand, to be terminated as of the Closing. On or prior to the Closing Date, Seller shall cause all intercompany accounts receivable or other intercompany obligations as of the Closing Date between Seller or its Affiliates and the Transferred Entities to be, at the option of Seller, settled in full or netted against any applicable intercompany accounts payable, with any net intercompany receivables to be distributed to Seller on or prior to the Closing Date.

SECTION 5.06 Electronic Mail. On or prior to the Closing, AZ shall establish a secure electronic mail account for each Transferred Employee (each, an "AZ Email Account"). For thirty (30) days following the Closing, Seller shall provide for the ability of all Transferred Employees to continue to receive emails with the use of auto-reply as well as send email to other Seller email addresses but not externally. Seller shall establish reasonable procedures and policies to enable each Transferred Employee to transfer their Transferred Electronic Mail to their AZ Email Account within forty-five (45) days following Closing. AZ shall establish reasonable procedures and policies to ensure that only Transferred Electronic Mail is transferred to AZ Email Accounts. Electronic mail that is not Transferred Electronic Mail shall be considered an Excluded Asset; provided however, that information contained in or attached to Electronic Mail constituting an Acquired Asset shall not be considered an Excluded Asset, but after complying with this Section 5.06, Seller shall no longer have an obligation to transfer such Acquired Asset to AZ or the relevant Purchasing Affiliate.

SECTION 5.07 Non-Competition.

(a) Subject to the terms of this Section 5.07, from the Closing Date until the fifth (5<sup>th</sup>) anniversary of the Closing Date (the "Restricted Period"), Seller shall not, and Seller shall cause its Affiliates not to: (i) either itself or with or through any Affiliate or Third Party, market, promote, sell or otherwise commercialize a Competing Product anywhere in the world, or (ii) grant or transfer any right or license to, or enter into any collaboration with, any Third Party by contract or otherwise, to market, promote, sell or otherwise commercialize, a Competing Product anywhere in the world (the activities described in the foregoing clauses (i) and (ii) are collectively referred to herein as "Competing Activities").

(b) Notwithstanding the covenants set forth above in Section 5.07(a), during the Restricted Period neither Seller nor any of its Affiliates shall be prohibited from:

(i) acquiring any securities of any person to the extent such acquisitions are for passive investment purposes only and do not result in Seller or any of its Affiliates

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owning in the aggregate more than ten percent (10%) of all issued and outstanding capital stock of such person, or, if the person is organized in Japan and its capital stock is listed on the Tokyo Stock Exchange, any passive investment in the capital stock of such person; or

(ii) acquiring (through merger, stock purchase, purchase of assets or otherwise) ownership of, or any equity interest in (to the extent not otherwise permitted by Section 5.07(b)(i)), and continuing to hold, any business or person engaged in any Competing Activities; provided that, if such Competing Activities account for ten percent (10%) or more of such business' or person's consolidated annual revenues during the fiscal year prior to such acquisition being made, the Net Sales of all Corresponding Products with respect to the applicable Competing Product in each country where such Competing Product is sold shall be excluded thereafter for purposes of determining Cumulative U.S. Sales and/or Cumulative Ex-U.S. Sales, as applicable, and for purposes of determining Amylin U.S. Sales and Non-Amylin WW Sales, as applicable, until the earlier of (x) the end of the Restricted Period and (y) the date (if any) that the applicable Competing Product is Divested; and provided, further, that, if such Competing Activities account for less than ten percent (10%) of such business' or person's consolidated annual revenues during the fiscal year prior to such acquisition being made, the Net Sales of all Corresponding Products with respect to the applicable Competing Product in each country where such Competing Product is sold shall be (A) excluded thereafter for purposes of determining Cumulative U.S. Sales and/or Cumulative Ex-U.S. Sales, as applicable, and (B) for purposes of determining Amylin U.S. Sales and Non-Amylin WW Sales, as applicable, in each case of (A) and (B) from and after six months following the closing of such acquisition until the earlier of (x) the end of the Restricted Period and (y) the date (if any) that the applicable Competing Product is Divested.

(c) Nothing in this Section 5.07 shall restrict the activities of any person (or any of its Affiliates) who engages in a business combination transaction resulting in the acquisition (by merger, tender offer, purchase or otherwise) of any capital stock or assets of Seller and who prior to entering into or commencing such business combination transaction is not an Affiliate of Seller.

(d) Nothing in this Section 5.07 shall restrict the activities of any person (or any of its Affiliates) who engages in a business combination transaction with Seller pursuant to which (A) at least eighty percent (80%) of any consideration paid to the stockholders of Seller and/or such person, as applicable, as a result of such transaction, consists of common equity of the resulting parent company, and (B) the market capitalization of the resulting parent entity immediately following the consummation of such business combination is at least one hundred sixty seven percent (167%) of the market capitalization of Seller prior to the public announcement of such business combination (with such market capitalization of Seller being determined by reference to the average trading price over the last five (5) trading days where Seller's stock price was unaffected as a result of such possible business combination).

(e) Nothing in this Section 5.07 shall restrict the activities of any acquired business or person described in Section 5.07(b)(ii).

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(f) Notwithstanding anything herein to the contrary, it is understood and agreed that the remedy of indemnity payments pursuant to Article X and other remedies at law would be inadequate in the case of any breach of the covenants contained in Section 5.07(a). AZ shall be entitled to equitable relief, including the remedy of specific performance, with respect to any breach or attempted breach of such covenants. If a final and non-appealable judicial determination is made that any provision of Section 5.07(a) constitutes an unreasonable or otherwise unenforceable restriction with respect to any particular jurisdiction, the provisions of Section 5.07(a) will not be rendered void but will be deemed to be modified solely with respect to the applicable jurisdiction to the minimum extent necessary to remain in force and effect for the greatest period and to the greatest extent that such court determines constitutes a reasonable restriction under the circumstances.

SECTION 5.08 Peptides. Notwithstanding anything to the contrary contained herein, as soon as practicable after the Closing (but in any event no later than 60 days), Seller shall, and shall cause its Affiliates to, transfer to AZ or its designated Affiliates all peptides and/or chemical compounds set forth in attachment 4.06(d)(3) to Section 4.06(d) of the Seller Disclosure Schedule. Seller or its Affiliates, on the one hand, and AZ or its Affiliates, on the other hand, shall each be responsible for fifty percent (50%) of the out-of-pocket costs of such transfers.

## ARTICLE VI

### Representations and Warranties of AZ

AZ hereby represents and warrants to Seller, as of the date hereof and as of the Closing Date, as follows:

#### SECTION 6.01 Organization, Standing and Authority; Execution and Delivery; Enforceability.

(a) AZ is a company duly incorporated in Sweden under no. 556011-7482. AZ has all requisite corporate power and authority to enter into this Agreement and the Other Transaction Documents to which it is, or is specified to be, a party and to consummate the transactions contemplated hereby and thereby. All corporate acts and other proceedings required to be taken by AZ to authorize the execution, delivery and performance of this Agreement and the Other Transaction Documents to which it is, or is specified to be, a party and to consummate the transactions contemplated hereby and thereby have been duly and properly taken.

(b) This Agreement has been duly executed and delivered by AZ and, prior to the Closing, AZ will have duly executed and delivered each Other Transaction Document to which it is, or is specified to be, a party. Assuming that this Agreement has been duly authorized, executed and delivered by Seller, this Agreement constitutes, and, upon the due authorization, execution and delivery of the Other Transaction Documents by each other party thereto, each Other Transaction Document to which AZ is, or is specified to be party, will constitute, a legal, valid and binding obligation of AZ, enforceable against AZ in accordance with its terms.

#### SECTION 6.02 No Conflicts; Consents.

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(a) The execution and delivery of this Agreement by AZ does not, and the execution and delivery by AZ of each Other Transaction Document to which it is, or is specified to be, a party will not, and the consummation of the transactions contemplated hereby and thereby and compliance by AZ with the terms and conditions hereof and thereof will not, conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancelation or acceleration of any obligation or to loss of a benefit under, or result in the creation of any Lien (other than Liens arising solely from acts or omissions of Seller or its Affiliates) upon any of the properties or assets of AZ under, any provision of (i) its certificate of incorporation or by-laws, (ii) any Contract to which AZ is a party or by which any of its properties or assets are bound or (iii) any Injunction, or, subject to the matters referred to in paragraph (b) below, Law applicable to AZ or its properties or assets, other than, in the case of clauses (ii) and (iii) above, any such items that, individually or in the aggregate, would not be reasonably likely to have a Purchaser Material Adverse Effect.

(b) No consent, waiver, approval, license, permit, order or authorization of, or registration, declaration or filing with, any Governmental Entity is required to be obtained or made by or with respect to AZ in connection with the execution, delivery and performance of this Agreement, the Other Transaction Documents to which it is, or is specified to be, a party or the consummation of the transactions contemplated hereby or thereby, other than (i) compliance with and filings under the HSR Act, if applicable, and compliance with and filings and approvals under applicable foreign merger control or competition laws, (ii) those that may be required solely by reason of Seller's or any Affiliate of Seller's (as opposed to any other Third Party's) participation in the transactions contemplated hereby or by the Other Transaction Documents and (iii) such consents, waivers, approvals, licenses, permits, orders, authorizations, registrations, declarations and filings the absence of which, or the failure to make or obtain which, individually or in the aggregate, would not be reasonably likely to have a Purchaser Material Adverse Effect.

SECTION 6.03 Actions and Proceedings. There are no (a) outstanding Injunctions of any Governmental Entity or arbitration tribunal against AZ, (b) lawsuits, actions or other proceedings pending or, to the knowledge of AZ, threatened against AZ or any of its Affiliates, or (c) investigations by any Governmental Entity which are pending or, to the knowledge of AZ, threatened against AZ, other than, in the case of each of clauses (a), (b) and (c), any such items that, individually or in the aggregate, would not be reasonably likely to have a Purchaser Material Adverse Effect.

SECTION 6.04 Securities Act. The Transferred Equity Interests are being acquired for investment only and not with a view to any public distribution thereof, and AZ and its Affiliates shall not offer to sell or otherwise dispose of the Transferred Equity Interests so acquired by it in violation of any of the registration requirements of the Securities Act of 1933, as amended.

SECTION 6.05 Availability of Funds. As of the Closing Date, AZ will have cash on hand or existing undrawn credit facilities that are sufficient to enable it to consummate the Acquisition and the other transactions contemplated by this Agreement and to pay the related fees and expenses associated therewith.

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SECTION 6.06 Fees. No broker, finder or investment banker has acted for AZ or its Affiliates in connection with this Agreement or the transactions contemplated hereby or is entitled to any brokerage fee, finder's fee or commission in respect thereof.

SECTION 6.07 DISCLAIMER. SELLER AND THE SELLING AFFILIATES ACKNOWLEDGE THAT EXCEPT AS EXPRESSLY SET FORTH IN THIS ARTICLE VI AND AS EXPRESSLY SET FORTH IN THE OTHER TRANSACTION DOCUMENTS, NEITHER AZ NOR ANY OTHER PERSON HAS MADE ANY REPRESENTATION OR WARRANTY, EXPRESSED OR IMPLIED, IN CONNECTION WITH THE ACQUISITION OR THE OTHER TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT.

## ARTICLE VII

### Covenants of AZ

AZ covenants and agrees as follows:

SECTION 7.01 [Intentionally Omitted].

SECTION 7.02 Replacement of Credit Support. AZ shall use its reasonable best efforts (without any obligation, however, to (a) spend any money other than customary amounts in connection with arranging such substitute arrangements or (b) commence or threaten to commence any litigation) to (i) obtain or provide replacement arrangements, effective as of the Closing, for all guarantees (including any guarantees by Seller or its Affiliates with respect to the 2014 Notes), covenants, indemnities, surety bonds, letters of credit, comfort letters or similar assurances of credit support provided by Seller or any of its Affiliates (other than the Transferred Entities) to the extent such arrangements are exclusively for the benefit of the Business, the Acquired Assets or the Transferred Entities and are listed in Section 7.02 of the Seller Disclosure Schedule, and (ii) obtain releases indicating that Seller and its Affiliates (other than the Transferred Entities) have no liability with respect thereto, in each case reasonably satisfactory to Seller. In the event that AZ is unable to obtain the release of Seller or its Affiliates (other than the Transferred Entities), AZ shall indemnify and hold harmless Seller and its Affiliates (other than the Transferred Entities) from and against any Losses suffered or incurred by them in connection with any of the foregoing guarantees, covenants, indemnities, surety bonds, letters of credit, comfort letters or similar assurances of credit support.

SECTION 7.03 Bulk Transfer Laws. AZ and the Purchasing Affiliates hereby waive compliance by Seller and its Affiliates with the provisions of any so-called "bulk transfer law" of any jurisdiction in connection with the sale of the Acquired Assets to AZ and the Purchasing Affiliates.

SECTION 7.04 Recordation of Transfer of Intellectual Property. AZ or its Affiliates, on the one hand, and Seller or its Affiliates, on the other hand, shall each be responsible for fifty percent (50%) of the out-of-pocket costs of all applicable recordations of the assignment of the Transferred Intellectual Property.

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SECTION 7.05 Diligent Efforts. AZ agrees and covenants, for itself and its Affiliates, that: (i) AZ shall, and shall cause its Affiliates to, (A) use Diligent Efforts to (1) achieve the Tier I U.S. Sales Milestone, the Tier II U.S. Sales Milestone, the Tier I Ex-U.S. Sales Milestone and the Tier II Ex-U.S. Sales Milestone, (2) obtain the U.S. Farxiga Approval, the Japanese Forxiga Approval and the Ex-U.S. Saxa/Dapa Launch, and (3) commercialize, market, promote and sell the products that are the subject of the Non-Amylin WW Sales and the Amylin U.S. Sales, in the case of this clause (3), until January 1, 2026, and (B) not act in a manner designed to (1) avoid achieving such milestones or obtaining such approvals or launch, as applicable, or (2) reduce or otherwise minimize Non-Amylin WW Sales or Amylin U.S. Sales, and (ii) AZ shall not, and shall cause its Affiliates not to, engage in activities or transactions which are intended to defer the receipt or recognition of revenue taken into account in calculating Cumulative Ex-U.S. Sales, Cumulative U.S. Sales, Non-Amylin WW Sales or Amylin U.S. Sales. “Diligent Efforts” means the level of effort and resources normally devoted by AZ to a product or compound owned by it or to which it has rights, which is of similar market potential, profit potential, or strategic value resulting from its own research efforts and at a similar stage in its development or product life based on conditions then prevailing, in view of all costs and risks relevant to such compound, product or project, and taking into account, without limitation, issues of safety and efficacy, applicable Law, product profile, the proprietary position, the then current competitive environment for such product or compound and the likely timing of the product’s entry into the market, the regulatory environment and status of the product, and other relevant scientific, technical and commercial factors. Diligent Efforts shall be determined on a country-by-country and Product-by-Product basis.

SECTION 7.06 AZ Parent Guaranty. Contemporaneously with the execution and delivery of the Original SAPA, AZ delivered to Seller a guaranty of AZ Parent (the “AZ Parent Guaranty”).

SECTION 7.07 Fulfillment of Tender Obligations . AZ acknowledges that Seller and its Affiliates have agreed to supply certain of the Products at specified prices or subject to rebates under government, hospital and similar tender contracts to certain customers (collectively, the “Fixed Price Tender Commitments”). Prior to AZ or any of its Affiliates assuming any responsibilities under any Fixed Price Tender Commitments, Seller shall provide AZ with (i) a true and complete copy of any such Fixed Price Tender Commitments that is a Transferred Contract and (ii) a summary of the applicable pricing, discounts and term of any such Fixed Price Tender Commitment that is a Shared Contracts. The parties acknowledge and agree that the Fixed Price Tender Commitments that are Shared Contracts shall not constitute Transferred Contracts or other Acquired Assets for purposes of this Agreement. In connection with the obligations of the applicable Selling Affiliate under the Fixed Price Tender Commitments relating to the Products which Seller or the applicable Selling Affiliate is unable to terminate early or transfer to AZ, the parties agree that, from the Closing Date until the scheduled expiration of the term of such contract or obligation (or, if earlier, the termination of such contract), except as may be set forth in the Transitional Services Agreement or the Other Transaction Documents: (a) AZ, or one of its Affiliates shall use commercially reasonable efforts to, promptly following reasonable advance written notice from Seller, supply to Seller, one of its Affiliates or the applicable customer directly (in each case at the reasonable request of Seller) all of the Products requested by the applicable customer under each of the Fixed Price Tender

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Commitments; (b) AZ or any of its Affiliates shall invoice Seller for all of the Products supplied pursuant to Section 7.07(a) at the corresponding prices set forth in the Fixed Price Tender Commitments; and (c) all amounts payable pursuant to Section 7.07(b) shall be paid within thirty (30) days after the receipt by Seller of the invoice applicable thereto; provided that neither AZ nor any of its Affiliates shall be obligated to supply any products pursuant to this Section 7.07 at below cost; and (d) neither Seller nor any of its Affiliates shall extend or amend such Fixed Price Tender Commitments without obtaining the prior written consent of AZ.

SECTION 7.08 2014 Notes. Notwithstanding anything to the contrary contained herein, Seller or its Affiliates, on the one hand, and AZ or its Affiliates, on the other hand, shall each be responsible for fifty percent (50%) of any liabilities arising out of or relating to the 2014 Notes; provided, however, the portion of such liabilities borne by Seller or its Affiliates shall be treated for U.S. federal income tax purposes as a contribution to the capital of BMS Holdco immediately prior to the Closing. The “2014 Notes” means the convertible senior notes due in 2014 of Amylin Pharmaceuticals, LLC (as successor to Amylin Pharmaceuticals, Inc.).

SECTION 7.09 No Use of Marks.

(a) Except as otherwise provided in any Other Transaction Document or in Section 7.09(b), as of the Closing Date and thereafter, AZ shall, and shall cause the Transferred Entities and each of its other Affiliates to, as soon as practicable, but in no event later than 180 days following the Closing Date (the “Wind-Down Period”), cease to, and shall not at any time thereafter, make any use of any BMS Mark in any form or manner (including by promptly removing or otherwise deleting references to any BMS Mark and all references to Seller’s and any Selling Affiliate’s name, customer service addresses or telephone numbers from all Product literature, packaging and labeling and all other materials and from all websites).

(b) Subject to the terms and conditions of this Agreement, Seller hereby grants to AZ and the Transferred Entities a limited, non-exclusive, non-transferable, non-sublicenseable (except to an Affiliate of AZ), royalty-free license to use the BMS Marks used in the Business as of the Closing Date in the conduct of the Business in the ordinary course (i) during the Wind-Down Period, (ii) to distribute, promote, market, offer for sale and sell the Transferred Inventory until such inventory is sold or expires, and (iii) if, with respect to any Product, a period of time greater than the Wind-Down Period is required to obtain any approvals required from any applicable Governmental Entities or Regulatory Authorities in any jurisdiction for any changes to be made with respect to any Product literature, packaging or labeling to comply with the requirements set forth in Section 7.09(a) (including to remove or otherwise delete all references to any of the BMS Marks and Seller’s or any Selling Affiliate’s customer service addresses or telephone numbers), then AZ and the Transferred Entities shall continue to have the right to use the applicable BMS Marks used in connection with such Product after the expiration of the Wind-Down Period in such jurisdiction in the ordinary course of the conduct of the applicable Business until such required approval(s) are obtained (provided that the foregoing license under this clause (iii) shall be on a Product-by-Product and a jurisdiction-by-jurisdiction basis and shall not extend longer than thirty (30) months after the Closing Date unless otherwise mutually agreed by AZ and Seller (the “Transitional License”); provided, however, that AZ and each Transferred Entity shall use commercially reasonable efforts to comply with all reasonable quality control requirements of Seller. All goodwill arising from AZ’s and any Transferred

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Entity's use of any BMS Mark and the exercise of the license granted hereunder shall inure solely to the benefit of Seller. For the avoidance of doubt, from and after the Closing, AZ and the Transferred Entities shall, jointly and severally, indemnify Seller and the other Seller Indemnitees against and hold them harmless from any Loss suffered or incurred by any such indemnified party to the extent arising from any use of the BMS Marks and the exercise of its right under the Transitional License pursuant to this Section 7.09 (other than such claims that the BMS Marks infringe the Intellectual Property rights of a Third Party).

(c) Except as otherwise provided in any Other Transaction Document as of the Closing Date and thereafter, Seller and the Seller Affiliates shall, and shall cause each of their Affiliates to, as soon as practicable, but in no event later than 90 days following the Closing Date, cease all use of any AZ Mark (including all Assigned Marks) in any form or manner (including by promptly removing or otherwise deleting references to any AZ Mark (including all Assigned Marks) from all Excluded Assets and by promptly relinquishing into the public domain all domain names consisting of or incorporating any AZ Mark included in the Excluded Assets).

SECTION 7.10 Obligations Under Amylin Merger Agreement. AZ shall comply with Section 6.4 of the Agreement and Plan of Merger, dated as of June 29, 2012, by and among Seller, B&R Acquisition Company, and Amylin Pharmaceuticals, Inc.

SECTION 7.11 2013 Amylin Bonuses; Services Agreement.

(a) Prior to March 15, 2014, AZ shall cause the 2013 Amylin Bonuses to be paid to the employees entitled thereto. AZ shall not transfer or otherwise move any employees of Amylin Pharmaceuticals LLC or Amylin Pharmaceuticals LLC's Subsidiaries who is entitled to be paid the 2013 Amylin Bonuses to any other Affiliate of AZ on or prior to March 15, 2014.

(b) Prior to the date hereof, AZ shall have entered into services agreements between each Transferred Entity in the United States and AZ or an Affiliate of AZ, in each case in substantially the same form that has been made available to Seller prior to the date hereof (each, a "Services Agreement"). The Services Agreements shall not be terminated and shall not be amended or modified in any material respect on or prior to March 15, 2014, in each case without Seller's prior consent.

SECTION 7.12 Leased Vehicles. AZ shall reimburse Seller all Termination Costs with respect to any leased vehicle used in the Saxa Business, Dapa Business or Amylin Business prior to Closing and leased under a Contract related to the countries identified on Schedule 7.12 (each, a "Terminated Leased Business Vehicle"). "Termination Costs" means, with respect to any Terminated Leased Business Vehicle, the actual out-of-pocket costs required under the applicable Contract to be paid as a fee for terminating the lease of such Terminated Leased Business Vehicle (e.g., early termination charges and administrative fees). In no event shall AZ be responsible for any costs arising out of past activities with respect to, or condition of, any Terminated Leased Business Vehicle that becomes due with respect to excessive wear and tear, excessive mileage charges and damage to bodywork. For the avoidance of doubt, (a) any leased vehicle used in the Saxa Business, Dapa Business or Amylin Business other than a Terminated Leased Business Vehicle prior to Closing, AZ shall be responsible for all costs arising from and after the Closing in connection with such leased vehicles, (b) any vehicle that is (i) used in the

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Saxa Business, Dapa Business or Amylin Business by a Transferred Employee and (ii) subject to a loan agreement with the Seller pursuant to which the Seller has lent amounts of money or provided a car to such Transferred Employee, in each case with an expectation for the Transferred Employee to pay the entire loan balance under such loan agreement, AZ shall pay to Seller the balance under each loan agreement and Seller shall assign to AZ such loan agreement, and (c) AZ and Seller agree to use commercially reasonable efforts to enter into those certain Lease Transfer Agreements with each of Wheel LT and Wheels Leasing Canada Ltd. with respect to vehicles used by a Transferred Employee in the United States and Canada, respectively, in substantially the same form as each of AZ and Seller have received and reviewed as of the date hereof.

## ARTICLE VIII

### Mutual Covenants

#### SECTION 8.01 Consents.

(a) Prior to the Closing, and for a reasonable period not to exceed six months thereafter, Seller shall, and shall cause its Affiliates to, cooperate with AZ upon its reasonable request in any reasonable manner in connection with AZ obtaining any material authorizations, consents and waivers from Third Parties, necessary to permit the consummation of the Acquisition, the transfer of the Acquired Assets to AZ and the Purchasing Affiliates and the other transactions contemplated by this Agreement and the Other Transaction Documents, and to permit the conduct of the Business by AZ, the Purchasing Affiliates and the Transferred Entities following the Closing in substantially the manner conducted by Seller and its Affiliates (including the Transferred Entities) immediately prior to the Closing. Notwithstanding the foregoing, (i) such cooperation shall not require Seller or any of its Affiliates (including the Selling Affiliates and the Transferred Entities) to expend any money, commence, defend or participate in any litigation, incur any obligation in favor of, or offer or grant any accommodation (financial or otherwise) to, any third party, and (ii) in connection with obtaining any authorization, consent or waiver from a Third Party related to any Transferred Contract, Transferred Entity Contract, Transferred Permit or Transferred Entity Permit, no material amendment, waiver, consent or other changes shall be made to any of the foregoing without the prior written consent of AZ.

(b) Notwithstanding the foregoing, AZ agrees that, except as provided in Section 1.05(b), Seller and its Affiliates shall not have any liability or obligation whatsoever to AZ or any of its Affiliates arising out of or relating to the failure to obtain any consents or waivers that may be required in connection with the transactions contemplated by this Agreement or because of the termination of any Transferred Contract, Transferred Entity Contract, Transferred Permit or Transferred Entity Permit as a result thereof. AZ further agrees that no representation, warranty or covenant of Seller contained herein shall be breached or deemed breached, and no condition to Closing shall be deemed not satisfied, as a result of (i) the failure to obtain any such consent or waiver, (ii) any such termination or (iii) any lawsuit, action, proceeding or investigation commenced or threatened by or on behalf of any person arising out of or relating to the failure to obtain any such consent or waiver or any such termination.

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SECTION 8.02 Cooperation; Further Assurances.

(a) After the Closing, upon reasonable written notice, AZ and Seller shall furnish or cause to be furnished to each other and their employees, counsel, auditors and representatives reasonable access, during normal business hours, to such information and assistance relating to the Business, the Transferred Entities, the Acquired Assets and the Assumed Liabilities as is reasonably necessary for legal, tax, regulatory, financial reporting and accounting matters directly related to the Business, the Transferred Entities, the Acquired Assets or the Assumed Liabilities, other than with respect to litigation or other disputes between the parties hereto (such information collectively, the “Requested Information”); provided, however, that any party may restrict the foregoing access to the extent that (i) such restriction is required by applicable Law, (ii) such access would result in a violation of confidentiality obligations to a third party or (iii) disclosure of any such Requested Information would result in the loss or waiver of the attorney-client privilege). No costs, expenses or other charges shall be payable by the requesting party to the other party in connection with such requests. Neither party shall be required by this Section 8.02 to take any action that would unreasonably interfere with the conduct of its business or unreasonably disrupt its normal operations. Seller shall provide any consent or waiver reasonably required in order to permit AZ to engage the same counsel to represent AZ following the Closing in connection with any matters relating to any of the Transferred Entities, Acquired Assets or the Business on which such counsel had represented Seller and its Affiliates prior to the Closing (other than in connection with any such matter that would be adverse to Seller or its Affiliates).

(b) From time to time, as and when requested by either party hereto, the other party shall execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions (subject to the provisions of Sections 8.01 and 8.04), as such other party may reasonably deem necessary or desirable to consummate the transactions contemplated by this Agreement, including, in the case of Seller, executing and delivering to AZ and the Purchasing Affiliates such assignments, deeds, bills of sale, consents and other instruments as AZ or its counsel may reasonably request as necessary or desirable for such purpose.

(c) Without limiting Sections 1.05(b) or 8.02(a) and except as otherwise provided in the Transitional Services Agreement and Development Collaboration Agreement, AZ, Seller and the Selling Affiliates shall cooperate using their reasonable best efforts to transfer, obtain, or to cause to be transferred or obtained, prior to the Closing or as soon as practicable thereafter, any Permit necessary for AZ or its designated Purchasing Affiliates to own or operate the Business, the Transferred Entities or the Acquired Assets. During the period commencing on the date hereof and continuing for a reasonable period not to exceed one year after the Closing, (i) each of Seller, the Selling Affiliates and AZ shall provide or cause to be provided to the other parties all commercially reasonable assistance as is reasonably requested in connection with securing (and/or terminating, if required by applicable Law) any such Permits and (ii) if any Permits are not secured prior to the Closing, Seller, the Selling Affiliates and AZ shall cooperate in good faith in any lawful and reasonable arrangement reasonably proposed by either party under which AZ shall obtain the benefit of Permits held by Seller or the Selling Affiliates in connection with the ownership or operation of the Business, the Transferred Entities or the Acquired Assets following the Closing; provided that such assistance and cooperation shall not

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include any obligation to expend money to any third party or Governmental Entity from whom such Permits are requested under this Section 8.02(c), or to commence, defend or participate in any litigation or offer or grant any accommodation (financial or otherwise) to any third party. Notwithstanding the foregoing, Seller and the Selling Affiliates shall not be required to transfer to AZ or any of its Purchasing Affiliates any Regulatory Approvals prior to the Closing. Except as otherwise provided in the Transitional Services Agreement or the Development Agreement, as soon as practical following the Closing Date, Seller shall execute and deliver such documentation as is necessary in order to commence the process of transferring its rights, title and interests in and to the Regulatory Approvals to AZ or its designated Purchasing Affiliate. Until such time as Seller receives written notification from the relevant Governmental Entity acknowledging the transfer of such Regulatory Approval, Seller will continue to maintain such Regulatory Approvals for the benefit of AZ and its Purchasing Affiliates at AZ's sole cost and expense.

(d) Subject to Section 1.05, if any party discovers, following the Closing Date, that any assets held by Seller or any of its Subsidiaries were assets (other than Excluded Assets) exclusively used or held for use in the Saxa Business, the Dapa Business or the Amylin Business as of the Closing, but were not transferred to AZ or its designated Purchasing Affiliates as part of the consummation of the transactions under Sections 1.01 and 1.02, then any such assets shall be deemed to have been held in trust by Seller or its Affiliates for AZ and Seller shall and shall cause its Affiliates to, promptly transfer, assign and convey such assets to AZ or its designated Purchasing Affiliates without any additional consideration therefor, free and clear of all Liens (other than Permitted Liens). The allocation of costs and expenses pursuant to transfers under this Section 8.02(d) shall be subject to the terms and conditions of Section 2.04.

(e) If any party discovers, following the Closing Date, that any assets that have been transferred by Seller and/or its Selling Affiliates to AZ and/or its Purchasing Affiliates are not Acquired Assets, then any such assets shall be deemed to have been held in trust by AZ and/or its applicable Purchasing Affiliates for Seller and/or its applicable Affiliates and AZ shall, and shall cause its Affiliates to, promptly transfer, assign and convey such assets to Seller and/or its designated Affiliates without any consideration therefor free and clear of all Liens (other than Permitted Liens). The allocation of costs and expenses pursuant to transfers under this Section 8.02(e) shall be subject to the terms and conditions of Section 2.04.

(f) To facilitate the potential access to Requested Information contemplated by this Section 8.02 after the Closing Date, the parties agree to use their commercially reasonable efforts to retain all Requested Information in their respective possession or control on the Closing Date in accordance with their respective policies as in effect on the Closing Date or such other policies as may be reasonably adopted by the appropriate party after the Closing Date. For the avoidance of doubt, such policies shall be deemed to apply to any Requested Information in a party's possession or control on the Closing Date relating to the other parties. No party will destroy, or permit any of its Subsidiaries or Affiliates to destroy, any Requested Information which the other party may have the right to obtain pursuant to this Agreement prior to the third anniversary of the Closing Date without first using its commercially reasonable efforts to notify the other party of the proposed destruction and giving the other party the opportunity to take

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possession of such Requested Information prior to such destruction; provided, however, that in the case of any Requested Information relating to taxes, employee benefits or environmental liabilities, such period shall be extended to the expiration of the applicable statute of limitations (giving effect to any extensions thereof). With respect to any and all materials transferred by Seller and received by AZ that are subject or related to ongoing and potential litigation (including materials previously identified by Seller and/or AZ as subject to an existing litigation hold notice), AZ and its Affiliates will retain and not destroy such materials for the duration of any such litigation or potential litigation. With respect to any and all materials that are subject to or related to ongoing and potential litigation (including materials previously identified by Seller and/or AZ as subject to an existing litigation hold notice) that are retained by Seller and not received by AZ, Seller and its Affiliates will retain and not destroy such materials for the duration of any such litigation or potential litigation.

(g) Without limiting the foregoing provisions of this Section 8.02, pursuant to the term of the Transitional Services Agreement, after the Closing Date Seller and its Affiliates shall provide the Transferred Employees with access to the travel and entertainment (T&E) expense system known as the “Concur T&E System” and all T&E reports for 2013 processed from and after August 1, 2013 covering health care provider (HCP) meal transactions. On or about February 3, 2014, Seller shall deliver to AZ a file that includes information regarding the U.S. Transferred Employees’ expense data since August 1, 2013 related to HCP meal transactions (collectively, the “T&E Data”). AZ and its Affiliates shall use commercially reasonable efforts to cause the T&E Data to be provided to the U.S. Transferred Employees and provide the U.S. Transferred Employees with Seller’s instructions necessary for the U.S. Transferred Employees to complete the review of the T&E Data and to return such T&E Data and the related employee certifications to Seller, as provided in the immediately following sentence, on or before February 21, 2014. AZ shall forward BMS’ instructions to the U.S. Transferred Employees regarding the submission of the T&E Data (as such instructions may be revised by Seller) and the certifications to an email address to be provided by Seller. Throughout the period from on or about February 3, 2014 to February 21, 2014, Seller shall provide support services to the U.S. Transferred Employees for the purpose of responding to questions with respect to the process related to the T&E Data and certifications.

(h) Without limiting any of the other provisions set forth in this Section 8.02, after the Closing Date AZ shall, and shall cause the Transferred Entities and its and their Affiliates (and, as applicable, each of its and their respective officers, employees, agents, auditors and representatives) to, use commercially reasonable efforts to comply with Schedule 8.02(h) and to maintain in full force and effect the Contracts identified in Schedule 8.02(h) as the “Archival Project Contracts” and complete the archival, migrations and other projects described in Schedule 8.02(h) and perform its obligations in accordance with the terms of such Archival Project Contracts and the other terms set out in Schedule 8.02(h), including to (i) provide to Seller and/or its designees, each of the deliverables required to be provided to Seller as set forth in Schedule 8.02(h) within the timing specified therein for each such deliverable; (ii) permit Seller and its Affiliates (including, as applicable, its and their respective officers, employees, agents, auditors and representatives) (A) user access to (including to view, execute queries, run reports, print and download documents, data and information from), and training with respect to, the systems and databases described in Schedule 8.02(h) (including the JDE Systems and the

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DAS Systems (as each is defined therein)) and any successor systems or databases or systems, and (B) access from time to time (and at times and dates mutually acceptable to the parties) to inspect, review and make copies of such Records and information as Seller may deem necessary or appropriate, in each case with respect to clauses (A) and (B), as may be reasonably requested by Seller and its Affiliates from time to time after Closing and to the extent such Records, data and other information pertain to transactions or other events occurring on or prior to the Closing Date, including any that pertain to fiscal 2013 or any events occurring prior thereto (and including any such Records, data or other information added to any system or otherwise generated on or prior to March 31, 2014); (iii) properly retain and maintain all such Records, data and information described in Schedule 8.02(h) until such time as Seller notifies AZ that such retention and maintenance is no longer necessary (or, if sooner, seven years after the last Tax filing submitted by or on behalf of Seller or any of its Affiliates that relates to any transaction contemplated by this Agreement ( provided that if any audit(s) are in progress at the end of such period, such period shall be automatically extended until such audit(s) are complete)); and (iv) provide reasonable assistance and reasonable cooperation with Seller and its Affiliates to provide copies of, and to migrate the data, databases and other information and Records described in Schedule 8.02(h) to Seller's and/or its Affiliates' or other designees' databases and systems as set forth in Schedule 8.02(h). Seller or its Affiliates, on the one hand, and AZ and its Affiliates, on the other hand, shall each be responsible for fifty percent (50%) of all reasonable out-of-pocket costs and expenses incurred in connection with the foregoing.

SECTION 8.03 Publicity. The parties recognize that each party may from time to time desire to issue press releases and make other public statements or disclosures regarding the subject matter of this Agreement, the Other Transaction Documents, the Acquisition and the other transactions contemplated hereby and thereby, and hereby agree that (a) for a period of four (4) months following the date of this Agreement (or, if the Closing has not occurred prior to the date that is four (4) months following the date of this Agreement, then for the period starting on the date of this Agreement and ending on the Closing Date), such publication shall be permitted without the other party's consent to the extent that such releases or statements do not contain information beyond that included in press releases relating to this Agreement, the Other Transaction Documents, the Acquisition and the other transactions contemplated hereby and thereby that was approved in writing by each of Seller and AZ, and (b) thereafter each party shall be entitled to issue any press releases and make any other public statements or disclosures relating to this Agreement, the Other Transaction Documents, the Acquisition and the other transactions contemplated hereby and thereby or to the performance hereunder without the prior consent of the other party subject to any existing obligations of confidentiality between the parties; provided that in any case (i) any disclosure to employees of Seller or AZ or any of their respective Affiliates, or to applicable works councils, unions or employee representatives, may be made without the prior consent of the other party and (ii) any disclosure which is required by applicable Law or the rules of the Securities and Exchange Commission or any securities exchange having jurisdiction over the disclosing party, as reasonably advised by the disclosing party's counsel, may be made without the prior consent of the other party, although the other party shall be given prompt notice of any such legally required disclosure and to the extent practicable the disclosing party shall provide the other party an opportunity to comment on the proposed disclosure.

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SECTION 8.04 Reasonable Best Efforts. Subject to the terms and conditions set forth in this Agreement (including the provisions set forth in Sections 8.01 and 8.05), each party hereto shall use its reasonable best efforts to do or cause to be done all things necessary or appropriate to satisfy the conditions to the Closing and to consummate the transactions contemplated hereby as promptly as practicable. Without limiting the foregoing, Seller and AZ shall use their respective reasonable best efforts to cause the Closing to occur on or prior to the Outside Date, or as soon as practicable thereafter. Each of Seller and AZ shall not, and shall not permit any of their respective Affiliates to, take any action that would, or that would reasonably be expected to, result in any of the conditions set forth in Article III not being satisfied.

SECTION 8.05 Antitrust Notification and Other Regulatory Filings.

(a) Without limiting the foregoing, AZ and Seller shall (i) as promptly as reasonably practicable, but in no event later than five (5) business days after the date of this Agreement, file with the United States Federal Trade Commission (the “FTC”) and the United States Department of Justice (the “DOJ”) the notification and report form, if any, required under the HSR Act, file with the German Federal Cartel Office the required forms under Act Against Restraints of Competition, file with the Austrian Federal Competition Authority under the Austrian Cartel Act, and (ii) make an initial filing with the Ukrainian Anti-Monopoly Committee under the Protection of Economic Competition, in each case, for the transactions contemplated by this Agreement or the Other Transaction Documents; provided that AZ and Seller shall as promptly as practical (but in no event later than fifteen (15) business days after the date of this Agreement) make an initial filing with the Ukrainian Anti-Monopoly Committee under the Protection of Economic Competition Act with respect to the transactions contemplated by this Agreement or the Other Transaction Documents. Any such notices and applications, including such HSR Act notification and report form, shall be in substantial compliance with the requirements of the HSR Act or the applicable foreign merger control or competition Law; provided that Seller and AZ shall have the right to review and provide comments on any such notices and applications of the other party prior to their filing, to the extent permissible under applicable Law and practicable. Each of Seller and AZ shall furnish to the other such necessary information and reasonable assistance as the other may request in connection with its preparation of any filing or submission which is necessary under the HSR Act or any such foreign merger control or competition Law. Each of Seller and AZ shall keep each other apprised of the status of any communications with, and any inquiries or requests for additional information from, the FTC, the DOJ and any other Governmental Entity and shall comply with any such inquiry or request as promptly as practicable. Any such additional information shall be in substantial compliance with the requirements of the HSR Act or the applicable foreign merger control or competition Law. Each of Seller and AZ shall (i) provide the other party with a reasonable opportunity to review and comment on any filing, submission, response to an information request or other (oral or written) communication to be submitted or made to any Governmental Entity and such receiving party shall consider any such received comments in good faith; (ii) advise the other party (and, where applicable, provide a copy) of any written or oral communications that it receives from any Governmental Entity in respect of such filings (including in respect of any supplementary filings or submissions); and (iii) provide the other party with a reasonable opportunity to participate in any meetings with any Governmental Entity (subject to any opposition by a Governmental Entity to a particular party’s participation in such

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meeting) and participate in, or review, any material communication before it is made to any Governmental Entity. AZ agrees not to extend directly or indirectly any waiting period under the HSR Act or any foreign merger control or competition Law or enter into any agreement with a Governmental Entity to delay or to not consummate the transactions contemplated by this Agreement, except with the prior written consent of Seller. Each of Seller and AZ shall use its reasonable best efforts to obtain as promptly as practicable any clearance required under the HSR Act and any such foreign merger control or competition Law for the consummation of the Acquisition or the other transactions contemplated this Agreement or the Other Transaction Documents.

(b) Without limiting the generality of AZ's obligations pursuant to Section 8.05(a), if any administrative or judicial action or proceeding is instituted (or threatened to be instituted) challenging any transaction contemplated by this Agreement as violative of any competition or antitrust Law, or if any Law or Injunction is enacted, entered, promulgated or enforced by a Governmental Entity that would make the transactions contemplated by this Agreement illegal or would otherwise prohibit or materially impair or delay the consummation of the transactions contemplated by this Agreement, AZ shall use its reasonable best efforts to contest and resist any such action or proceeding and to have vacated, lifted, reversed or overturned any Injunction, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the transactions contemplated by this Agreement and to have such Law or Injunction repealed, rescinded or made inapplicable so as to permit consummation of the transactions contemplated by this Agreement, including (i) [\*], or [\*], or [\*], any assets of [\*], or after the Closing, [\*] and (ii) [\*] in a specified manner, or [\*] in a specified manner; provided, however, that without Seller's prior written consent, neither AZ nor any of its Affiliates shall [\*] to the extent [\*] would adversely affect [\*].

(c) AZ shall not, and shall ensure that its Affiliates shall not, acquire or agree to acquire by merging with or into, consolidating with, or by purchasing assets of or equity in, a business of the type and character of, or competes with, all or part of the Business, or take any action which will reasonably be likely to (i) impose any delay in the obtaining of, or increase the risk of not obtaining the expiration, termination or waiver of any applicable waiting period or any consent, approval, permit, ruling, authorization or clearance pursuant to any antitrust or competition Law necessary to consummate the transactions contemplated by this Agreement and the Other Transaction Documents; (ii) increase the risk of any Governmental Entity entering an injunction or order prohibiting the consummation of the transactions contemplated by this Agreement and the Other Transaction Documents; (iii) increase the risk of not being able to remove any such order or injunction on appeal or otherwise; or (iv) delay or prevent the consummation of the transactions contemplated by this Agreement and the Other Transaction Documents. AZ shall not, and shall ensure that its Affiliates shall not, consent to any voluntary delay of the consummation of the transactions contemplated by this Agreement and the Other Transaction Documents or withdraw its notification and report form pursuant to the HSR Act unless Seller has given its prior written consent to such extension or delay.

SECTION 8.06 Support Services; Specified Ancillary Agreement. Seller and its Affiliates (other than the Transferred Entities) provide certain support services ("Support Services") to the Business and employees of the Business in connection with the operation of the

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Business as conducted as of the date of this Agreement. AZ acknowledges that, except to the extent provided in the Development Agreement or the Transitional Services Agreement, all Support Services will be terminated as of the Closing Date. On the Closing Date, each of Seller and AZ shall enter into a Transitional Services Agreement substantially in the form of Exhibit B and a Development Agreement substantially in the form of Exhibit I. With respect to the Specified Ancillary Agreement, the parties agree that the form attached hereto as Exhibit B contains all of the material terms necessary for each party to fulfill its obligations under such Specified Ancillary Agreement following the Closing. AZ and Seller agree to work in good faith to prepare and agree upon the schedules thereto or to the extent there are schedules attached to the form of such Specified Ancillary Agreement attached hereto, to negotiate such further amendments and modifications to each of the schedules to the Specified Ancillary Agreement, all as more fully set forth on Section 8.06 of the Seller Disclosure Schedules; provided, that the failure of the parties to agree on such schedules or such amendments or modifications, as applicable, prior to the Closing Date shall in no way limit the obligations of any of the parties hereto, including the obligations set forth in Section 2.1(f) and 2.1(g); provided further, that if such contemplated schedules or amendments or modifications to such schedules, as applicable, of any such Specified Ancillary Agreement as contemplated by Section 8.06 of the Seller Disclosure Schedule are not made prior to the Closing Date, the terms set forth in Section 8.06 of the Seller Disclosure Schedule with respect to the applicable Specified Ancillary Agreement shall be deemed to be a part of such Specified Ancillary Agreement to the extent necessary to give meaning to such Specified Ancillary Agreement (taking into account all amendments and modifications made to such Specified Ancillary Agreement through the Closing Date). The fact that the Closing occurs shall in no way limit the continuing obligation of the parties to continue to negotiate in good faith to, as applicable, prepare and agree upon such schedules or make further amendments and modifications to existing schedules. With respect to Exhibit B, Seller shall use reasonable efforts to prepare an initial draft of such schedules and provide such draft to AZ for AZ's review and comment as soon as practicable but no later than twenty-five (25) days after the date hereof and with respect to Exhibit I, Seller shall use reasonable efforts to provide additional details in the Development Plan (as defined therein) as required by the Development Agreement.

#### SECTION 8.07 Tax Matters.

(a) Purchase Price Allocation. Seller and AZ undertake to act in good faith to jointly agree to a schedule setting forth the allocation of the consideration in the Acquisition (including, as appropriate for Tax purposes, assumptions of liabilities) among (i) the Acquired Assets and (ii) the Transferred Equity Interests (the "Purchase Price Allocation Schedule") for Tax purposes. If Seller and AZ so agree within 180 days of the Closing Date, Seller and AZ shall cause each of their respective Affiliates (including the Transferred Entities), (i) to report the Tax consequences of the Acquisition contemplated herein in a manner consistent with the Purchase Price Allocation Schedule and (ii) not to take any position inconsistent therewith for any Tax purposes (unless required by a change in applicable Tax Law or as a result of a good faith resolution of a contest). If Seller and AZ do not so agree within 180 days of the Closing Date, each of Seller and AZ (and their Affiliates) (x) shall not be required to agree to a Purchase Price Allocation Schedule, (y) shall each be permitted to use its own purchase price allocation for any

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Tax purpose and (z) shall not have any liability to the other for any additional Taxes or other liabilities as a result of inconsistencies between the respective allocations of AZ and Seller.

(b) Responsibility for Preparation and Filing of Tax Returns.

(i) Tax Returns for Pre-Closing Tax Periods.

(A) AZ shall be responsible for preparing and filing any Tax Returns, including any required amended Tax Returns, for any Historic Amylin Tax Period of the Transferred Entities. Notwithstanding the foregoing, to the extent any such Tax Return with respect to any Historic Amylin Tax Period would materially and adversely affect Seller or its Affiliates, AZ shall not file such Tax Return without Seller's prior written consent, which consent shall not be unreasonably withheld.

(B) For any Seller Pre-Closing Tax Period of the Transferred Entities (or any Pre-Closing Tax Period with respect to a Tax relating to the Acquired Assets) other than a Straddle Period, Seller shall timely prepare and file with the appropriate taxing authorities all Tax Returns, reports and forms required to be filed, and shall pay all Taxes due with respect to such Tax Returns, reports and forms. To the extent not otherwise required by applicable Law, and to the extent that they relate to the Transferred Entities or the Acquired Assets, all such Tax Returns shall be prepared on a basis consistent with the past practice of the Transferred Entities (or with respect to such Acquired Assets, as the case may be) and in a manner that does not distort taxable income (e.g., by deferring income or accelerating deductions). Notwithstanding the foregoing, to the extent any such Tax Return would materially and adversely affect AZ or its Affiliates, Seller shall not file such Tax Return without Seller's prior written consent, which consent shall not be unreasonably withheld.

(C) (1) Seller shall be responsible for filing any amended consolidated, combined or unitary Tax Returns for any Pre-Closing Tax Period that include Seller or any of its Affiliates (other than the Transferred Entities) and (2) AZ shall be responsible for filing any amended tax returns of the Transferred Entities or relating to the Acquired Assets other than those described in clause (1). Notwithstanding the foregoing, to the extent any amended Tax Return filed pursuant to this clause (C) by one party or its Affiliates would materially and adversely affect the other party or its Affiliates, such party or its Affiliate shall not file such Tax Return without the other party's prior written consent, which consent shall not be unreasonably withheld.

(ii) For any Straddle Period of the Transferred Entities (or relating to the Acquired Assets), AZ shall timely prepare and file with the appropriate taxing authority all Tax Returns, reports and forms required to be filed and shall pay all Taxes due with

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respect to such Tax Returns, reports and forms; provided that Seller shall reimburse AZ for any amount owed by Seller pursuant to Section 10.03 with respect to the taxable periods covered by such Tax Returns, reports or forms. To the extent not otherwise required by applicable Law, all such Tax Returns shall be prepared on a basis consistent with the past practice of the Transferred Entities and in a manner that does not distort taxable income (e.g., by deferring income or accelerating deductions). Notwithstanding the foregoing, to the extent any such Tax Return would materially and adversely affect Seller or its Affiliates, AZ shall not file such Tax Return without Seller's prior written consent, which consent shall not be unreasonably withheld (it being understood that any such Tax Return will not be deemed to materially and adversely affect Seller or its Affiliates solely because the filing of such Tax Return gives rise to a reimbursement obligation of Seller pursuant to this Section 8.07(b)(ii)).

(c) Cooperation in Tax Matters. Each of Seller, the Transferred Entities and AZ shall reasonably cooperate, and shall cause their respective Affiliates, officers, employees, agents, auditors and representatives reasonably to cooperate, in preparing and filing all Tax Returns, reports and forms relating to Taxes, including maintaining and making available to each other all Records necessary in connection with Taxes and in resolving all disputes and audits with respect to all taxable periods relating to Taxes. AZ and Seller recognize that Seller and its Affiliates will need access, from time to time, after the Closing Date, to certain accounting and Tax Records and information held by the Transferred Entities and with respect to the Acquired Assets to the extent such Records and information pertain to events occurring prior to the Closing Date; therefore, AZ agrees, and agrees to cause the Transferred Entities, (a) to use their commercially reasonable efforts to properly retain and maintain such Records until such time as Seller notifies AZ that such retention and maintenance is no longer necessary (or, if sooner, seven years after the Closing Date), and (b) to allow Seller and its agents and representatives (and agents or representatives of any of its Affiliates), at times and dates mutually acceptable to the parties, to inspect, review and make copies of such Records as Seller may deem necessary or appropriate from time to time.

(d) Refunds and Credits.

(i) Tax refunds and credits:

(A) of the Transferred Entities for any Pre-Closing Tax Period shall be for the account of Seller,

(B) relating to the Acquired Assets for any Pre-Closing Tax Period shall be for the account of Seller, and

(C) of the Transferred Entities or relating to the Acquired Assets, to the extent not otherwise addressed in clause (A) or (B) above, shall be for the account of AZ.

(ii) AZ shall, if Seller so requests, cause the Transferred Entities to file for and obtain any refunds or credits to which Seller is entitled under this Section 8.07(d), the expense of filing for and obtaining such refunds or credits shall be borne by Seller and AZ in proportion to the amount of refund or credit to which each would be entitled under

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clause (i) if such refund or credit is obtained. AZ and Seller shall jointly control the prosecution of any such refund claim. AZ shall cause the Transferred Entities to forward to Seller any such refund within 30 days after the refund is received (or reimburse Seller for any such credit within 30 days after the credit is allowed or applied against other Tax liability); provided, however, that any such amounts payable to Seller shall be net of any cost or benefit (in each case, whether Tax or otherwise) to AZ or the Transferred Entities, as the case may be, attributable to the receipt of such refund and/or the payment of such amounts to Seller. Seller and AZ shall treat any payments under the preceding sentence that Seller shall receive pursuant to this Section 8.07(d) as an adjustment to the Purchase Price, unless a final determination (which shall include the execution of a Form 870-AD or successor form) with respect to AZ or any of its Affiliates causes any such payment not to be treated as an adjustment to the Purchase Price for U.S. Federal income Tax purposes. Notwithstanding the foregoing, the control of the prosecution of a claim for refund of Taxes paid pursuant to a deficiency assessed subsequent to the Closing Date as a result of an audit shall be governed by the provisions of Section 10.10.

(iii) Notwithstanding anything to the contrary set forth in this Agreement, the provisions of the TRA shall govern the treatment of any Tax refunds or credits to the extent provided therein.

(e) Transfer Taxes. All Transfer Taxes incurred in connection with this Agreement and the transactions contemplated hereby shall be borne equally by AZ and Seller; provided, however, that AZ shall be solely responsible for any such Taxes to the extent it is eligible for a refund or credit of such Taxes. Seller agrees to cooperate with AZ in order for AZ to obtain any refund or credit of such Taxes. Seller and AZ shall cooperate in timely making all filings, Tax Returns, reports and forms as may be required to comply with the provisions of such Tax Laws.

(f) Straddle Periods. Taxes (other than Transfer Taxes) payable with respect to a Straddle Period (and refunds of such Taxes) shall be allocated between the Pre-Closing Tax Period and the Post-Closing Tax Period (i) in the case of Taxes imposed on a periodic basis (such as real, personal and intangible property Taxes), on a daily pro rata basis and (ii) in the case of other Taxes, as if the Tax period ended as of the close of business on the Closing Date and, in the case of any such other Taxes that are attributable to the ownership of any equity interest in a partnership, other “flowthrough” entity or “controlled foreign corporation” (within the meaning of Section 957(a) of the Code or any comparable applicable Law), as if the Tax period of that entity ended as of the close of business on the Closing Date.

(g) FIRPTA Certificate. Each of Seller and each Selling Affiliate shall, to the extent required by Section 1445 of the Code and the U.S. Treasury Regulations thereunder to demonstrate that the none of the transfers contemplated by this Agreement are subject to withholding under the U.S. Foreign Investment in Real Property Tax Act, deliver to AZ prior to the Closing a certificate, in form and substance satisfactory to AZ (i) in accordance with U.S. Treasury Regulation Section 1.1445-2(b)(2) certifying that Seller or the Selling Affiliate, as applicable, is not a “foreign person” within the meaning of U.S. Treasury Regulation Section 1.1445-2(b)(2) or (ii) in accordance with U.S. Treasury Regulation Section 1.1445-2(c)(3)

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certifying that the Purchased Company Equity Interests are not U.S. Real Property Interests within the meaning of Section 897(c) of the Code and the U.S. Treasury Regulations thereunder.

(h) AZ Post-Closing Activities. AZ shall not (i) carry back any loss or other Tax attribute of the Transferred Entities for a Post-Closing Tax Period to any Pre-Closing Tax Period that is not an Historic Amylin Tax Period or (ii) with respect to any Pre-Closing Tax Period, take any position with respect to Taxes of the Transferred Entities (or relating to the Acquired Assets), in either case that reasonably could be expected to materially and adversely affect Seller or that would have the effect of shifting income to a Pre-Closing Tax Period unless, in each case, Seller shall have consented in writing to such action by the AZ.

(i) Section 338 Election. AZ shall not make an election with respect to the Transferred Entities under Section 338(g) of the Code without the express written consent of Seller. If Seller gives its consent to a 338(g) election and AZ makes such election, AZ shall (i) indemnify Seller for any Tax liability resulting from such election by AZ and (ii) pay any additional amounts necessary to put Seller in the same after-Tax position it would have been in had AZ not made such election.

(j) AZ and Seller agree that from and after the date hereof through the Closing Date, each of them shall and shall cause its respective Affiliates to cooperate with respect to the matters set forth on Schedule 8.07(j).

(k) VAT. If a payment made pursuant to this Agreement constitutes the consideration for a taxable supply for VAT purposes, then, in addition to that payment, the payer shall pay an amount equal to the VAT chargeable on such supply, subject, where applicable, to the provision of a valid VAT invoice.

#### SECTION 8.08 Customer Databases.

(a) (i) From and after Closing, Seller shall provide AZ with access to the electronic copy of the list of all customers of the Products in the United States and outside of the United States which Seller is permitted to disclose to AZ as of the Closing Date in accordance with applicable Law (the "Current Customer List"), and (ii) no later than thirty (30) days from Closing, deliver to AZ a single electronic copy of the Current Customer List.

(b) As soon as practicable following Closing, but not later than thirty (30) days after the Closing Date, Seller shall, or shall cause a Selling Affiliate to, use its reasonable best efforts to contact by letter or email each customer of Products in jurisdictions other than the United States, that in Seller's reasonable opinion the Laws of which require such contact to seek the consent of or provide notice to a customer for the transfer of such customer's personal information to and/or subsequent processing by a Third Party as contemplated herein, where such customer has not yet previously consented and/or received adequate notice from Seller (each such customer to be identified on the list, maintained by Seller and its Affiliates, of customers of the Business outside the United States (the "Non-U.S. Customer List") to the extent required by Law, to permit or decline to have such person's identity and other personal information provided to AZ (and, in the case of customers on the Non-U.S. Customer List, to be transferred to a country designated by AZ), which election shall be made by a reply letter, email

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or registration on a website designated by Seller (or the applicable Selling Affiliate). Any person that Seller reasonably determines it was unable to contact (e.g., if Seller does not have a postal or an email address for such person or if Seller or the applicable Selling Affiliate received an “undeliverable” response to a letter or an email addressed to such person) or any person who did not reply to the communication sent by Seller will be deemed to have declined to have such person’s identity and personal information provided to AZ.

(c) Notwithstanding any provision of Section 1.02 to the contrary, Seller’s sole obligation with respect to the Non-U.S. Customer List shall be to deliver to AZ a single electronic copy of such list not later than March 15, 2014; provided, that Seller shall delete the identity and other personal information of each person that declined (or was deemed to decline) to have such information provided to AZ from the copy of the applicable list to be delivered to AZ prior to delivery thereof.

(d) At all times following the Closing, unless otherwise agreed with the relevant customer, AZ shall have in place and strictly observe a privacy policy with respect to the Current Customer List and the Non-U.S. Customer List that is at least as protective of the interests of the customers whose data it is provided with in the privacy of their respective identities and personal information as the model privacy policy of Seller as in effect on the date of this Agreement (except to the extent that AZ is required to modify or adapt such policy according to the local applicable laws in each relevant market/country or to meet requirements for specific cases), a copy of which is included in Section 8.08(d) of the Seller Disclosure Schedule.

(e) In the event a Selling Affiliate remains a “Data Controller,” as that term is defined by the EU Data Protection Directive, in an EU member state after the Closing, the provisions of Section 8.08(a) and (b) shall not apply and such Selling Affiliate shall be permitted to retain its entire Current Customer List and Non-U.S. Customer List, without any deletion.

#### SECTION 8.09 Confidentiality.

(a) Subject to Section 5.04, a party receiving Confidential Information of the other party will (i)(A) maintain such Confidential Information with at least the same degree of care, but no less than reasonable care, with which it protects its own confidential information, and (B) not disclose such Confidential Information to any Third Party without the prior written consent of the disclosing party, and (ii) not use such Confidential Information for any purpose except those permitted by this Agreement. As used herein, “Confidential Information” means all information and materials received by either party from the other party or its Affiliates, whether prior to, on or after the date hereof in connection with this Agreement, the Other Transaction Documents, the Acquisition and the other transactions contemplated hereby and by the Other Transaction Documents, or any discussions or negotiations with respect thereto. The terms and conditions of this Agreement and the Other Transaction Documents shall constitute Confidential Information of each party. The foregoing obligations and the other obligations set forth in this Section 8.09(a) shall not apply with respect to any portion of such Confidential Information which:

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- (i) is publicly disclosed by the disclosing party, either before or after it becomes known to the receiving party;
- (ii) was known to the receiving party or any of its Affiliates, without any obligation to keep it confidential, prior to when it was received from the disclosing party;
- (iii) is subsequently disclosed to the receiving party or any of its Affiliates by a Third Party that is lawfully in possession thereof without obligation to keep it confidential;
- (iv) has been published by a Third Party or otherwise enters the public domain through no fault of the receiving Party or any of its Affiliates in breach of this Agreement; or
- (v) has been independently developed or acquired by the receiving Party or any of its Affiliates without the aid, application or use of the disclosing Party's Confidential Information.

(b) Notwithstanding Section 8.09(a), the receiving party may disclose Confidential Information to the extent required by any Governmental Entity or otherwise as required by Law. Before disclosing Confidential Information pursuant to this Section 8.09(b), the receiving party shall provide the disclosing party with prompt notice (and in any event no later than five (5) business days after receipt thereof) of any court order, subpoena or interrogatories that requires disclosure of the Confidential Information so that the disclosing party may seek a protective order or other appropriate remedy or waive compliance with this Agreement. The receiving party shall consult with the disclosing party on the advisability of taking steps to resist or narrow such request or requirement and shall otherwise cooperate with the efforts of the disclosing party to protect the Confidential Information. Further, in the event such disclosure is required by any Governmental Entity, the receiving party shall (i) redact mutually agreed upon portions of the Confidential Information to the fullest extent permitted under applicable Law and (ii) submit a request to such Governmental Entity that such portions of the Confidential Information receive confidential treatment or otherwise be held in the strictest confidence to the fullest extent permitted by applicable Law.

(c) Notwithstanding the foregoing, if any Other Transaction Document contains provisions regarding the treatment of Confidential Information, then the confidentiality provisions of such Other Transaction Document shall govern the confidential treatment of such Confidential Information.

(d) As of the Closing Date, all Business Confidential Information shall cease to constitute Confidential Information and shall be subject to the terms of Section 5.04.

SECTION 8.10 Collaboration Agreements. Each of Seller and AZ shall cause their respective Affiliates to enter into each of the Saxa Collaboration Termination Agreement and the Dapa Collaboration Termination Agreement in substantially the forms of Exhibit E and Exhibit F, respectively.

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SECTION 8.11 Notification of Certain Events; Disclosure Schedule Updates.

(a) Each party shall promptly notify the other party of (i) any notice from any person alleging that the consent of such person is or may be required in connection with the transactions contemplated by this Agreement or any of the Other Transaction Documents; (ii) any notice from any Governmental Entity in connection with the transactions contemplated by this Agreement or any of the Other Transaction Documents; (iii) any inaccuracy in any material respect of any of its representations or warranties contained in this Agreement; and (iv) any failure of such party or such party's Affiliates to comply with or satisfy in any material respect any covenant, condition or agreement to be complied with or satisfied by it hereunder; provided, however, that the delivery of any notice pursuant to this Section 8.11(a) shall not limit or otherwise affect the rights or remedies available hereunder to the party receiving that notice (including the provisions of Article X).

(b) Concurrently with the execution and delivery of this Agreement, Seller has delivered to AZ the Seller Disclosure Schedules. From and after the date of this Agreement until the Closing Date, Seller may prepare and deliver to AZ supplements and/or amendments to the Seller Disclosure Schedule relating to the representations and warranties contained in Article IV with respect to matters, facts or circumstances that existed on or prior to the date hereof (any such supplement and/or amendment being referred to as an "Seller Disclosure Schedule Update"); provided, however, that no Seller Disclosure Schedule Update shall be deemed to add or remove any item from the definitions of Excluded Assets, Assumed Liabilities or Excluded Liabilities without AZ's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed) unless any such item would not reasonably be expected to result in any additional cost, burden or risk to AZ or any of its Affiliates and (ii) the delivery of any such Seller Disclosure Schedule Update relating to the representations and warranties contained in Article IV shall not limit or otherwise affect the rights or remedies of AZ or any Purchasing Affiliate available hereunder, including for purposes of Section 3.02(a) and Article X.

SECTION 8.12 Transitional Services Assets; Assets Used in Deferred Business.

(a) Seller and AZ agree that, until such time as the Transitional Services Agreement is terminated or such earlier time that Seller and AZ shall mutually agree, any assets that are Acquired Assets or that are owned by the Transferred Entities may be used by Seller or any of its Affiliates to provide services to AZ and its Affiliates pursuant to the Transitional Services Agreement.

(b) AZ hereby grants to Seller and its Affiliates a limited, royalty-free, non-transferable, non-exclusive license (with no right to sublicense except as expressly provided herein) to use any assets that are Acquired Assets or that are owned by the Transferred Entities solely in connection with the conduct or operation of any Deferred Business. Seller may grant sublicenses of the foregoing to Seller's and AZ's vendors, contractors and subcontractors solely to the extent necessary for such vendors, contractors and subcontractors to conduct or operate the Deferred Business. The license set forth in this Section 8.12(b) and any sublicenses granted pursuant hereto shall terminate with respect to any Deferred Business upon the transfer of the applicable Deferred Business to AZ or its Affiliates.

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SECTION 8.13 Termination of Certain Agreements . Seller and AZ agree to work in good faith, from the date hereof to Closing, to prepare and agree upon (a) a list of agreements to be terminated pursuant to the Saxa Collaboration Termination Agreement, the Dapa Collaboration Termination Agreement or Exhibit G (collectively, the “Terminating Agreements”) and (b) a list of agreements to be modified in connection with the Closing and in connection with the Saxa Collaboration Termination Agreement, the Dapa Collaboration Termination Agreement or Exhibit G (or in the case of a Deferred Jurisdiction, the Deferred Transfer Date) (collectively, the “Modified Agreements”). The Terminating Agreements shall be terminated as of the Closing (or on such later date with effect as of the Closing) on the terms and conditions set forth in the Saxa Collaboration Termination Agreement, the Dapa Collaboration Termination Agreement or Exhibit G, as applicable. The Modified Agreements shall be modified in accordance with the terms and conditions agreed by the Parties.

SECTION 8.14 Additional Agreements.

(a) On the Closing Date, each of Seller and AZ shall cause their Affiliates to enter into a Development Agreement substantially in the form of Exhibit I.

(b) On the Closing Date, each of Seller and AZ shall cause their Affiliates to enter into a Master Supply Agreement substantially in the form of Exhibit H.

(c) Subject to the terms of this Agreement, as needed, within three (3) months after the Closing Date (or as otherwise agreed by the parties), Seller and AZ (under the guidance of their respective Pharmacovigilance Departments, or equivalent thereof) shall define and finalize the responsibilities the parties shall employ to protect patients and promote their well-being in connection with the use of the Products. These responsibilities shall include mutually acceptable guidelines and procedures for the receipt, investigation, recordation, communication, and exchange (as between the parties) of adverse event reports, pregnancy reports, and any other information concerning the safety of any Product. Such guidelines and procedures shall be in accordance with, and enable the parties and their Affiliates to fulfill, local and international regulatory reporting obligations to government authorities. Furthermore, such agreed procedures shall be consistent with relevant International Council for Harmonization (ICH) guidelines, except where said guidelines may conflict with existing local regulatory safety reporting requirements, in which case local reporting requirements shall prevail. Until such guidelines and procedures are set forth in a written agreement between the parties (hereafter referred to as the “Pharmacovigilance Agreement”), each of the (i) Amended and Restated Safety Data Exchange Agreement between Bristol-Myers Squibb Company and AstraZeneca UK Limited regarding Dapagliflozin executed on November 1, 2011 (including any amendments thereto), (ii) Safety Data Exchange Agreement between Bristol-Myers Squibb Company and AstraZeneca UK Limited regarding Saxagliptin executed on July 2, 2012 (including any amendments thereto) and (iii) Pharmacovigilance Agreement between Bristol-Myers Squibb Holdco, Inc. and AstraZeneca Pharmaceuticals LP regarding Exenatide products Byetta® and Bydureon®, Symlin® (pramlintide) and metreleptin executed on March 28, 2013 (including any amendments thereto) ((i), (ii) and (iii), collectively, the “Existing PV Agreements”), as further amended and delivered on the Closing Date, will remain in full force and effect. Notwithstanding the foregoing, the parties acknowledge that their respective roles and responsibilities with respect to pharmacovigilance with respect to the Products will change and agree, with respect to the

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applicable Products, to implement the necessary procedures to protect patients well-being and public health, and to collaborate by providing and exchanging safety information required to fulfill the regulatory obligations of both parties with respect to such Products in all territories.

SECTION 8.15 Genetic Materials.

(a) Notwithstanding anything to the contrary contained herein and subject to the terms and conditions of the Development Agreement and any applicable privacy Laws and Laws with respect to informed consent, at or as soon as practicable after the Closing, Seller or a Selling Affiliate shall transfer to AZ any Substances, Genetic Materials, and/or Collaboration Genetic Materials (as each such term is defined in the Amylin Collaboration Agreement, the Saxa Collaboration Agreement and Dapa Collaboration Agreement, as applicable) and related clinical data that is held by Seller or its Affiliates. Seller or its Affiliates, on the one hand, and AZ or its Affiliates, on the other hand, shall each be responsible for fifty percent (50%) of the out-of-pocket costs of such transfers.

(b) With respect to any Substances, Genetic Materials, and/or Collaboration Genetic Materials (as each such term is defined in the Amylin Collaboration Agreement, the Saxa Collaboration Agreement and Dapa Collaboration Agreement, as applicable) and clinical data transferred by Seller or a Selling Affiliate to AZ pursuant to or in connection with this Agreement (collectively "Covered Data and Samples"), AZ agrees that AZ shall be, and shall comply with all obligations relative to being, the Data Controller (as defined in the European Union Directive 95/46/EC on the protection of individuals with regard to the processing of personal data and on the free movement of such data of 24 October 1995, as amended, and corresponding or similar legislation under other countries' applicable Laws (the "EU Data Protection Directive")) relative to any and all Covered Data and Samples so transferred. Without limiting the foregoing, AZ shall:

(i) process the Covered Data and Samples only in accordance with the applicable Informed Consent Form (as such term is defined in the EU Data Protection Directive) executed by study subjects relating to same;

(ii) implement appropriate technical and organizational measures to ensure that the Covered Data and Samples is kept secure and is not subject to any unauthorized or unlawful processing, accidental loss, destruction, alteration or damage, and take, in accordance with good industry practice in the healthcare related professional services market place, all necessary steps to avoid and prevent any such loss or disclosure;

(iii) ensure that where its employees or contractors process Covered Data and Samples, they are trained in the handling and care of Covered Data and Samples and that such employees or contractors are only permitted access to Covered Data and Samples on a "need to know" basis;

(iv) unless otherwise provided by law, destroy all Covered Data and Samples that are no longer necessary for its permitted uses;

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(v) abide by and stay informed of applicable Laws relating to being the Data Controller relative to the Covered Data and Samples, including applicable Laws concerning privacy and security and applicable Laws implementing the EU Data Protection Directive with respect to the collection, use, transfer, storage, deletion, processing (both by computer and manually), combination or other use of subject or other personal data as contemplated by applicable data protection or privacy laws of all data relating to any person about whom or which data may have been collected; and

(vi) agree to abide by all applicable Laws of all applicable supranational, national, federal, state, provincial, and local governmental entities concerning the confidentiality or protection of patients' individually identifiable health information and/or patients' protected health information, including as defined in the U.S. by 45 C.F.R. 160.103 or personal data as defined in the EU by the EU Data Protection Directive, in the course of its performance of this Section 8.15(b).

SECTION 8.16 U.S. Product Pricing and Related Matters.

(a) AZ and Seller shall agree, reasonably and in good faith, to appropriate provisions to be included in the Transitional Services Agreement that shall address:

- (i) government price calculation and reporting for the Products and exchange of information in connection therewith;
- (ii) distribution, order acceptance and processing for the Products;
- (iii) change of NDC numbers for the Products;
- (iv) processing of and payment for returns for the Products;
- (v) administration and payment of rebates, chargebacks, administration fees, Industrial Funding Fees, and other similar payments with respect to the Products for governmental entities and private payors;
- (vi) deletion of the Products from Seller's Federal Supply Schedule ("FSS") and addition of the Products to AZ's FSS;
- (vii) notifications to wholesalers and other Third Parties of the transfer of ownership of the Products to AZ; and
- (viii) other related matters;

in each case, in order to comply with each of their respective obligations under applicable Law, with respect to the Products and to facilitate a timely, smooth and orderly transition of the Products to AZ. Except as otherwise provided under the terms of the Transitional Services Agreement, AZ shall be responsible for all of the foregoing responsibilities, from and after the first day of the calendar quarter that commences following the Closing Date.

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(b) AZ and Seller agree to cooperate in good faith to agree to terms which will be memorialized in the Transitional Services Agreement which shall allocate the financial responsibility between the parties from and after the Closing Date with respect to payment of Product returns, rebates, chargebacks, administration fees, any applicable industrial funding or similar fees, and other similar payments with respect to Products sold with Seller's or a Transferred Entity's NDCs before, on and after the Closing Date (collectively, the "TSA Pricing and Reimbursement Payments") such that: (i) AZ shall have financial responsibility for the TSA Pricing and Reimbursement Payments arising from Amylin Products sold before, on and after the Closing Date but that are payable after Closing, (ii) Seller shall have financial responsibility for TSA Pricing and Reimbursement Payments arising from Saxa Products and Dapa Products sold before the Closing Date, and (iii) AZ shall have financial responsibility for TSA Pricing and Reimbursement Payments arising from Saxa Products and Dapa Products sold on and after the Closing Date.

(c) For clarity, Seller shall be responsible for any fees paid by Seller or its Affiliates under applicable Law (a "Covered Fee") to the extent that any such Covered Fee is attributable to sales of the Products before the Closing Date, including any fees imposed on Seller or any of its Affiliates in respect of its status as a "covered entity" pursuant to the Patient Protection and Affordable Care Act; provided, however, that AZ shall reimburse Seller for any Covered Fee to the extent that any such Covered Fee is attributable to sales of the Amylin Products before, on or following the Closing Date but that are payable after Closing.

(d) For additional clarity, the parties shall reconcile and settle payments between each other to achieve the allocation of financial responsibility set forth in clause (b) above on a quarterly basis but that is payable after the Closing.

SECTION 8.17 EEIG. The Regulatory Approvals held by the EEIG shall be transferred to AZ or its designated Affiliates or designee (an "AZ MAH") in accordance with the terms of the Transitional Services Agreement, and upon the completion of the transfer of all such Regulatory Approvals and all Regulatory Approvals in countries where the EEIG Certificate of Pharmaceutical Product was used or referenced to get a Marketing Authorization (as defined in the Transitional Services Agreement) (such date the "EEIG Transfer Completion Date"), the parties shall mutually agree to either dissolve the EEIG or transfer the EEIG Member Interest to AZ or an Affiliate of AZ. From the Closing Date until the EEIG Transfer Completion Date the parties shall not, unless mutually agreed in writing, change the name, address or telephone number of the EEIG or take any other action that would delay the transfer of any Regulatory Approval to an AZ MAH and the parties shall, and shall cause their Affiliates to, continue to maintain such name, office address and telephone number during such period. The parties agree that the EEIG Operating Agreement shall continue to operate as the by-laws of the EEIG, provided that to the extent that any provision of the EEIG Operating Agreement is inconsistent with this Agreement or the Transitional Services Agreement, the parties shall not (and shall ensure that their Affiliates shall not) give effect to such provision of the EEIG Operating Agreement and if requested by either party shall discuss in good faith such amendments as may be necessary to ensure the EEIG Operating Agreement is consistent with the Transaction Documents and the operation of the EEIG as set forth in this Agreement and the Transitional

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Services Agreement. Without prejudice to the generality of the foregoing, on the Closing, Sections 15.4 and 15.5 of the EEIG Operating Agreement shall cease to apply.

SECTION 8.18 Saxa Japan. In accordance with Section 1.05, the parties hereto will use the efforts specified in Section 1.05 to obtain the consent of Kyowa Hakko Kirin Co. Ltd., (“KHK”) where required, to the assignment to AZ (or an Affiliate designated by AZ) of: (i) the Seller/Otsuka Saxa Commercialization Agreement, (ii) the Seller/KHK Saxa Supply Agreement, and (iii) the KHK Consent Agreement. In the event the parties hereto are unable to effect such assignments by the Closing, then the parties will immediately enter into good faith negotiations to finalize, as rapidly as possible and without additional consideration, such agreement(s) as may be necessary to ensure that Seller may continue to grant to KHK the same rights and licenses that Seller was able to extend immediately prior to the Closing Date, that Seller can continue to supply KHK with Product as provided in the Seller/KHK Saxa Supply Agreement in accordance with the terms thereof (and at the price that Seller was providing the same immediately prior to the Closing), and that Seller may continue to fulfill its other obligations and exercise its rights under the Seller/KHK Saxa Supply Agreement, the Seller/Otsuka Saxa Commercialization Agreement and the KHK Consent Agreement in the same manner as Seller was able to do so immediately prior to the Closing. During the period prior to entering into such assignments, Seller shall be deemed the licensee of AZ under Intellectual Property that is licensed to KHK pursuant to the Seller/Otsuka Saxa Commercialization Agreement with the right to sublicense solely to the extent reasonably necessary for Seller to perform with respect to KHK as described in the preceding sentence. The parties hereby agree to act in accordance with Section 1.05(b) (including with respect to clauses (i) and (ii) of the first sentence thereof) with respect to the Seller/KHK Supply Agreement, the Seller/Otsuka Saxa Commercialization Agreement and the KHK Consent Agreement, and that the Seller/Otsuka Saxa Commercialization Agreement (and/or any other related Contract between or among the parties and/or any of their respective Affiliates) shall not be assigned to AZ or its designated Purchasing Affiliate until such time as Seller shall have received all consents required for the assignment of the Seller/KHK Saxa Supply Agreement to AZ or its designated Purchasing Affiliate, in accordance with the terms of the Seller/KHK Saxa Supply Agreement.

SECTION 8.19 Site Transfer. On the Closing Date, each of Seller and AZ shall, or shall cause their respective Affiliates to, enter into an Asset Purchase Agreement substantially in the form of Exhibit J.

## ARTICLE IX

### Employee Matters

#### SECTION 9.01 Employment Transfers.

(a) Transferred Employees; Transition Date. Each Business Employee who (i) transfers employment automatically to an AZ Employer pursuant to Acquired Rights Regulations, (ii) accepts the offer of employment described in Section 9.01(c)(i) or Section 9.01(d) and commences work for an AZ Employer, or (iii) otherwise becomes an employee of the applicable AZ Employer (including, for the avoidance of doubt, Business Employees who remain employed by the Transferred Entities on and after the Closing Date) by operation of Law

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pursuant to the transaction contemplated by this Agreement is referred to herein as a “Transferred Employee”. The date a Transferred Employee commences employment with an AZ Employer is referred to herein as the “Transition Date”, whether occurring on the Closing Date, on the date of a Deferred Transfer or such other date contemplated by the terms of this Section 9.01. A Contingent Worker who commences performing services for the Business pursuant to an agreement with AZ or any of its Affiliates entered into in connection with the transaction contemplated by this Agreement is referred to herein as a “Transferred Contingent Worker”, and the Transition Date for a Transferred Contingent Worker shall be the date those services are first provided pursuant to the agreement with AZ or any of its Affiliates. For purposes of this Article IX, the terms “Closing” and “Closing Date” shall mean, in an applicable jurisdiction, respectively, a Deferred Transfer and the date of a Deferred Transfer.

(b) Acquired Rights Regulations. Seller and AZ intend that the Acquisition shall constitute a relevant transfer for the purposes of the Acquired Rights Regulations in the Acquired Rights Countries to the fullest extent permissible and, accordingly, shall not operate to terminate the contracts of employment of Business Employees employed in such jurisdictions. Such contracts shall instead transfer to the applicable AZ Employer pursuant to the Acquired Rights Regulations with effect from Closing, unless agreed otherwise between the parties in writing before the Closing with respect to an Excluded Employee (or other employee of Seller or its Affiliate) for whom the parties agree that steps should be taken to avoid the application of automatic employment transfer under any applicable Acquired Rights Regulations. The parties shall cooperate to take such actions as may be appropriate or required to accomplish such transfer of employment with respect to a transfer of undertaking, transfer of establishment, employer substitution or otherwise pursuant to the applicable Acquired Rights Regulations. AZ agrees to indemnify and hold harmless Seller and its Affiliates against (i) any Liabilities for which Seller or such Affiliate may otherwise be jointly and severally liable with respect to employment related Liabilities under the applicable Acquired Rights Regulations, to the extent arising from acts or omissions occurring on and after the Closing Date, and (ii) in accordance with Section 9.06(b)(iv). Seller agrees to indemnify and hold harmless AZ and its Affiliates against any Losses arising from any claim, action or suit by or on behalf of any individual (including any Excluded Employee) purporting (A) that the parties failed to apply the provisions of the applicable Acquired Rights Regulations to such individual in circumstances where it was required, or (B) for an individual whose employment transfers or is alleged by Seller or a Seller Employer to transfer to an AZ Employer pursuant to this section, that such individual’s employment should not have so transferred under the applicable Acquired Rights Regulations in connection with the transactions contemplated by this Agreement.

(c) Employment/Engagement Offers. No later than fifteen (15) days before the Closing Date (or such longer period as may be required under applicable Law, collective bargaining agreement, trade union agreement or works council agreement), AZ shall, or shall cause another AZ Employer to, make an offer of employment or engagement to each individual (each a “Business Offeree”) who is a Business Employee or a Contingent Worker but whose employment or engagement does not automatically transfer to AZ or its Affiliate pursuant to any applicable Acquired Rights Regulations or otherwise by operation of applicable Law on the Closing Date (other than an employee absent due to long-term disability on such date (an “Inactive Employee”), unless otherwise required by applicable Law). For the avoidance of doubt,

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Business Offerees include Business Employees who, as of the Closing Date, are or are expected to be active and those who are on vacation, holiday, sickness or other approved leave of absence (including maternity leave, military leave, and disability leave, other than long-term disability leave).

(i) AZ Employer's employment offer shall provide the Business Offeree (who is a Business Employee) a period of no less than five (5) calendar days to decide to accept the offer for employment commencing on the Closing Date, conditioned on the Closing occurring, and shall further provide for (A) at least the same base salary or wage rate and at least the same cash incentive opportunity, each as in effect immediately prior to the individual's Transition Date, (B) employee benefits that are substantially similar in the aggregate (including retirement benefits (other than defined benefit pension benefits) and equity-based compensation opportunity) to the employee benefits that were available to the Business Offeree immediately prior to the individual's Transition Date (and, for purposes of this Article IX, the employee benefits offered by AZ and the other AZ Employers as of the date hereof, a true and accurate list has been provided by AZ to Seller, shall be deemed to be substantially similar in the aggregate to the employee benefits that were available to the Business Offerees prior to the individual's Transition Date), (C) severance benefits as described in Section 9.03(d), and (D) in the event that the place of the Business Offeree's employment will change, relocation benefits if, and under substantially similar terms as, the Business Offeree would have been entitled to relocation benefits under the applicable Seller Employer relocation plan or policy in effect immediately prior to the Business Offeree's Transition Date had the applicable Seller Employer required the same change of location of employment. It is acknowledged and agreed that any Liabilities arising from severance benefits or termination indemnities payable to a Business Offeree who rejects the AZ Employer's employment offer (or, in the case of a Business Employee who, by operation of Law, automatically transfers to an AZ Employer, an offer of continued employment) which offer, if accepted, would have entitled the Business Offeree to relocation benefits under Section 9.01(c)(i)(D), shall be shared equally (50/50) by Seller and AZ, and Seller's U.S. severance plan may be amended prior to Closing in a form acceptable to AZ to clarify that a Business Employee, under such circumstances, would be entitled to severance pay (provided such amendment does not increase the amount of severance benefits due upon an eligible termination). It is intended that the preceding sentence applies in all Acquired Rights Countries. Offers of engagement to Contingent Workers will be on terms that AZ or an AZ Employer determines are commercially appropriate.

(ii) Seller shall (and shall cause the applicable Seller Employer to) make commercially reasonable efforts to cooperate with AZ and not, directly or indirectly, take any steps to discourage any Business Employee from accepting the offer of employment described in this Section 9.01(c). To the extent permissible under applicable Law or any collective bargaining agreement, trade union agreement or works council agreement, Seller shall (and shall cause the applicable Seller Employer to) terminate the employment of each Business Offeree as of the Closing Date, conditioned on the Closing, unless otherwise agreed to in writing by the parties. Each Seller Employer shall waive any notice requirements, post-termination restrictions or other contractual constraints that

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might prevent Business Employees commencing employment with the AZ Employers on or immediately following the Transition Date.

(d) Inactive Employees. Seller shall (or cause the applicable Seller Employer to) use commercially reasonable efforts to continue providing that any Inactive Employees with disability coverage on or after the Closing Date under the applicable Seller Benefit Plan to the extent consistent and in accordance with the terms of such plan or as otherwise required by applicable Law (determined assuming neither AZ nor another AZ Employer provides such benefits); provided that AZ or another AZ Employer shall offer employment to any Inactive Employee who becomes ready, willing and able to return to active work within twelve (12) months after the Closing Date, or during such other period as required by applicable Law, on substantially the same terms as described in Section 9.01(c)(i), to commence upon the first regular workday following the conclusion of such leave (or, if later, following such recovery).

(e) Visa, Work Permit, etc. If any Transferred Employee requires a work visa or permit or an employment pass or other approval for his or her employment to continue with AZ or one of its Affiliates as of the Transition Date, AZ shall, or shall cause its Affiliate to, use commercially reasonable efforts to secure prior to the Transition Date the necessary visa, permit, pass or other approval in a timely manner consistent with the terms of this Section 9.01 and shall be solely responsible for any expenses related thereto, except that if such visa, permit, pass or other approval was required, but was not obtained, in order for the Transferred Employee to provide services to the Business prior to the Transition Date, Seller shall (or shall cause a Seller Employer to) use commercially reasonable efforts to obtain such approval prior to the Closing Date.

(f) Unions and Works Councils. As of the Closing Date, and if legally required to do so, AZ shall, or shall cause its Affiliate to, take commercially reasonable steps to assume and remain bound by any collective bargaining agreement, trade union agreement or works council agreement in effect with respect to any Transferred Employees in accordance with their terms.

(g) Transition. Seller and AZ intend that for purposes of any severance or termination benefit plan, program, policy, agreement or arrangement with a Seller Employer and any statutory termination indemnity, notice requirement or statutory severance under applicable Law, the transactions contemplated by this Agreement shall not constitute a severance of employment of any Transferred Employee. The parties shall cooperate to make commercially reasonable efforts to take all appropriate steps to realize the intent of this Section 9.01(g) (which may include executing a form of tripartite agreement between the Seller Employer, the relevant AZ Affiliate and the Transferred Employee, if the parties agree such a mechanism is in their mutual interest).

#### SECTION 9.02 Pre-Closing Covenants.

(a) Seller Pre-Closing Obligations. Seller shall, and shall cause any other Seller Employer to, (i) pay all salaries, fees, contributions to Seller Benefit Plans, holiday pay, commissions, retention payments, expenses, and other compensation (except cash bonus), to the extent due and payable, to Transferred Employees or Transferred Contingent Workers up to and

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including their respective Transition Date (unless terminated earlier); (ii) pay cash bonuses due to Transferred Employees with respect to calendar year 2013; (iii) pay or pay AZ as soon as practicable after the Closing Date for all holiday or vacation pay, and all other compensation (except cash bonuses attributable to periods after December 31, 2013), accrued by Transferred Employees but unpaid as of the Closing Date (except to the extent such Liability is reflected on the books of a Transferred Entity and included to the benefit of AZ in an adjustment to working capital), (iv) waive any conditions applicable under Seller stock plan rules that might prevent pro-rata vesting of restricted-, market- and performance-stock units awarded to Transferred Employees more than 12 months before Closing; and (v) take all commercially reasonable steps to comply with all applicable Laws requiring information and consultation with Business Employees or with their representatives for periods prior to the Closing Date.

(b) AZ Cooperation. AZ shall, and shall cause any applicable AZ Employer to, take all commercially reasonable steps to assist Seller or its Affiliates, at the reasonable request of Seller, with respect to (i) the information and consultation processes referenced in Section 9.02(a) and (ii) informing Seller and the Business Employees about the expected roles of the Business Employees with the applicable AZ Employer, the terms and conditions of employment that are expected to apply to them and the employment transition process.

### SECTION 9.03 Post-Closing Covenants.

(a) Continuation Period. Subject to applicable Law and any applicable collective bargaining agreement, trade union agreement or works council agreement, from the Transition Date until the first anniversary of the Closing Date (the “Continuation Period”), with respect to each Transferred Employee (which, for the avoidance of doubt, includes any Business Employee who becomes an employee of an AZ Employer pursuant to clause (i), (ii) or (iii) of Section 9.01(a)), AZ shall, or shall cause an applicable AZ Employer to, provide and maintain terms and conditions of employment consistent with clauses (A) through (D) of Section 9.01(c)(i) above. Without limiting the generality of the foregoing, AZ shall, or shall cause an applicable AZ Employer to, provide and maintain during the Continuation Period: (i) for Transferred Employees in the United States (“U.S. Transferred Employees”), defined contribution plan, medical, dental, short term disability, long term disability, life insurance and accident insurance benefits under AZ Benefit Plans that are substantially similar in the aggregate to the defined contribution plan, medical, dental, short term disability, long term disability, life insurance and accident insurance benefits offered under the corresponding Seller Benefit Plans as of the Closing Date, and (ii) for Transferred Employees outside of the United States (“Non-U.S. Transferred Employees”), health and welfare, pension and retirement plan benefits that are substantially similar in the aggregate to, respectively, the health and welfare, pension and retirement benefits offered under the corresponding Seller Benefit Plans as of the Closing Date. For the avoidance of doubt, nothing in this Agreement requires AZ or any other AZ Employer to maintain any particular employee benefit plan or infringes upon the right of AZ and the other AZ Employers to amend or terminate all employee benefit plans.

(b) Compensation Commitments. AZ shall, or shall cause an applicable AZ Employer to, honor (i) any salary merit increases set forth in Section 9.03(b)(i) of the Seller Disclosure Schedule that are currently scheduled to become effective for Transferred Employees on the date set forth in such section of the Seller Disclosure Schedule, and (ii) the planned

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compensation commitments set forth in Section 9.03(b)(ii) of the Seller Disclosure Schedule with respect to applicable Transferred Employees, in each case, to the extent the Transferred Employee continues to be employed by an AZ Employer during the relevant period.

(c) Service Credit. Each Transferred Employee will receive credit for years of service with any Seller Employer (and its Affiliates and their respective predecessors), to the extent such Seller Employer, immediately prior to the Transition Date, credits such service prior to the Transition Date, under the compensation and benefit plans of the AZ Employers for purposes of eligibility to participate (including, for example, in AZ's retiree medical plan), vesting, rate of vacation accrual, rate of contributions under AZ Employers' defined contribution retirement plans, and determining eligibility for, and amount of, severance benefits and termination indemnities, to the extent such recognition of credit does not result in duplication of benefits; provided that, in any case, service shall be credited to the extent required by applicable Law or pursuant to any collective bargaining agreement, trade union agreement or works council agreement. AZ will, and will cause other AZ Employers to, cause, to the extent practicable, any and all pre-existing condition limitations, eligibility waiting periods and evidence of insurability requirements to be waived under the AZ Benefit Plans for Transferred Employees to the extent such conditions and exclusions were satisfied or did not apply to such individuals under the corresponding Seller Benefit Plan prior to the Transition Date and will, if practicable, provide credit to the Transferred Employees under such AZ Benefit Plans for any co-payments and deductibles made prior to the Transition Date in a corresponding Seller Benefit Plan in satisfying any deductible requirement, out-of-pocket maximum or similar terms under any of the AZ Benefit Plans. For the avoidance of doubt, each Transferred Employee will be treated as a new hire under AZ Benefit Plans, except as provided in this Section 9.03(c) or as required by Law.

(d) Severance. If the applicable AZ Employer initiates any dismissal or employment termination process with respect to a Transferred Employee during the Continuation Period, the AZ Employer shall provide to such individual severance benefits determined as the more favorable of (x) the severance benefits for such individual pursuant to a severance plan, program or arrangement in effect with a Seller Employer immediately prior to the individual's Transition Date using the formula in effect under such plan, program or arrangement at that time (or, for applicable jurisdictions where there is no such established plan or program, pursuant to the most recent negotiated social plan for employees of the relevant Seller Employer and if there is no such relevant plan then consistent with past practice for individual separation agreements over the past two (2) years to the extent set forth in Section 9.03(d) of the Seller Disclosure Schedule, or (y) the applicable severance plan, program or arrangement of the AZ Employer (in each case of (x) or (y), taking into account any service for the Seller Employer (and its Affiliates and their respective predecessors) to the extent credited by the Seller Employer prior to the Transition Date in accordance with Section 9.03(c) and service for an AZ Employer).

(e) No Continuation of Employment Required. For the avoidance of doubt, nothing in this Agreement affects or in any way limits the right of the AZ Employers to terminate the employment of any employee, including a Transferred Employee.

#### SECTION 9.04 Benefit Plans.

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(a) Assumed Benefit Plans. In addition to the other obligations, Liabilities and commitments assumed by AZ or its Affiliates hereunder, AZ or one of its Affiliates shall, as of the Closing Date, assume sponsorship and administration of and responsibility for all Liabilities and obligations related to, the Assumed Benefit Plans set out in Section 9.04(a) of the Seller Disclosure Schedule (the “Assumed Benefit Plans”), including, for the avoidance of doubt, through AZ’s acquisition of a Transferred Entity that sponsors or maintains such Assumed Benefit Plan and, to the extent required by Law in countries where AZ agrees the Acquired Rights Regulations apply, pension plans and/or relevant pension plan liabilities of a Seller Employer in such countries. For the avoidance of doubt, a plan is not considered to be sponsored or maintained by a Transferred Entity for purposes of this Section 9.04(a) and Section 9.04(a) of the Seller Disclosure Schedule if it is sponsored or maintained by, or covers employees of, a Seller Employer that is not a Transferred Entity, in which case such plan shall remain with Seller or a Seller Employer that is not a Transferred Entity. Seller shall, prior to Closing, make any contribution under the Assumed Benefit Plans with respect to a calendar year before 2014, and, if Seller does not make such contributions, Seller shall reimburse AZ for any such contribution AZ (or an AZ Employer) is required to make (except to the extent such Liability is reflected on the books of a Transferred Entity and included to the benefit of AZ in an adjustment to working capital).

(b) Health and Welfare and Workers’ Compensation Claims. Seller and its Affiliates shall retain all Liabilities for all medical, dental, vision, life insurance, accidental death and dismemberment, and prescription drug claims incurred by the Business Employees or their eligible dependents prior to the applicable Transition Date and all workers’ compensation claims incurred by the Business Employees prior to the applicable Transition Date under the terms of any workers’ compensation program of Seller or its Affiliates with respect to the Business Employees. AZ or its Affiliates shall be responsible for all medical, dental, vision, basic life insurance, accidental death and dismemberment, and prescription drug claims incurred by the Transferred Employees (or their eligible dependents) under employee benefit plans of AZ Employers (to the extent the Transferred Employee elects such coverage) on or after the applicable Transition Date and all workers’ compensation claims under the terms of any workers’ compensation program of AZ or its Affiliates with respect to the Transferred Employees incurred on or after the applicable Transition Date. For these purposes, a claim shall be deemed to be incurred: (i) in the case of workers’ compensation, at the time of the injury, sickness or other event giving rise to the claim for such benefits; (ii) in the case of medical, prescription drug, dental or vision benefits, at the time professional services, equipment or prescription drugs covered by the applicable plan are obtained; (iii) in the case of life insurance benefits, upon death; and (iv) in the case of accidental death and dismemberment benefits, at the time of the accident. Notwithstanding anything to the contrary in the foregoing, Seller and its Affiliates shall have no responsibility pursuant to this Section 9.04(b) with respect to any Liability of the Transferred Entities (other than with respect to liability incurred prior to the Closing Date under self-insured welfare plans, if any) on and after the Closing Date.

(c) U.S. Savings and Investment Plan.

(i) Savings Plan Continuation Period Coverage. Without limiting the generality of Section 9.03(a), effective as of the Closing Date, AZ or its Affiliate shall

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have in place a defined contribution plan covering U.S. Transferred Employees that includes a qualified cash or deferred arrangement within the meaning of Section 401(k) of the Code intended to be qualified pursuant to Section 401(a) of the Code (the “AZ 401(k) Plan”). Each U.S. Transferred Employee who participates in the Bristol-Myers Squibb Company Savings and Investment Program (the “Seller SIP”) shall be fully vested in his or her account under the Seller SIP immediately prior to the Closing Date and shall be eligible to become a participant in the AZ 401(k) Plan as of, or as soon as practicable after, the Closing Date, and each U.S. Transferred Employee who would become eligible to participate in the Seller SIP during the Continuation Period if they remained employed by a Seller Employer (pursuant to its terms in effect immediately prior to the Closing) shall be eligible to participate in the AZ 401(k) Plan no later than such date.

(ii) U.S. Plan Rollovers. At such time as Seller is reasonably satisfied that the AZ 401(k) Plan meets the requirements for qualification under Section 401(a) of the Code, and AZ is reasonably satisfied that the Seller SIP meets the requirements for qualification under Section 401(a) of the Code, the AZ 401(k) Plan shall accept rollover contributions by U.S. Transferred Employees from the Seller SIP, including any loans under the Seller SIP. Seller shall retain, and shall indemnify and hold harmless AZ, its Affiliates, and the AZ 401(k) Plan against, any Liability associated with the Seller SIP (other than with respect to the management and payment of rolled over assets after the rollover), including, for example, any Liability for failing to make contributions to the Seller SIP or failing to operate the SIP in accordance with ERISA or the tax-qualification requirements of the Code. AZ shall indemnify and hold Seller and its Affiliates and the Seller SIP harmless against any Liability arising after the rollover with respect to the amounts rolled over to the AZ 401(k) Plan.

(d) No Other Plan Transfer. Except as expressly provided in this Section 9.04 (or as required by Law), AZ shall not assume any Liabilities with respect to benefits under any employee benefit plan of the Seller or any other Seller Employer (including but not limited to Seller’s U.S. Retirement Income Plan and Seller’s Benefit Equalization Plan – Savings and Investment Program).

SECTION 9.05 Non-Solicitation. To the extent permitted under applicable Law, for a period of one (1) year following the Closing Date, (i) without the prior written consent of AZ, neither Seller nor any of its Affiliates shall directly or indirectly knowingly employ or solicit any Transferred Employee or any other individual who was, immediately prior to the applicable Transition Date, a Business Employee (other than an Excluded Employee and any individual who ceases to be employed by an AZ Employer due to an involuntary termination or redundancy), unless such individual contacts Seller or any of its Affiliates independently and on his or her own initiative in response to a general recruitment advertisement issued by Seller or any of its Affiliates, and (ii) without the prior written consent of Seller, neither AZ nor any of its Affiliates shall directly or indirectly knowingly employ or solicit (A) any non-Business Employee employed by Seller or an Affiliate of Seller who is providing services to the Business or the transition of the Business, (B) any Excluded Employee or (C) any individual set forth on Section 9.05 of the Seller Disclosure Schedule (other than, in each case, any individual who

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ceases to be employed by Seller or its Affiliate due to an involuntary termination or redundancy), unless such individual contacts AZ or any of its Affiliates independently and on his or her own initiative in response to a general recruitment advertisement issued by AZ or any of its Affiliates.

SECTION 9.06 Allocation of Employment Liabilities.

(a) Seller Retained Employee Liabilities. Retained Employee Liabilities shall include all obligations, Liabilities and commitments of Seller or any Selling Affiliate relating to (i) actions, suits or claims to the extent relating to any person's employment with or engagement by Seller or any Selling Affiliate to provide services to the Business, including Business Employees and Contingent Workers, whether brought prior to, on or after the applicable Transition Date, that are solely based on events, facts or circumstances first existing or occurring prior to the Transition Date, (ii) any employee benefit plan sponsored or maintained by Seller or any Selling Affiliate prior to the Closing Date (or, with respect to a particular Transferred Employee, the relevant Transition Date) (including any employee benefit plan to which Seller or any Selling Affiliate contributed or could be required to contribute whether before or after the Closing Date or, if applicable, Transition Date), except for any obligations, Liabilities and commitments with respect to such plans assumed by AZ or its Affiliates pursuant to the terms of this Agreement, and (iii) any obligation to provide severance or similar benefits as a result of the transactions contemplated by this Agreement, except as provided in Section 9.01(c)(i).

(b) AZ Assumed Employee Liabilities. Notwithstanding anything to the contrary in this Agreement (except Section 9.06(b)), on and after the Closing Date, AZ shall be solely responsible for any and all:

(i) Liabilities arising from or relating to obligations and payments owed in respect of the employment or retention of (including the termination of such employment or retention), or pursuant to any agreement or other arrangement for the provision of services to the Business, that arise on or after the applicable Transition Date with respect to any Transferred Employee or Contingent Worker providing services to the Business pursuant to an arrangement with AZ or its Affiliate.

(ii) Liabilities arising from or relating to any Assumed Benefit Plan, including any benefit Liabilities and any action, suit or claim or threatened action, suit or claim relating to such Assumed Benefit Plan, whenever accrued and whether based on events, facts or circumstances first existing or occurring prior to, on or after such date.

(iii) Liabilities arising from or relating to any AZ Benefit Plan, whether incurred prior to, on or after the Closing Date.

(iv) Liabilities arising from AZ's or its Affiliate's failure to perform and discharge any obligation or requirement of AZ or its Affiliate in connection with the transactions contemplated by this Agreement (A) to inform and consult with any works council, union or employee representatives or (B) pursuant to the applicable Acquired Rights Regulations, whether incurred prior to, on or after the Closing Date, provided always such default on AZ's part is not directly caused by Seller's failure to comply with Section 9.09 below.

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SECTION 9.07 WARN Act. AZ and its Affiliates shall be responsible for compliance with, and any Liabilities incurred pursuant to, the U.S. Worker Adjustment and Retraining Notification Act, as amended (the “WARN Act”) and any similar applicable Law with respect to employment of the Transferred Employees by AZ or its Affiliates after the Closing Date. Seller shall provide, upon request from AZ with reasonable advanced notice, information concerning changes in the workforce of Seller and Seller’s Affiliates to the extent such information is necessary to determine what is required for AZ or an Affiliate of AZ to comply with the requirements of the WARN Act or such similar applicable Law. The parties will cooperate in good faith with regard to any notification that may be required by the WARN Act or other similar applicable Law as a result of the transactions contemplated by this Agreement.

SECTION 9.08 Personnel Records. To the extent permitted by applicable Law, the originals of all records created prior to the Closing Date (or such later Transition Date with respect to any Transferred Employees, as applicable) set forth in the Transferred Employees' personnel files (the “Personnel Records”) shall be transferred to the AZ Employers. The originals of all personnel records of all former employees who performed services for the Business and all Business Employees who do not become Transferred Employees shall remain with the Seller Employers; provided that Seller shall permit AZ or its Affiliates or successors and their authorized representatives to have full access to all such personnel records to the extent reasonably necessary in order for AZ or any of its Affiliates or successors to respond to a subpoena, court order, audit, investigation or otherwise as required by applicable Law or in connection with any pending or threatened lawsuits, actions, arbitrations, claims, complaints, investigations or other proceedings. AZ or its Affiliates (or their respective successors) shall retain the Personnel Records for a period of at least ten (10) years following the Closing Date, or such longer period as may be required under applicable Law (the “Record Retention Period”). AZ and its Affiliates shall permit Seller and its authorized representatives to have full access upon reasonable notice during normal business hours to all the Personnel Records during the Record Retention Period in order for Seller or any of its Affiliates to respond to a subpoena, court order, audit, investigation, to obtain data for pension or other benefits, or otherwise as required by applicable Law (such determination by the parties of access shall be reasonable and shall not be unreasonably delayed) and AZ and its Affiliates shall provide Seller, upon Seller’s reasonable request and at Seller’s expense, with copies of such Personnel Records. Notwithstanding the foregoing, the parties may agree to waive or modify the terms of this Section 9.08 to the extent provided for in a writing acknowledged by both parties.

SECTION 9.09 Cooperation. Seller shall make commercially reasonable efforts, subject to the provisions of any works council agreement or arrangement and applicable Law, to provide AZ in a timely manner with information and documents relating to the Seller Benefit Plans (including service crediting), employment contracts and policies, pay and performance data, personnel records, bonus, incentive and commission plans, and such other HR-related information as may reasonably be requested by AZ to facilitate AZ’s efforts to provide corresponding employee benefits and employment terms to the Transferred Employees; provided, however, that Seller shall not be required to provide confidential, proprietary or otherwise nonpublic information and documents relating to the Seller Benefit Plans, which Seller shall have the exclusive right to determine and withhold. Seller shall and shall cause its Affiliates

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to reasonably cooperate with AZ to provide reasonable access for AZ and its Affiliates to Business Employees in connection with any offers of employment to be made hereunder. Each party shall reasonably cooperate with the other: (i) in providing access to relevant data and employment records of Transferred Employees reasonably necessary to administer the benefits of the Transferred Employees under any Seller Benefit Plan or any employee benefit plan maintained by AZ or its Affiliates in which Transferred Employees are eligible to participate; (ii) in determining final lists of Business Employees in each country before Closing; and (iii) in deciding whether Acquired Rights Regulations apply automatically to transfer some or all Business Employees to AZ, or its Affiliates, in particular Acquired Rights Countries, or whether AZ should instead procure that relevant Affiliates offer employment to such Business Employees in accordance with its obligations under Section 9.01(c) above.

SECTION 9.10 Potential Business Employees. Section 9.10 of the Seller Disclosure Schedule sets forth certain groups of employees of Seller and its Affiliates whose members perform or may perform functions for or on behalf of the Business (the “Potential Business Employees”). Promptly and as soon as practicable after the date hereof AZ, working together in good faith with Seller, shall discuss and determine which members of the Potential Business Employees qualify as Business Employees, and AZ shall determine whether each such employee shall transfer to (or be offered employment with) an AZ Employer. Upon AZ’s determination that a Potential Business Employee shall transfer to (or be offered employment with) an AZ Employer, Seller shall within a reasonable amount of time update the schedules to this Agreement accordingly, including Section 4.08(a) of the Seller Disclosure Schedule. Until and unless such determination is made, the Potential Business Employees shall not be deemed to be Business Employees for any purpose under this Agreement. Notwithstanding the foregoing, Seller and AZ shall mutually agree on which Potential Business Employees set forth in Part A of Section 9.10 of the Seller Disclosure Schedule shall transfer to (or be offered employment by) an AZ Employer.

SECTION 9.11 Japan Employees. With respect to the employees of Seller or its Affiliates who are located in Japan and spend at least 50% of their working time performing services for the Business (the “Japan Employees”), promptly and as soon as practicable after the date hereof, AZ shall, working together in good faith with the Seller, determine whether all or any of the Japan Employees shall be deemed to be Business Employees for purposes of this Agreement. Section 9.11 of the Seller Disclosure Schedule sets forth the position of each Japan Employee. Upon AZ’s determination that a Japan Employee is a Business Employee, Seller shall within a reasonable amount of time update the schedules to this Agreement accordingly, including Section 4.08(a) of the Seller Disclosure Schedule. Any Japan Employee determined not to be deemed a Business Employee shall be deemed an Excluded Employee for all purposes of this Agreement.

SECTION 9.12 Effect of Article IX. Nothing in this Agreement shall constitute an amendment to any employee benefit plan, and no employee benefit plan shall be amended absent a separate written amendment that complies with such plan’s amendment procedures. Nothing in this Article IX is intended or shall be construed to entitle any person other than the parties hereto and their respective transferees and permitted assigns to any claim, cause of action, remedy or right of any kind.

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SECTION 9.13 Payroll Administration.

(a) Seller shall satisfy (or cause its Affiliates to satisfy) all employee payroll reporting obligations (including distribution of Forms W-2 and filing Forms W-3 and 941 with the Internal Revenue Service, and similar state and local requirements) associated with compensation paid by the Transferred Entities for the 2014 tax year (except for adjustments made after the Closing as noted below). Any adjustments required to be made to the payments after the Closing relating to compensation for services performed prior to the Closing Date will be the responsibility of AZ and shall be paid subject to Section 9.13(c). AZ shall satisfy (or cause its Affiliates to satisfy) all payroll reporting obligations (including distribution of Forms W-2 and filing Forms W-3 and 941 with the Internal Revenue Service, and similar state and local requirements) associated with such adjustments.

(b) Seller shall make commercially reasonable efforts to (or cause its Affiliates to) (i) process payments on and after the Closing Date, on behalf of AZ and its Affiliates, to non-employee services providers and vendors who performed services for the Business prior to the Closing Date until such time as AZ or one of its Affiliates is able to process such payments under its own general ledger, but in no case later than December 31, 2014 and (ii) satisfy all statutory reporting obligations (including distribution of Form 1099s and similar state and local requirements) relating to such payments. AZ shall make commercially reasonable efforts to take over the processing of such non-employee service providers and vendors as soon as practicable after the Closing Date and shall provide all information reasonably requested by Seller to perform its obligations under this Section 9.13(b).

(c) AZ agrees that no compensation shall be paid under the federal employer identification number of Amylin Pharmaceuticals, LLC or any other Transferred Entity in the United States on or after the Closing Date during the 2014 tax year. Individuals employed or retained by Transferred Entities in the United States immediately prior to the Closing Date shall be paid for services, if any, on and after the Closing Date during the 2014 tax year under the federal employer identification number of AZ or an Affiliate of AZ other than the Transferred Entities, and AZ shall be responsible for payroll obligations associated with such compensation.

(d) The parties shall, and shall cause their respective Affiliates to, cooperate and provide information required to effectuate the provisions of this Section 9.13, including with respect to communications, inquiries and proceedings by or involving employees, service providers, vendors and governmental agencies.

ARTICLE X

Indemnification

SECTION 10.01 Indemnification by Seller.

(a) Subject to the provisions of this Article X, from and after the Closing, Seller shall indemnify AZ and its Affiliates and each of their respective officers, directors, managers, employees, successors, assigns, agents and representatives (collectively, the "AZ Indemnitees") against and hold them harmless from any claim, loss, liability, cost, damage,

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deficiency, assessment, fine, judgment, fee, cost or expense (including reasonable legal fees and expenses and other out-of-pocket costs incurred in investigating, preparing and defending the foregoing) (collectively, “Losses”) suffered or incurred by any such AZ Indemnitee to the extent arising from, or relating to:

- (i) any inaccuracy or breach of any representation or warranty of Seller contained in Article IV (without giving effect to any “material,” “materially,” “Business Material Adverse Effect,” “Seller Material Adverse Effect” or similar qualification or standard contained in any such representation or warranty);
- (ii) any breach of any covenant or agreement of Seller contained in this Agreement;
- (iii) any Excluded Liability related to the Business, the Acquired Assets or any Transferred Entity, or the failure by Seller or any of its Affiliates to pay, perform or otherwise discharge when due any such Excluded Liability; and
- (iv) any claim for indemnification, whether asserted or claimed prior to, on or after the Closing Date, by any officer or director of any Transferred Entity serving between August 8, 2012 and the Closing Date;

provided, however, that this Section 10.01 shall not provide for any indemnification arising out of or relating to Taxes (indemnification for which is provided solely in Section 10.03).

(b) Notwithstanding the foregoing, Seller shall not be required to indemnify any AZ Indemnitee and Seller shall not have any liability under Section 10.01(a)(i) unless the individual item relating to the Loss is in excess of [\*] dollars (\$[\*]) and in respect of each individual item where the Loss relating thereto is equal to or greater than [\*] dollars (\$[\*]). the aggregate amount of all Losses for which Seller would be liable exceeds on a cumulative basis an amount equal to [\*] dollars (\$[\*]) (the “Deductible”), and then only to the extent of any such excess; provided, however, that the Deductible shall not apply to any breach of a Seller Fundamental Representation.

(c) Notwithstanding anything to the contrary herein, (i) in no event shall the aggregate amount of Losses for which Seller is obligated to indemnify the AZ Indemnitees pursuant to Section 10.01(a)(i) (other than for any breach of a Seller Fundamental Representation) exceed [\*] dollars (\$[\*]) (the “Cap”); (ii) in no event shall the aggregate amount of Losses for which Seller is obligated to indemnify the AZ Indemnitees pursuant to breaches of Seller Fundamental Representations exceed the lesser of (A) [\*] dollars (\$[\*]) and (B) the aggregate amounts actually paid to Seller and its Affiliates under this Agreement; and (iii) in no event shall Seller be obligated to indemnify any AZ Indemnitee to the extent any such matter was reflected in the calculation of the adjustment to the Purchase Price, if any, pursuant to Section 2.03.

SECTION 10.02 Indemnification by AZ. (a) From and after the Closing, AZ and the Transferred Entities shall, jointly and severally, indemnify Seller and its Affiliates (other than any Transferred Entity) and each of their respective officers, directors, managers, employees,

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successors, heirs, assigns, agents and representatives (collectively, the “Seller Indemnitees”) against and hold them harmless from any Loss suffered or incurred by any such indemnified party to the extent arising from, or relating to:

- (i) any inaccuracy or breach of any representation or warranty of AZ contained in Article VI;
- (ii) any breach of any covenant or agreement of AZ contained in this Agreement; and
- (iii) any Assumed Liability or the failure by AZ or any of its Affiliates to pay, perform or otherwise discharge when due any Assumed Liability (subject, for the avoidance of doubt, to Section 10.04);

provided, however, that this Section 10.02 shall not provide for any indemnification arising out of or relating to Taxes (indemnification for which is provided solely in Section 10.03).

(b) Notwithstanding the foregoing, (i) AZ shall not be required to indemnify any Seller Indemnitee and AZ shall not have any liability under Section 10.02(a)(i) unless the aggregate of all Losses for which AZ would be liable, but for this clause (i), exceeds on a cumulative basis the Deductible, and then only to the extent of any such excess; provided, however, that the Deductible shall not apply to any breach of a Purchaser Fundamental Representation; (ii) in no event shall the aggregate amount of Losses for which AZ is obligated to indemnify the Seller Indemnitees pursuant to Section 10.02(a)(i) (other than for any breach of a Purchaser Fundamental Representation) exceed the Cap; (iii) in no event shall the aggregate amount of Losses for which AZ is obligated to indemnify the Seller Indemnitees pursuant to breaches of Purchaser Fundamental Representations exceed the Purchase Price; and (iv) in no event shall AZ be obligated to indemnify any Seller Indemnitee to the extent any such matter was reflected in the calculation of the adjustment to the Purchase Price, if any, pursuant to Section 2.03.

#### SECTION 10.03 Tax Indemnification.

(a) Seller shall indemnify AZ and its Affiliates (including the Transferred Entities) and each of their respective officers, directors, employees, stockholders, agents and representatives against and hold them harmless from:

- (i) all liability for Taxes of the Transferred Entities for a Pre-Closing Tax Period;
- (ii) Excluded Tax Liabilities;
- (iii) Taxes arising, as a result of (A) the application of Treasury Regulation § 1.1502-6(a), or any comparable provision of state, local or foreign Tax Law, by reason of any Transferred Entity being a member of an affiliated group that includes Seller and its Affiliates (other than the Transferred Entities), (B) any Transferred Entity being a party to a tax sharing agreement (other than, for the avoidance of doubt, the TRA) entered into

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during a Seller Pre-Closing Tax Period or (C) any Transferred Entity being a party to any agreement or arrangement with any taxing authority with regard to the Tax liability of any other person entered into in a Seller Pre-Closing Tax Period;

(iv) Taxes (whenever arising) arising by reason of (A) BMS Holdco being treated for U.S. Federal income Tax purposes as an entity other than a corporation or (B) any Transferred Entity (other than BMS Holdco) not being treated as a “disregarded entity” for U.S. Federal income Tax purposes, in each case as of the Closing;

(v) Taxes arising as a result of Seller or BMS Holdco (or any predecessor for Tax purposes of BMS Holdco) or their respective Affiliates having failed to comply with their obligations described in the TRA under the caption “Asset Purchase Gain Tax Reporting” in any Pre-Closing Tax Period;

(vi) VAT that is the responsibility of Seller pursuant to Section 8.07(k); and

(vii) Transfer Taxes that are the responsibility of Seller pursuant to Section 8.07(e).

Notwithstanding the foregoing, Seller shall not indemnify and hold harmless AZ and its Affiliates, and each of their respective officers, directors, employees and agents, from any liability for Taxes attributable to any action taken after the Closing by AZ, any of its Affiliates (including the Transferred Entities), or any transferee of AZ or any of its Affiliates (other than any such action expressly required by applicable law or by this Agreement) or attributable to a breach by AZ of its obligations under this Agreement.

(b) AZ shall and shall cause the Transferred Entities to, indemnify Seller and its Affiliates and each of their respective officers, directors, employees, stockholders, agents and representatives and hold them harmless from:

(i) all liability for Taxes of Amylin and its Subsidiaries for a Pre-Closing Tax Period that are the responsibility of AZ pursuant to the TRA Amendment;

(ii) all liability for Taxes of the Transferred Entities for all Post-Closing Tax Periods;

(iii) Assumed Tax Liabilities;

(iv) all liability for Taxes attributable to any action taken after the Closing by AZ, any of its Affiliates (including the Transferred Entities), or any transferee of AZ or any of its Affiliates (other than any such action expressly required by applicable law or by this Agreement) or attributable to a breach by AZ of its obligations under this Agreement;

(v) VAT that is the responsibility of AZ pursuant to Section 8.07(k); and

(vi) Transfer Taxes that are the responsibility of AZ pursuant to Section 8.07(e).

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Notwithstanding the foregoing, AZ shall not indemnify and hold harmless Seller and its Affiliates, and each of their respective officers, directors, employees and agents, from any liability for Taxes attributable to a breach by Seller of its obligations under this Agreement.

Notwithstanding anything to the contrary set forth in this Section 10.03, the provisions of the TRA shall govern the obligations of the parties hereto to share the burden of, or indemnify each other for, any Taxes for any Pre-Closing Tax Period to the extent provided therein, and to the extent of any inconsistency between this Agreement and the TRA, the provisions of the TRA shall govern.

**SECTION 10.04 Acknowledgment of Other Indemnities.**

(a) Each of Seller and AZ hereby acknowledges that, notwithstanding anything else to the contrary in this Agreement (including, for the avoidance of doubt, Section 1.03, Section 10.01 and Section 10.02) or in any other notice, consent, agreement or document, pursuant to the Amylin Collaboration Agreement and subject to the terms, conditions and limitations set forth therein and in Exhibit G, Affiliates of each of Seller and AZ are obligated to share and/or indemnify the other for certain Losses in respect of the Amylin Business, including with respect to fifty percent (50%) of the Historical Amylin Business Liabilities and Amylin Liabilities (as each is defined in the Amylin Collaboration Agreement and subject to any exceptions set forth in the Amylin Collaboration Agreement), each to the extent incurred or attributable to periods on or prior to the Closing Date (for the avoidance of doubt, which obligations survive the Closing in accordance with Exhibit G). To the extent Losses are expressly shared and/or indemnifiable pursuant to the Amylin Collaboration Agreement, no indemnification with respect to such Losses may be sought hereunder.

(b) Each of Seller and AZ hereby acknowledges that, notwithstanding anything else to the contrary in this Agreement (including, for the avoidance of doubt, Section 1.03, Section 10.01 and Section 10.02) or in any other notice, consent, agreement or document, pursuant to the Saxa Collaboration Agreement and subject to the terms, conditions and limitations set forth therein and in the Saxa Collaboration Termination Agreement, Affiliates of each of Seller and AZ are obligated to share and/or indemnify the other for certain Losses in respect of the Saxa Business to the extent incurred or attributable to periods on or prior to the Closing Date (for the avoidance of doubt, which obligations survive the termination of the Saxa Collaboration Agreement in accordance with the terms of the Saxa Collaboration Termination Agreement). To the extent Losses are expressly shared and/or indemnifiable pursuant to the Saxa Collaboration Termination Agreement, no indemnification with respect to such Losses may be sought hereunder.

(c) Each of Seller and AZ hereby acknowledges that, notwithstanding anything else to the contrary in this Agreement (including, for the avoidance of doubt, Section 1.03, Section 10.01 and Section 10.02) or in any other notice, consent, agreement or document, pursuant to the Dapa Collaboration Agreement and subject to the terms, conditions and limitations set forth therein and in the Dapa Collaboration Termination Agreement, Affiliates of each of Seller and AZ are obligated to share and/or indemnify the other for certain Losses in respect of the Dapa Business to the extent incurred or attributable to periods on or prior to the Closing Date (for the avoidance of doubt, which obligations survive the termination of the Dapa

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Collaboration Agreement in accordance with the terms of the Dapa Collaboration Termination Agreement). To the extent Losses are expressly shared and/or indemnifiable pursuant to the Dapa Collaboration Termination Agreement, no indemnification with respect to such Losses may be sought hereunder.

(d) Each of Seller and AZ hereby agrees that the aforementioned indemnities and other allocations of liabilities and costs set forth in the Amylin Collaboration Agreement, the Saxa Collaboration Agreement and the Dapa Collaboration Agreement shall remain in full force and effect in accordance with the terms of such agreements (as modified by Exhibit G, the Saxa Collaboration Termination Agreement and the Dapa Collaboration Termination Agreement, respectively) and nothing herein to the contrary shall be deemed to alter or amend in any way such obligations.

(e) All indemnities relating to the supply or manufacturing of products pursuant to the Master Supply Agreement and each of the supply agreements set forth on Section 10.04(e) of the Seller Disclosure Schedule shall be governed exclusively by the terms of the applicable agreement.

(f) Seller and its Affiliates, on the one hand, and AZ and its Affiliates, on the other hand, shall each be responsible for fifty percent (50%) of all Losses arising from or relating to any indemnification payments to Kyowa Hakko Kirin Co., Ltd. (“KHK”), its affiliates or any of their respective directors, officers, employees or agents under the letter, dated January 29, 2014, pursuant to which KHK consented to the Assignment (as defined in such letter).

SECTION 10.05 Limitations on Liability; Cooperation.

(a) NOTWITHSTANDING ANY PROVISION HEREIN, NEITHER SELLER NOR AZ SHALL BE LIABLE TO THE OTHER PARTY OR ITS AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, EXEMPLARY, PUNITIVE OR MULTIPLE DAMAGES ARISING OUT OF THIS AGREEMENT OR THE EXERCISE OF ITS RIGHTS HEREUNDER, OR FOR LOST PROFITS (OR LOSS OF USE, DAMAGE TO GOODWILL OR LOSS OF BUSINESS) ARISING FROM OR RELATING TO ANY BREACH OF THIS AGREEMENT REGARDLESS OF ANY NOTICE OF SUCH DAMAGES. NOTHING IN THIS SECTION 10.05 IS INTENDED TO LIMIT OR RESTRICT THE INDEMNIFICATION RIGHTS OR OBLIGATIONS OF EITHER PARTY WITH RESPECT TO DAMAGES AWARDED TO THIRD PARTY CLAIMANTS (OTHER THAN AN AZ INDEMNITEE OR SELLER INDEMNITEE) IN THIRD PARTY CLAIMS UNDER THIS ARTICLE X, OR DAMAGES AVAILABLE FOR BREACHES OF SECTION 8.09.

(b) Subject to the procedures set forth in Section 10.08 and Section 10.09, AZ and Seller shall cooperate with each other in good faith with respect to resolving any claim or liability with respect to which one party is obligated to indemnify the other party hereunder. Nothing in this Article X shall act to negate any obligation under common law of either Seller or AZ to mitigate damages with respect to any claim for which such party is being indemnified against by the other party hereunder.

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(c) Each party hereto further acknowledges and agrees that, should the Closing occur, its sole and exclusive remedy with respect to any and all claims relating to this Agreement, the Acquisition, any document, certificate or instrument delivered in connection herewith, the Business, the Transferred Entities, the Acquired Assets, the Assumed Liabilities, the Excluded Assets or the Excluded Liabilities (other than claims of, or causes of action arising from, fraud, willful breach or intentional misrepresentation) shall be pursuant to the indemnification provisions set forth in this Article X (including those referenced under Section 10.04). In furtherance of the foregoing, each party hereto hereby waives, from and after the Closing, to the fullest extent permitted under applicable Law, any and all rights, claims and causes of action (other than claims of, or causes of action arising from, fraud, willful misconduct or intentional misrepresentation) it or any of its Affiliates may have against the other party and its Affiliates arising under or based upon this Agreement, the Acquisition, any document, certificate or instrument delivered in connection herewith, the Business, the Transferred Entities, the Acquired Assets, the Assumed Liabilities, the Excluded Assets or the Excluded Liabilities (except pursuant to the indemnification provisions set forth in this Article X, including those referenced under Section 10.04). Notwithstanding the foregoing, nothing in this Section 10.05(c) shall be deemed to limit or waive in any manner the rights of the parties hereto under the Other Transaction Documents.

**SECTION 10.06 Indemnity Net; Losses Net of Insurance, etc.**

(a) For the purposes of the indemnification provisions set forth in this Article X, any Losses or amounts otherwise payable hereunder (including amounts relating to Taxes pursuant to Section 10.03) shall be determined on the basis of the net effect after giving effect to any actual cash payments, setoffs or recoupment or any payments in each case actually received, realized or retained by the indemnified party (including any amounts recovered or recoverable by the indemnified party under insurance policies, but excluding self-insurance arrangements) as a result of any event giving rise to a claim for such indemnification.

(b) The amount of any Loss for which indemnification is provided under this Article X shall be (a) increased to take account of any net Tax cost actually realized (in the taxable year in which the applicable indemnity payment is made or a prior taxable period) by the indemnified party arising from the receipt of indemnity payments hereunder and (b) reduced to take account of any net Tax benefit (including as a result of any basis adjustment) actually realized (in the taxable year in which the applicable indemnity payment is made or a prior taxable period) by the indemnified party arising from the incurrence or payment of any such Loss.

(c) Notwithstanding anything contained herein to the contrary, after the Closing, in any case where an AZ Indemnitee or Seller Indemnitee actually recovers, under insurance policies or from any other person alleged to be responsible for indemnifiable Losses, any amount in respect of a matter for which such indemnitee was indemnified pursuant to Section 10.01 or Section 10.02, such indemnitee shall promptly pay over to the indemnifying party the amount so recovered, but not in excess of the amount received by such indemnitee (net of any previously unpaid or unreimbursed expenses incurred in collecting such amounts and, if applicable, any increases in insurance premiums that are proximately caused by such recovery).

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SECTION 10.07 Termination of Indemnification. If the Closing shall have occurred, all covenants, agreements, warranties and representations made herein shall survive the Closing. Notwithstanding the foregoing, all covenants, agreements, representations and warranties made herein, and all indemnification obligations under Sections 10.01(a)(i) and (ii) and Sections 10.02(a)(i) and (ii) with respect to any such covenants or agreements or representations or warranties, shall:

(a) in the case of any such representations or warranties, terminate and expire at the close of business on the three (3)-year anniversary of the Closing Date; provided, however, that the Seller Fundamental Representations and the Purchaser Fundamental Representations shall survive the Closing and continue in effect until the expiration of the statute of limitations applicable thereto; and

(b) in the case of any such covenants or agreements to be fully performed prior to the Closing, terminate and expire at the close of business on the date that is three (3) years after the last date that a person is required to take any action or refrain from taking any action under such covenant or agreement;

provided, however, that as to clause (a) and (b) of this Section 10.07 such obligations to indemnify and hold harmless shall not terminate with respect to any matter as to which the person to be indemnified or the related party thereto shall have, before the expiration of the applicable period, previously made a claim by delivering a notice of such claim (stating in reasonable detail the basis of such claim) to the indemnifying party (but only with respect to matters described in such notice) so long as such claim for indemnification has not been satisfied or otherwise resolved as provided in this Article X.

SECTION 10.08 Procedures Relating to Indemnification for Third Party Claims.

(a) A party believing that it is entitled to indemnification under Section 10.01 or 10.02 (an “indemnified party”) shall give prompt written notification to the other party (the “indemnifying party”) of the commencement of any claim, action, lawsuit or other proceeding for which indemnification may be sought or, if earlier, upon the assertion of any such claim, action, lawsuit or other proceeding by made by any person against the indemnified party (a “Third Party Claim”) (it being understood and agreed, however, that the failure by an indemnified party to give notice of a Third Party Claim as provided in this Section 10.08 shall not relieve the indemnifying party of its indemnification obligation under this Agreement except and only to the extent that such indemnifying party is actually materially prejudiced as a result of such failure to give notice).

(b) Within thirty (30) days after delivery of such notification, the indemnifying party may, upon written notice thereof to the indemnified party, assume control of the defense of such Third Party Claim with counsel reasonably satisfactory to the indemnified party; provided, however, that an indemnifying party shall not be entitled to assume control of the defense of any Third Party Claim if (i) such Third Party Claim could reasonably be expected to result in criminal liability of, or equitable remedies against, the indemnified party; or (ii) the indemnified party reasonably believes that the interests of the indemnifying party and the indemnified party with respect to such Third Party Claim are in conflict with one another, and as

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a result, the indemnifying party could not adequately represent the interests of the indemnified party in such Third Party Claim; provided, further, that an indemnifying party shall relinquish control of the defense of any Third Party Claim if such indemnifying party is not diligently defending such Third Party Claim. If the indemnifying party believes that a Third Party Claim presented to it for indemnification is one as to which the indemnified party is not entitled to indemnification under Article X, it shall so notify the indemnified party and the indemnifying party shall not be entitled to assume control of the defense thereof. The failure of the indemnifying party to respond in writing to the notice of a Third Party Claim within thirty (30) days after receipt thereof shall be deemed an election not to assume control of the defense of the same. If the indemnifying party assumes such defense, the indemnified party shall have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the indemnifying party; provided that if the indemnified party reasonably concludes, based on advice from counsel, that the indemnifying party and the indemnified party have conflicting interests with respect to such Third Party Claim, the indemnifying party shall be responsible for the reasonable fees and expenses of counsel to the indemnified party solely in connection therewith. In the event, however, that the indemnifying party declines or fails to assume, or is not permitted to assume, the defense of such Third Party Claim on the terms provided above or to employ counsel reasonably satisfactory to the indemnified party, in each case within such thirty (30)-day period, then the indemnified party may employ counsel to represent or defend it in any such Third Party Claim, and the indemnifying party shall be liable for the fees and expenses of counsel employed by the indemnified party as incurred.

(c) The indemnifying party shall keep the indemnified party advised of the status of such Third Party Claim and the defense thereof and shall consider recommendations made by the indemnified party with respect thereto. The indemnified party shall deliver to the indemnifying party, promptly after the indemnified party's receipt thereof, copies of all notices and documents (including court papers) received by the indemnified party relating to the Third Party Claim.

(d) If the indemnifying party so elects to assume the defense of any Third Party Claim, all of the indemnified parties shall reasonably cooperate with the indemnifying party in the defense or prosecution thereof. Such cooperation shall include the retention and (upon the indemnifying party's reasonable request) the provision to the indemnifying party of records and information which are reasonably relevant to such Third Party Claim, and the indemnified parties shall use their reasonable best efforts to make their employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

(e) Whether or not the indemnifying party shall have assumed the defense of a Third Party Claim, the indemnified party shall not admit any liability with respect to, or settle, compromise or discharge such Third Party Claim without the indemnifying party's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed). If the indemnifying party assumes the defense of a Third Party Claim, the indemnifying party shall not agree to any compromise, discharge or settlement of such Third Party Claim or consent to any judgment in respect thereof, in each case without the prior written consent of the indemnified party, unless (i) such compromise, discharge, or settlement provides for a complete and

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unconditional release of the indemnified party from all liability with respect thereto and does not contain any admission or statement suggesting any wrongdoing or liability on behalf of the indemnified party or any of its officers, directors, managers, employees, agents or representatives, and (ii) the sole relief provided in connection therewith is monetary damages that are paid in full by the indemnifying party.

SECTION 10.09 Procedures Related to Indemnification for Other Claims. In the event any indemnified party should have a claim against any indemnifying party under Section 10.01 or 10.02 that does not involve a Third Party Claim being asserted against or sought to be collected from such indemnified party, the indemnified party shall deliver notice of such claim to the indemnifying party promptly after obtaining knowledge of such claim. The failure by any indemnified party to so notify the indemnifying party shall not relieve the indemnifying party from any liability which it may have to such indemnified party under Section 10.01 or 10.02, except and only to the extent that such indemnifying party is actually materially prejudiced as a result of such failure to give notice. If the indemnifying party disputes its liability with respect to such claim, the indemnifying party and the indemnified party shall proceed in good faith to negotiate a resolution of such dispute and, if not resolved through negotiations, such dispute shall be resolved by litigation in an appropriate court of competent jurisdiction.

SECTION 10.10 Procedures Relating to Indemnification of Tax Claims.

(a) If AZ receives written notice of a claim by any taxing authority, which, if successful, might result in an indemnity payment to AZ, one of its Affiliates or any of their respective officers, directors, employees, stockholders, agents or representatives pursuant to Section 10.03 (a "Tax Claim"), AZ shall, within 10 days of receipt of such notice, notify Seller in writing of such Tax Claim in reasonable detail to apprise Seller of the nature of the Tax Claim.

(b) Except as otherwise provided in this Section 10.10(b), with respect to any Tax Claim, Seller shall control all proceedings taken in connection with such Tax Claim (including selection of counsel) and, without limiting the foregoing, may in its sole discretion pursue or forego any and all administrative appeals, proceedings, hearings and conferences with any taxing authority with respect thereto, and may, in its sole discretion, either pay the Tax claimed and sue for a refund where applicable Law permits such refund suits or contest the Tax Claim in any permissible manner. Seller and AZ shall jointly control all proceedings taken in connection with any Tax Claim for a Straddle Period or in connection with any Tax Claim relating to a Historic Amylin Tax Period of a Transferred Entity. AZ shall control all proceedings taken in connection with any Tax Claim for any Post-Closing Tax Period; *provided*, however, that AZ shall not settle any claim for Taxes relating to such proceedings without Seller's prior written consent (which shall not be unreasonably withheld) to the extent any such settlement would adversely affect Seller or any of its Affiliates or oblige it to make any indemnification payments for any Pre-Closing Tax Period.

(c) Without limiting the rights of any party to control the proceedings in connection with a Tax Claim pursuant to this Section 10.10, the parties hereto and their respective Affiliates shall cooperate with each other in contesting any Tax Claim, which cooperation shall include the retention and (upon the other party's request) the provision to such party of copies of Records and information which are reasonably relevant to such Tax Claim, and

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making employees available on a mutually convenient basis to provide additional information or explanation of any material provided hereunder or to testify at proceedings relating to such Tax Claim.

(d) Neither Seller and its Affiliates, on the one hand, nor AZ and its Affiliates (including the Transferred Entities), on the other hand, shall settle or compromise a Tax Claim without the other party's prior written consent, such consent not to be unreasonably withheld, if such settlement would result in the other party's or any of its Affiliates' having to make any payment to a taxing authority (for which it is not indemnified hereunder) or be required to make an indemnity payment pursuant to Section 10.03.

SECTION 10.11 Tax Treatment of Indemnification Payments. Any indemnity payment under this Agreement shall be treated as an adjustment to the Purchase Price for Tax purposes, unless a final determination (which shall include the execution of a Form 870-AD or successor form) with respect to the indemnified party or any of its Affiliates causes any such payment not to be treated as an adjustment to the Purchase Price for U.S. Federal income Tax purposes.

SECTION 10.12 Right to Set-Off. AZ and its Affiliates shall have the right, in their sole discretion, to apply any amounts determined to be payable to Seller or any of its Affiliates pursuant to Section 2.02 of this Agreement toward the satisfaction of Seller's payment obligations to AZ with respect to any indemnification obligations of Seller pursuant to this Article X that have been finally determined to be owed to AZ or any AZ Indemnitees (whether by agreement of the parties, a final nonappealable order or decision issued by any court of competent jurisdiction or arbitrator, or otherwise); provided, that such right to set-off shall not be available until thirty (30) days after the time of such final determination.

## ARTICLE XI

### Termination

SECTION 11.01 Termination. This Agreement may be terminated and the transactions contemplated hereby abandoned at any time prior to the Closing by:

- (a) mutual written consent of Seller and AZ;
- (b) Seller if there shall have been a breach of any of the representations, warranties, agreements or covenants set forth in this Agreement on the part of AZ which has rendered any conditions set forth in Section 3.03 incapable of being satisfied, such violation or breach has not been waived by Seller, and the breach is not capable of being cured prior to the Outside Date or is not cured by the earlier of (i) ninety (90) days following Seller's written notice to AZ of such breach and (ii) the Outside Date; provided that the right to terminate this Agreement under this Section 11.01(b) shall not be available to Seller if AZ is then permitted to terminate this Agreement pursuant to Section 11.01(c);
- (c) AZ if there shall have been a breach of any of the representations, warranties, agreements or covenants set forth in this Agreement on the part of Seller which has

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rendered any conditions set forth in Section 3.02 incapable of being satisfied, such violation or breach has not been waived by AZ, and the breach is not capable of being cured prior to the Outside Date or is not cured by the earlier of (i) ninety (90) days following AZ's written notice to Seller of such breach and (ii) the Outside Date; provided that the right to terminate this Agreement under this Section 11.01(c) shall not be available to AZ if Seller is then permitted to terminate this Agreement pursuant to Section 11.01(b);

(d) either party hereto if the Closing does not occur on or prior to February 17, 2014 (as may be extended pursuant to the following proviso, the "Outside Date"); provided, however, that if as of such date the only conditions to the Closing which have not been satisfied or waived are the conditions to Closing set forth in Section 3.01(b), then neither AZ nor Seller shall be permitted to terminate this Agreement pursuant to this Section 11.01(d) until August 15, 2014; provided, further, that the right to terminate this Agreement under this Section 11.01(d) shall not be available to a party that is in breach in any material respect of any of its representations, warranties, covenants or agreements contained in this Agreement; or

(e) either party hereto if any court of competent jurisdiction or other competent Governmental Entity shall have issued a statute, rule, regulation, order, decree or injunction or taken any other action permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such statute, rule, regulation, order, decree or injunction or other action shall have become final and non-appealable; provided, however, that the right to terminate this Agreement under this Section 11.01(e) shall not be available to a party that is in breach in any material respect of any of its representations, warranties, covenants or agreements contained in this Agreement.

SECTION 11.02 Consequences of Termination. In the event of termination by Seller or AZ pursuant to this Article XI, written notice thereof shall forthwith be given to the other party and the transactions contemplated by this Agreement shall be terminated, without further action by either party. If this Agreement is terminated pursuant to this Article XI, this Agreement shall become void and of no further force or effect, except for the provisions of (a) Section 8.09 relating to the obligation of Seller and AZ to keep confidential certain information and data obtained by it, (b) Section 8.03 relating to publicity, (c) this Article XI, and (d) Section 12.03 relating to certain expenses. Nothing in this Article XI shall be deemed to release either party from any liability for any willful and material breach by such party of the terms and provisions of this Agreement prior to such termination or to impair the right of either party to compel specific performance by the other party of its obligations under this Agreement.

## ARTICLE XII

### Miscellaneous

SECTION 12.01 Assignment . Neither Seller nor AZ may assign or transfer this Agreement or any rights or obligations hereunder without the prior written consent of the other party, except that a party may make such an assignment or transfer without the other party's prior written consent to (i) any of its Affiliates (but only for so long as such person is and remains an Affiliate of such party, it being agreed that such party shall cause such assignment to terminate prior to such time, if any, as such person ceases to be an Affiliate of such party) and provided that

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any such assignment of AZ's obligations set forth in Section 2.02 other than to a Permitted Purchaser Affiliate shall require the written consent of Seller (such consent not to be unreasonably withheld), or (ii) any successor to all or substantially all of the business and assets of such party, whether in a merger, consolidation, sale of stock, sale of all or substantially all of its assets or other similar transaction. Any permitted successor or assignee of rights and/or obligations hereunder shall, in a writing delivered to the other party, expressly assume performance of such rights and/or obligations. In the event of an assignment or transfer to an Affiliate as provided above in this Section 12.01, the assigning or transferring party shall remain responsible (jointly and severally) with such Affiliate for the performance of such assigned or transferred obligations. Any assignment or transfer, or attempted assignment or transfer, by either party in violation of the terms of this Section 12.01 shall be null and void and of no legal effect. This Agreement shall be binding on, and inure to the benefit of, each party, its successors and permitted assigns.

SECTION 12.02 No Third-Party Beneficiaries. Except as provided in Article X, this Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein expressed or implied shall give or be construed to give to any person, other than the parties hereto and such assigns, any legal or equitable rights hereunder.

SECTION 12.03 Expenses. Whether or not the transactions contemplated hereby are consummated, and except as otherwise specifically provided in this Agreement (including in Sections 1.05(b), 2.04, 7.04, 8.02(a) and 10.08), all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs or expenses.

SECTION 12.04 [Intentionally Omitted].

SECTION 12.05 Amendments. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto. By an instrument in writing, AZ, on the one hand, or Seller, on the other hand, may waive compliance by the other with any term or provision of this Agreement that such other party was or is obligated to comply with or perform. Any such waiver shall only be effective in the specific instance and for the specific and limited purpose for which it was given and shall not be deemed a waiver of any other provision of this Agreement or of the same breach or default upon any recurrence thereof. No failure on the part of any party to exercise and no delay in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

SECTION 12.06 Notices. All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand or sent by facsimile (with confirmation of receipt) or sent, postage prepaid, by registered, certified or express mail or reputable overnight courier service and shall be deemed given when so delivered by hand, or if by facsimile, when receipt is so confirmed, or if mailed, three (3) days after mailing (one (1) business day in the case of overnight mail or overnight courier service), as follows (or at such other address for a party as shall be specified by like notice):

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(a) if to AZ,

AstraZeneca AB (Publ)  
Pepparedsleden 1,  
SE-431 83 Mölndal  
Sweden  
Facsimile: +46 31 7763871  
Attention: Legal Department

with a copy (which shall not constitute notice) to:

AstraZeneca UK Limited  
Mereseide  
Alderley Park  
Macclesfield  
Cheshire SK10 4TG, United Kingdom  
Facsimile: +44 1625 510752  
Attention: Deputy General Counsel

Covington & Burling LLP  
1201 Pennsylvania Avenue N.W.  
Washington, DC 20004  
Facsimile: (202) 778-5567

(212) 841-1010

Attention: [OMITTED]

[OMITTED]

Email: [OMITTED]  
[OMITTED]; and

(b) if to Seller,

Bristol-Myers Squibb Company  
345 Park Avenue  
New York, NY 10154  
Facsimile: (212) 546-9562  
Attention: General Counsel  
Email: [OMITTED]

with a copy (which shall not constitute notice) to:

Bristol-Myers Squibb Pharmaceutical Group  
Route 206 & Province Line Road  
Princeton, NJ 08540  
Facsimile: (609) 252-7680  
Attention: [OMITTED]  
Email: [OMITTED]

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Kirkland & Ellis LLP  
601 Lexington Avenue  
New York, NY 10022  
Facsimile: (212) 446-6460  
Attention: [OMITTED]  
[OMITTED]  
Email: [OMITTED]  
[OMITTED]

SECTION 12.07 Interpretation; Exhibits and Seller Disclosure Schedule; Certain Definitions.

(a) The definitions of the terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. The word “or” when used in this Agreement is not exclusive. The word “extent” in the phrase “to the extent” shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply “if”. The words “exclusively used or held for use” shall be construed as “exclusively used or exclusively held for use”. All terms defined in this Agreement shall have their defined meanings when used in any certificate or other document made or delivered pursuant hereto, unless otherwise defined therein. Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein), (ii) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (iii) all references herein to Articles, Sections or Exhibits shall be construed to refer to Articles, Sections or Exhibits of this Agreement and (iv) the headings contained in this Agreement, the Seller Disclosure Schedule or any Exhibit and in the table of contents to this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The Seller Disclosure Schedule and all Exhibits annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in the Seller Disclosure Schedule or any Exhibit annexed hereto but not otherwise defined therein, shall have the meaning as defined in this Agreement. In the event of an ambiguity or a question of intent or interpretation, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement. In the event of any conflict or difference of any kind between the provisions of any International Asset Purchase Agreement, on the one hand, and the provisions of this Agreement (including the Exhibits or Schedules thereto), on the other hand, this Agreement shall control in all respects. Except as otherwise expressly provided herein, all references to “the date hereof”, “the date of this Agreement” or similar phrases shall mean December 19, 2013.

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(b) For all purposes hereof:

“2013 Amylin Bonuses” means the cash bonuses to be paid for the 2013 calendar year pursuant to the 2013 Annual Bonus Plan – San Diego and the 2013 Annual Bonus Plan – Ohio for the participating employees of Amylin Pharmaceuticals, LLC and Amylin Ohio LLC, as accrued in the Amylin Working Capital.

“Accounts Payable” means all accounts payable and liabilities, obligations and commitments, regardless of when asserted, billed or imposed, of Seller and its Affiliates.

“Accounts Receivable” means all accounts receivable, notes receivable and other indebtedness due and owed by any Third Party to Seller or the Selling Affiliates as of the effective time of the Closing on the Closing Date, including all trade accounts receivable representing amounts receivable in respect of goods shipped, products sold or services rendered prior to the effective time of the Closing and the full benefit of any security for such accounts or debts.

“Acquired Rights Countries” means jurisdictions that have implemented Acquired Rights Regulations.

“Acquired Rights Regulations” means (i) local laws implementing EU Council Directive 2001/23/EC relating to the safeguarding of employee rights on the transfer of undertakings, or parts of undertakings, and (ii) any similar laws in any jurisdiction providing for an automatic transfer, by operation of law, of employees from one party to another on the acquisition of a business or undertaking, transfer of establishment, employer substitution or otherwise, including in Argentina (Argentinian Labour Contract Law No. 20,744), Colombia (Articles 67 and 69 of the Colombian Labour Code), Mexico (Section 41 of the Mexico Federal Labour Law) and Switzerland (Articles 333 and 333a of the Swiss Code of Obligations).

“Affiliate” means, with respect to any specified person, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, “control” when used with respect to any specified person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise and the terms “controlling” and “controlled” have meanings correlative to the foregoing. For purposes of this Agreement (a) prior to the Closing, the Transferred Entities shall be deemed to be Affiliates of Seller and shall not be deemed to be Affiliates of AZ, and (b) following the Closing, the Transferred Entities shall be deemed to be Affiliates of AZ and shall not be deemed to be Affiliates of Seller.

“Allocable Portion” means the proportionate Liability to be allocated solely between AZ and its Affiliates on the one hand, and Seller and its Affiliates on the other hand, based on (i) the amount of Products sold to ultimate consumers (or administered to participants in clinical trials) prior to the Closing in respect of such Liability (which would result in an Excluded Liability) relative to (ii) the amount of Products sold to ultimate consumers (or administered to participants in clinical trials) following the Closing in respect of such Liability (which would result in an Assumed Liability), taking into account the liability sharing by the

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parties under the Amylin Collaboration Agreement, Saxa Collaboration Agreement or Dapa Collaboration Agreement, as applicable, as in effect immediately prior to the Closing.

“Amylin Business” means the research, development, manufacture, marketing, distribution, sale and other exploitation of the Amylin Compounds and the Amylin Products.

“Amylin Compound” means “Collaboration Compound” as defined in the Amylin Collaboration Agreement.

“Amylin Expense Adjustment Amount” means an amount equal to thirty seven million five hundred thousand (\$37,500,000).

“Amylin Product” means “Product” as defined in the Amylin Collaboration Agreement.

“Amylin Receptor” means the calcitonin receptor co-expressed with RAMP-1 or RAMP-3.

“Amylin U.S. Royalty Rate” means the following:

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2%	2%	5%	10%	12%	12%	10%	9%	9%	6%	5%

“Amylin U.S. Sales” means Net Sales of Amylin Products in the U.S.

“Assigned Marks” means all Trademarks included in the Transferred Intellectual Property or owned by the Transferred Entities as of the Closing Date.

“AZ Benefit Plan” means an employee benefit plan or program maintained or sponsored by (or required to be contributed to by) AZ or any of its Affiliates, whether now or hereafter established, that covers or shall cover any Transferred Employee or Transferred Contingent Worker.

“AZ Employer” means AZ or any Affiliate of AZ that employs a Business Employee pursuant to Section 9.01.

“AZ Mark” means “AstraZeneca”, “AstraZeneca AB”, “AstraZeneca UK Limited”, and “AZ” and any associated logos and any names, logos or other Trademarks of AZ or of any of its Affiliates (including the Transferred Entities as of the Closing Date), including the Trademarks included in the Transferred Intellectual Property, and any Trademarks that are similar to, or are otherwise variations or derivatives of, any of the foregoing.

“AZ Parent” means AstraZeneca plc and any successor thereto.

“BMS Marks” means “Bristol-Myers”, “Bristol-Myers Squibb”, “Bristol-Myers Squibb Company”, “E.R. Squibb & Sons”, “E.R. Squibb”, and “Squibb” and any associated

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logos and any names, logos or other Trademarks of Seller or of any of its Affiliates (other than the Transferred Entities) not identified in Section 1.02(b)(ii) of the Seller Disclosure Schedule and any Trademarks that are similar to, or are otherwise variations or derivatives of, any of the foregoing. For the avoidance of doubt, “BMS Marks” does not include any Trademarks that are owned by any Transferred Entity as of the Closing Date or that are included in the Transferred Intellectual Property.

“Business” means, individually and collectively, the Saxa Business, the Dapa Business and the Amylin Business.

“business day” means any day, other than a Saturday or Sunday, on which commercial banks are not required or authorized to close in the City of New York.

“Business Employee” means each employee of Seller or a Selling Affiliate (i) whose employment shall automatically transfer to an AZ Employer pursuant to an applicable Acquired Rights Regulation or (ii) who spends at least 50% of their working time performing services for the Business, being (A) those individuals set forth on Section 4.06(a) of the Seller Disclosure Schedule, as the same may be updated consistent with the terms of this Agreement, and (B) such other employees who may be hired by Seller or its Affiliates for the Business between the date hereof and the Closing Date (or Deferred Transfer Date, if applicable) and who are described by clause (i) or clause (ii) above; provided that the term “Business Employee” does not include anyone designated as an “Excluded Employee”.

“Business Material Adverse Effect” means any state of facts, change, development, condition, effect, event or occurrence that has had, or would reasonably be expected to have, a material adverse effect on the business, assets, liabilities, results of operations or financial condition of the Acquired Assets and the Business, taken as a whole. For purposes of this Agreement, “Business Material Adverse Effect” shall exclude any effects to the extent resulting from (i) changes in the United States or foreign economies in general, (ii) changes in applicable Law or applicable accounting regulations or principles or interpretations thereof, (iii) changes in the pharmaceutical industry in general and not specifically relating to the Business, (iv) the pendency or announcement of the Acquisition or the other transactions contemplated by this Agreement or any Other Transaction Document, or (v) the failure to obtain any Regulatory Approval (including FDA approval) for any Product; provided, however, that with respect to clauses (i), (ii) or (iii), such matter shall be considered to the extent (but solely the disproportionate extent) that it disproportionately affects the Business as compared to similarly situated businesses manufacturing, marketing or selling pharmaceutical products.

“Code” means the U.S. Internal Revenue Code of 1986, as amended.

“Combination Product” means a product that is comprised of or contains one or more Compound(s) as an active ingredient together with one (1) or more other active ingredients and is sold either as a fixed dose/unit or as separate doses/units in a single package.

“Competing Product” means a DPP-IV Competing Product, GLP-1 Competing Product, Leptin Competing Product, Pramlintide Competing Product, or SGLT-2 Competing Product.

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“Compound” means any and all Amylin Compound, Dapa Compound or Saxa Compound.

“Contingent Worker” means any person providing material services to the Business and who is not a Business Employee, including consultants and agency workers, being those set forth on Section 12.07(b)(i) of the Seller Disclosure Schedule

“Contract” means any contract, agreement, lease, license or other commitment or arrangement, whether oral or written, that is binding on any person or any of its property under applicable Law, including all amendments thereto.

“Copyright Registrations” means copyright registrations and copyright applications, together with any extensions and renewals thereof.

“Corresponding Product” means, with respect to any Competing Product, all Products that contain the Compound that corresponds with an active ingredient in such Competing Product.

“Cumulative Ex-U.S. Sales” means cumulative Net Sales of all Products outside the U.S.

“Cumulative U.S. Sales” means cumulative Net Sales of all Products in the U.S.

“Dapa Business” means the research, development, manufacture, marketing, distribution, sale and other exploitation of the Dapa Compounds and the Dapa Products.

“Dapa Compound” means “Collaboration Compound” as defined in the Dapa Collaboration Agreement.

“Dapa Product” means “Product” as defined in the Dapa Collaboration Agreement.

“Deferred Transfer Payment” means, with respect to a Deferred Business, the value of the Inventory held by such Deferred Business in such Deferred Jurisdiction.

“Development Agreement” means the Development Agreement in substantially the form of Exhibit I.

“Divest” means, with respect to a Competing Product, a divestiture of such Competing Product to a Third Party by sale, license or otherwise; provided that if such divestiture is by way of one or more licenses or sublicenses, (i) the licensing person and its Affiliates hold or retain no rights with respect to such Competing Product other than (A) the right to receive license fees, milestone payments and royalties on sales of such Competing Product, (B) the right to defend claims of infringement, (C) the right to assert claims of infringement against persons who may infringe its intellectual property rights with respect to such Competing Product and (D) the right to otherwise control filings and patent term extensions connected with any licensed patents, and (ii) the licensing person and its Affiliates are not consulted with respect to or otherwise participate in any decisions (other than those described in clause (i) above), or

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otherwise collaborate with any Third Party, with respect to (x) the development or commercialization of such Competing Product or (y) the regulatory, developmental or commercial strategy with respect to such Competing Product.

“dollars” or “\$” means lawful money of the United States of America.

“DPP-IV”- means the dipeptidyl peptidase IV enzyme.

“DPP-IV Class”- means the class of compounds or products that has, as a primary mechanism of action (i.e., having a  $K_i$  less than 0.1 micromolar), the direct binding and inhibition of DPP -IV. For clarity, in the case of prodrugs used for the delivery of a compound in the DPP-IV Class, the foregoing definition pertains to the bioactive agent that would be released from the prodrug upon administration to patients.

“DPP-IV Competing Product” means (i) any pharmaceutical compound or product that has, as a primary mechanism of action (i.e., having a  $K_i$  less than 0.1 micromolar), the direct binding and inhibition of DPP -IV, or (ii) any combination product for which one of the active ingredients in such combination product has, as a primary mechanism of action (i.e., having a  $K_i$  less than 0.1 micromolar), the direct binding and inhibition of DPP-IV. For clarity, in the case of prodrugs used for the delivery of a compound in the DPP-IV Class, the foregoing definition pertains to the bioactive agent that would be released from the prodrug upon administration to patients.

“EEIG” means the European Economic Interest Grouping entitled the “Bristol-Myers Squibb/AstraZeneca EEIG” and formed under EC Council Regulation (EEC) 2137/85 and the European Economic Interest Grouping Regulations 1989 pursuant to the EEIG Formation Agreement, dated as of June 4, 2008, by and between Bristol-Myers Squibb Sarl and AZ UK.

“EEIG Member Interest” means all of Bristol-Myers Squibb Sarl’s interest as a member of the EEIG, including its rights in and to any profits, losses, goodwill, assets and voting rights in the EEIG and to any and all benefits to which it may be entitled under the EEIG Operating Agreement, together with its obligations thereunder.

“EEIG Operating Agreement” means the EEIG Operating Agreement, dated as of June 4, 2008, by and between Bristol-Myers Squibb Sarl and AZ UK.

“Environmental Law” means any notice of liability, inquiry or violation, Law or Injunction issued by or entered into with any Governmental Entity, relating to pollution, protection of the environment or human health or the preservation or restoration of natural resources.

“Environmental Liability” means any Liability, loss, demand, claim or cost, contingent or otherwise (including any Liability for judgments, orders, damages, costs of investigation, remediation or monitoring, medical monitoring, natural resources damages, fines, penalties, professional fees, or settlements), and relating to, arising under or resulting from (a) any actual or alleged (i) compliance or noncompliance with any Environmental Law or Permit, (ii) generation, use, storage, management, treatment, transportation or disposal of any Hazardous Material or (iii) presence, Release or threatened Release of, or exposure to, any Hazardous

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Material (including any exposure of any Business Employee, Transferred Employee or former employee of the Transferred Entities or the Business to Hazardous Materials) or (b) any contract, agreement, or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“EU Major Markets” means France, Germany, Italy and the United Kingdom.

“EU Merger Regulation” means Council Regulation (EC) No. 139/2004 of 20 January 2004 on the control of concentrations between undertakings (published in the Official Journal of the European Union on January 29, 2004 at L 24/1).

“European Commission” means the Commission of the European Union.

“Ex-U.S. Sales Measurement Period” means the period from January 1, 2015 through December 31, 2019.

“Ex-U.S. Saxa/Dapa Launch” means the first Launch of a Saxa/Dapa Combination Product in any EU Major Market.

“Excluded Employees” means any individuals employed or engaged by Seller or a Seller Affiliate in providing transitional services or research and development services pursuant to transitional services and/or other services agreements between Seller or a Seller Affiliate and AZ or an AZ Affiliate, and those individuals set forth on Section 12.07(b)(ii) of the Seller Disclosure Schedules, as may be amended from time to time prior to the Closing as mutually agreed by the parties in writing or by Seller with respect to an individual hired after the date hereof who Seller determines in its sole discretion shall not be deemed a Business Employee

“Excluded Tax Attributes” means any Tax attribute, including any loss, loss carry forward, credit, credit carry forward, prepaid Tax or refund, and any claim for or right to receive any of the foregoing for any Pre-Closing Tax Period.

“First Tier Non-Amylin Royalty Rate” means for Net Sales from the Closing to December 31, 2014:

<u>Date of Closing</u>	<u>First Tier Non-Amylin Royalty Rate payable during 2014 on Net Sales</u>
If the Closing occurs on or prior to February 14, 2014	3%
If the Closing occurs on or after February 15, 2014 and on or prior to March 14, 2014	5%
If the Closing occurs on or after March 15, 2014 and on or prior to before April 14, 2014	7%

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If the Closing occurs on or after April 15 and on or prior to May 31, 2014	9%
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“FDA” means the United States Food and Drug Administration and any successor agency thereto.

“GLP-1 Competing Product” means (i) any GLP-1 Compound or (ii) any product (including a combination product) that contains a GLP-1 Compound as an active ingredient, in each case ((i) and (ii)) regardless of mechanism of delivery or formulation used and regardless of the indication(s) for which it is developed or approved.

“GLP-1 Compound” means any compound, biologic agent (*e.g.*, a peptide) or other molecule that (a) binds directly to the GLP-1 receptor and (b) has as one of its intended primary mechanisms of action the direct activation of the GLP-1 receptor.

“GLP-1 receptor” means the glucagon-like peptide-1 (“GLP-1”) receptor.

“Hazardous Material” means any hazardous, toxic or deleterious chemical, material, substance or waste, including radioactive, explosive, medical or biohazardous materials or wastes, petroleum and its byproducts and distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, or urea formaldehyde foam insulation.

“Historic Amylin Tax Period” means any Pre-Closing Tax Period or portion thereof of a Transferred Entity (or any predecessor for tax purposes of such Transferred Entity) that does not include any Seller Pre-Closing Tax Period or portion thereof.

“Information” means all technical, scientific, regulatory and other information, results, techniques and data, in whatever form and whether or not confidential, proprietary, patented or patentable, including Inventions, invention disclosures, plans, processes, practices, methods, know how, ideas, concepts, test data (including pharmacological, toxicological and clinical test data), analytical and quality control data, formulae, specifications, marketing, pricing, distribution, cost, sales, and manufacturing data or descriptions. Information does not include Patents or Inventions claimed thereby.

“Intellectual Property” means Patents, Trademarks, Copyright Registrations, Unregistered Intellectual Property and rights in Information.

“International Acquired Assets” means all the Acquired Assets that are owned by any International Selling Affiliate as of the effective time of the Closing Date.

“International Assumed Liabilities” means all the Assumed Liabilities that are Liabilities of any International Selling Affiliate as of the effective time of the Closing Date.

“International Selling Affiliate” means any Selling Affiliate that is a legal entity organized under the laws of a jurisdiction outside the United States.

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“Inventions” means any discovery or invention, whether or not patentable.

“IT Know-How” means Information relating to configuration and use of information technology systems and software used in the manufacture, promotion and distribution of the Products, excluding, for the avoidance of doubt, the actual information technology systems and software.

“Japan Co-Promotion and Supply Agreements” means (a) the Amendment to Co-Development and Co-Promotion Agreement (SGLT-2), dated as of December 3, 2013, between Seller and AZUK, (b) the Supply Agreement, dated as of December 3, 2013, between Seller and AZUK, (c) the Tolling Agreement, dated as of December 3, 2013, between Bristol-Myers K.K. and AstraZeneca K.K., and (d) the letter agreement, dated as of December 3, 2013, among Seller, AZUK and Ono Pharmaceutical Co., Ltd.

“Japanese Forxiga Approval” means receipt of regulatory approval from the Japanese Ministry of Health, Labor and Welfare of the NDA to commercialize Forxiga in Japan in accordance with applicable Law, excluding any pricing or reimbursement approval.

“KHK Consent Agreement” means that certain agreement between Seller, Otsuka Pharmaceutical Co. Ltd., and KHK, dated as of June 29, 2012.

“knowledge of Seller” means the actual knowledge of the persons identified in Section 12.07(b)(iii) of the Seller Disclosure Schedule and the knowledge that such persons would reasonably be expected to have after making due inquiry of the personnel having responsibility for any such matter in question.

“Launch” means, with respect to the applicable product in the applicable country, the first commercial sale of such product to a Third Party in such country once all required Regulatory Approvals (including pricing and reimbursement) have been obtained. For the avoidance of doubt, sales prior to receipt of all Regulatory Approvals necessary to commence regular commercial sales, such as so-called “treatment IND sales”, “named patient sales” and “compassionate use sales,” shall not be construed as a Launch.

“Leptin Competing Product” means (i) any Leptin Compound or (ii) any product (including a combination product) that contains a Leptin Compound as an active ingredient, in each case ((a) and (b)) regardless of mechanism of delivery or formulation used and regardless of the indication(s) for which it is developed or approved.

“Leptin Compound” means any compound, biologic agent (e.g., a peptide) or other molecule that (i) binds directly to the leptin receptor and (ii) has as one of its intended primary mechanisms of action the direct activation of the leptin receptor.

“Manufacturing Know-How” means Information relating to the manufacture and production of the Products.

“Master Supply Agreement” means the Master Supply Agreement in substantially the form of Exhibit H.

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“Net Sales” means, with respect to a Product (including a Corresponding Product) for any period, the gross amount billed (net of (a) any revenue deferrals taken in accordance with IFRS and AZ’s customary business policies for its products generally and (b) any inventory management fees or similar fees) by AZ, an Affiliate of AZ or any sublicensee of AZ for sales of such Product (including such Corresponding Product) to a Third Party (including any distributor) during such period, less:

- (i) discounts (including cash discounts and quantity discounts), cash and non -cash coupons, retroactive price reductions, charge-back payments and rebates granted to managed care organizations or to federal, state and local governments, their agencies, and purchasers and reimbursers or to customers;
- (ii) credits or allowances actually granted upon claims, damaged goods, rejections or returns of such Product, including Product returned in connection with recalls or withdrawals;
- (iii) taxes or duties levied on, absorbed or otherwise imposed on sale of the Product (and Corresponding Product), including value-added taxes, healthcare taxes or other governmental charges otherwise imposed upon the billed amount (to the extent not paid by the Third Party), as adjusted for rebates and refunds, in each case as accounted for by the party recording such Net Sales. For clarity, these taxes include excise taxes or annual fees due under Section 9008 of the United States Patient Protection and Affordable Care Act of 2010 (Pub. L. No. 111-48) (or any successor legislation thereto) reasonably allocable to sales of the Product; and
- (iv) amounts written off by reason of uncollectible debt.

For clarity, (a) Net Sales shall not include any amounts or other consideration received by AZ or its Affiliates from sublicensees, whether or not in consideration of the grant of a sublicense to such sublicense, and (b) sales to a Third Party distributor, wholesaler, group purchasing organization, pharmacy benefit manager, or retail chain customer shall be considered sales to a Third Party; provided, however, that Net Sales by AZ or its Affiliates to a Third Party consignee are not recognized as Net Sales by such party until the Third Party consignee sells the Product. If AZ or any of its Affiliates sells a Competing Product within the period specified in Section 2.02(q), such Competing Product will be a Corresponding Product.

It is understood that any accruals of amounts reflected in Net Sales are periodically (at least quarterly) trued-up by AZ consistent with its customary practices and in accordance with IFRS, and Net Sales shall be adjusted to reflect such trued up amounts (including any reversals of revenue deferrals).

If AZ or its Affiliate or sublicensee sells a Combination Product in a given country during a given accounting period, the Net Sales for such Combination Product will be allocated as follows: In the event that a Product is sold in any country in the form of a Combination Product, Net Sales of such Combination Product shall be adjusted by multiplying actual Net Sales of such Combination Product in such country calculated pursuant to the foregoing definition of “Net Sales” by the fraction  $A/(A+B)$ , where A is the average invoice price

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in such country of any Product that contains the same Compound(s) as such Combination Product as its sole active ingredient(s), if sold separately in such country and B is the average invoice price in such country of each product that contains active ingredient(s) other than the Compound(s) contained in such Combination Product as its sole active ingredient(s), if sold separately in such country; provided that the invoice price in a country for each Product that contains only the Compound(s) and each product that contains solely active ingredient(s) other than the Compound(s), included in the Combination Product shall be for a quantity comparable to that used in such Combination Product and of substantially the same class, purity and potency or functionality, as applicable. If either such Product that contains the Compound(s) as its sole active ingredient or a product that contains the active ingredient(s) (other than the Product) in the Combination Product as its sole active ingredient(s) is not sold separately in a particular country, the Parties shall negotiate in good faith a reasonable adjustment to Net Sales in such country that takes into account the medical contribution to the Combination Product of and all other factors reasonably relevant to the relative value of, the Compound(s), on the one hand and all of the other active ingredient(s) collectively, on the other hand.

Should AZ enter into a Third Party agreement for the purchase of a Product that provides discounts or rebates on such Product that are conditioned on pricing terms or conditions for purchase of another product or products owned or controlled by such Third Party, then the discount or rebate on such Product under such agreement shall be determined, for purposes of determining Net Sales for a given accounting period, based on the weighted average of discounts or rebates for such Product and such other product(s) sold under such agreement for the applicable accounting period. For the purposes of calculating Net Sales, metformin shall not be treated as a separate active ingredient.

“Non-Amylin WW Sales” means the Net Sales of Saxa Products plus the Net Sales of Dapa Products.

“Non-Collaboration Assets Agreement” means the Non-Collaboration Assets Agreement, dated as of September 18, 2103 and fully effective as of August 8, 2012, by and between BMS Holdco and AZ Pharmaceuticals.

“Other Transaction Documents” means the Transaction Documents other than this Agreement.

“Patents” means patents, patent applications and statutory invention registrations, together with all counterparts, reissues, divisions/divisionals, continuations, continuations-in-part, extensions, provisional or supplemental protection certificates, renewals and reexaminations thereof.

“Permits” means all consents, approvals, authorizations, certificates, filings, notices, permits, concessions, registrations, franchises, licenses or rights of or issued by any Regulatory Authority or other Governmental Entity, including Regulatory Approvals.

“person” means any individual, firm, corporation, partnership, limited liability company, trust, joint venture, Governmental Entity, Regulatory Authority or other entity.

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“Post-Closing Tax Period” shall mean any Tax period beginning after the Closing Date and the portion of any Straddle Period beginning on the day after the Closing Date.

“Pre-Closing Tax Period” shall mean any Tax period ending on or before the Closing Date and the portion of any Straddle Period ending on the Closing Date.

“Pramlintide Competing Product” means (i) any Pramlintide Compound or (ii) any product (including a combination product) that contains a Pramlintide Compound as an active ingredient, in each case ((i) and (ii)) regardless of mechanism of delivery or formulation used and regardless of the indication(s) for which it is developed or approved.

“Pramlintide Compound” means any compound, biologic agent (*e.g.*, a peptide) or other molecule that has as one of its intended primary mechanisms of action the direct activation of the Amylin Receptor.

“Prime Rate” means the rate of interest from time to time publicly announced by Citibank, N.A., in its New York City office as its prime or base rate, calculated on the basis of the actual number of days elapsed over 365.

“Product Formulae” means the specific percentages and specifications for the mixing and preparation of the ingredients used in the manufacture or production of a specific Product, taken as a whole and not in part. For the avoidance of doubt, a Product Formula (a) does not include Manufacturing Know-How associated with the manufacture of the Product to which such Product Formula relates and (b) does not refer separately to a particular ingredient or specification or combination of ingredients and/or specifications that do not comprise the entire, specific Product Formula.

“Products” means any and all Amylin Product, Dapa Product or Saxa Product.

“Purchaser Fundamental Representations” shall mean the representations and warranties of AZ contained in Section 6.01 and Section 6.06.

“Purchaser Material Adverse Effect” means any state of facts, change, development, condition, effect, event or occurrence that (a) prevents or materially impedes or delays the consummation by AZ of the Acquisition or the other transactions contemplated by this Agreement or (b) has a material adverse effect on the ability of AZ to perform its obligations under this Agreement and the Other Transaction Documents.

“Regulatory Approval” means, with respect to the applicable Product in the applicable regulatory jurisdiction, all approvals, clearances, or other authorizations of or recognized by the applicable Regulatory Authority necessary to conduct clinical trials of, manufacture, distribute, market, sell and/or use such Product in such regulatory jurisdiction in accordance with applicable Law (including NDAs, INDs, PMAs, 510(k)s, IDEs or their foreign equivalents, and pricing and reimbursement approvals, and all supplements and amendments thereto).

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“Regulatory Authority” means any applicable supranational, federal, national, regional, state, provincial or local regulatory agencies, departments, bureaus, commissions, councils or other Governmental Entity, including the FDA, regulating or otherwise exercising authority with respect to any of the Products.

“Release” means any release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into or through the environment (including ambient air, surface water, groundwater, land surface or subsurface strata).

“Saxa Business” means the research, development, manufacture, marketing, distribution, sale and other exploitation of the Saxa Compounds and the Saxa Products.

“Saxa Compound” means the “Collaboration Compound” as defined in the Saxa Collaboration Agreement.

“Saxa Product” means “Product” as defined in the Saxa Collaboration Agreement.

“Saxa/Dapa Combination Product” means any pharmaceutical product containing both a Saxa Compound and a Dapa Compound, in any and all forms, presentations, doses and formulations, whether available by prescription or over -the-counter, or by any other means.

“Second Tier Non-Amylin Royalty Rate” means for Net Sales during a calendar quarter in the following years on Net Sales up to five hundred million dollars (\$500,000,000) per calendar year.

2014	2015	2016
41%	28%	18%

“Seller/KHK Saxa Supply Agreement” means that certain Supply Agreement by and between Seller and Kyowa Hakko Kirin Co., Ltd., dated as of March 15, 2013.

“Seller/Otsuka Saxa Commercialization Agreement” means that certain Development and Collaboration Agreement by and between Seller and Otsuka Pharmaceutical Co., Ltd., dated as of December 26, 2006, as amended – assigned to KHK by Otsuka pursuant to a Consent and Agreement, between Bristol-Myers Squibb Company, Otsuka Pharmaceutical Co., Ltd., and Kyowa Hakko Kirin Co., Ltd., dated as of June 29, 2012.

“Seller Employer” means Seller or one of its Affiliates that employs one or more Business Employees.

“Seller Fundamental Representations” shall mean the representations and warranties of Seller contained in Section 4.01, Section 4.03, Section 4.04, Section 4.05, Section 4.06(a), Section 4.06(d) and Section 4.10.

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“Seller Material Adverse Effect” means any state of facts, change, development, condition, effect, event or occurrence that (a) prevents or materially impedes or delays the consummation by Seller of the Acquisition or the other transactions contemplated by this Agreement or (b) has a material adverse effect on the ability of Seller to perform its obligations under this Agreement and the Other Transaction Documents.

“Seller Pre-Closing Tax Period” means any Tax period or portion thereof beginning after August 8, 2012 (or, in the case of BMS Holdco, beginning on the date of its formation) and ending on or before the Closing Date.

“Selling Affiliate” means each Affiliate of Seller that owns right, title and interest to any of the Acquired Assets or the Purchased Company’s Equity Interests or is liable for any of the Assumed Liabilities, in each case immediately prior to the Closing.

“SGLT-2”- means the low affinity high capacity Na<sup>+</sup> / glucose cotransporter, having a Na<sup>+</sup> to glucose coupling ratio of 1:1, which serves as the major reabsorption mechanism for D -glucose in the kidney.

“SGLT-2 Class”- means the class of compounds that has as a primary mechanism of action (i.e., having an IC50 less than 100 nanomolar), the inhibition of SGLT-2. For clarity, in the case of prodrugs used for the delivery of compounds in the SGLT-2 Class, the foregoing definition pertains to the bioactive agent that would be released from the prodrug upon administration to patients. Also for clarity, the foregoing definition shall exclude any delivery vehicle, such as O -glucosides, that is utilized solely for drug delivery purposes in respect of a biologically active agent.

“SGLT-2 Competing Product” means (i) any pharmaceutical compound or product that has, as a primary mechanism of action (i.e., having an IC50 less than 100 nanomolar), the direct binding and inhibition of SGLT -2, or (ii) any combination product for which one of the active ingredients in such combination product has, as a primary mechanism of action (i.e., having an IC50 less than 100 nanomolar), the direct binding and inhibition of SGLT-2, but shall exclude any delivery vehicle, such as O -glucoside prodrugs that are utilized solely for the delivery of bioactive agents outside the SGLT-2 Class. For clarity, in the case of prodrugs used for the delivery of a compound in the SGLT-2 Class, the foregoing definition pertains to the bioactive agent that would be released from the prodrug upon administration to patients.

“Shared Contract” means all Contracts of Seller or any of its Affiliates relating in part to, individually or collectively, the Saxa Business, the Dapa Business or the Amylin Business, but not exclusively related to, or exclusively used or held for use in, the Saxa Business, the Dapa Business or the Amylin Business, respectively, and not otherwise a Transferred Contract.

“Site Asset Purchase Agreement” means the Asset Purchase Agreement in substantially the form of Exhibit J.

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“Software Assets” means all information technology systems and software (whether in source code or object code) and all related license, maintenance and service Contracts.

“Specified Ancillary Agreement” means the Transitional Services Agreement.

“Straddle Period” means any taxable period that includes (but does not end on) the Closing Date.

“Subsidiary” of any person means another person, an amount of the voting securities, other voting ownership or voting partnership interests of which is sufficient to elect at least a majority of its Board of Directors or other governing body (or, if there are no such voting interests, fifty percent (50%) or more of the equity interests of which) is owned directly or indirectly by such first person or by another subsidiary of such person.

“Supply Chain Contracts” means the supply Contracts set forth on Section 12.07(b)(iv) of the Seller Disclosure Schedules.

“Tax” means all federal, state, local and foreign taxes, charges, duties, fees, levies and similar assessments imposed by a taxing authority, including all interest, penalties and additions imposed with respect to such amounts (whether payable directly or by withholding and whether or not requiring the filing of a Tax Return).

“Tax Return” means any return, declaration, report, form, claim for refund, information return, estimate or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

“Technology” means Product Formulae, Manufacturing Know-How and IT Know-How.

“Technology License Agreement” means the Technology License Agreement in substantially the form of Exhibit C.

“Third Party” means any person other than Seller, AZ or any of their Affiliates.

“Third Tier Non-Amylin Royalty Rate” means for Net Sales during a calendar quarter in the following years:

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
7%	9%	12%	20%	22%	25%	20%	19%	15%	15%	14%

“TRA” means the Project Antigua: Summary of Terms of Tax Reimbursement Agreement, dated August 8, 2012, among Seller, BMS Holdco, AZ Pharmaceuticals and AstraZeneca plc, including any amendment thereof.

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“TRA Amendment” means the first amendment to the TRA, to be dated as of the Closing Date, a form of which is attached hereto as Exhibit A.

“Trademarks” means all trademarks, service marks, designs, trade dress, logos, slogans, trade names, business names, corporate names, Internet domain names, and all other indicia of origin, together with all translations, adaptations, derivations, and combinations thereof, and all trademark registrations, trademark applications, service mark registrations, service mark applications, domain name registrations and social media handles associated therewith, together with any extensions and renewals thereof and all goodwill associated therewith.

“Transaction Documents” means (a) this Agreement, (b) the Transitional Services Agreement, (c) the Technology License Agreement, (d) the Transfer Documents, (e) the Master Supply Agreement, (f) the Development Agreement, (g) the Saxa Collaboration Termination Agreement, (h) the Dapa Collaboration Termination Agreement, (i) the TRA Amendment, and (j) the Site Asset Purchase Agreement.

“Transfer Documents” means the documents that are executed and delivered pursuant to Sections 2.01(f)(i), 2.01(f)(ii), 2.01(f)(iii), 2.01(g)(ii) and 2.01(g)(iii).

“Transfer Taxes” means all transfer, documentary, stamp duty, sales, use, registration, filing, conveyance, real property transfer gains, commodities and any similar Taxes incurred in connection with this Agreement and the transactions contemplated hereby.

“Transferred Electronic Mail” shall mean all electronic mail (or portions of electronic mail) of a Transferred Employee that exclusively relates to the Business and that is actually transferred by Transferred Employees pursuant to Section 5.06.

“Transferred Entity Contract” means each Contract to which a Transferred Entity is a party or by which its properties are bound.

“Transferred Entity Permits” means all Permits held by any of the Transferred Entities and exclusively used or held for use in any of, individually or collectively, the Saxa Business, the Dapa Business or the Amylin Business.

“Transitional Services Agreement” means the transitional services agreement in substantially the form of Exhibit B.

“Unique Instance Software License” means any Contract providing for the license of software to Seller or any of its Affiliates exclusively for use in the Business, which software is installed, operated and licensed on a single-site basis uniquely by installation.

“Unregistered Intellectual Property” means those Trademarks and copyrights that are not the subject of a pending application for registration with, or that are not registered with, an appropriate trademark and copyright office.

“U.S. Farxiga Approval” means approval by the FDA of the NDA to commercialize Farxiga in the United States in accordance with applicable Law.

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“U.S. GAAP” means generally accepted accounting principles in the United States, as in effect as of the date hereof.

“U.S. Sales Measurement Period” means the period from the January 1, 2015 through December 31, 2019.

“VAT” shall mean (a) any Tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and (b) any other Tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such Tax referred to in subparagraph (a) above, or imposed elsewhere.

(c) The following terms have the meanings given such terms in the Sections set forth below:

<b>Term</b>	<b>Section</b>
Accounting Firm	2.03(b)
Accounts Payable	12.07(b)
Accounts Receivable	12.07(b)
Acquired Assets	1.02(a)
Acquired Rights Countries	12.07(b)
Acquired Rights Regulations	12.07(b)
Acquisition	Recitals
Affiliate	12.07(b)
Agreement	Preamble
Allocable Portion	12.07(b)
Amylin	Recitals
Amylin Business	12.07(b)
Amylin Collaboration Agreement	Recitals
Amylin Compound	12.07(b)
Amylin Expense Adjustment Amount	12.07(b)
Amylin Product	12.07(b)
Amylin Receptor	12.07(b)
Amylin U.S. Royalty Rate	12.07(b)
Amylin U.S. Sales	12.07(b)
Amylin Working Capital Statement	2.03(a)
Antitrust Approvals	2.01(b)
Assigned Marks	12.07(b)
Assignment Agreement	Recitals
Assumed Benefit Plans	9.04(a)
Assumed Liabilities	1.03(a)
Assumed Tax Liabilities	1.03(a)(v)
AZ	Preamble
AZ 401(k) Plan	9.04(c)(i)
AZ Amylin U.S. Sales Statement	2.02(k)

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<b>Term</b>	<b>Section</b>
AZ Benefit Plan	12.07(b)
AZ Email Account	5.06
AZ Employer	12.07(b)
AZ Indemnitees	10.01(a)
AZ MAH	8.17
AZ Mark	12.07(b)
AZ Non-Amylin WW Sales Statement	2.02(j)
AZ Parent	12.07(b)
AZ Parent Guaranty	7.06
AZ Pharmaceuticals	Recitals
AZ UK	Recitals
BMS Holdco	Recitals
BMS Marks	12.07(b)
Business	12.07(b)
Business Confidential Information	5.04(a)
business day	12.07(b)
Business Employee	12.07(b)
Business Material Adverse Effect	12.07(b)
Business Offeree	9.01(c)
Cap	10.01(c)
Closing	2.01(a)
Closing Certificate	2.02(b)
Closing Date	2.01(a)
Closing Date Amount	2.02(a)
Closing Ex-Entity Inventory	2.03(a)
Closing Ex-Entity Inventory Difference	2.03(a)
Closing Meeting	2.01(a)
Code	12.07(b)
Combination Product	12.07(b)
Competing Activities	5.07(a)
Competing Product	12.07(b)
Compound	12.07(b)
Confidential Information	8.09(a)
Consultation Completion	2.01(b)
Contingent Worker	12.07(b)
Continuation Period	9.03(a)
Contract	12.07(b)
control	12.07(b)
Copyright Registrations	12.07(b)
Corresponding Product	12.07(b)
Covered Data and Samples	8.15(b)
Covered Fee	8.16(c)
Cumulative Ex-U.S. Sales	12.07(b)

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<b>Term</b>	<b>Section</b>
Cumulative U.S. Sales	12.07(b)
Current Customer List	8.08(a)
Dapa Business	12.07(b)
Dapa Collaboration Agreement	Recitals
Dapa Compound	12.07(b)
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Dapagliflozin	Recitals
Deductible	10.01(b)
Deferred Business	2.01(b)
Deferred Jurisdiction	2.01(b)
Deferred Transfer	2.01(c)
Deferred Transfer Date	2.01(d)
Deferred Transfer Payment	12.07(b)
Development Agreement	12.07(b)
Diligent Efforts	7.05
Divest	12.07(b)
DOJ	8.05(a)
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DPP-IV	12.07(b)
DPP-IV Class	12.07(b)
DPP-IV Competing Product	12.07(b)
EEIG	12.07(b)
EEIG Member Interest	12.07(b)
EEIG Operating Agreement	12.07(b)
EEIG Transfer Completion Date	8.17
Employment Consultation Process	1.01(b)
Environmental Law	12.07(b)
Environmental Liability	12.07(b)
Estimated Ex-Entity Inventory	2.02(b)
Estimated Ex-Entity Inventory Difference	2.02(b)
Estimated Working Capital and Inventory Amounts	2.02(b)
EU Data Protection Directive	12.07(b)
EU Major Markets	12.07(b)
EU Merger Regulation	12.07(b)
European Commission	12.07(b)
Excluded Assets	1.02(d)
Excluded Contract Liabilities	1.03(b)(i)
Excluded Employees	12.07(b)
Ex-Entity Inventory	2.03(d)
Ex-Entity Inventory Difference	2.03(d)
Ex-Entity Inventory Difference Statement	2.03(a)
Ex-Entity Inventory Statement	2.03(a)

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<b>Term</b>	<b>Section</b>
Excluded Liability	1.03(b)
Excluded Tax Attributes	12.07(b)
Excluded Tax Liabilities	1.03(d)(ii)
Existing PV Agreements	8.14(c)
Ex-U.S. Sales Measurement Period	12.07(b)
Ex-U.S. Saxa/Dapa Launch	12.07(b)
Ex-U.S. Saxa/Dapa Launch Amount	2.02(e)
FDA	12.07(b)
First Tier Non-Amylin Royalty Rate	12.07(b)
Fixed Price Tender Commitments	7.07
FSS	8.16(a)(vi)
FTC	8.05(a)
GLP-1 Competing Product	12.07(b)
GLP-1 Compound	12.07(b)
GLP-1 receptor	12.07(b)
Governmental Entity	3.01(a)
Hazardous Material	12.07(b)
Historic Amylin Tax Period	12.07(b)
HSR Act	3.01(b)
Inactive Employee	9.01(c)
including	12.07(a)
indemnified party	10.08(a)
indemnifying party	10.08(a)
Injunction	3.01(a)
Information	12.07(b)
Intellectual Property	12.07(b)
International Acquired Assets	12.07(b)
International Asset Purchase Agreement	1.01(b)
International Assumed Liabilities	12.07(b)
International Selling Affiliate	12.07(b)
Inventions	12.07(b)
Inventory	12.07(b)
IT Know-How	12.07(b)
Japan Co-Promotion and Supply Agreements	12.07(b)
Japan Employees	9.11
Japanese Forxiga Approval	12.07(b)
Japanese Forxiga Approval Amount	2.02(d)
KHK	8.18
KHK Consent Agreement	12.07(b)
knowledge of Seller	12.07(b)
Launch	12.07(b)
Law	3.01(a)

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<b>Term</b>	<b>Section</b>
Leptin Competing Product	12.07(b)
Leptin Compound	12.07(b)
Liabilities	1.03(a)
Liens	4.02(a)
Losses	10.01(a)
Manufacturing Know-How	12.07(b)
Master Supply Agreement	12.07(b)
Modified Agreements	8.13
Net Sales	12.07(b)
Non-Amylin WW Sales	12.07(b)
Non-Collaboration Assets Agreement	12.07(b)
Non-U.S. Customer List	8.08(b)
Non-U.S. Transferred Employees	9.03(a)
Notice of Disagreement	2.03(b)
Original SAPA	Recitals
Other Transaction Documents	12.07(b)
Outside Date	11.01(d)
Patents	12.07(b)
Permits	12.07(b)
Permitted Purchasing Affiliate	2.02(p)
Permitted Liens	4.06(a)
person	12.07(b)
Personnel Records	9.08
Pharmacovigilance Agreement	8.14(c)
Post-Closing Tax Period	12.07(b)
Pramlintide Competing Product	12.07(b)
Pramlintide Compound	12.07(b)
Pre-Closing Tax Period	12.07(b)
Prime Rate	12.07(b)
Potential Business Employees	9.10
Product Formulae	12.07(b)
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Products	12.07(b)
Purchase Price	2.02(m)
Purchase Price Allocation Schedule	8.07(a)
Purchased Company	Recitals
Purchased Company's Equity Interests	Recitals
Purchased Company Subsidiaries	Recitals
Purchased Company Subsidiaries' Equity Interests	Recitals
Purchaser Fundamental Representations	12.07(b)
Purchaser Material Adverse Effect	12.07(b)
Quarter Day	2.02(j)

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<b>Term</b>	<b>Section</b>
Record Retention Period	9.08
Records	1.02(a)(iii)
Regulatory Approval	12.07(b)
Regulatory Authority	12.07(b)
Release	12.07(b)
Requested Information	8.02(a)
Restricted Period	5.07(a)
Retained Employee Liabilities	1.03(b)(v)
Saxa Business	12.07(b)
Saxa Collaboration Agreement	Recitals
Saxa Compound	12.07(b)
Saxa Product	12.07(b)
Saxa/Dapa Combination Product	12.07(b)
Saxagliptin	Recitals
Second Tier Non-Amylin Royalty Rate	12.07(b)
Seller	Preamble
Seller/KHK Saxa Supply Agreement	12.07(b)
Seller/Otsuka Saxa Commercialization Agreement	12.07(b)
Seller Disclosure Schedule	Article IV
Seller Disclosure Schedule Update	8.11(b)
Seller Employer	12.07(b)
Seller Fundamental Representations	12.07(b)
Seller Indemnities	10.02
Seller Material Adverse Effect	12.07(b)
Seller Pre-Closing Tax Period	12.07(b)
Seller Returns	4.11(a)
Seller SIP	9.04(c)(i)
Selling Affiliate	12.07(b)
SGLT-2	12.07(b)
SGLT-2 Class	12.07(b)
SGLT-2 Competing Product	12.07(b)
Shared Contract	12.07(b)
Site Asset Purchase Agreement	12.07(b)
Software Assets	12.07(b)
Specified Ancillary Agreement	12.07(b)
Statements	2.03(a)
Straddle Period	12.07(b)
Subsidiary	12.07(b)
Supply Chain Contracts	12.07(b)
Support Services	8.06
Tax	12.07(b)
Tax Claim	10.10(a)

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<b>Term</b>	<b>Section</b>
Tax Return	12.07(b)
Technology	12.07(b)
Technology License Agreement	12.07(b)
Terminated Leased Business Vehicle	7.12
Terminating Agreements	8.13
Termination Costs	7.12
Third Party	12.07(b)
Third Tier Non-Amylin Royalty Rate	12.07(b)
Third Party Claim	10.08(a)
Tier I Ex-U.S. Sales Milestone	2.02(f)
Tier I Ex-U.S. Sales Milestone Amount	2.02(f)
Tier II Ex-U.S. Sales Milestone	2.02(g)
Tier II Ex-U.S. Sales Milestone Amount	2.02(g)
Tier I U.S. Sales Milestone	2.02(h)
Tier I U.S. Sales Milestone Amount	2.02(h)
Tier II U.S. Sales Milestone	2.02(i)
Tier II U.S. Sales Milestone Amount	2.02(i)
TRA	12.07(b)
TRA Amendment	12.07(b)
Trademarks	12.07(b)
Transaction Documents	12.07(b)
Transfer Documents	12.07(b)
Transfer Taxes	12.07(b)
Transferred Contingent Worker	9.01(a)
Transferred Contracts	1.02(a)(i)
Transferred Electronic Mail	12.07(b)
Transferred Employee	9.01(a)
Transferred Entities	Recitals
Transferred Entity Contract	12.07(b)
Transferred Entity Permits	12.07(b)
Transferred Entity Voting Debt	4.05(a)
Transferred Equity Interests	Recitals
Transferred Intellectual Property	1.02(b)
Transferred Inventory	1.02(a)(iv)
Transferred Permits	1.02(a)(ii)
Transferred Personal Property	1.02(a)(xiv)
Transferred Records	1.02(a)(iii)
Transferred Regulatory Documentation	1.02(a)(ix)
Transition Date	9.01(a)
Transitional License	7.09(b)
Transitional Services Agreement	12.07(b)
TSA Pricing and Reimbursement Payments	8.16(b)
Unique Instance Software License	12.07(b)

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<b>Term</b>	<b>Section</b>
Unregistered Intellectual Property	12.07(b)
U.S. Customer List	8.08(a)
U.S. Farxiga Approval	12.07(b)
U.S. Farxiga Approval Amount	2.02(c)
U.S. GAAP	12.07(b)
U.S. Sales Measurement Period	12.07(b)
U.S. Transferred Employees	9.03(a)
VAT	12.07(b)
WARN Act	9.07
Wind-Down Period	7.09(a)
Working Capital and Inventory Principles	2.03(e)

SECTION 12.08 Counterparts. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to the other party. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 12.09 Entire Agreement. This Agreement and the Other Transaction Documents contain the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings relating to such subject matter. This Agreement amends, restates and supersedes the Original SAPA in its entirety.

SECTION 12.10 Severability. If any term or provision of this Agreement is invalid, illegal or incapable of being enforced by any applicable Law or public policy, all other conditions and provisions of this Agreement shall nonetheless remain in full force and effect so long as the economic and legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement are consummated as originally contemplated to the fullest extent possible.

SECTION 12.11 Enforcement. The parties agree that irreparable damage would occur and that the parties would not have any adequate remedy at law if any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in the Supreme Court of the State of New York sitting in New York County (and, if such Supreme Court of the State of New York shall be unavailable, in any other New York State court or in the United States District Court for the Southern District of New York), and any

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appellate court from any thereof, this being in addition to any other remedy to which any party is entitled at law or in equity.

SECTION 12.12 Consent to Jurisdiction. Each of AZ and Seller irrevocably submits to the exclusive jurisdiction of (a) the Supreme Court of the State of New York, New York County, and (b) the United States District Court for the Southern District of New York, and any appellate court from any thereof, for the purposes of any suit, action or other proceeding arising out of this Agreement, the Other Transaction Documents or any transaction contemplated hereby or thereby, or for recognition or enforcement of any judgment, and each party irrevocably and unconditionally agrees that all claims in respect of any such suit, action or other proceeding may be heard and determined in such New York State or, to the extent permitted by applicable Law, in such Federal court. Each of AZ and Seller agrees to commence any such action, suit or proceeding either in the United States District Court for the Southern District of New York or if such suit, action or other proceeding may not be brought in such court for jurisdictional reasons, in the Supreme Court of the State of New York, New York County. Each of AZ and Seller further agrees that service of any process, summons, notice or document by U.S. registered mail to such party's respective address set forth above shall be effective service of process for any action, suit or proceeding in New York with respect to any matters to which it has submitted to jurisdiction in this Section 12.12. Each of AZ and Seller irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement, the Other Transaction Documents or the transactions contemplated hereby or thereby in any court referred to in the first sentence of this Section 12.12(a) and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

SECTION 12.13 Waiver of Jury Trial. Each party hereto hereby waives to the fullest extent permitted by applicable Law, any right it may have to a trial by jury in respect of any litigation directly or indirectly arising out of, under or in connection with this Agreement, any of the Other Transaction Documents or any transaction contemplated hereby or thereby. Each party hereto (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce that foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement and the Other Transaction Documents, as applicable, by, among other things, the mutual waivers and certifications in this Section 12.13.

**SECTION 12.14 GOVERNING LAW. THIS AGREEMENT AND ALL CLAIMS OR CAUSES OF ACTION (WHETHER AT LAW, IN CONTRACT, IN TORT OR OTHERWISE) THAT MAY BE BASED UPON, ARISE OUT OF OR RELATE TO THIS AGREEMENT OR THE NEGOTIATION, EXECUTION OR PERFORMANCE HEREOF SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES OF SUCH STATE.**

\* \* \* \* \*

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IN WITNESS WHEREOF, Seller and AZ have duly executed this Agreement as of the date first written above.

BRISTOL-MYERS SQUIBB COMPANY

by /s/ Frances K. Heller

Name: Frances K. Heller

Title: Senior Vice President, Business Development

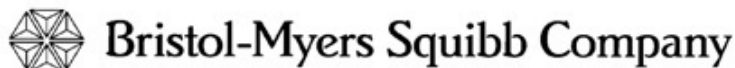
ASTRAZENECA AB (PUBL)

by /s/ Jane-OlofJacke

Name: Jan-OlofJacke

Title: Authorized Signatory

[Signature Page to Amended and Restated Stock and Asset Purchase Agreement]

**PERFORMANCE SHARE UNITS AGREEMENT**

Under the Bristol-Myers Squibb Company  
2012 Stock Award and Incentive Plan

**2014-2016 Performance Share Units Award**

BRISTOL-MYERS SQUIBB COMPANY, a Delaware corporation (the “Company”), has granted to you the Performance Share Units (“Performance Share Units”) specified in the Grant Summary, which is incorporated into this Performance Share Units Agreement (the “Agreement”) and deemed to be a part hereof. This award is subject in all respects to the terms, definitions and provisions of the 2012 Stock Award and Incentive Plan (the “Plan”) adopted by the Company. Capitalized terms used in this Agreement that are not specifically defined herein shall have the meanings ascribed to such terms in the Plan.

Award Date: March 10, 2014

Performance Year: January 1, 2014 to December 31, 2014

Total Shareholder Return (“TSR”) Measurement Period: March 10, 2014 to February 28, 2017

TSR Measurement Date: February 28, 2017

Performance Goals: The Performance Goals and the range specifying the number of Performance Share Units that may be banked or specified levels of performance are included in Exhibit A attached hereto.

Minimum Performance Condition: If you have been designated a Covered Employee for 2014, then a required condition in order for you to bank Performance Share Units will be that the Minimum Performance Condition has been achieved (in addition to achievement of the Performance Goals). The Minimum Performance Condition is included in Exhibit A attached hereto.

Banking Date: December 31, 2014

TSR Modifier: Except as otherwise set forth in Sections 6 and 8, after the TSR Measurement Date but prior to or on the vesting date, the Performance Share Units determined by the Committee to have been banked will be modified up or down based on the Company's TSR relative to the TSR of the Peer Companies during the TSR Measurement Period. The TSR Modifier and Peer Companies are further described and defined in Exhibit A attached hereto.

Vesting: The Performance Share Units will vest on March 10, 2017, subject to earlier vesting at the times indicated in Sections 6 (including in connection with certain terminations following a Change in Control) and 8.

Settlement: Banked, modified and vested Performance Share Units will be settled by delivery of one share of the Company's Common Stock, \$0.10 par value per share (“Shares”), for each Performance Share Unit being settled. Settlement shall occur at the time specified in Sections 4 and 6 hereof, as applicable.

1. PERFORMANCE SHARE UNITS AWARD

The Compensation and Management Development Committee of the Board of Directors of Bristol-Myers Squibb Company (the "Committee") has granted to you an award of Performance Share Units as designated herein subject to the terms, conditions and restrictions set forth in this Agreement. The target number of Performance Share Units and the kind of shares deliverable in settlement, the calculation of earnings per share, and other terms and conditions of the Performance Share Units are subject to adjustment in accordance with Section 11 hereof and Plan Section 11(c).

2. CONSIDERATION

As consideration for grant of this award, you shall remain in the continuous employ of the Company and/or its subsidiaries or affiliates for the entire Performance Year or such lesser period as the Committee shall determine in its sole discretion, and no Performance Share Units shall be payable until after the completion of such one year or lesser period of employment by you (subject to Section 6(c)).

3. MINIMUM PERFORMANCE CONDITION, PERFORMANCE GOALS AND TSR MODIFIER

The Minimum Performance Condition, the Performance Goals and the TSR Modifier are specified on the cover page of this Agreement and Exhibit A hereto.

4. DETERMINATION OF PERFORMANCE SHARE UNITS BANKED, MODIFIED AND VESTED; FORFEITURES; SETTLEMENT

Between January 1, 2015 and March 10, 2015, the Committee shall determine and certify the extent to which Performance Share Units have been banked on the basis of the Company's actual performance in relation to (i) the established Minimum Performance Condition, if applicable and (ii) the established Performance Goals for the Performance Year, provided, however, that, in the case of clause (ii), the Committee may exercise its discretion (reserved under Plan Sections 7(a) and 7(b)(v)) to reduce the amount of Performance Share Units deemed banked in its assessment of performance in relation to Performance Goals, or in light of other considerations the Committee deems relevant. Except as set forth in Sections 6 and 8, by March 10, 2017, the Committee shall determine and certify the TSR Modifier; provided, however, that the Committee may exercise its discretion (reserved under Plan Sections 7(a) and 7(b)(v)) to reduce the amount of Performance Share Units deemed banked in its assessment of performance in relation to the TSR Modifier, or in light of other considerations the Committee deems relevant. The Committee shall certify each of these results in writing in accordance with Plan Section 7(c). Any Performance Share Units that are not, based on the Committee's determination, banked by performance during the Performance Year (or deemed to be banked in connection with a termination of employment under Sections 6 and 8 below), including Performance Share Units that had been potentially bankable by performance in excess of the actual performance levels achieved, shall be canceled and forfeited.

Performance Share Units are subject to vesting based on your service for periods which extend past the Performance Year. The stated vesting date is set forth on the cover page hereof. If, before the stated vesting date, there occurs an event immediately after which you are not an employee of the Company, its subsidiaries or an affiliate of the Company, you will become vested in Performance Share Units only to the extent provided in Sections 6 or 8, and any Performance Share Units that have not been banked, modified and vested at or before such event and which cannot thereafter be banked, modified and vested under Sections 6 or 8 shall be canceled and forfeited.

In certain termination events as specified below and in connection with a long-term Disability (as defined in Section 7), you will be entitled to vesting of a proportionate number of the Performance Share Units banked or deemed banked hereunder, and, if provided herein, modified. The formula for determining the proportionate number of Performance Share Units you are entitled to is available by request from the Office of the Corporate Secretary at 345 Park Avenue, New York, New York 10154.

The number of Performance Share Units banked, modified or vested shall be rounded to the nearest whole Performance Share Unit, unless otherwise determined by the Company officers responsible for day-to-day administration of the Plan.

Performance Share Units that become vested while you remain employed by the Company or a subsidiary or affiliate shall be settled promptly upon vesting, but in any event within 60 days of the vesting date, by delivery of one



Share for each Performance Share Unit being settled, unless validly deferred in accordance with deferral terms then authorized by the Committee (subject to Plan Section 11(k)). Performance Share Units that become vested under Sections 6(a), 6(b), 6(c), 6(d) or 8 shall be settled at the times specified therein; provided, however, that settlement of Performance Share Units under Sections 6(a), (b), (c) or (d) shall be subject to the applicable provisions of Plan Section 11(k). (*Note: Plan Section 11(k) could apply if settlement is triggered by a Change in Control or a termination following a Change in Control*). Until Shares are delivered to you in settlement of Performance Share Units, you shall have none of the rights of a stockholder of the Company with respect to the Shares issuable in settlement of the Performance Share Units, including the right to vote the shares and receive distributions. Shares of stock issuable in settlement of Performance Share Units shall be delivered to you upon settlement in certificated form or in such other manner as the Company may reasonably determine.

5. NONTRANSFERABILITY OF PERFORMANCE SHARE UNITS

During the Restricted Period and any further period prior to settlement of your Performance Share Units, you may not sell, transfer, pledge or assign any of the Performance Share Units or your rights relating thereto. If you attempt to assign your rights under this Agreement in violation of the provisions herein, the Company's obligation to settle Performance Share Units or otherwise make payments shall terminate.

6. RETIREMENT AND OTHER TERMINATIONS (EXCLUDING DEATH)

(a) *Retirement*. In the event of your Retirement prior to settlement of Performance Share Units and after you have satisfied the one-year or other applicable employment requirement of Section 2, and 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, you will be deemed vested in a proportionate number of the Performance Share Units granted that have been determined or thereafter are determined by the Committee to have been banked and modified under Section 4; provided, however, that 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 6(a) 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 and, where deemed applicable by the Company, you execute a non-compete and/or a non-solicitation agreement; if you fail to execute or revoke the release or fail to execute the non-compete or non-solicitation agreement, or your release and/or non-compete or non-solicitation agreement fails to become effective and irrevocable within 60 days of the date your employment terminates, you shall forfeit any Performance Share Units that are unbanked and unvested as of the date your employment terminates. Any Performance Share Units banked and vested under this Section 6(a) shall be settled at the earlier of (i) the date such Performance Share Units would have settled if you had continued to be employed by the Company or a subsidiary or affiliate, (ii) in the event of a Change in Control meeting the conditions of Section 6(e)(ii), within 60 days following the date at which the Committee determines (which determination shall be made within 15 days after the Change in Control) the extent to which such Performance Share Units have been banked and/or modified (subject to Section 6(e) below and Plan Section 11(k)), where the TSR Modifier shall be determined by substituting for the TSR Measurement Date the date of the Change in Control, or (iii) in the event of your death, within 60 days following the later of (x) your death, or (y) the date upon which the Committee determines the extent to which such Performance Share Units have been banked in accordance with Section 4 (in each case subject to Section 6(e) below and Plan Section 11(k)), provided that the TSR Modifier shall not be applied to your award in the event of your death. Following your Retirement, any Performance Share Units that have not been banked, modified and vested and which thereafter will not be deemed banked, modified and vested under this Section 6(a) will be canceled and forfeited.

(b) *Termination by the Company Not For Cause*. In the event of your Termination Not for Cause (as defined in Section 6(f)) by the Company or a subsidiary or affiliate and not during the Protected Period, prior to vesting of Performance Share Units and after you have satisfied the one-year or other applicable employment requirement of Section 2, you will be deemed vested in a proportionate number of the Performance Share Units granted that have been determined or thereafter are determined by the Committee to have been banked and modified under Section 4; provided, however, that if you are not eligible for Retirement, and you are employed in the United States or Puerto Rico at the time of your Termination Not for Cause, you shall be entitled to the pro rata vesting described in this Section 6(b) 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 and, where deemed applicable by the Company, you execute a non-compete and/or a non-solicitation agreement; if you fail to execute or revoke the release or fail to execute the non-compete or non-solicitation agreement, or your release and/or non-compete or non-solicitation agreement fails to become effective and irrevocable within 60 days of the date your employment terminates, you shall forfeit any Performance Share Units that are unbanked and vested as of the date your employment terminates. Any Performance Share Units banked and vested under this Section 6(b) shall be settled at the earlier of (i) the date such Performance Share Units would have settled if you had continued to be employed by the Company or a subsidiary or affiliate, (ii) in the event of a Change in Control meeting the conditions of Section 6(e)(ii), within 60 days following the date at which the Committee determines (which determination shall be made within 15 days after the Change in Control) the extent to which such Performance Share Units have been banked and/or modified (subject to Section 6(e) below and Plan Section 11(k)), where the TSR Modifier shall be determined by substituting for the TSR Measurement Date the date of the Change in Control, or (iii) in the event of your death, within 60 days following the later of (x) your death, or (y) the date upon which the Committee determines the extent to which such Performance Share Units have been banked in accordance with Section 4 (in each case, subject to Section 6(e) below and Plan Section 11(k)), provided that the TSR Modifier shall not be applied to your award in the event of your death. Following such Termination Not for Cause, any Performance Share Units that have not been banked, modified and vested and which thereafter will not be deemed banked, modified and vested under this Section 6(b) will be canceled and forfeited.

(c) *Qualifying Termination Following a Change in Control.* In the event that you have a Qualifying Termination as defined in Plan Section 9(c) during the Protected Period following a Change in Control, you will be deemed vested (i) with respect to Performance Share Units relating to the Performance Year completed before such termination, in a proportionate number of the Performance Share Units which have been determined or thereafter are determined by the Committee to have been banked and modified under Section 4, or (ii) with respect to Performance Share Units relating to the Performance Year still in progress at the date of your Qualifying Termination (including Performance Share Units otherwise not meeting the one-year or other applicable employment requirement of Section 2), in a proportionate number of the target number of Performance Share Units that could have been banked in the Performance Year and which are thereafter determined by the Committee to have been modified under Section 4. The TSR Modifier shall be determined by substituting for the TSR Measurement Date the date of the Change in Control. All of your banked, modified and vested Performance Share Units shall be settled promptly following the date at which the Committee determines the extent to which such Performance Share Units have been banked and/or modified (subject to Section 6(e) below and Plan Section 11(k)). Upon your Qualifying Termination, any Performance Share Units that have not been deemed banked, modified and vested under this Section 6(c) will be canceled and forfeited.

(d) *Other Terminations.* If you cease to be an employee of the Company and its subsidiaries and affiliates for any reason other than Retirement, Termination Not for Cause, a Qualifying Termination within the Protected Period following a Change in Control, or death, Performance Share Units granted herein that have not become banked, modified and vested shall be canceled and forfeited and you shall have no right to settlement of any portion of the Performance Share Units.

(e) *Special Distribution Rules to Comply with Code Section 409A.* The Performance Share Units constitute a “deferral of compensation” under Section 409A of the Internal Revenue Code (the “Code”), based on Internal Revenue Service regulations and guidance in effect on the Award Date. As a result, the timing of settlement of your Performance Share Units will be subject to applicable limitations under Code Section 409A. Specifically, each tranche of Performance Share Units will be subject to Plan Section 11(k), including the following restrictions on settlement:

- (i) Settlement of the Performance Share Units under Section 6(c) upon a Qualifying Termination will be subject to the requirement that the termination constitute a “separation from service” under Treas. Reg. § 1.409A-1(h), and subject to the six-month delay rule under Plan Section 11(k)(i)(C)(2) if at the time of separation from service you are a “Specified Employee”; provided that no dividend or dividend equivalents will be paid, accrued or accumulated in respect of the period during which settlement was delayed.
- (ii) Settlement of the Performance Share Units under Sections 6(a) or 6(b) in the event of a Change in Control will occur only if an event relating to the Change in Control constitutes a change in ownership

or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company within the meaning of Treas. Reg. § 1.409A-3(i)(5) and only if your Retirement under Section 6(a) or Termination Not for Cause under Section 6(b) constitute a “separation from service” under Treas. Reg. § 1.409A-1(h).

(f) *Definition of “Termination Not for Cause.”* For purposes of this Section 6, a “Termination Not for Cause” means a Company-initiated termination for reason other than willful misconduct, activity deemed detrimental to the interests of the Company and its subsidiaries and affiliates, or disability, provided that you execute a general release and, where required by the Company, a non-solicitation and/or non-compete agreement with the Company and its subsidiaries by the applicable deadline specified in Section 6(b).

(g) *Determination of Termination Date.* For purposes of the Performance Share Units, your employment will be considered terminated as of the date you are no longer actively providing services to the Company or one of its subsidiaries or affiliates (regardless of the reason for such termination 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), and unless otherwise expressly provided in this Agreement or determined by the Company, your right to vest in the Performance Share Units under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., your period of service 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 Performance Share Units (including whether you may still be considered to be providing services while on a leave of absence).

(h) *Release, Non-Compete or Non-Solicitation Agreement Procedure.* In any case in which you are required to execute a release, non-compete or non-solicitation agreement as a condition to vesting and settlement of the Performance Share Units, the applicable procedure shall be as specified under Plan Section 11(k)(v), except that the deadline for complying with such condition shall be the period provided in this Agreement.

#### 7. DISABILITY OF PARTICIPANT

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. If you become Disabled, you will not be deemed to have terminated employment for the period during which, under the applicable Disability pay plan of the Company or a subsidiary or affiliate, you are deemed to be employed and continue to receive Disability payments. Upon the cessation of payments under such Disability pay plan, (i) if you return to employment status with the Company or a subsidiary or affiliate, you will not be deemed to have terminated employment, and (ii) if you do not return to such employment status, you will be deemed to have terminated employment at the date of cessation of such Disability payments, with such termination treated for purposes of the Performance Share Units as a Retirement, death, or voluntary termination based on your circumstances at the time of such termination.

#### 8. DEATH OF PARTICIPANT

In the event of your death while employed by the Company or a subsidiary and prior to settlement of Performance Share Units but after you have satisfied the one-year or other applicable employment requirement of Section 2, you will be deemed vested in a proportionate number of Performance Share Units that have been determined or thereafter are determined by the Committee to have been banked under Section 4, provided that the TSR Modifier shall not be applied to your award in the event of your death. Your beneficiary shall be entitled to settlement of any of your banked and vested Performance Share Units by the later of the end of the calendar year in which your death occurred or 60 days after your death. In the case of your death, any Performance Share Units that have not been banked and vested and thereafter will not be deemed banked and vested under this Section 8 will be canceled and forfeited.

## 9. RESPONSIBILITY FOR TAXES

You acknowledge that, regardless of any action taken by the Company, any subsidiary or affiliate or 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 Performance Share Units, including the grant of the Performance Share Units, the vesting of Performance Share Units, the conversion of the Performance Share Units into Shares or the receipt of an equivalent cash payment, the subsequent sale of any Shares 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 Performance Share Units 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 between the Award Date and the date of any relevant taxable event, 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, 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 Performance Share Units, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy their 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) withholding from proceeds of the sale of Shares acquired upon settlement of the Performance Share Units 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) withholding in Shares to be issued upon settlement of the Performance Share Units;

provided, however, if you are a Section 16 officer of the Company under the Securities Exchange Act of 1934, as amended, then the Company will withhold Shares 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 will receive a refund of any over-withheld amount in cash and will have no entitlement to the Share equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested Performance Share Units, notwithstanding that a number of the Shares 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, if you fail to comply with your obligations in connection with the Tax-Related Items.

Notwithstanding anything in this Section 9 to the contrary, to avoid a prohibited acceleration under Section 409A, if Shares subject to the Performance Share Units will be sold on your behalf (or withheld) to satisfy

any Tax-Related Items arising prior to the date of settlement of the Performance Share Units for any portion of the Performance Share Units that is considered nonqualified deferred compensation subject to Section 409A, then the number of shares sold on your behalf (or withheld) shall not exceed the number of shares that equals the liability for Tax-Related Items.

10. NON-COMPETITION AND NON-SOLICIATION AGREEMENT AND COMPANY RIGHT TO FORFEITURE, INJUNCTION AND OTHER REMEDIES

You acknowledge that your continued employment with the Company and its subsidiaries and affiliates and this grant of Performance Share Units are sufficient consideration for this Agreement, including, without limitation, the restrictions imposed upon you by this Section 10.

- (a) By accepting the Performance Share Units granted hereby, you expressly agree and covenant that during the Restricted Period (as defined below) and the Non-Competition and Non-Solicitation Period (as defined below), you shall not, without the prior consent of the Company, directly or indirectly:
  - (i) 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 percent 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) be actively connected with a Competitive Business by managing, operating, controlling, being an employee or consultant (or accepting an offer to be an employee or consultant) or otherwise advising or assisting a Competitive Business in such a way that such connection might result in an increase in value or worth of any product, technology or service, that competes with any product, technology or service upon which you worked or about which you became familiar as a result of your employment with the Company or a subsidiary or affiliate. You may, however, be actively connected with a Competitive Business after your employment with the Company or a subsidiary terminates for any reason, so long as (i) your connection to the business does not involve any product, technology or service, that competes with any product, technology or service upon which you worked or about which you became familiar as a result of your employment with the Company or a subsidiary including but not limited to the development of any product, technology or service prior to approval or sale; and (2) the Company is provided written assurances of this fact from the Competing Company prior to your beginning such connection;
  - (iii) take any action that might divert any opportunity from the Company or any of its affiliates, successors or assigns (the "Related Parties") that is within the scope of the present or future operations or business of any Related Parties;
  - (iv) employ, solicit for employment, advise or recommend to any other person that they employ or solicit for employment or form an association with any person who is employed by the Company or its Related Parties or who has been employed by the Company or its Related Parties within one year of the date your employment with the Company or a subsidiary ceased for any reason whatsoever;
  - (v) contact, call upon or solicit any customer of the Company, or attempt to divert or take away from the Company the business of any of its customers;
  - (vi) contact, call upon or solicit any prospective customer of the Company that you became aware of or were introduced to in the course of your duties for the Company or its Related Parties, or otherwise divert or take away from the Company the business of any prospective customer of the Company; or
  - (vii) engage in any activity that is harmful to the interests of the Company, 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.
- (a) Forfeiture. You agree and covenant that, if the Company determines that you have violated any provisions of Section 10(a) above during the Restricted Period or the Non-Competition and Non-Solicitation Period, then:
  - (i) any portion of the Performance Share Units that have not been settled or paid to you as of the date of such determination shall be immediately canceled and forfeited;
  - (ii) you shall automatically forfeit any rights you may have with respect to the Performance Share Units as of the date of such determination;
  - (iii) if any Performance Share Units have become vested within the twelve-month period immediately preceding a violation of Section 10(a) 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 equal to the number of Shares delivered to you in settlement of such vested Performance Share Units if such delivery was made in Shares or you shall pay cash equal to the value of cash paid to you in settlement of such vested Performance Share Units if such payment was made in cash; and
- (iv) the foregoing remedies set forth in this Section 10(b) shall not be the Company's exclusive remedies. The Company reserves all other rights and remedies available to it at law or in equity.
  - (b) Company Policy. You agree that the Company may recover any incentive-based compensation received by you under this Agreement, including, without limitation, pursuant to Sections 6, 7 and 8 hereof, if such recovery is pursuant to a clawback or recoupment policy approved by the Committee.
  - (c) Definitions. For purposes of this Agreement, the following definitions shall apply:
    - (i) The Company directly advertises and solicits business from customers wherever they may be found and its business is thus worldwide in scope. Therefore, "Competitive Business" means any person or entity that engages in any business activity that competes with the Company's business in any way, in any geographic area in which the Company engages in business, including, without limitation, any state in the United States in which the Company sells or offers to sell its products from time to time.
    - (ii) "Non-Competition and Non-Solicitation Period" means the period during which you are employed by the Company or its subsidiaries and affiliates and twelve months following the date that you cease to be employed by the Company or any of its subsidiaries or affiliates for any reason whatsoever
    - (iii) "Restricted Period" means, with respect to each Performance Share Unit, the period from the Award Date until the date such Performance Share Unit has become vested and non-forfeitable such that there are no longer any Performance Share Units that may become potentially vested and non-forfeitable.
  - (d) Severability. You acknowledge and agree that the period, scope and geographic areas of restriction imposed upon you by the provisions of Section 10 are fair and reasonable and are reasonably required for the protection of the Company. In the event that any part of this Agreement, including, without limitation, Section 10, is held to be unenforceable or invalid, the remaining parts of this Agreement and Section 10 shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part of this Agreement. If any one of the provisions in Section 10 is held to be excessively broad as to period, scope and geographic areas, any such provision shall be construed by limiting it to the extent necessary to be enforceable under applicable law.
  - (e) Additional Remedies. You acknowledge that breach by you of this Agreement would cause irreparable harm to the Company and that the forfeiture remedy set forth in this Agreement may not be adequate to prevent or remedy the harm to the Company caused by your breach. You agree that in those circumstances, the Company shall have, in addition to monetary damages and other remedies available at law, the right to an injunction, specific performance and other equitable relief to prevent violations of your obligations hereunder.
  - (f) California Employees. The provisions of this Section 10 shall not apply if you are an employee resident in the State of California.

#### 11. DIVIDENDS AND OTHER ADJUSTMENTS

- (a) Dividends or dividend equivalents are not paid, accrued or accumulated on Performance Share Units during the Restricted Period, except as provided in Section 11(b).
- (a) The target number of Performance Share Units, the banked number of Performance Share Units, the kind of securities deliverable in settlement of Performance Share Units and/or any performance measure based on per share results shall be appropriately adjusted in order to prevent dilution or enlargement of your rights with respect to the Performance Share Units upon the occurrence of an event referred to in Plan Section 11(c). In furtherance of the foregoing, in the event of an equity restructuring, as defined in FASB ASC Topic 718, which affects the Shares, you shall have a legal right to an adjustment to your Performance Share Units which shall preserve without enlarging the value of the Performance Share Units, with the manner of such adjustment to be determined by the Committee in its discretion. Any Performance Share Units or related rights which directly or indirectly result from an adjustment to a Performance Share Unit hereunder shall be subject to the same risk of forfeiture and other conditions as apply to the granted Performance Share Unit and will be settled at the same time as the granted Performance Share Unit.

## 12. EFFECT ON OTHER BENEFITS

In no event shall the value, at any time, of the Performance Share Units or any other payment or right to 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 its subsidiaries or affiliates unless otherwise specifically provided for in such plan. Performance Share Units and the income and value of the same are not part of normal or expected compensation or salary for any purposes including, but not limited to, calculation of any severance, resignation, termination, redundancy or end-of-service payments, bonuses, long-service awards, pension or retirement benefits, or similar payments.

## 13. ACKNOWLEDGMENT OF NATURE OF PLAN AND PERFORMANCE SHARE UNITS

In accepting the Performance Share Units, 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 Performance Share Units is voluntary and occasional and does not create any contractual or other right to receive future awards of Performance Share Units, or benefits in lieu of Performance Share Units even if Performance Share Units have been awarded in the past;
- (c) All decisions with respect to future awards of Performance Share Units or other awards, if any, will be at the sole discretion of the Company;
- (d) Your participation in the Plan is voluntary;
- (e) The Performance Share Units and the Shares subject to the Performance Share Units are not intended to replace any pension rights or compensation;
- (f) The future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- (g) No claim or entitlement to compensation or damages arises from the forfeiture of Performance Share Units, 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) and in consideration of the grant of the Performance Share Units to which you are otherwise not entitled, you irrevocably agree never to institute any claim against the Company, any of its subsidiaries or affiliates or the Employer, waive your ability, if any, to bring such claim, and release the Company, any subsidiary or affiliate and/or the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim;
- (h) Unless otherwise provided in the Plan or by the Company in its discretion, the Performance Share Units and the benefits evidenced by this Agreement do not create any entitlement to have the Performance Share Units 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
- (i) The following provisions apply only if you are providing services outside the United States: (i) the award and the Shares subject to the Performance Share Units are not part of normal or expected compensation or salary for any purpose; and (ii) you acknowledge and agree that 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 Performance Share Units or of any amounts due to you pursuant to the settlement of the Performance Share Units or the subsequent sale of any Shares acquired upon settlement.

## 14. 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. You are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

## 15. 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 or any specific position or level of employment with the Company or any subsidiary or

affiliate or affect in any way the right of the Company or any subsidiary or affiliate to terminate your employment without prior notice at any time for any reason or no reason.

16. 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 Performance Share Units 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 other distribution hereunder shall be a general creditor of the Company.

17. DEEMED ACCEPTANCE

You are required to accept the terms and conditions set forth in this Agreement prior to the first anniversary of the Award 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 first anniversary of the Award Date. For your benefit, if you have not rejected the Agreement prior to the first anniversary of the Award 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.

18. 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 25 and 28 below, Performance Share Units which are 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.

19. 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.

20. 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 New York. For purposes of litigating any dispute that arises under this Performance Share Unit grant or Agreement, the parties hereby submit to and consent to the jurisdiction of the State of New York, agree that such litigation shall be conducted in the courts of New York, New York, or the federal courts for the United States for the Southern District of New York, and no other courts where this Performance Share Unit grant is made and/or performed.

21. SUCCESSORS

This Agreement shall be binding upon and inure to the benefit of the successors, assigns, and heirs of the respective parties.

22. 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, your 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 your Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the



Company, details of all Performance Share Units 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 Morgan Stanley Smith Barney, 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. 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, Morgan Stanley Smith Barney 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 received upon vesting of the Performance Share Units 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 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 and career with the Employer will not be adversely affected; the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant you Performance Share Units 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.

23. 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.

24. INSIDER TRADING/MARKET ABUSE LAWS

You acknowledge that, depending on your country of residence, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell Shares or rights to Shares (e.g., Performance Share Units) under the Plan during such times as you are considered to have “inside information” regarding the Company (as defined by the laws in your country). 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 are advised to speak to your personal advisor on this matter.

25. 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.

26. 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, you understand that the Company will not be obligated to issue any Shares pursuant to the vesting and settlement of the Performance Share Units, if the issuance of such Shares 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.

27. ENTIRE AGREEMENT AND NO ORAL MODIFICATION OR WAIVER

This Agreement contains the entire understanding of the parties. 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.

28. ADDENDUM

Your Performance Share Units 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 during any Performance Year, the special provisions for such country shall apply to you, 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.

29. IMPOSITION OF OTHER REQUIREMENTS

The Company reserves the right to impose other requirements on your participation in the Plan, on the Performance Share Units and on any Shares 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:

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 Morgan Stanley Smith Barney, 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, post-employment obligations related to non-competition and non-solicitation.

**PERFORMANCE SHARE UNITS AGREEMENT**

Under the Bristol-Myers Squibb Company  
2012 Stock Award and Incentive Plan

**2014-2016 Performance Share Units Award****Minimum Performance Condition and Performance Goals for the Performance Year**

If Participant has been designated a Covered Employee for the Performance Year, then a required condition in order for Participant to bank Performance Share Units in the manner set forth below will be that the Company's Non-GAAP Pretax Earnings For purposes of this Agreement, Non-GAAP Pretax Earnings is defined as earnings from continuing operations on a consolidated basis before deduction of income taxes, less pretax noncontrolling interest expenses, excluding discontinued operations, extraordinary items and other non-recurring items. for the 2014 fiscal year shall equal or exceed \$ \_\_\_\_\_ million (the "Minimum Performance Condition"). If Participant has not been designated a Covered Employee for the Performance Year, then Participant shall bank Performance Share Units in the manner set forth below.

The number of Performance Share Units banked by Participant (subject to the TSR Modifier described below) shall be determined as of December 31, 2014 (the "Banking Date"), based on the Company's 2014 Total Revenues Performance (net of foreign exchange) and 2014 Non-GAAP Diluted EPS Performance, determined based on the following grid:

Performance Measure	Threshold	Target	Maximum
2014 Total revenues, net of fx (\$=MM)			
2014 Non-GAAP Diluted EPS			

Participant shall bank 42.50% of the target number of Performance Share Units for "Threshold Performance," 100% of the target number of Performance Share Units for "Target Performance," and 167.50% of the target number of Performance Share Units for "Maximum Performance." For this purpose, 2014 Total Revenues Performance is weighted 30%, and 2014 Non-GAAP Diluted EPS Performance is weighted 70%, so the level of banking of Performance Share Units shall be determined on a weighted-average basis.

Subject to the provisions of the Plan and the Agreement, unless vested or forfeited earlier as described in this Agreement, the number of Performance Share Units determined by the Committee to have been banked and that shall become vested shall be multiplied by the sum of one (1) and the TSR Modifier, based on the "TSR Percentile Rank" of the Company's "Total Shareholder Return," or "TSR," relative to the TSRs of the "Peer Companies" for the "TSR Measurement Period," calculated as of the "TSR Measurement Date" (each as defined below), according to the following table:

TSR Percentile Rank	TSR Modifier
< 20 <sup>th</sup>	-20%
20 <sup>th</sup> < 40 <sup>th</sup>	-10%
40 <sup>th</sup> < 60 <sup>th</sup>	0%
60 <sup>th</sup> < 80 <sup>th</sup>	10%
≥ 80 <sup>th</sup>	20%

"Total Shareholder Return (TSR)" shall mean the change in the value, expressed as a percentage of a given dollar amount invested in a company's most widely publicly traded stock over the TSR Measurement Period, taking into account both stock price appreciation (or depreciation) and the reinvestment of dividends (including the cash value of non-cash dividends) in additional stock of the company. The ten (10) trading-day average closing values of the

Company's Common Stock and the stock of the Peer Companies, as applicable ( *i.e.*, average closing values over the period of 10 trading days ending on the Award Date and the final 10 trading days ending on the TSR Measurement Date), shall be used to value the Company's Common Stock and the stock of the Peer Companies, as applicable, at the beginning and end of the TSR Measurement Period. Dividend reinvestment shall be calculated consistently for the Company and all Peer Companies.

“Peer Companies” shall mean the following companies which remain publicly traded throughout the entire TSR Measurement Period:

AbbVie	GlaxoSmithKline
Amgen	Johnson & Johnson
AstraZeneca	Merck
Biogen Idec	Novartis
Celgene	Pfizer
Eli Lilly	Roche
Gilead Sciences	Sanofi

Companies that were publicly traded as of the Award Date but are no longer publicly traded as of the TSR Measurement Date shall be excluded except that companies that are no longer publicly traded as of the TSR Measurement Date due to filing for bankruptcy prior to the TSR Measurement Date shall be assigned a Total Shareholder Return of -100% for the TSR Measurement Period.

“TSR Measurement Date” shall mean February 28, 2017 (or earlier in accordance with this Agreement).

“TSR Measurement Period” shall mean the period commencing on the Award Date and ending on the TSR Measurement Date.

“TSR Percentile Rank” shall mean the percentage of TSR values among the Peer Companies during the TSR Measurement Period that are lower than the Company's TSR during the TSR Measurement Period. For example, if the Company's TSR during the TSR Measurement Period is at the 51<sup>st</sup> percentile, 49% of the Peer Companies had higher TSR during the TSR Measurement Period and 51% of the companies in the Peer Companies had equal or lower TSR during the TSR Measurement Period. For purposes of the TSR Percentile Rank calculation, the Company will be excluded from the group of Peer Companies.

Determinations of the Committee regarding 2014 Non-GAAP Pretax Earnings, 2014 Total Revenues Performance, 2014 Non-GAAP Diluted EPS Performance, the TSR Modifier and the resulting Performance Share Units banked, modified and vested, and related matters, will be final and binding on Participant. In making its determinations with respect to 2014 Total Revenues Performance, 2014 Non-GAAP Diluted EPS Performance and the TSR Modifier, the Committee may exercise its discretion (reserved under Plan Sections 7(a) and 7(b)(v)) to reduce the amount of Performance Share Units deemed banked, in its sole discretion.

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## Addendum

### BRISTOL-MYERS SQUIBB COMPANY SPECIAL PROVISIONS FOR Performance Share Units 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 to residents in 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 Performance Share Units and/or sale of Shares. The information is based on the securities, exchange control and other laws in effect in the respective countries as of January 2014 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 Performance Share Units vest or are settled, or you sell Shares 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 are advised to 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 Performance Share Units 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 Performance Share Units 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 6(a) 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 Performance Share Units in the event of your Retirement being deemed unlawful and/or discriminatory, the provisions of Section 6(a) regarding the treatment of the Performance Share Units in the event of your Retirement shall not be applicable to you.

#### Algeria

**Exchange Control Information.** Proceeds from the settlement of Performance Share Units, sale of Shares and the receipt of any dividends must be repatriated to Algeria.

#### Argentina

**Securities Law Information.** Neither the Performance Share Units nor the underlying Shares 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.** In the event that you transfer proceeds from the settlement of Performance Share Units, sale of Shares or any cash dividends paid on such shares into Argentina within 10 days of receipt (*i.e.*, if the

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proceeds have not been held in the offshore bank or brokerage account for at least 10 days prior to transfer), you will be required to deposit 30% of any proceeds in a non-interest bearing deposit account for a 365 day holding period. In any event, the Argentine bank handling the transaction may request certain documentation in connection with your request to transfer proceeds into Argentina, including evidence of the sale of Shares and proof that no funds were remitted out of Argentina to acquire the Shares. If the bank determines that the 10-day rule or any other rule or regulation promulgated by the Argentine Central Bank has not been satisfied, it may require that 30% of the proceeds be placed in a non-interest bearing dollar denominated mandatory deposit account for a holding period of 365 days. Please note that exchange control regulations in Argentina are subject to frequent change. You are solely responsible for complying with any exchange control laws that may apply to you as a result of participating in the Plan and/or the transfer of funds in connection with the award. You should consult with your personal legal advisor regarding any exchange control obligations that you may have.

**Foreign Asset/Account Reporting Information.** Pursuant to General Resolution (AFIP) No. 3293 published on March 26, 2012, you are subject to an annual information regime under which you must report any equity interests held in the Company to the Argentine tax authorities.

### **Australia**

**Securities Law Information.** If you acquire Shares pursuant to your Performance Share Units and you offer your Shares for sale to a person or entity resident in Australia, your offer may be subject to disclosure requirements under Australian law. You should obtain legal advice on your disclosure obligations prior to making any such offer.

**Exchange Control Information.** Exchange control reporting is required for cash transactions exceeding AUD10,000 and for international fund transfers. The Australian bank assisting with the transaction will file the report for you. If there is no Australian bank involved in the transfer, you will have to file the report.

**Treatment of Performance Share Units Upon Termination of Employment.** Notwithstanding anything in the Agreement to the contrary, in the event all or a portion of the Shares to be issued to you upon vesting and settlement of the Performance Share Units become distributable upon your termination of employment or at some time following your termination of employment, the Company may determine, in its discretion, that such Shares will vest and become distributable as soon as practicable following your termination of employment without application of the TSR Modifier. You will not continue to vest in Performance Share Units or be entitled to any portion of Performance Share Units after your termination of employment.

### **Austria**

**Exchange Control Information.** If you hold Shares under the Plan outside of Austria (even if you hold them outside of Austria at a branch of an Austrian bank), you will be required to submit a report to the Austrian National Bank as follows: (i) on a quarterly basis if the value of the Shares as of any given quarter exceeds €30,000,000; and (ii) on an annual basis if the value of the Shares as of December 31 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 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 exceeds €3,000,000, 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 €3,000,000, no ongoing reporting requirements apply.

### **Belgium**

**Foreign Asset/Account Reporting Information.** If you are a Belgian resident, you are required to report any security or bank account (including brokerage accounts) you maintain outside of Belgium on your annual tax return.

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## Brazil

**Compliance with Laws.** By accepting the Performance Share Units, you agree that you will comply with Brazilian law when you vest in the Performance Share Units and sell Shares. You also agree to report and pay any and all taxes associated with the vesting of the Performance Share Units, the sale of the Shares acquired pursuant to the Plan and the receipt of any dividends.

**Exchange Control Information.** 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. The assets and rights that must be reported include Shares.

## Canada

**Settlement of Performance Share Units.** Notwithstanding any terms or conditions of the Plan or the Agreement to the contrary, Performance Share Units will be settled in Shares only, not cash.

**Securities Law Information.** You acknowledge and agree that you will sell Shares acquired through participation in the Plan only outside of Canada through the facilities of a stock exchange on which the Shares are listed. Currently, the Shares are listed on the New York Stock Exchange.

**Termination of Employment.** This provision supplements Section 6(g) of the Agreement:

In the event of your termination of 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 Performance Share Units, 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 Company shall have the exclusive discretion to determine when you are no longer actively employed for purposes of the Performance Share Units (including whether you may be considered to be providing services while on a leave of absence).

**Foreign Asset/Account Reporting Information.** You may be required to report your foreign property on Form T1135 (Foreign Income Verification Statement) if the total cost of your foreign property exceeds C\$100,000 at any time in the year. Foreign property includes Shares acquired under the Plan. The Form T1135 must be filed by April 30 of the following year.

*The following provisions apply if you are resident in Quebec:*

### Language Acknowledgment

The parties acknowledge that it is their express wish that this Agreement, including this Addendum, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be provided to them in English.

*Consentement relatif à la langue utilisée. Les parties reconnaissent avoir expressément souhaité que la convention («Agreement») ainsi que cette Annexe, ainsi que tous les documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente convention, soient rédigés en langue anglaise.*

**Data Privacy.** This provision supplements Section 22 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 not, involved in 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

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authorize the Company and its subsidiaries to record such information and to keep such information in your employee file.

### Chile

**Securities Law Information.** Neither the Company, the Performance Share Units nor the Shares you may acquire upon vesting of your Performance Share Units are registered with the Registry of Securities or under the control of the Chilean Superintendence of Securities.

**Exchange Control and Foreign Asset/Account Reporting Information.** You are not required to repatriate proceeds obtained from the sale of Shares or from dividends to Chile; however, if you decide to repatriate proceeds from the sale of Shares and/or dividends and the amount of the proceeds to be repatriated exceeds US\$10,000, you acknowledge that you must effect such repatriation through the Formal Exchange Market ( *i.e.*, a commercial bank or registered foreign exchange office). In such case, you must report the proceeds to a commercial bank or registered foreign exchange office receiving the funds. If you do not repatriate the funds and use such funds for the payment of other obligations contemplated under a different Chapter of the Foreign Exchange Regulations, you must sign Annex 1 of the Manual of Chapter XII of the Foreign Exchange Regulations and file it directly with the Central Bank within the first 10 days of the month immediately following the transaction.

Further, if the value of your aggregate investments held outside of Chile exceeds US\$5,000,000 (including the value of Shares acquired under the Plan), you must report the status of such investments quarterly to the Central Bank using Annex 3.1 of Chapter XII of the Foreign Exchange Regulations.

Finally, if you hold Shares acquired under the Plan outside of Chile, you must inform the Chilean Internal Revenue Service (the “CIRS”) of the details of your investment in the Shares by Filing Tax Form 1851 “Annual Sworn Statement Regarding Investments Held Abroad.” Further, if you wish to receive credit against your Chilean income taxes for any taxes paid abroad, you must report the payment of taxes abroad to the CIRS by filing Tax Form 1853 “Annual Sworn Statement Regarding Credits for Taxes Paid Abroad.” These statements must be submitted electronically through the CIRS website before March 15 of each year.

### 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:*

**Sale of Shares.** To comply with exchange control regulations in China, you agree that the Company is authorized to force the sale of Shares to be issued to you upon vesting and settlement of the Performance Share Units at any time (including immediately upon vesting or after termination of your employment, as described below), and you expressly authorize the Company’s designated broker to complete the sale of Shares. 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 Shares 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 Shares at any particular price.

Upon the sale of Shares, the Company agrees to pay the cash proceeds from the sale of Shares (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.”

**Treatment of Shares and Performance Share Units Upon Termination of Employment.** Due to exchange control regulations in China, you understand and agree that any Shares 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”). For example, if your termination of employment occurs

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on March 14, 2015, then the Mandatory Sale Date will be April 30, 2015. You understand that any Shares 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 "Sale of Shares" above.

Notwithstanding anything in the Agreement to the contrary, if all or a portion of the Shares to be issued to you upon vesting and settlement of the Performance Share Units become distributable upon your termination of employment or at some time following your termination of employment, then such Shares (i) will vest and become distributable within three months of your employment without application of the TSR Modifier; and (ii) will automatically be sold upon settlement by the Company's designated broker at the Company's direction (on your behalf pursuant to this authorization without further consent), as described under "Sale of Shares" above. You will not continue to vest in Performance Share Units or be entitled to any portion of Performance Share Units 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 to be issued to you upon vesting and settlement of the Performance Share Units 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 to another brokerage account. In addition, you are required to immediately repatriate to China the cash proceeds from the sale of Shares issued upon vesting and settlement of the Performance Share Units and any dividends paid on such Shares. 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 Share 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 Shares 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.** Effective from January 1, 2014, 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 new rules, you may be subject to reporting obligations for the Shares or equity awards, including Performance Share Units, 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

**Exchange Control Information.** Investments in assets located outside of Colombia (including Shares) 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 Shares 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.

### Czech Republic

**Exchange Control Information.** The Czech National Bank may require you to fulfill certain notification duties in relation to the Performance Share Units 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

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prior to the vesting of the Performance Share Units and the sale of Shares 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.

**Foreign Asset/Account Reporting Information.** If you establish an account holding Shares 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.** If you hold Shares acquired under the Plan in a brokerage account with a broker or bank outside Denmark, you are required to inform the Danish Tax Administration about the account. For this purpose, you must file a Form V (Erklaering V) with the Danish Tax Administration. Both you and the broker or bank must sign the Form V. By signing the Form V, the broker or bank undertakes an obligation, without further request each year and not later than February 1 of the year following the calendar year to which the information relates, to forward information to the Danish Tax Administration concerning the Shares in the account. In the event that the applicable 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 and any Shares 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 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](http://www.skat.dk).

In addition, if you open a brokerage account (or a deposit account with a U.S. bank), the brokerage account likely will be treated as a deposit account because cash can be held in the account. Therefore, you likely must file a Form K (Erklaering K) with the Danish Tax Administration. The Form K must be signed both by you and by the applicable broker or bank where the account is held. By signing the Form K, the broker/bank undertakes an obligation, without further request each year and not later than February 1 of the year following the calendar year to which the information relates, to forward information to the Danish Tax Administration concerning the content of the 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 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](http://www.skat.dk).

### **Ecuador**

There are no country-specific provisions.

### **Egypt**

**Exchange Control Information.** If you transfer funds into Egypt in connection with the Performance Share Units, you are required to transfer the funds through a registered bank in Egypt.

### **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*

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*été communiqués en langue anglaise.*

By accepting your Performance Share Units, you confirm having read and understood the documents relating to this grant (the Plan and this Agreement) which were provided to you in English.

**Exchange Control Information.** If you import or export cash (*e.g.*, sales proceeds received under the Plan) with a value equal to or exceeding €10,000 and do not use a financial institution to do so, you must submit a report to the customs and excise authorities.

**Foreign Asset/Account Reporting Information.** If you hold Shares outside of France or maintain a foreign bank account, (including accounts that were opened and closed during the tax year), you are required to report such to the French tax authorities when filing your annual tax return. Failure to comply could trigger significant penalties.

#### **Germany**

**Exchange Control Information.** Cross-border payments in excess of €12,500 must be reported to the German Federal Bank. From September 2013, 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](http://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 Performance Share Units and any Shares 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, nor have the documents been reviewed by any regulatory authority in Hong Kong. The Performance Share Units 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. 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.*

**Settlement of Performance Share Units and Sale of Shares.** Notwithstanding any terms or conditions of the Plan or the Agreement to the contrary, Performance Share Units will be settled in Shares only, not cash. In addition, notwithstanding any terms or conditions of the Plan or the Agreement to the contrary, no Shares acquired under the Plan can be sold prior to six months from the Award Date.

**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 and any cash dividends to India within a reasonable time following the receipt (*i.e.*, within 90 days). You must maintain the foreign

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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 or (b) any foreign bank accounts for which you have signing authority.

#### **Ireland**

**Director Notification Obligation.** If you are a director, shadow director, or secretary of an Irish subsidiary, you are subject to certain notification requirements under the Companies Act, 1990. Among these requirements is an obligation to notify the Irish subsidiary in writing within five business days of receiving or disposing of an interest (e.g., Performance Share Units, Shares) in the Company and the number and class of Shares or rights to which the interest relates, or within five business days of becoming aware of the event giving rise to the notification requirement or within five days of becoming a director or secretary if such an interest exists at the time. This disclosure requirement also applies to any rights or Shares acquired by your spouse or child(ren) (under the age of 18).

#### **Israel**

**Settlement of Performance Share Units and Sale of Shares.** Upon the vesting of the Performance Share Units, you agree to the immediate sale of any Shares to be issued to you upon vesting and settlement of the Performance Share Units. You further agree that the Company is authorized to instruct its designated broker to assist with the mandatory sale of such Shares (on your behalf pursuant to this authorization) and you expressly authorize the Company's designated broker to complete the sale of such Shares. You acknowledge that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the Company agrees to pay the cash proceeds from the sale of the Shares to you, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items.

#### **Italy**

**Data Privacy Notice.** This section replaces Section 22 of the Agreement:

You understand that the Company and the Employer are the privacy representatives of the Company in Italy and may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance or other identification number, salary, nationality, job title, any Shares or directorships held in the Company or any subsidiaries, details of all Performance Share Units or any other entitlement to Shares 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. 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 Morgan Stanley Smith Barney 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. 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 Morgan Stanley Smith Barney or other third party with whom you may elect to deposit any Shares

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acquired under the Plan or any proceeds from the sale of such Shares. 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. 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. 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 Performance Share Units, 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 9 (Responsibility for Taxes); Section 13 (Acknowledgement of Nature of Plan and Performance Share Units); Section 14 (No Advice Regarding Grant); Section 15 (Right to Continued Employment); Section 17 (Deemed Acceptance); Section 19 (Severability and Validity); Section 20 (Governing Law, Jurisdiction and Venue); Section 22 (Data Privacy, as replaced by the above provision in this Addendum); Section 23 (Electronic Delivery and Acceptance); Section 24 (Insider Trading/Market Abuse Laws); Section 25 (Language); Section 26 (Compliance with Laws and Regulations); Section 27 (Entire Agreement and No Oral Modification or Waiver); Section 28 (Addendum); and Section 29 (Imposition of Other Requirements).

**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) 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.

## 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 acquired under

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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. The penalty for fraudulent reporting is imprisonment up to one year or a fine up to ¥500,000. 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 Performance Share Units or Shares held by you in the report.

### Korea

**Exchange Control Information.** Korean residents who realize US\$500,000 or more from the sale of Shares or receipt of dividends in a single transaction are required to repatriate the proceeds to Korea within 18 months of receipt.

**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).

### Kuwait

There are no country-specific provisions.

### 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*<sup>11</sup> *El término “Premio” se refiere a la palabra “Award.”, 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-*

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*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.*

*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.

#### **Peru**

**Securities Law Information.** The grant of Performance Share Units is considered a private offering in Peru; therefore, it is not subject to registration.

#### **Poland**

**Exchange Control Information.** Polish residents holding foreign securities (including Shares) and maintaining accounts abroad must report information to the National Bank of Poland. Specifically, if the aggregate value of shares and cash 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. In addition, Polish residents are required to transfer funds (*i.e.*, in connection with the sale of Shares) through a bank account in Poland if the transferred amount in any single transaction exceeds a specified threshold (currently €15,000). If you are a Polish resident, you must also store 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 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.

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<sup>1</sup> El término "Premio" se refiere a la palabra "Award."

*Conhecimento da Língua. 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.*

**Exchange Control Information.** If you acquire Shares under the Plan and do not hold the shares with a Portuguese financial intermediary, you may need to file a report with the Portuguese Central Bank. If the shares are held by a Portuguese financial intermediary, it will file the report for you.

#### **Puerto Rico**

There are no country-specific provisions.

#### **Romania**

**Exchange Control Information.** If you deposit the proceeds from the sale of your Shares 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 and any dividends received in relation to the Performance Share Units 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.

**Securities Law Information.** These materials do not constitute advertising or an offering of securities in Russia nor do they constitute placement of the Shares in Russia. The issuance of Shares pursuant to the Performance Share Units described herein has not and will not be registered in Russia and hence, the Shares 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 Performance Share Units or Shares in Russia, or promote these shares to other Russian legal entities or individuals, and you are not permitted to sell or otherwise dispose of Shares directly to other Russian legal entities or individuals. You are permitted to sell Shares only on the New York Stock Exchange and only through a U.S. broker.

**Data Privacy Consent.** This section replaces Section 22 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 and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Performance Share Units 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 Morgan Stanley Smith Barney, 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.

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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, Morgan Stanley Smith Barney 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 received upon vesting of the Performance Share Units 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 and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing your consent is that the Company would not be able to grant you Performance Share Units 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 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 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

**Securities Law Information.** The grant of Performance Share Units is being made in reliance of section 273(1)(f) of the Securities and Futures Act (Chap. 289, 2006 Ed.) (“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 Performance Share Units 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. You should note that the Performance Share Units are subject to section 257 of the SFA and you will not be able to make (i) any subsequent sale of the Shares in Singapore or (ii) any offer of such subsequent sale of the Shares subject to the Performance Share Units in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA (Chapter 289, 2006 Ed.).

**Director Notification Requirement.** If you are 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 is an obligation to notify the Singapore company in writing when you receive an interest (e.g., Performance Share Units, Shares) in the Company or any related companies. In addition, you must notify the Singapore company

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when you sell shares of the Company or any related company (including when you sell Shares acquired pursuant to your Performance Share Units). These notifications must be made within two business days of acquiring or disposing of any interest in the Company or any related company. In addition, a notification must be made of your interests in the Company or any related company within two business days of becoming a director.

### South Africa

**Exchange Control Information.** You are solely responsible for complying with applicable South African exchange control regulations. Because the exchange control regulations change frequently and without notice, you should consult your legal advisor prior to the acquisition or sale of Shares under the Plan to ensure compliance with current regulations. As noted, it is your responsibility to comply with South African exchange control laws, and neither the Company nor the Employer will be liable for any fines or penalties resulting from failure to comply with applicable laws.

### Spain

**Exchange Control Information.** If you acquire Shares issued pursuant to the Performance Share Units 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 *Direccion General de Politica Comercial y de Inversiones Extranjeras* (the “DGPCIE”). Generally, the declaration must be made in January for Shares acquired or sold during (or owned as of December 31 of) the prior year; however, if the value of shares acquired or sold exceeds €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.

**Foreign Asset/Account Reporting Information.** You are required to electronically declare to the Bank of Spain any security accounts (including brokerage accounts held abroad), as well as the security (including Shares acquired at vesting of Performance Share Units) held in such accounts if the value of the transactions for all such accounts during the prior year for the balances in such accounts as of December 31 of the prior year exceeds €1,000,000. More frequent reporting is required if such transaction value or account balance exceeds €100,000,000.

In addition, to the extent you hold Shares 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 and/or accounts are initially reported, the reporting obligation will apply for subsequent years only if the value or any previously reported Shares or accounts increases by more than €20,000 as of each subsequent December 31.

**Labor Law Acknowledgment.** This provision supplements Sections 6 and 13 of the Agreement:

By accepting the Performance Share Units, 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 Performance Share Units, 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 Performance Share Units that have not vested on the date of your termination.

In particular, you understand and agree that, unless otherwise provided in the Agreement, the Performance Share Units will be forfeited without entitlement to the underlying Shares 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 cause, 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.

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Furthermore, you understand that the Company has unilaterally, gratuitously and discretionally decided to grant Performance Share Units 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 Performance Share Units are granted on the assumption and condition that the Performance Share Units and the Shares underlying the Performance Share Units 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 Performance Share Units 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 Performance Share Units shall be null and void.

**Securities Law Information.** The Performance Share Units and the Shares 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 Performance Share Units offered are considered a private offering in Switzerland; therefore, they are not subject to registration in Switzerland.

#### Taiwan

**Exchange Control Information.** You may remit foreign currency (including proceeds from the sale of Shares) 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 or 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 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 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 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 Central Bank of Tunisia.

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## Turkey

**Securities Law Information.** Under Turkish law, you are not permitted to sell Shares acquired under the Plan in Turkey. The Shares are currently traded on the New York Stock Exchange, which is located outside of Turkey, under the ticker symbol “BMV” and the Shares 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. Therefore, you may be required to appoint a Turkish broker to assist with the sale of Shares acquired under the Plan. You should consult your personal legal advisor before selling any Shares acquired under the Plan to confirm the applicability of this requirement.

## United Arab Emirates

**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.

## United Kingdom

**Responsibility for Taxes.** This provision supplements Section 9 of the Agreement:

You agree that, if you do not pay or the Employer or the Company does not withhold from you the full amount of Tax-Related Items that you owe at vesting and settlement of the Performance Share Units, or the release or assignment of the Performance Share Units for consideration, or the receipt of any other benefit in connection with the Performance Share Units (the “Taxable Event”) within 90 days after the Taxable Event, or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the “Due Date”), then the amount of income tax that should have been withheld shall constitute a loan owed by you to the Employer, effective on the Due Date. You agree that the loan will bear interest at Her Majesty’s Revenue & Customs’ (“HMRC”) official rate and will be immediately due and repayable by you, and the Company and/or the Employer may recover it at any time thereafter by withholding the funds from salary, bonus or any other funds due to you by the Employer, by withholding in Shares issued upon vesting of your Performance Share Units or from the cash proceeds from the sale of Shares or by demanding cash or a cheque from you. You also authorize the Company to delay the issuance of any Shares unless and until the loan is repaid in full.

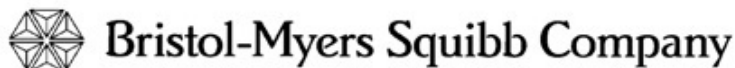
Notwithstanding the foregoing, if you are an officer or executive director (as within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934, as amended), the terms of the immediately foregoing provision will not apply. In the event that you are an officer or executive director and the income tax that is due is not collected from or paid by you within 90 days of the Taxable Event, the amount of any uncollected income tax may constitute a benefit to you on which additional income tax and national insurance contributions may be payable. You may be responsible for reporting and paying any income tax due on this additional benefit directly to the HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as appropriate) for the value of any employee national insurance contributions due on this additional benefit, which the Company or the Employer may recover from you by any means referred to in Section 9 of the Agreement.

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## Venezuela

**Securities Law Information.** The Performance Share Units granted under the Plan and the Shares issued under the Plan are offered as a personal, private, exclusive transaction and are not subject to Venezuelan securities regulations.

**Exchange Control Information.** Exchange control restrictions may limit the ability to remit funds out of Venezuela in order to receive Shares upon vesting of the Performance Share Units, or remit funds into Venezuela following the sale of Shares acquired upon vesting of the Performance Share Units. The Company reserves the right to restrict settlement of the Performance Share Units or to amend or cancel the Performance Share Units at any time in order to comply with applicable exchange control laws in Venezuela. Any Shares 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 Performance Share Units and before selling any Shares acquired upon vesting of the Performance Share Units 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, 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, RSUs shall be subject to the restrictions and conditions set forth herein during the Restricted Period (as defined below). 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, the RSUs will become vested and non-forfeitable as follows: one-third on the third anniversary of the Award Date; an additional one-third on the fourth anniversary of the Award Date; and the final one-third on the fifth anniversary of the Award Date. In the event you attain age 65 while still an employee of the Company or a subsidiary, all unvested RSUs held by you at least one year from the Award Date will become vested and non-forfeitable, and thereafter, so long as you remain an employee of the Company or a subsidiary after attaining age 65, all other RSUs will become 100% vested one year from the Award Date.

- (a) **Nontransferability.** During the Restricted Period and any further period prior to settlement of your RSUs, you may not sell, transfer, pledge or assign any of the RSUs or your rights relating thereto. If you attempt to assign 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)(i)(C)(2) and 11(k)(i)(G); 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 RSU. 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 RSU. 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.

- (c) Retirement and Death. In the event of your Retirement (as that term is defined in the Plan; however, if you attain age 65 before Retirement, RSUs held for at least one year will have vested prior to Retirement) or your death while employed by the Company prior to the end of the Restricted Period, you, or your estate, 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 (taking into account RSUs previously vested), provided that you have been continuously employed by the Company or a subsidiary of the Company for at least one year following the Award Date and 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. 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 and, where deemed applicable by the Company, you execute a non-compete and/or a non-solicitation agreement; if you fail to execute or revoke the release or fail to execute the non-compete or non-solicitation agreement, or your release and/or non-compete or non-solicitation agreement 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 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. In the event of your death 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, upon presentation to the Committee of letters testamentary or other documentation satisfactory to the Committee, and your estate shall succeed to any other rights provided hereunder in the event of your death.
- (d) Termination not for Misconduct/Detrimental Conduct. In the event your employment is terminated by the Company for reasons other than misconduct or other conduct deemed detrimental to the interests 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 (taking into account RSUs previously vested), provided that you have been continuously employed by the Company or a subsidiary of the Company for at least one year following the Award Date and 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. 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 and, where deemed applicable by the Company, you execute a non-compete and/or a non-solicitation agreement; if you fail to execute or revoke the release or fail to execute the non-compete or non-solicitation agreement, or your release and/or non-compete or non-solicitation agreement 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. 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, 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, with such termination treated for purposes of the RSUs as a Retirement, death, or voluntary termination 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, 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, 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).
  - (vi) In any case in which you are required to execute a release, non-compete or non-solicitation agreement as a condition to vesting and settlement of the RSUs, the applicable procedure shall be as specified under Plan Section 11(k)(v), except that the deadline for complying with such condition shall be the period provided in 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;



- (ii) A leave of absence, duly authorized in writing by the Company, for military service or sickness or for any other purpose approved by the Company if the period of such leave does not exceed ninety (90) days; and
- (iii) A leave of absence in excess of ninety (90) days, duly authorized in writing, by the Company, provided your right to reemployment is guaranteed either by a statute or by contract.

However, your failure to return to active service with the Company or a subsidiary at the end of an approved leave of absence shall be deemed a termination of employment, subject to local law. During a leave of absence as defined in (ii) or (iii), 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 period shall not be counted in determining the period of employment for purposes of the vesting of the RSUs. In such case, the vesting dates for unvested RSUs shall be extended by the length of any such leave of absence.

3. NON-COMPETITION AND NON-SOLICIATION AGREEMENT AND COMPANY RIGHT TO FORFEITURE, INJUNCTION AND OTHER REMEDIES

You acknowledge that your continued employment with the Company or a subsidiary and the grant of RSUs is sufficient consideration for this Agreement, including, without limitation, the restrictions imposed upon you by this Section 3.

- (a) By accepting the RSUs, you expressly agree and covenant that during the Restricted Period (as defined below) and the Non-Competition and Non-Solicitation Period (as defined below), you shall not, without the prior consent of the Company, directly or indirectly:
  - (i) 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 percent 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) be actively connected with a Competitive Business by managing, operating, controlling, being an employee or consultant (or accepting an offer to be an employee or consultant) or otherwise advising or assisting a Competitive Business in such a way that such connection might result in an increase in value or worth of any product, technology or service, that competes with any product, technology or service upon which you worked or about which you became familiar as a result of your employment with the Company or a subsidiary or affiliate. You may, however, be actively connected with a Competitive Business after your employment with the Company or a subsidiary terminates for any reason, so long as (1) your connection to the business does not involve any product, technology or service, that competes with any product, technology or service upon which you worked or about which you became familiar as a result of your employment with the Company or a subsidiary including but not limited to the development of any product, technology or service prior to approval or sale; and (2) the Company is provided written assurances of this fact from the Competing Company prior to your beginning such connection;
  - (iii) take any action that might divert any opportunity from the Company or any of its affiliates, successors or assigns (the "Related Parties") that is within the scope of the present or future operations or business of any Related Parties;
  - (iv) employ, solicit for employment, advise or recommend to any other person that they employ or solicit for employment or form an association with any person who is employed by the Company or its Related Parties or who has been employed by the Company or its Related Parties within one year of the date your employment with the Company or a subsidiary ceased for any reason whatsoever;
  - (v) contact, call upon or solicit any customer of the Company, or attempt to divert or take away from the Company the business of any of its customers;
  - (vi) contact, call upon or solicit any prospective customer of the Company that you became aware of or were introduced to in the course of your duties for the Company or its Related Parties, or otherwise divert or take away from the Company the business of any prospective customer of the Company; or

- (vii) engage in any activity that is harmful to the interests of the Company, 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.
- (b) Forfeiture. If the Company determines that you have violated any provisions of Section 3(a) above during the Restricted Period or the Non-Competition and Non-Solicitation Period, then you agree and covenant that:
  - (i) any unvested portion of the RSUs shall be immediately rescinded;
  - (ii) you shall automatically forfeit any rights you may have with respect to the RSUs as of the date of such determination;
  - (iii) if any part of the RSUs vests within the twelve-month period immediately preceding a violation of Section 3(a) 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(b) shall not be the Company's exclusive remedies. The Company reserves all other rights and remedies available to it at law or in equity.
- (c) Company Policy. 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.
- (d) Definitions. For purposes of this Agreement, the following definitions shall apply:
  - (i) The Company directly advertises and solicits business from customers wherever they may be found and its business is thus worldwide in scope. Therefore, "Competitive Business" means any person or entity that engages in any business activity that competes with the Company's business in any way, in any geographic area in which the Company engages in business, including, without limitation, any state in the United States in which the Company sells or offers to sell its products from time to time.
  - (ii) "Non-Competition and Non-Solicitation Period" means the period during which you are employed by the Company and twelve months following the date that you cease to be employed by the Company for any reason whatsoever.
  - (iii) "Restricted Period" means, with respect to each RSU, 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.
- (e) Severability. You acknowledge and agree that the period, scope and geographic areas of restriction imposed upon you by the provisions of Section 3 are fair and reasonable and are reasonably required for the protection of the Company. In the event that all or any part of this Section 3 is held to be unenforceable or invalid, the remaining parts of Section 3 and this Agreement shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part of this Agreement. If any one of the provisions in Section 3 is held to be excessively broad as to period, scope and geographic areas, any such provision shall be construed by limiting it to the extent necessary to be enforceable under applicable law.
- (f) Additional Remedies. You acknowledge that breach by you of this Agreement would cause irreparable harm to the Company and that the forfeiture remedy set forth in this Agreement may not be adequate to prevent or remedy the harm to the Company caused by your breach. You agree that in those circumstances, the Company shall have, in addition to monetary damages and other remedies available at law, the right to an injunction, specific performance and other equitable relief to prevent violations of your obligations hereunder.
- (g) California Employees. The provisions of this Section 3 shall not apply if you are an employee resident in the State of California.

#### 4. RESPONSIBILITY FOR TAXES

You acknowledge that, regardless of any action taken by the Company, any subsidiary or affiliate or 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, and the subsequent sale of any shares of Common Stock acquired at settlement and 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 between the Award Date and the date of any relevant taxable event, 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, 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 their 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) 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) 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 will 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 for any portion of the RSUs that is considered nonqualified deferred compensation subject to Section 409A, then the number of shares sold on your behalf (or withheld) shall not exceed the number of shares that equals the liability for Tax-Related Items.

#### 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 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 purposes including, but not limited to, calculation of any severance, resignation, termination, redundancy or end-of-service payments, bonuses, long-service awards, pension or retirement benefits, or similar 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 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 Common Stock subject to the RSUs are not intended to replace any pension rights or compensation;
- (f) The future value of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty;
- (g) 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 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), and in consideration of the grant of the RSUs to which you are otherwise not entitled, you irrevocably agree never to institute any claim against the Company, any of its subsidiaries or affiliates or the Employer, waive your ability, if any, to bring such claim, and release the Company, any subsidiary or affiliate and/or the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim;
- (h) 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
- (i) 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) you acknowledge and agree that 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 are hereby advised to 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 or any specific position or level of employment with the Company or any subsidiary or affiliate or affect in any way the right of the Company or any subsidiary or affiliate 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 first vest 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 first vest date. For your benefit, if you have not rejected the Agreement prior to the first vest 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 19 and 22 below, 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 New York. 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 New York, agree that such litigation shall be conducted in the courts of New York, New York, or the federal courts for the United States for the Southern District of New York, and no other courts where this RSU grant is made and/or performed.

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, your 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 your Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social security number or other identification 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 Morgan Stanley Smith Barney, 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. 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, Morgan Stanley Smith Barney 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 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 and career with the Employer will not be adversely 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.*

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 of residence, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell shares of Common Stock or rights to shares of Common Stock ( e.g., RSUs) under the Plan during such times as you are considered to have “inside information” regarding the Company (as defined by the laws in your country). 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 are advised to 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. 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 during the Restricted Period, the special provisions for such country shall apply to you, 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. 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 \_\_\_\_\_

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 Morgan Stanley Smith Barney, 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, 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 to residents in 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 2014 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 are advised to 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 when you attain age 65 or in the event of your Retirement being deemed unlawful and/or discriminatory, the provisions of Section 2 regarding the treatment of the RSUs when you attain age 65 or in the event of your Retirement shall not be applicable to you.

**Algeria**

**Exchange Control Information.** Proceeds from the settlement of RSUs, the sale of Common Stock and the receipt of any dividends must be repatriated to Algeria.

**Argentina**

**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.** In the event that you transfer proceeds from the settlement of RSUs, sale of shares of Common Stock or any cash dividends paid on such shares into Argentina within 10 days of receipt (*i.e.*, if the proceeds have not been held in the offshore bank or brokerage account for at least 10 days prior to transfer), you will be required to deposit 30% of any proceeds in a non-interest bearing deposit account for a 365 day holding period. In any event, the Argentine bank handling the transaction may request certain documentation in connection with your request to transfer proceeds into Argentina, including evidence of the sale of shares of Common Stock and proof that no funds were remitted out of Argentina to acquire the shares of Common Stock. If the bank determines that the 10-day rule or any other rule or regulation promulgated by the Argentine Central Bank has not been satisfied, it may require that 30% of the proceeds be placed in a non-interest bearing dollar denominated mandatory deposit account for a holding period of 365 days. Please note that exchange control regulations in Argentina are subject to frequent change. You are solely responsible for complying with any exchange control laws that may apply to you as a result of participating in the

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Plan and/or the transfer of funds in connection with the award. You should consult with your personal legal advisor regarding any exchange control obligations that you may have.

**Foreign Asset/Account Reporting Information.** Pursuant to General Resolution (AFIP) No. 3293 published on March 26, 2012, you are subject to an annual information regime under which you must report any equity interests held in the Company to the Argentine tax authorities.

### **Australia**

**Australian Addendum.** The RSUs and your right to participate in the Plan are granted pursuant to the Australian Addendum and are subject to the terms and conditions as stated in the Australian Addendum, the specific relief instrument granted by the Australian Securities and Investment Commission, the Plan and the Agreement.

**Securities Law Information.** If you acquire shares of Common Stock pursuant to your RSUs and you offer your shares of Common Stock for sale to a person or entity resident in Australia, your offer may be subject to disclosure requirements under Australian law. You should obtain legal advice on your disclosure obligations prior to making any such offer.

**Exchange Control Information.** Exchange control reporting is required for cash transactions exceeding AUD10,000 and for international fund transfers. The Australian bank assisting with the transaction will file the report for you. If there is no Australian bank involved in the transfer, you will have to file the report.

### **Austria**

**Exchange Control Information.** If you hold shares of Common Stock purchased under the Plan outside of Austria (even if you hold them outside of Austria at a branch of an Austrian bank), you will 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 exceeds €30,000,000; and (ii) on an annual basis if the value of the Common Stock as of December 31 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 exceeds €3,000,000, 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 €3,000,000, no ongoing reporting requirements apply.

### **Belgium**

**Foreign Asset/Account Reporting Information.** If you are a Belgian resident, you are required to report any security or bank account (including brokerage accounts) you maintain outside of Belgium on your annual tax return.

### **Brazil**

**Compliance with Laws.** By accepting the RSUs, you agree that you will comply with Brazilian law when you vest in the RSUs and sell shares of Common Stock. You also agree to report and pay any and all taxes associated with the vesting of the RSUs, the sale of the shares of Common Stock acquired pursuant to the Plan and the receipt of any dividends.

**Exchange Control Information.** 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. The assets and rights that must be reported include shares of Common Stock.

### **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.

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**Termination of Employment.** This provision replaces the second paragraph of Section 2(h)(v) of the Agreement:

In the event of your termination of 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 Company shall have the exclusive discretion to determine when you are no longer actively employed for purposes of the RSUs (including whether you may be considered to be providing services while on a leave of absence).

**Foreign Asset/Account Reporting Information.** You may be required to report your foreign property on Form T1135 (Foreign Income Verification Statement) if the total cost of your foreign property exceeds C\$100,000 at any time in the year. Foreign property includes shares of Common Stock acquired under the Plan. The Form T1135 must be filed by April 30 of the following year.

*The following provisions apply if you are resident in Quebec:*

#### **Language Acknowledgment**

The parties acknowledge that it is their express wish that this Agreement, including this Addendum, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be provided to them in English.

*Consentement relatif à la langue utilisée. Les parties reconnaissent avoir expressément souhaité que la convention («Agreement») ainsi que cette Annexe, ainsi que tous les documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente convention, soient rédigés en langue anglaise.*

**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 not, involved in 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.** Neither the Company, the RSUs nor the shares of Common Stock you may acquire upon vesting of your RSUs are registered with the Registry of Securities or under the control of the Chilean Superintendence of Securities.

**Exchange Control and Foreign Asset/Account Reporting Information.** You are not required to repatriate proceeds obtained from the sale of Common Stock or from dividends to Chile; however, if you decide to repatriate proceeds from the sale of Common Stock and/or dividends and the amount of the proceeds to be repatriated exceeds US\$10,000, you acknowledge that you must effect such repatriation through the Formal Exchange Market ( *i.e.*, a commercial bank or registered foreign exchange office). In such case, you must report the proceeds to a commercial bank or registered foreign exchange office receiving the funds. If you do not repatriate the funds and use such funds for the payment of other obligations contemplated under a different Chapter of the Foreign Exchange Regulations, you must sign Annex 1 of the Manual of Chapter XII of the Foreign Exchange Regulations and file it directly with the Central Bank within the first 10 days of the month immediately following the transaction.

Further, if the value of your aggregate investments held outside of Chile exceeds US\$5,000,000 (including the value of Common Stock acquired under the Plan), you must report the status of such investments quarterly to the Central Bank using Annex 3.1 of Chapter XII of the Foreign Exchange Regulations.

Finally, if you hold Common Stock acquired under the Plan outside of Chile, you must inform the Chilean Internal Revenue Service (the “CIRS”) of the details of your investment in the Common Stock by Filing Tax Form 1851 “Annual Sworn Statement Regarding Investments Held Abroad”. Further, if you wish to receive credit against your Chilean income taxes for any taxes paid abroad, you must report the payment of taxes abroad to the CIRS by filing Tax Form 1853 “Annual Sworn Statement Regarding

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Credits for Taxes Paid Abroad". These statements must be submitted electronically through the CIRS website before March 15 of each year.

## 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, you agree that the Company is authorized to force the sale of shares of Common Stock to be issued to you upon vesting and settlement of the RSUs at any time (including immediately upon vesting 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."

**Treatment of Shares of Common Stock and RSUs Upon Termination of Employment.** Due to exchange control regulations in China, you understand and agree that 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, 2015, then the Mandatory Sale Date will be April 30, 2015. 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 will automatically be sold upon settlement 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.** Effective from January 1, 2014, PRC residents are required to report to SAFE

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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 new 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

**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.

### 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 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.

**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.** If you hold shares of Common Stock acquired under the Plan in a brokerage account with a broker or bank outside Denmark, you are required to inform the Danish Tax Administration about the account. For this purpose, you must file a Form V (Erklaering V) with the Danish Tax Administration. Both you and the broker or bank must sign the Form V. By signing the Form V, the broker or bank undertakes an obligation, without further request each year and not later than February 1 of the year following the calendar year to which the information relates, to forward information to the Danish Tax Administration concerning the shares of Common Stock in the account. In the event that the applicable 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 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 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](http://www.skat.dk).

In addition, if you open a brokerage account (or a deposit account with a U.S. bank), the brokerage account likely will be treated as a deposit account because cash can be held in the account. Therefore, you likely must file a Form K (Erklaering K) with the Danish Tax Administration. The Form K must be signed both by you and by the applicable broker or bank where the account is held. By signing the Form K, the broker/bank undertakes an obligation, without further request each year and not later than February 1 of the year following the calendar year to which the information relates, to forward information to the Danish Tax Administration concerning the content of the 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 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](http://www.skat.dk).

### Ecuador

There are no country-specific provisions.

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## 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.

## 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.

**Exchange Control Information.** If you import or export cash (*e.g.*, sales proceeds received under the Plan) with a value equal to or exceeding €10,000 and do not use a financial institution to do so, you must submit a report to the customs and excise authorities.

**Foreign Asset/Account Reporting Information.** If you hold shares of Common Stock outside of France or maintain a foreign bank account (including accounts that were opened and closed during the tax year), you are required to report such to the French tax authorities when filing your annual tax return. Failure to comply could trigger significant penalties.

## Germany

**Exchange Control Information.** Cross-border payments in excess of €12,500 must be reported to the German Federal Bank. From September 2013, 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](http://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 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, nor have the documents been reviewed by any regulatory authority 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. 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.*

**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 sold prior to six months from the Award Date.

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**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 of Common Stock and any cash dividends to India within a reasonable time following the receipt (*i.e.*, within 90 days). 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 or (b) any foreign bank accounts for which you have signing authority.

#### **Ireland**

**Director Notification Obligation.** If you are a director, shadow director, or secretary of an Irish subsidiary, you are subject to certain notification requirements under the Companies Act, 1990. Among these requirements is an obligation to notify the Irish subsidiary in writing within five business days of receiving or disposing of an interest (*e.g.*, RSUs, Common Stock) in the Company and the number and class of shares of Common Stock or rights to which the interest relates, or within five business days of becoming aware of the event giving rise to the notification requirement or within five days of becoming a director or secretary if such an interest exists at the time. This disclosure requirement also applies to any rights or shares of Common Stock acquired by your spouse or child(ren) (under the age of 18).

#### **Israel**

**Settlement of RSUs and Sale of Common Stock.** Upon the vesting of the RSUs, 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.

#### **Italy**

**Data Privacy Notice.** This section replaces Section 16 of the Agreement:

You understand that the Company and the Employer are the privacy representatives of the Company in Italy and may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance 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. 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 Morgan Stanley Smith Barney 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. You further understand that the Company and its subsidiaries will

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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 Morgan Stanley Smith Barney 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. 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. 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 16 (Data Privacy, as replaced by the above provision in this Addendum); 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); and Section 23 (Imposition of Other Requirements).

**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.

## 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. The penalty for fraudulent reporting is imprisonment up to one year or a fine up to ¥500,000. You should consult with your personal tax advisor as to whether the reporting obligation

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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 are required to repatriate the proceeds to Korea within 18 months of receipt.

**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).

### **Kuwait**

There are no country-specific provisions.

### **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<sup>11</sup> El término "Premio" se refiere a la palabra "Award.", 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.*

*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,*

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*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.

#### **Peru**

**Securities Law Information.** The grant of RSUs is considered a private offering in Peru; therefore, it is not subject to registration.

#### **Poland**

**Exchange Control Information.** Polish residents holding foreign securities (including shares of Common Stock) and maintaining accounts abroad must report information to the National Bank of Poland. Specifically, if the aggregate value of shares and cash 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. In addition, 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 in any single transaction exceeds a specified threshold (currently €15,000). If you are a Polish resident, you must also store 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 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 Língua. 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.*

**Exchange Control Information.** If you acquire shares of Common Stock under the Plan and do not hold the shares with a Portuguese financial intermediary, you may need to file a report with the Portuguese Central Bank. If the shares are held by a Portuguese financial intermediary, it will file the report for you.

#### **Puerto Rico**

There are no country-specific provisions.

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<sup>1</sup> El término "Premio" se refiere a la palabra "Award."

## Romania

**Exchange Control Information.** 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 and any dividends received in relation to the RSUs 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.

**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. 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 Consent.** 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 and telephone number, date of birth, social insurance number or other identification 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 Morgan Stanley Smith Barney, 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. 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, Morgan Stanley Smith Barney 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 and career with the Employer will not be adversely affected; the only adverse 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

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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

**Securities Law Information.** The grant of RSUs is being made in reliance of section 273(1)(f) of the Securities and Futures Act (Chap. 289, 2006 Ed.) (“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. You should note that the RSUs are subject to section 257 of the SFA and you will not be able to make (i) any subsequent sale of the shares of Common Stock in Singapore or (ii) any offer of such subsequent sale of the shares of Common Stock subject to the RSUs in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA.

**Director Notification Requirement.** If you are 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 is an obligation to notify the Singapore company in writing when you receive an interest (*e.g.*, RSUs, Common Stock) in the Company or any related companies. In addition, you must notify the Singapore company when you sell shares of the Company or any related company (including when you sell shares of Common Stock acquired pursuant to your RSUs). These notifications must be made within two business days of acquiring or disposing of any interest in the Company or any related company. In addition, a notification must be made of your interests in the Company or any related company within two business days of becoming a director.

#### South Africa

**Exchange Control Information.** You are solely responsible for complying with applicable South African exchange control regulations. 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. As noted, it is your responsibility to comply with South African exchange control laws, and neither the Company nor the Employer will be liable for any fines or penalties resulting from failure to comply with applicable laws.

#### 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 €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.

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**Foreign Asset/Account Reporting Information.** You are 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 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. More frequent reporting is required if such transaction value or account balance exceeds €100,000,000.

In addition, 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 cause, 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 offered are considered a private offering in Switzerland; therefore, they are not subject to registration in Switzerland.

#### Taiwan

**Exchange Control Information.** You may 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

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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 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 Central Bank of Tunisia.

#### **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. 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**

**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.

#### **United Kingdom**

**Responsibility for Taxes.** This provision supplements Section 4 of the Agreement:

You agree that, if you do not pay or the Employer or the Company does not withhold from you the full amount of Tax-Related Items that you owe at vesting and settlement of the RSUs, or the release or assignment of the RSUs for consideration, or the receipt of any other benefit in connection with the RSUs (the “Taxable Event”) within 90 days after the Taxable Event, or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the “Due Date”), then the amount of income tax that should have been withheld shall constitute a loan owed by you to the Employer, effective or the Due Date. You agree that the loan will bear interest at Her Majesty’s Revenue & Customs’ (“HMRC”) official rate and will be immediately due and repayable by you, and the Company and/or the Employer may recover it at any time thereafter by withholding the funds from salary, bonus or any other funds due to you by the Employer, by withholding in shares of Common Stock issued upon vesting of

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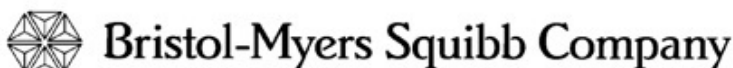
your RSUs or from the cash proceeds from the sale of shares of Common Stock or by demanding cash or a cheque from you. You also authorize the Company to delay the issuance of any shares of Common Stock unless and until the loan is repaid in full.

Notwithstanding the foregoing, if you are an officer or executive director (as within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934, as amended), the terms of the immediately foregoing provision will not apply. In the event that you are an officer or executive director and the income tax that is due is not collected from or paid by you within 90 days of the Taxable Event, the amount of any uncollected income tax may constitute a benefit to you on which additional income tax and national insurance contributions may be payable. You may be responsible for reporting and paying any income tax due on this additional benefit directly to the HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as appropriate) for the value of any employee national insurance contributions due on this additional benefit, which the Company or the Employer may recover from you by any means referred to in Section 4 of the Agreement.

### **Venezuela**

**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.

**Exchange Control Information.** Exchange control restrictions may limit the ability to remit funds out of Venezuela in order to receive shares of Common Stock upon vesting of 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.



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**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, 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, RSUs shall be subject to the restrictions and conditions set forth herein during the Restricted Period (as defined below). 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, 25% of the RSUs shall vest on each of the first four anniversaries of the Award Date. In the event you attain age 65 while still an employee of the Company or a subsidiary, all unvested RSUs held by you at least one year from the Award Date will become vested and non-forfeitable, and thereafter, so long as you remain an employee of the Company or a subsidiary after attaining age 65, all other RSUs will become 100% vested one year from the Award Date.

- (a) Nontransferability. During the Restricted Period and any further period prior to settlement of your RSUs, you may not sell, transfer, pledge or assign any of the RSUs or your rights relating thereto. If you attempt to assign 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)(i)(C)(2) and 11(k)(i)(G); 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 RSU. 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 RSU. 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.

- (c) Retirement and Death. In the event of your Retirement (as that term is defined in the Plan; however, if you attain age 65 before Retirement, RSUs held for at least one year will have vested prior to Retirement) or your death while employed by the Company prior to the end of the Restricted Period, you, or your estate, 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 (taking into account RSUs previously vested), provided that you have been continuously employed by the Company or a subsidiary of the Company for at least one year following the Award Date and 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. 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 and, where deemed applicable by the Company, you execute a non-compete and/or a non-solicitation agreement; if you fail to execute or revoke the release or fail to execute the non-compete or non-solicitation agreement, or your release and/or non-compete or non-solicitation agreement 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 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. In the event of your death 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, upon presentation to the Committee of letters testamentary or other documentation satisfactory to the Committee, and your estate shall succeed to any other rights provided hereunder in the event of your death.
- (d) Termination not for Misconduct/Detrimental Conduct. In the event your employment is terminated by the Company for reasons other than misconduct or other conduct deemed detrimental to the interests 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 (taking into account RSUs previously vested), provided that you have been continuously employed by the Company or a subsidiary of the Company for at least one year following the Award Date and 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. 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 and, where deemed applicable by the Company, you execute a non-compete and/or a non-solicitation agreement; if you fail to execute or revoke the release or fail to execute the non-compete or non-solicitation agreement, or your release and/or non-compete or non-solicitation agreement 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. 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, 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, with such termination treated for purposes of the RSUs as a Retirement, death, or voluntary termination 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, 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, 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).
  - (vi) In any case in which you are required to execute a release, non-compete or non-solicitation agreement as a condition to vesting and settlement of the RSUs, the applicable procedure shall be as specified under Plan Section 11(k)(v), except that the deadline for complying with such condition shall be the period provided in 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;

- (ii) A leave of absence, duly authorized in writing by the Company, for military service or sickness or for any other purpose approved by the Company if the period of such leave does not exceed ninety (90) days; and
- (iii) A leave of absence in excess of ninety (90) days, duly authorized in writing, by the Company, provided your right to reemployment is guaranteed either by a statute or by contract.

However, your failure to return to active service with the Company or a subsidiary at the end of an approved leave of absence shall be deemed a termination of employment, subject to local law. During a leave of absence as defined in (ii) or (iii), 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 period shall not be counted in determining the period of employment for purposes of the vesting of the RSUs. In such case, the vesting dates for unvested RSUs shall be extended by the length of any such leave of absence.

3. NON-COMPETITION AND NON-SOLICITATION AGREEMENT AND COMPANY RIGHT TO FORFEITURE, INJUNCTION AND OTHER REMEDIES

You acknowledge that your continued employment with the Company or a subsidiary and the grant of RSUs is sufficient consideration for this Agreement, including, without limitation, the restrictions imposed upon you by this Section 3.

- (a) By accepting the RSUs, you expressly agree and covenant that during the Restricted Period (as defined below) and the Non-Competition and Non-Solicitation Period (as defined below), you shall not, without the prior consent of the Company, directly or indirectly:
  - (i) 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 percent 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) be actively connected with a Competitive Business by managing, operating, controlling, being an employee or consultant (or accepting an offer to be an employee or consultant) or otherwise advising or assisting a Competitive Business in such a way that such connection might result in an increase in value or worth of any product, technology or service, that competes with any product, technology or service upon which you worked or about which you became familiar as a result of your employment with the Company or a subsidiary or affiliate. You may, however, be actively connected with a Competitive Business after your employment with the Company or a subsidiary terminates for any reason, so long as (1) your connection to the business does not involve any product, technology or service, that competes with any product, technology or service upon which you worked or about which you became familiar as a result of your employment with the Company or a subsidiary including but not limited to the development of any product, technology or service prior to approval or sale; and (2) the Company is provided written assurances of this fact from the Competing Company prior to your beginning such connection;
  - (iii) take any action that might divert any opportunity from the Company or any of its affiliates, successors or assigns (the "Related Parties") that is within the scope of the present or future operations or business of any Related Parties;
  - (iv) employ, solicit for employment, advise or recommend to any other person that they employ or solicit for employment or form an association with any person who is employed by the Company or its Related Parties or who has been employed by the Company or its Related Parties within one year of the date your employment with the Company or a subsidiary ceased for any reason whatsoever;
  - (v) contact, call upon or solicit any customer of the Company, or attempt to divert or take away from the Company the business of any of its customers;
  - (vi) contact, call upon or solicit any prospective customer of the Company that you became aware of or were introduced to in the course of your duties for the Company or its Related Parties, or otherwise divert or take away from the Company the business of any prospective customer of the Company; or

- (vii) engage in any activity that is harmful to the interests of the Company, 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.
- (b) Forfeiture. If the Company determines that you have violated any provisions of Section 3(a) above during the Restricted Period or the Non-Competition and Non-Solicitation Period, then you agree and covenant that:
  - (i) any unvested portion of the RSUs shall be immediately rescinded;
  - (ii) you shall automatically forfeit any rights you may have with respect to the RSUs as of the date of such determination;
  - (iii) if any part of the RSUs vests within the twelve-month period immediately preceding a violation of Section 3(a) 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(b) shall not be the Company's exclusive remedies. The Company reserves all other rights and remedies available to it at law or in equity.
- (c) Company Policy. 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.
- (d) Definitions. For purposes of this Agreement, the following definitions shall apply:
  - (i) The Company directly advertises and solicits business from customers wherever they may be found and its business is thus worldwide in scope. Therefore, "Competitive Business" means any person or entity that engages in any business activity that competes with the Company's business in any way, in any geographic area in which the Company engages in business, including, without limitation, any state in the United States in which the Company sells or offers to sell its products from time to time.
  - (ii) "Non-Competition and Non-Solicitation Period" means the period during which you are employed by the Company and twelve months following the date that you cease to be employed by the Company for any reason whatsoever.
  - (iii) "Restricted Period" means, with respect to each RSU, 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.
- (e) Severability. You acknowledge and agree that the period, scope and geographic areas of restriction imposed upon you by the provisions of Section 3 are fair and reasonable and are reasonably required for the protection of the Company. In the event that all or any part of this Section 3 is held to be unenforceable or invalid, the remaining parts of Section 3 and this Agreement shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part of this Agreement. If any one of the provisions in Section 3 is held to be excessively broad as to period, scope and geographic areas, any such provision shall be construed by limiting it to the extent necessary to be enforceable under applicable law.
- (f) Additional Remedies. You acknowledge that breach by you of this Agreement would cause irreparable harm to the Company and that the forfeiture remedy set forth in this Agreement may not be adequate to prevent or remedy the harm to the Company caused by your breach. You agree that in those circumstances, the Company shall have, in addition to monetary damages and other remedies available at law, the right to an injunction, specific performance and other equitable relief to prevent violations of your obligations hereunder.
- (g) California Employees. The provisions of this Section 3 shall not apply if you are an employee resident in the State of California.

#### 4. RESPONSIBILITY FOR TAXES

You acknowledge that, regardless of any action taken by the Company, any subsidiary or affiliate or 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, and the subsequent sale of any shares of Common Stock acquired at settlement and 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 between the Award Date and the date of any relevant taxable event, 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, 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 their 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) 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) 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 will 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 for any portion of the RSUs that is considered nonqualified deferred compensation subject to Section 409A, then the number of shares sold on your behalf (or withheld) shall not exceed the number of shares that equals the liability for Tax-Related Items.

#### 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 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 purposes including, but not limited to, calculation of any severance, resignation, termination, redundancy or end-of-service payments, bonuses, long-service awards, pension or retirement benefits, or similar 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 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 Common Stock subject to the RSUs are not intended to replace any pension rights or compensation;
- (f) The future value of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty;
- (g) 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 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), and in consideration of the grant of the RSUs to which you are otherwise not entitled, you irrevocably agree never to institute any claim against the Company, any of its subsidiaries or affiliates or the Employer, waive your ability, if any, to bring such claim, and release the Company, any subsidiary or affiliate and/or the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim;
- (h) 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
- (i) 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) you acknowledge and agree that 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 are hereby advised to 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 or any specific position or level of employment with the Company or any subsidiary or affiliate or affect in any way the right of the Company or any subsidiary or affiliate 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 first vest 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 first vest date. For your benefit, if you have not rejected the Agreement prior to the first vest 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 19 and 22 below, 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 New York. 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 New York, agree that such litigation shall be conducted in the courts of New York, New York, or the federal courts for the United States for the Southern District of New York, and no other courts where this RSU grant is made and/or performed.

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, your 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 your Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social security number or other identification 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 Morgan Stanley Smith Barney, 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. 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, Morgan Stanley Smith Barney 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 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 and career with the Employer will not be adversely 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.*

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 of residence, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell shares of Common Stock or rights to shares of Common Stock ( e.g., RSUs) under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in your country). 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 are advised to 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. 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 during the Restricted Period, the special provisions for such country shall apply to you, 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. 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 \_\_\_\_\_

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 Morgan Stanley Smith Barney, 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, 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 to residents in 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 2014 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 are advised to 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 when you attain age 65 or in the event of your Retirement being deemed unlawful and/or discriminatory, the provisions of Section 2 regarding the treatment of the RSUs when you attain age 65 or in the event of your Retirement shall not be applicable to you.

**Algeria**

**Exchange Control Information.** Proceeds from the settlement of RSUs, the sale of Common Stock and the receipt of any dividends must be repatriated to Algeria.

**Argentina**

**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.** In the event that you transfer proceeds from the settlement of RSUs, sale of shares of Common Stock or any cash dividends paid on such shares into Argentina within 10 days of receipt (*i.e.*, if the proceeds have not been held in the offshore bank or brokerage account for at least 10 days prior to transfer), you will be required to deposit 30% of any proceeds in a non-interest bearing deposit account for a 365 day holding period. In any event, the Argentine bank handling the transaction may request certain documentation in connection with your request to transfer proceeds into Argentina, including evidence of the sale of shares of Common Stock and proof that no funds were remitted out of Argentina to acquire the shares of Common Stock. If the bank determines that the 10-day rule or any other rule or regulation promulgated by the Argentine Central Bank has not been satisfied, it may require that 30% of the proceeds be placed in a non-interest bearing dollar denominated mandatory deposit account for a holding period of 365 days. Please note that exchange control regulations in Argentina are subject to frequent change. You are solely responsible for complying with any exchange control laws that may apply to you as a result of participating in the

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Plan and/or the transfer of funds in connection with the award. You should consult with your personal legal advisor regarding any exchange control obligations that you may have.

**Foreign Asset/Account Reporting Information.** Pursuant to General Resolution (AFIP) No. 3293 published on March 26, 2012, you are subject to an annual information regime under which you must report any equity interests held in the Company to the Argentine tax authorities.

### **Australia**

**Australian Addendum.** The RSUs and your right to participate in the Plan are granted pursuant to the Australian Addendum and are subject to the terms and conditions as stated in the Australian Addendum, the specific relief instrument granted by the Australian Securities and Investment Commission, the Plan and the Agreement.

**Securities Law Information.** If you acquire shares of Common Stock pursuant to your RSUs and you offer your shares of Common Stock for sale to a person or entity resident in Australia, your offer may be subject to disclosure requirements under Australian law. You should obtain legal advice on your disclosure obligations prior to making any such offer.

**Exchange Control Information.** Exchange control reporting is required for cash transactions exceeding AUD10,000 and for international fund transfers. The Australian bank assisting with the transaction will file the report for you. If there is no Australian bank involved in the transfer, you will have to file the report.

### **Austria**

**Exchange Control Information.** If you hold shares of Common Stock purchased under the Plan outside of Austria (even if you hold them outside of Austria at a branch of an Austrian bank), you will 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 exceeds €30,000,000; and (ii) on an annual basis if the value of the Common Stock as of December 31 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 exceeds €3,000,000, 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 €3,000,000, no ongoing reporting requirements apply.

### **Belgium**

**Foreign Asset/Account Reporting Information.** If you are a Belgian resident, you are required to report any security or bank account (including brokerage accounts) you maintain outside of Belgium on your annual tax return.

### **Brazil**

**Compliance with Laws.** By accepting the RSUs, you agree that you will comply with Brazilian law when you vest in the RSUs and sell shares of Common Stock. You also agree to report and pay any and all taxes associated with the vesting of the RSUs, the sale of the shares of Common Stock acquired pursuant to the Plan and the receipt of any dividends.

**Exchange Control Information.** 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. The assets and rights that must be reported include shares of Common Stock.

### **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.

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**Termination of Employment.** This provision replaces the second paragraph of Section 2(h)(v) of the Agreement:

In the event of your termination of 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 Company shall have the exclusive discretion to determine when you are no longer actively employed for purposes of the RSUs (including whether you may be considered to be providing services while on a leave of absence).

**Foreign Asset/Account Reporting Information.** You may be required to report your foreign property on Form T1135 (Foreign Income Verification Statement) if the total cost of your foreign property exceeds C\$100,000 at any time in the year. Foreign property includes shares of Common Stock acquired under the Plan. The Form T1135 must be filed by April 30 of the following year.

*The following provisions apply if you are resident in Quebec:*

#### **Language Acknowledgment**

The parties acknowledge that it is their express wish that this Agreement, including this Addendum, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be provided to them in English.

*Consentement relatif à la langue utilisée. Les parties reconnaissent avoir expressément souhaité que la convention («Agreement») ainsi que cette Annexe, ainsi que tous les documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente convention, soient rédigés en langue anglaise.*

**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 not, involved in 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.** Neither the Company, the RSUs nor the shares of Common Stock you may acquire upon vesting of your RSUs are registered with the Registry of Securities or under the control of the Chilean Superintendence of Securities.

**Exchange Control and Foreign Asset/Account Reporting Information.** You are not required to repatriate proceeds obtained from the sale of Common Stock or from dividends to Chile; however, if you decide to repatriate proceeds from the sale of Common Stock and/or dividends and the amount of the proceeds to be repatriated exceeds US\$10,000, you acknowledge that you must effect such repatriation through the Formal Exchange Market ( *i.e.*, a commercial bank or registered foreign exchange office). In such case, you must report the proceeds to a commercial bank or registered foreign exchange office receiving the funds. If you do not repatriate the funds and use such funds for the payment of other obligations contemplated under a different Chapter of the Foreign Exchange Regulations, you must sign Annex 1 of the Manual of Chapter XII of the Foreign Exchange Regulations and file it directly with the Central Bank within the first 10 days of the month immediately following the transaction.

Further, if the value of your aggregate investments held outside of Chile exceeds US\$5,000,000 (including the value of Common Stock acquired under the Plan), you must report the status of such investments quarterly to the Central Bank using Annex 3.1 of Chapter XII of the Foreign Exchange Regulations.

Finally, if you hold Common Stock acquired under the Plan outside of Chile, you must inform the Chilean Internal Revenue Service (the “CIRS”) of the details of your investment in the Common Stock by Filing Tax Form 1851 “Annual Sworn Statement Regarding Investments Held Abroad”. Further, if you wish to receive credit against your Chilean income taxes for any taxes paid abroad, you must report the payment of taxes abroad to the CIRS by filing Tax Form 1853 “Annual Sworn Statement Regarding

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Credits for Taxes Paid Abroad". These statements must be submitted electronically through the CIRS website before March 15 of each year.

## 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, you agree that the Company is authorized to force the sale of shares of Common Stock to be issued to you upon vesting and settlement of the RSUs at any time (including immediately upon vesting 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."

**Treatment of Shares of Common Stock and RSUs Upon Termination of Employment.** Due to exchange control regulations in China, you understand and agree that 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, 2015, then the Mandatory Sale Date will be April 30, 2015. 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 will automatically be sold upon settlement 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.

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**Foreign Asset/Account Reporting Information.** Effective from January 1, 2014, 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 new 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**

**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.

#### **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 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.

**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.** If you hold shares of Common Stock acquired under the Plan in a brokerage account with a broker or bank outside Denmark, you are required to inform the Danish Tax Administration about the account. For this purpose, you must file a Form V (Erklaering V) with the Danish Tax Administration. Both you and the broker or bank must sign the Form V. By signing the Form V, the broker or bank undertakes an obligation, without further request each year and not later than February 1 of the year following the calendar year to which the information relates, to forward information to the Danish Tax Administration concerning the shares of Common Stock in the account. In the event that the applicable 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 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 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](http://www.skat.dk).

In addition, if you open a brokerage account (or a deposit account with a U.S. bank), the brokerage account likely will be treated as a deposit account because cash can be held in the account. Therefore, you likely must file a Form K (Erklaering K) with the Danish Tax Administration. The Form K must be signed both by you and by the applicable broker or bank where the account is held. By signing the Form K, the broker/bank undertakes an obligation, without further request each year and not later than February 1 of the year following the calendar year to which the information relates, to forward information to the Danish Tax Administration concerning the content of the 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 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](http://www.skat.dk).

#### **Ecuador**

There are no country-specific provisions.

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## 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.

## 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.

**Exchange Control Information.** If you import or export cash (*e.g.*, sales proceeds received under the Plan) with a value equal to or exceeding €10,000 and do not use a financial institution to do so, you must submit a report to the customs and excise authorities.

**Foreign Asset/Account Reporting Information.** If you hold shares of Common Stock outside of France or maintain a foreign bank account (including accounts that were opened and closed during the tax year), you are required to report such to the French tax authorities when filing your annual tax return. Failure to comply could trigger significant penalties.

## Germany

**Exchange Control Information.** Cross-border payments in excess of €12,500 must be reported to the German Federal Bank. From September 2013, 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](http://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 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, nor have the documents been reviewed by any regulatory authority 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. 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.*

**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 sold prior to six months from the Award Date.

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**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 of Common Stock and any cash dividends to India within a reasonable time following the receipt (*i.e.*, within 90 days). 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 or (b) any foreign bank accounts for which you have signing authority.

### **Ireland**

**Director Notification Obligation.** If you are a director, shadow director, or secretary of an Irish subsidiary, you are subject to certain notification requirements under the Companies Act, 1990. Among these requirements is an obligation to notify the Irish subsidiary in writing within five business days of receiving or disposing of an interest (*e.g.*, RSUs, Common Stock) in the Company and the number and class of shares of Common Stock or rights to which the interest relates, or within five business days of becoming aware of the event giving rise to the notification requirement or within five days of becoming a director or secretary if such an interest exists at the time. This disclosure requirement also applies to any rights or shares of Common Stock acquired by your spouse or child(ren) (under the age of 18).

### **Israel**

**Settlement of RSUs and Sale of Common Stock.** Upon the vesting of the RSUs, 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.

### **Italy**

**Data Privacy Notice.** This section replaces Section 16 of the Agreement:

You understand that the Company and the Employer are the privacy representatives of the Company in Italy and may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance 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. 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 Morgan Stanley Smith Barney 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. You further understand that the Company and its subsidiaries will

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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 Morgan Stanley Smith Barney 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. 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. 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 16 (Data Privacy, as replaced by the above provision in this Addendum); 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); and Section 23 (Imposition of Other Requirements).

**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.

## 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. The penalty for fraudulent reporting is imprisonment up to one year or a fine up to ¥500,000. You should consult with your personal tax advisor as to whether the reporting obligation

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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 are required to repatriate the proceeds to Korea within 18 months of receipt.

**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).

### **Kuwait**

There are no country-specific provisions.

### **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.** *Acceptando este Premio<sup>11</sup> El término "Premio" se refiere a la palabra "Award.", 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.*

*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,*

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*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.

#### **Peru**

**Securities Law Information.** The grant of RSUs is considered a private offering in Peru; therefore, it is not subject to registration.

#### **Poland**

**Exchange Control Information.** Polish residents holding foreign securities (including shares of Common Stock) and maintaining accounts abroad must report information to the National Bank of Poland. Specifically, if the aggregate value of shares and cash 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. In addition, 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 in any single transaction exceeds a specified threshold (currently €15,000). If you are a Polish resident, you must also store 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 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 Língua. 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.*

**Exchange Control Information.** If you acquire shares of Common Stock under the Plan and do not hold the shares with a Portuguese financial intermediary, you may need to file a report with the Portuguese Central Bank. If the shares are held by a Portuguese financial intermediary, it will file the report for you.

#### **Puerto Rico**

There are no country-specific provisions.

#### **Romania**

**Exchange Control Information.** 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.

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<sup>1</sup> El término "Premio" se refiere a la palabra "Award."

## Russia

**Exchange Control Information.** You acknowledge that you must repatriate the proceeds from the sale of shares of Common Stock and any dividends received in relation to the RSUs 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.

**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. 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 Consent.** 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 and telephone number, date of birth, social insurance number or other identification 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 Morgan Stanley Smith Barney, 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. 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, Morgan Stanley Smith Barney 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 and career with the Employer will not be adversely affected; the only adverse 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.

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**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

**Securities Law Information.** The grant of RSUs is being made in reliance of section 273(1)(f) of the Securities and Futures Act (Chap. 289, 2006 Ed.) (“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. You should note that the RSUs are subject to section 257 of the SFA and you will not be able to make (i) any subsequent sale of the shares of Common Stock in Singapore or (ii) any offer of such subsequent sale of the shares of Common Stock subject to the RSUs in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA.

**Director Notification Requirement.** If you are 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 is an obligation to notify the Singapore company in writing when you receive an interest (*e.g.*, RSUs, Common Stock) in the Company or any related companies. In addition, you must notify the Singapore company when you sell shares of the Company or any related company (including when you sell shares of Common Stock acquired pursuant to your RSUs). These notifications must be made within two business days of acquiring or disposing of any interest in the Company or any related company. In addition, a notification must be made of your interests in the Company or any related company within two business days of becoming a director.

#### South Africa

**Exchange Control Information.** You are solely responsible for complying with applicable South African exchange control regulations. 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. As noted, it is your responsibility to comply with South African exchange control laws, and neither the Company nor the Employer will be liable for any fines or penalties resulting from failure to comply with applicable laws.

#### 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 *Direccion 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 €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.

**Foreign Asset/Account Reporting Information.** You are 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 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. More frequent reporting is required if such transaction value or account balance exceeds €100,000,000.

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In addition, 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 cause, 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 offered are considered a private offering in Switzerland; therefore, they are not subject to registration in Switzerland.

#### **Taiwan**

**Exchange Control Information.** You may 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

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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 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 Central Bank of Tunisia.

#### **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. 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**

**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.

#### **United Kingdom**

**Responsibility for Taxes.** This provision supplements Section 4 of the Agreement:

You agree that, if you do not pay or the Employer or the Company does not withhold from you the full amount of Tax-Related Items that you owe at vesting and settlement of the RSUs, or the release or assignment of the RSUs for consideration, or the receipt of any other benefit in connection with the RSUs (the “Taxable Event”) within 90 days after the Taxable Event, or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the “Due Date”), then the amount of income tax that should have been withheld shall constitute a loan owed by you to the Employer, effective or the Due Date. You agree that the loan will bear interest at Her Majesty’s Revenue & Customs’ (“HMRC”) official rate and will be immediately due and repayable by you, and the Company and/or the Employer may recover it at any time thereafter by withholding the funds from salary, bonus or any other funds due to you by the Employer, by withholding in shares of Common Stock issued upon vesting of your RSUs or from the cash proceeds from the sale of shares of Common Stock or by demanding cash or a cheque from you. You also authorize the Company to delay the issuance of any shares of Common Stock unless and until the loan is repaid in full.

Notwithstanding the foregoing, if you are an officer or executive director (as within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934, as amended), the terms of the immediately foregoing provision will not apply. In the event that you are an officer or executive director and the income tax that is due is not collected from or paid by you within 90 days of the Taxable Event, the amount of any uncollected income tax may constitute a benefit to you on which additional income tax and national insurance contributions may be payable. You may be responsible for reporting and paying any income tax due on this

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additional benefit directly to the HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as appropriate) for the value of any employee national insurance contributions due on this additional benefit, which the Company or the Employer may recover from you by any means referred to in Section 4 of the Agreement.

### **Venezuela**

**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.

**Exchange Control Information.** Exchange control restrictions may limit the ability to remit funds out of Venezuela in order to receive shares of Common Stock upon vesting of 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.



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**MARKET SHARE 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 Market Share Units (“MSUs”) specified in the Grant Summary, which is incorporated into this Market Share Units Agreement (the “Agreement”) and deemed to be a part hereof. The MSUs have been granted to you under Sections 6(i) and 7 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. MARKET SHARE 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 March 10, 2014 (the “Award Date”) an Award of MSUs as designated herein subject to the terms, conditions, and restrictions set forth in this Agreement and the Plan. Each MSU shall represent the conditional right to receive, upon settlement of the MSU, 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, to increase your proprietary interest in the Company, and to further align your compensation with the interests of the Company’s shareholders. 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, MSUs shall be subject to the restrictions and conditions set forth herein during the Restricted Period (as defined below). Vesting of the MSUs 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. In addition, for purposes of vesting, the MSU grant shall be divided into four tranches, each of which shall include 25% of the number of MSUs specified in the Grant Summary.

Assuming satisfaction of such employment conditions, the MSUs shall vest only if the Share Price (as defined below) on the applicable Measurement Date (as defined below) equals at least 60% of the Share Price on the Award Date. If this threshold condition is satisfied, MSUs shall vest to the extent provided in the following schedule:



(A) Tranche	(B) MSUs in Tranche	(C) Vesting Date	(D) Payout Factor	(E) Number of MSUs Vested
1	25% of Total	1 <sup>st</sup> Anniversary of Award Date	Share Price on Measurement Date divided by Share Price on Award Date	MSUs in Tranche (Column B) <i>times</i> Payout Factor (Column D)
2	25% of Total	2 <sup>nd</sup> Anniversary of Award Date	Share Price on Measurement Date divided by Share Price on Award Date	MSUs in Tranche (Column B) <i>times</i> Payout Factor (Column D)
3	25% of Total	3 <sup>rd</sup> Anniversary of Award Date	Share Price on Measurement Date divided by Share Price on Award Date	MSUs in Tranche (Column B) <i>times</i> Payout Factor (Column D)
4	25% of Total	4 <sup>th</sup> Anniversary of Award Date	Share Price on Measurement Date divided by Share Price on Award Date	MSUs in Tranche (Column B) <i>times</i> Payout Factor (Column D)

For purposes of the table set forth above-

- (A) "Share Price" shall equal the average of the closing share price of the Company's Common Stock on the Measurement Date or Award Date, as applicable, and the nine trading days immediately preceding the Measurement Date or Award Date. If there were no trades on the Measurement Date or Award Date, the closing price on the most recent date preceding the Measurement Date or Award Date, as applicable, on which there were trades and the nine trading days immediately preceding that date shall be used.
- (B) "Payout Factor" shall be rounded to the nearest hundredth (two places after the decimal), except that if the "Payout Factor" equals more than 2.00, the Payout Factor used in Column E shall be 2.00. Notwithstanding the formula in the table, the Payout Factor for any vesting date that occurs on or after a Change in Control shall equal the Share Price on the date of the Change in Control divided by the Share Price on the Award Date.
- (C) "Measurement Date" shall mean the February 28 immediately preceding the vesting date for each tranche.

Any MSUs that fail to vest, either because the employment condition is not satisfied or because the Payout Factor for the applicable vesting date is less than 60% shall be forfeited, subject to the special provisions set forth in Sections 2(c)-(g) hereof.

- (a) Nontransferability. During the Restricted Period and any further period prior to settlement of your MSUs, you may not sell, transfer, pledge or assign any of the MSUs or your rights relating thereto. If you attempt to assign your rights under this Agreement in violation of the provisions herein, the Company's obligation to settle MSUs or otherwise make payments shall terminate.
- (b) Time of Settlement. MSUs shall be settled promptly upon expiration of the Restricted Period without forfeiture of the MSUs (i.e., upon vesting), but in any event within 60 days of expiration of the Restricted Period, by delivery of one share of Common Stock for each MSU being settled, or, at the discretion of the Company, the cash equivalent thereof; provided, however, that settlement of an MSU shall be subject to Plan Section 11(k), including, if applicable, the six-month delay rule in Plan Section 11(k)(i)(C) to the extent the MSUs are subject to Section 409A of the Code, payment is on account of your "separation from service" and you are a "key employee," both within the meaning of Section 409A; 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 MSUs that vest after the time you become Retirement eligible under the Plan, and could apply in other cases as well*). Settlement of MSUs which directly or indirectly result from adjustments to MSUs shall occur at the time of settlement of the granted MSUs. Until shares are delivered to you in

settlement of MSUs, you shall have none of the rights of a stockholder of the Company with respect to the shares issuable in settlement of the MSUs, 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 MSUs 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.

- (c) Retirement. In the event of your Retirement (as that term is defined in Plan Section 2(v)(i)) at or after your 65<sup>th</sup> birthday and prior to the end of the Restricted Period, the continuous employment requirement shall be eliminated and you shall vest in and be entitled to settlement of (i.e., the Restricted Period shall expire with respect to) any MSUs that have not previously been vested or forfeited, provided that you have been continuously employed by the Company (or a subsidiary) for at least one year following the Award Date and your employment has not been terminated by the Company (or a subsidiary) for misconduct or other conduct deemed detrimental to the interests of the Company. Any MSU that vests upon your Retirement shall vest based on the Payout Factor determined by substituting for the Measurement Date either (i) the first trading day of the first month following your last day of work; (ii) your last day of work if such date occurs on the first trading day of a month; or (iii) the date of a Change in Control, if a Change in Control has occurred before your Retirement.
- (d) Early Retirement; Termination not for Misconduct/Detrimental Conduct. This Section 2(d) shall apply in the event of (1) your Retirement (as that term is defined in Plan Sections 2(v)(ii) or 2(v)(iii)) (A) at or after age 55 with at least 10 years of service or (B) after attaining eligibility for the “Rule of 70” or (2) the termination of your employment by the Company (or a subsidiary) for reasons other than misconduct or other conduct deemed detrimental to the interests of the Company (and you are not eligible for Retirement). If one of the events described in the preceding sentence occurs before the end of the Restricted Period, the continuous employment requirement shall be eliminated and you shall vest in and be entitled to settlement of (i.e., the Restricted Period shall expire with respect to) a proportionate number of the MSUs that would otherwise have vested on the vesting date that next follows the date on which the event occurs, provided that you have been continuously employed by the Company (or a subsidiary) for at least one year following the Award Date and your employment has not been terminated by the Company (or a subsidiary) for misconduct or other conduct deemed detrimental to the interests of the Company. Any MSU that vests upon your early Retirement or termination shall vest based on the Payout Factor determined by substituting for the Measurement Date either (i) the first trading day of the first month following your last day of work; (ii) your last day of work if such date occurs on the first trading day of a month; or (iii) the date of a Change in Control, if a Change in Control has occurred before your early Retirement or termination. If you are not eligible for Retirement (as that term is defined in Plan Sections 2(v)(i) or 2(v)(ii)), 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(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 and, where deemed applicable by the Company, you execute a non-compete and/or a non-solicitation agreement; if you fail to execute or revoke the release or fail to execute the non-compete or non-solicitation agreement, or your release and/or non-compete or non-solicitation agreement fails to become effective and irrevocable within 60 days of the date your employment terminates, you shall forfeit any MSUs that are unvested as of the date your employment terminates. The formula for determining the proportionate number of your MSUs to become vested and non-forfeitable upon your early Retirement or involuntary termination not for misconduct or other detrimental conduct is available by request from the Office of the Corporate Secretary at 345 Park Avenue, New York, New York 10154.
- (e) Death. In the event of your death during the Restricted Period, the continuous employment requirement shall be eliminated and your estate shall vest in and be entitled to settlement of (i.e., the Restricted Period shall expire with respect to) a proportionate number of the MSUs that would otherwise have vested, provided that you have been continuously employed by the Company for at least one year following the Award Date. Any MSU that vests upon your death shall vest based on the Payout Factor determined by substituting for the Measurement Date either (i) the first trading day of the first month

- following your last day of work; (ii) your last day of work if such date occurs on the first trading day of a month; or (iii) the date of a Change in Control, if a Change in Control has occurred before your death. The formula for determining the proportionate number of your MSUs to become vested and non-forfeitable upon your death is available by request from the Office of the Corporate Secretary at 345 Park Avenue, New York, New York 10154. In the event of your death prior to the delivery of shares in settlement of MSUs (not previously forfeited), shares in settlement of your MSUs shall be delivered to your estate, upon presentation to the Committee of letters testamentary or other documentation satisfactory to the Committee, and your estate shall succeed to any other rights provided hereunder in the event of your death.
- (f) 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 MSUs. 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, 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, with such termination treated for purposes of the MSUs as a Retirement, death, or voluntary termination 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.
- (g) 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 continuous employment requirement shall be eliminated and you shall vest in and be entitled to settlement of (i.e., the Restricted Period shall expire with respect to) any MSUs that have not previously been forfeited. Any MSU that vests following a Qualifying Termination during the applicable Protected Period following a Change in Control shall vest based on the Payout Factor determined by substituting for the Measurement Date the date of the Change in Control.
- (h) Other Termination of Employment. In the event of your voluntary termination, 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, you shall forfeit all unvested MSUs on the date of termination.
- (i) 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 MSUs 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 MSUs 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(j) 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 MSUs as to which the Restricted Period has not expired at or before such termination shall be forfeited, subject to Sections 2(c)-(g) hereof. Other provisions of this Agreement notwithstanding, in no event will an MSU 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 MSUs 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 MSUs (including whether you may still be considered to be providing services while on a leave of absence).

- (vi) In any case in which you are required to execute a release, non-compete or non-solicitation agreement as a condition to vesting and settlement of the MSUs, the applicable procedure shall be as specified under Plan Section 11(k)(v), except that the deadline for complying with such condition shall be the period provided in this Agreement.
- (j) 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;
  - (ii) A leave of absence, duly authorized in writing by the Company, for military service or sickness or for any other purpose approved by the Company if the period of such leave does not exceed ninety (90) days; and
  - (iii) A leave of absence in excess of ninety (90) days, duly authorized in writing, by the Company, provided your right to reemployment is guaranteed either by a statute or by contract.

However, your failure to return to active service with the Company or a subsidiary at the end of an approved leave of absence shall be deemed a termination of employment, subject to local law. During a leave of absence as defined in (ii) or (iii), 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 period shall not be counted in determining the period of employment for purposes of the vesting of the MSUs. In such case, the vesting dates for unvested MSUs shall be extended by the length of any such leave of absence and any such MSU that vests thereafter shall vest based on the Payout Factor determined by substituting for the Measurement Date the applicable vesting date.

### 3. NON-COMPETITION AND NON-SOLICIATION AGREEMENT AND COMPANY RIGHT TO FORFEITURE INJUNCTION AND OTHER REMEDIES

You acknowledge that your continued employment with the Company or a subsidiary and the grant of MSUs is sufficient consideration for this Agreement, including, without limitation, the restrictions imposed upon you by this Section 3.

- (a) By accepting the MSUs, you expressly agree and covenant that during the Restricted Period (as defined below) and the Non-Competition and Non-Solicitation Period (as defined below), you shall not, without the prior consent of the Company, directly or indirectly:
  - (i) 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 percent 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) be actively connected with a Competitive Business by managing, operating, controlling, being an employee or consultant (or accepting an offer to be an employee or consultant) or otherwise advising or assisting a Competitive Business in such a way that such connection might result in an increase in value or worth of any product, technology or service, that competes with any product, technology or service upon which you worked or about which you became familiar as a result of your employment with the Company or a subsidiary or affiliate. You may, however, be actively connected with a Competitive Business after your employment with the Company or a subsidiary terminates for any reason, so long as (1) your connection to the business does not involve any product, technology or service, that competes with any product,

technology or service upon which you worked or about which you became familiar as a result of your employment with the Company or a subsidiary including but not limited to the development of any product, technology or service prior to approval or sale; and (2) the Company is provided written assurances of this fact from the Competing Company prior to your beginning such connection;

- (iii) take any action that might divert any opportunity from the Company or any of its affiliates, successors or assigns (the “Related Parties”) that is within the scope of the present or future operations or business of any Related Parties;
  - (iv) employ, solicit for employment, advise or recommend to any other person that they employ or solicit for employment or form an association with any person who is employed by the Company or its Related Parties or who has been employed by the Company or its Related Parties within one year of the date your employment with the Company or a subsidiary ceased for any reason whatsoever;
  - (v) contact, call upon or solicit any customer of the Company, or attempt to divert or take away from the Company the business of any of its customers;
  - (vi) contact, call upon or solicit any prospective customer of the Company that you became aware of or were introduced to in the course of your duties for the Company or its Related Parties, or otherwise divert or take away from the Company the business of any prospective customer of the Company; or
  - (vii) engage in any activity that is harmful to the interests of the Company, 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.
- (a) **Forfeiture.** If the Company determines that you have violated any provisions of Section 3(a) above during the Restricted Period or the Non-Competition and Non-Solicitation Period, then you agree and covenant that:
- (i) any unvested portion of the MSUs shall be immediately rescinded;
  - (ii) you shall automatically forfeit any rights you may have with respect to the MSUs as of the date of such determination;
  - (iii) if any part of the MSUs vests within the twelve-month period immediately preceding a violation of Section 3(a) 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 MSUs (or an equivalent number of other shares); and
  - (iv) the foregoing remedies set forth in this Section 3(b) shall not be the Company’s exclusive remedies. The Company reserves all other rights and remedies available to it at law or in equity.
- (b) **Company Policy.** 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.
- (c) **Definitions.** For purposes of this Agreement, the following definitions shall apply:
- (i) The Company directly advertises and solicits business from customers wherever they may be found and its business is thus worldwide in scope. Therefore, “Competitive Business” means any person or entity that engages in any business activity that competes with the Company’s business in any way, in any geographic area in which the Company engages in business, including, without limitation, any state in the United States in which the Company sells or offers to sell its products from time to time.
  - (ii) “Non-Competition and Non-Solicitation Period” means the period during which you are employed by the Company and twelve months following the date that you cease to be employed by the Company for any reason whatsoever.
  - (iii) “Restricted Period” means, with respect to each MSU, the period from the Award Date until the date such MSU has become vested and non-forfeitable such that there are no longer any MSUs that may become potentially vested and non-forfeitable.

- (d) Severability. You acknowledge and agree that the period, scope and geographic areas of restriction imposed upon you by the provisions of Section 3 are fair and reasonable and are reasonably required for the protection of the Company. In the event that all or any part of this Section 3 is held to be unenforceable or invalid, the remaining parts of Section 3 and this Agreement shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part of this Agreement. If any one of the provisions in Section 3 is held to be excessively broad as to period, scope and geographic areas, any such provision shall be construed by limiting it to the extent necessary to be enforceable under applicable law.
- (e) Additional Remedies. You acknowledge that breach by you of this Agreement would cause irreparable harm to the Company and that the forfeiture remedy set forth in this Agreement may not be adequate to prevent or remedy the harm to the Company caused by your breach. You agree that in those circumstances the Company shall have, in addition to monetary damages and other remedies available at law, the right to an injunction, specific performance and other equitable relief to prevent violations of your obligations hereunder.
- (f) California Employees. The provisions of this Section 3 shall not apply if you are an employee resident in the State of California.

4. Responsibility for TAXES

You acknowledge that, regardless of any action taken by the Company, any subsidiary or affiliate or 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 MSUs, including the grant of the MSUs, the vesting of MSUs, the conversion of the MSUs into Common Stock or the receipt of an equivalent cash payment, the subsequent sale of any 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 MSUs 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 between the Award Date and the date of any relevant taxable event, 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, 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 MSUs, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy their 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) withholding from proceeds of the sale of shares of Common Stock acquired upon settlement of the MSUs 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) withholding in shares of Common Stock to be issued upon settlement of the MSUs;
- 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 will 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 MSUs, 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 MSUs will be sold on your behalf (or withheld) to satisfy any Tax-Related Items arising prior to the date of settlement of the MSUs for any portion of the MSUs that is considered nonqualified deferred compensation subject to Section 409A, then the number of shares sold on your behalf (or withheld) shall not exceed the number of shares that equals the liability for Tax-Related Items.

5. DIVIDENDS AND ADJUSTMENTS

- (a) Dividends or dividend equivalents are not paid, accrued or accumulated on MSUs during the Restricted Period, except as provided in Section 5(b).
- (b) The number of your MSUs and/or other related terms shall be appropriately adjusted, in order to prevent dilution or enlargement of your rights with respect to MSUs, 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 MSUs 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 unless otherwise specifically provided for in such plan. The MSUs 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 purposes including, but not limited to, calculation of any severance, resignation, termination, redundancy or end-of-service payments, bonuses, long-service awards, pension or retirement benefits, or similar payments.

7. ACKNOWLEDGMENT OF NATURE OF PLAN AND MSUs

In accepting the MSUs, 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 MSUs is voluntary and occasional and does not create any contractual or other right to receive future awards of MSUs, or benefits in lieu of MSUs even if MSUs have been awarded in the past;
- (c) All decisions with respect to future awards of MSUs or other awards, if any, will be at the sole discretion of the Company;
- (d) Your participation in the Plan is voluntary;
- (e) The MSUs and the Common Stock subject to the MSUs are not intended to replace any pension rights or compensation;
- (f) The future value of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty;
- (g) No claim or entitlement to compensation or damages arises from the forfeiture of MSUs, 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), and in consideration of the grant of the MSUs to which you are otherwise not entitled, you irrevocably agree never to institute any claim against the Company, any of its subsidiaries or affiliates or the Employer, waive your ability, if any, to bring such claim, and release the Company, any subsidiary or affiliate and/or the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then,

by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim.

- (h) Unless otherwise provided in the Plan or by the Company in its discretion, the MSUs and the benefits evidenced by this Agreement do not create any entitlement to have the MSUs 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
- (i) 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 MSUs are not part of normal or expected compensation or salary for any purpose; and (ii) you acknowledge and agree that 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 MSUs or of any amounts due to you pursuant to the settlement of the MSUs 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 are hereby advised to 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 or any specific position or level of employment with the Company or any subsidiary or affiliate or affect in any way the right of the Company or any subsidiary or affiliate 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 MSUs 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 first vest 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 first vest date. For your benefit, if you have not rejected the Agreement prior to the first vest 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 19 and 22 below, 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 New York. For purposes of litigating any dispute that arises under this MSU grant or Agreement, the parties hereby submit to and consent to the jurisdiction of the State of New York, agree that such litigation shall be conducted in the courts of New York, New York, or the federal courts for the United States for the Southern District of New York, and no other courts where this MSU grant is made and/or performed.

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, your 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 your Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all MSUs 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 Morgan Stanley Smith Barney, 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. 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, Morgan Stanley Smith Barney 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 MSUs 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 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 and career with the Employer will not be adversely affected; the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant you MSUs 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.*

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 of residence, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell shares of Common Stock or

rights to shares of Common Stock (e.g., MSUs) under the Plan during such times as you are considered to have “inside information” regarding the Company (as defined by the laws in your country). 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 are advised to 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 MSUs, 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. 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 MSUs 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 during the Restricted Period, the special provisions for such country shall apply to you, 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. IMPOSITION OF OTHER REQUIREMENTS

The Company reserves the right to impose other requirements on your participation in the Plan, on the MSUs 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 \_\_\_\_\_

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 Morgan Stanley Smith Barney, 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, post-employment obligations related to non-competition and non-solicitation.

## **Addendum**

### **BRISTOL-MYERS SQUIBB COMPANY SPECIAL PROVISIONS FOR MSUs 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 to residents in 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 MSUs 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 2014 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 MSUs 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 are advised to 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 MSUs 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 MSUs 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 Sections 2(c) and 2(d) 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 MSUs in the event of your Retirement being deemed unlawful and/or discriminatory, the provisions of Sections 2(c) and (d) regarding the treatment of the MSUs in the event of your Retirement shall not be applicable to you.

#### **Algeria**

**Exchange Control Information.** Proceeds from the settlement of MSUs, the sale of Common Stock and the receipt of any dividends must be repatriated to Algeria.

#### **Argentina**

**Securities Law Information.** Neither the MSUs 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.

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**Exchange Control Information.** In the event that you transfer proceeds from the settlement of MSUs, sale of shares of Common Stock or any cash dividends paid on such shares into Argentina within 10 days of receipt (i.e., if the proceeds have not been held in the offshore bank or brokerage account for at least 10 days prior to transfer), you will be required to deposit 30% of any proceeds in a non-interest bearing deposit account for a 365 day holding period. In any event, the Argentine bank handling the transaction may request certain documentation in connection with your request to transfer proceeds into Argentina, including evidence of the sale of shares of Common Stock and proof that no funds were remitted out of Argentina to acquire the shares of Common Stock. If the bank determines that the 10-day rule or any other rule or regulation promulgated by the Argentine Central Bank has not been satisfied, it may require that 30% of the proceeds be placed in a non-interest bearing dollar denominated mandatory deposit account for a holding period of 365 days. Please note that exchange control regulations in Argentina are subject to frequent change. You are solely responsible for complying with any exchange control laws that may apply to you as a result of participating in the Plan and/or the transfer of funds in connection with the award. You should consult with your personal legal advisor regarding any exchange control obligations that you may have.

**Foreign Asset/Account Reporting Information.** Pursuant to General Resolution (AFIP) No. 3293 published on March 26, 2012, you are subject to an annual information regime under which you must report any equity interests held in the Company to the Argentine tax authorities.

### **Australia**

**Securities Law Information.** If you acquire shares of Common Stock pursuant to your MSUs and you offer your shares of Common Stock for sale to a person or entity resident in Australia, your offer may be subject to disclosure requirements under Australian law. You should obtain legal advice on your disclosure obligations prior to making any such offer.

**Exchange Control Information.** Exchange control reporting is required for cash transactions exceeding AUD10,000 and for international fund transfers. The Australian bank assisting with the transaction will file the report for you. If there is no Australian bank involved in the transfer, you will have to file the report.

### **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), you will 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 exceeds €30,000,000; and (ii) on an annual basis if the value of the Common Stock as of December 31 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 exceeds €3,000,000, 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 €3,000,000, no ongoing reporting requirements apply.

### **Belgium**

**Foreign Asset/Account Reporting Information.** If you are a Belgian resident, you are required to report any security or bank account (including brokerage accounts) you maintain outside of Belgium on your annual tax return.

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## Brazil

**Compliance with Laws.** By accepting the MSUs, you agree that you will comply with Brazilian law when you vest in the MSUs and sell shares of Common Stock. You also agree to report and pay any and all taxes associated with the vesting of the MSUs, the sale of the shares of Common Stock acquired pursuant to the Plan and the receipt of any dividends.

**Exchange Control Information.** 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. The assets and rights that must be reported include shares of Common Stock.

## Canada

**Settlement of MSUs.** Notwithstanding any terms or conditions of the Plan or the Agreement to the contrary, MSUs 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(i)(v) of the Agreement:

In the event of your termination of 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 MSUs, 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 Company shall have the exclusive discretion to determine when you are no longer actively employed for purposes of the MSUs (including whether you may be considered to be providing services while on a leave of absence).

**Foreign Asset/Account Reporting Information.** You may be required to report your foreign property on Form T1135 (Foreign Income Verification Statement) if the total cost of your foreign property exceeds C\$100,000 at any time in the year. Foreign property includes shares of Common Stock acquired under the Plan. The Form T1135 must be filed by April 30 of the following year.

*The following provisions apply if you are resident in Quebec:*

### Language Acknowledgment

The parties acknowledge that it is their express wish that this Agreement, including this Addendum, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be provided to them in English.

*Consentement relatif à la langue utilisée. Les parties reconnaissent avoir expressément souhaité que la convention («Agreement») ainsi que cette Annexe, ainsi que tous les documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente convention, soient rédigés en langue anglaise.*

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**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 not, involved in 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.** Neither the Company, the MSUs nor the shares of Common Stock you may acquire upon vesting of your MSUs are registered with the Registry of Securities or under the control of the Chilean Superintendence of Securities.

**Exchange Control and Foreign Asset/Account Reporting Information.** You are not required to repatriate proceeds obtained from the sale of Common Stock or from dividends to Chile; however, if you decide to repatriate proceeds from the sale of Common Stock and/or dividends and the amount of the proceeds to be repatriated exceeds US\$10,000, you acknowledge that you must effect such repatriation through the Formal Exchange Market (*i.e.*, a commercial bank or registered foreign exchange office). In such case, you must report the proceeds to a commercial bank or registered foreign exchange office receiving the funds. If you do not repatriate the funds and use such funds for the payment of other obligations contemplated under a different Chapter of the Foreign Exchange Regulations, you must sign Annex 1 of the Manual of Chapter XII of the Foreign Exchange Regulations and file it directly with the Central Bank within the first 10 days of the month immediately following the transaction.

Further, if the value of your aggregate investments held outside of Chile exceeds US\$5,000,000 (including the value of Common Stock acquired under the Plan), you must report the status of such investments quarterly to the Central Bank using Annex 3.1 of Chapter XII of the Foreign Exchange Regulations.

Finally, if you hold Common Stock acquired under the Plan outside of Chile, you must inform the Chilean Internal Revenue Service (the "CIRS") of the details of your investment in the Common Stock by Filing Tax Form 1851 "Annual Sworn Statement Regarding Investments Held Abroad". Further, if you wish to receive credit against your Chilean income taxes for any taxes paid abroad, you must report the payment of taxes abroad to the CIRS by filing Tax Form 1853 "Annual Sworn Statement Regarding Credits for Taxes Paid Abroad". These statements must be submitted electronically through the CIRS website before March 15 of each year.

### **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, you agree that the Company is authorized to force the sale of shares of Common Stock to be issued to you upon vesting and settlement of the MSUs at any time (including immediately upon vesting 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

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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."

**Treatment of Shares of Common Stock and MSUs Upon Termination of Employment.** Due to exchange control regulations in China, you understand and agree that 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, 2015, then the Mandatory Sale Date will be April 30, 2015. 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 MSUs 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 will automatically be sold upon settlement 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 MSUs or be entitled to any portion of MSUs 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 MSUs 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 MSUs 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.** Effective from January 1, 2014, 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 new rules, you may be subject to reporting obligations for the Common Stock or equity awards, including MSUs 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.

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## Colombia

**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.

## Czech Republic

**Exchange Control Information.** The Czech National Bank may require you to fulfill certain notification duties in relation to the MSUs 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 MSUs and the sale of shares of Common Stock 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.

**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.** If you hold shares of Common Stock acquired under the Plan in a brokerage account with a broker or bank outside Denmark, you are required to inform the Danish Tax Administration about the account. For this purpose, you must file a Form V (Erklaering V) with the Danish Tax Administration. Both you and the broker or bank must sign the Form V. By signing the Form V, the broker or bank undertakes an obligation, without further request each year and not later than February 1 of the year following the calendar year to which the information relates, to forward information to the Danish Tax Administration concerning the shares of Common Stock in the account. In the event that the applicable 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 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 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](http://www.skat.dk).

In addition, if you open a brokerage account (or a deposit account with a U.S. bank), the brokerage account likely will be treated as a deposit account because cash can be held in the account. Therefore, you likely must file a Form K (Erklaering K) with the Danish Tax Administration. The Form K must be signed both by you and by the applicable broker or bank where the account is held. By signing the Form K, the broker/bank undertakes an obligation, without further request each year and not later than February 1 of the year following the calendar year to which the information relates, to forward information to the Danish Tax Administration concerning the content of the 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 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](http://www.skat.dk).

## Ecuador

There are no country-specific provisions.

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## Egypt

**Exchange Control Information.** If you transfer funds into Egypt in connection with the MSUs, you are required to transfer the funds through a registered bank in Egypt.

## 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 MSUs, you confirm having read and understood the documents relating to this grant (the Plan and this Agreement) which were provided to you in English.

**Exchange Control Information.** If you import or export cash (e.g., sales proceeds received under the Plan) with a value equal to or exceeding €10,000 and do not use a financial institution to do so, you must submit a report to the customs and excise authorities.

**Foreign Asset/Account Reporting Information.** If you hold shares of Common Stock outside of France or maintain a foreign bank account, (including accounts that were opened and closed during the tax year) you are required to report such to the French tax authorities when filing your annual tax return. Failure to comply could trigger significant penalties.

## Germany

**Exchange Control Information.** Cross-border payments in excess of €12,500 must be reported to the German Federal Bank. From September 2013, 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](http://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 MSUs 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, nor have the documents been reviewed by any regulatory authority in Hong Kong. The MSUs 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. If you are in any doubt about any of the contents of the Agreement,*

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*including this Addendum, or the Plan, or any other incidental communication materials, you should obtain independent professional advice.*

**Settlement of MSUs and Sale of Common Stock.** Notwithstanding any terms or conditions of the Plan or the Agreement to the contrary, MSUs 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 sold prior to six months from the Award Date.

**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 of Common Stock and any cash dividends to India within a reasonable time following the receipt (*i.e.*, within 90 days). 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 or (b) any foreign bank accounts for which you have signing authority.

## **Ireland**

**Director Notification Obligation.** If you are a director, shadow director, or secretary of an Irish subsidiary, you are subject to certain notification requirements under the Companies Act, 1990. Among these requirements is an obligation to notify the Irish subsidiary in writing within five business days of receiving or disposing of an interest (*e.g.*, MSUs, Common Stock) in the Company and the number and class of shares of Common Stock or rights to which the interest relates, or within five business days of becoming aware of the event giving rise to the notification requirement or within five days of becoming a director or secretary if such an interest exists at the time. This disclosure requirement also applies to any rights or shares of Common Stock acquired by your spouse or child(ren) (under the age of 18).

## **Israel**

**Settlement of MSUs and Sale of Common Stock .** Upon the vesting of the MSUs, you agree to the immediate sale of any shares of Common Stock to be issued to you upon vesting and settlement of the MSUs. 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.

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## Italy

**Data Privacy Notice.** This section replaces Section 16 of the Agreement:

You understand that the Company and the Employer are the privacy representatives of the Company in Italy and may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance 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 MSUs 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. 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 Morgan Stanley Smith Barney 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. 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 Morgan Stanley Smith Barney 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. 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. Furthermore, you are aware that

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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 MSUs, 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 MSUs); 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 16 (Data Privacy, as replaced by the above provision in this Addendum); 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); and Section 23 (Imposition of Other Requirements).

**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.

### 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. The penalty for fraudulent reporting is imprisonment up to one year or a fine up to ¥500,000. 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 MSUs or shares of Common Stock held by you in the report.

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## 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 are required to repatriate the proceeds to Korea within 18 months of receipt.

**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).

## Kuwait

There are no country-specific provisions.

## 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<sup>11</sup> El término "Premio" se refiere a la palabra "Award.", 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 las condiciones de trabajo del participante.*

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*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.

#### **Peru**

**Securities Law Information.** The grant of MSUs is considered a private offering in Peru; therefore, it is not subject to registration.

#### **Poland**

**Exchange Control Information.** Polish residents holding foreign securities (including shares of Common Stock) and maintaining accounts abroad must report information to the National Bank of Poland. Specifically, if the aggregate value of shares and cash 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. In addition, 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 in any single transaction exceeds a specified threshold (currently €15,000). If you are a Polish resident, you must also store 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 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 Língua. 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.*

**Exchange Control Information.** If you acquire shares of Common Stock under the Plan and do not hold the shares with a Portuguese financial intermediary, you may need to file a report with the Portuguese Central Bank. If the shares are held by a Portuguese financial intermediary, it will file the report for you.

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<sup>1</sup> El término "Premio" se refiere a la palabra "Award."

## Puerto Rico

There are no country-specific provisions.

## Romania

**Exchange Control Information.** 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 and any dividends received in relation to the MSUs 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.

**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. The issuance of Common Stock pursuant to the MSUs 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 MSUs 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 Consent.** 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 and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all MSUs 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 Morgan Stanley Smith Barney, 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

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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. 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, Morgan Stanley Smith Barney 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 MSUs 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 and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing your consent is that the Company would not be able to grant you MSUs 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

**Securities Law Information.** The grant of MSUs is being made in reliance of section 273(1)(f) of the Securities and Futures Act (Chap. 289, 2006 Ed.) ("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 MSUs 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. You should note that the MSUs are subject to section 257 of the SFA and you will not be able to make (i) any subsequent sale of the shares of Common Stock in Singapore or (ii) any offer of such subsequent sale of the shares of Common Stock subject to the MSUs in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA.

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**Director Notification Requirement.** If you are 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 is an obligation to notify the Singapore company in writing when you receive an interest (e.g., MSUs, Common Stock) in the Company or any related companies. In addition, you must notify the Singapore company when you sell shares of the Company or any related company (including when you sell shares of Common Stock acquired pursuant to your MSUs). These notifications must be made within two business days of acquiring or disposing of any interest in the Company or any related company. In addition, a notification must be made of your interests in the Company or any related company within two business days of becoming a director.

### South Africa

**Exchange Control Information.** You are solely responsible for complying with applicable South African exchange control regulations. 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. As noted, it is your responsibility to comply with South African exchange control laws, and neither the Company nor the Employer will be liable for any fines or penalties resulting from failure to comply with applicable laws.

### Spain

**Exchange Control Information.** If you acquire shares of Common Stock issued pursuant to the MSUs 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 €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.

**Foreign Asset/Account Reporting Information.** You are 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 MSUs) held in such accounts 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. More frequent reporting is required if such transaction value or account balance exceeds €100,000,000.

In addition, 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(h) and 7 of the Agreement:

By accepting the MSUs, 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 MSUs, 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 MSUs that have not vested on the date of your termination.

In particular, you understand and agree that, unless otherwise provided in the Agreement, the MSUs will be forfeited

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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 cause, 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 MSUs 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 MSUs are granted on the assumption and condition that the MSUs and the shares of Common Stock underlying the MSUs 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 MSUs 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 MSUs shall be null and void.

**Securities Law Information.** The MSUs 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 MSUs offered are considered a private offering in Switzerland; therefore, they are not subject to registration in Switzerland.

#### **Taiwan**

**Exchange Control Information.** You may 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.

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### 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 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 Central Bank of Tunisia.

### 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. 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

**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.

### United Kingdom

**Responsibility for Taxes.** This provision supplements Section 4 of the Agreement:

You agree that, if you do not pay or the Employer or the Company does not withhold from you the full amount of Tax-Related Items that you owe at vesting and settlement of the MSUs, or the release or assignment of the MSUs for consideration, or the receipt of any other benefit in connection with the MSUs (the “Taxable Event”) within 90 days after the Taxable Event, or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003, (the “Due Date”) then the amount of income tax that should have been withheld shall constitute a loan owed by you to the Employer, effective on the Due Date. You agree that the loan will bear interest at Her Majesty’s Revenue & Customs’ (“HMRC”) official rate and will be immediately due and repayable by you, and the Company and/or the Employer may recover it at any time thereafter by withholding the funds from salary, bonus or any other funds due to you by the Employer, by withholding in shares of Common Stock issued upon vesting of your MSUs or from the cash proceeds from the sale of shares of Common Stock or by demanding cash or a cheque from you. You also authorize the Company to delay the issuance of any shares of Common Stock unless and until the loan is repaid in full.

Notwithstanding the foregoing, if you are an officer or executive director (as within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934, as amended), the terms of the immediately foregoing provision will not apply. In the event that you are an officer or executive director and the income tax that is due is not collected from or paid by you within 90 days of the Taxable Event, the amount of any uncollected income tax may constitute a benefit

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to you on which additional income tax and national insurance contributions may be payable. You may be responsible for reporting and paying any income tax due on this additional benefit directly to the HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as appropriate) for the value of any employee national insurance contributions due on this additional benefit, which the Company or the Employer may recover from you by any means referred to in Section 4 of the Agreement.

#### **Venezuela**

**Securities Law Information.** The MSUs 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.

**Exchange Control Information.** Exchange control restrictions may limit the ability to remit funds out of Venezuela in order to receive shares of Common Stock upon vesting of the MSUs, or remit funds into Venezuela following the sale of shares of Common Stock acquired upon vesting of the MSUs. The Company reserves the right to restrict settlement of the MSUs or to amend or cancel the MSUs 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 MSUs and before selling any shares of Common Stock acquired upon vesting of the MSUs to ensure compliance with current regulations.

## Computation of Earnings to Fixed Charges

Ratio of Earnings to Fixed Charges:	Year Ended December 31,				
	2013	2012	2011	2010	2009
Dollars in Millions					
<b>Earnings</b>					
Earnings from continuing operations before income taxes	\$ 2,891	\$ 2,340	\$ 6,981	\$ 6,071	\$ 5,602
Less:					
Noncontrolling interest in pre-tax income of subsidiaries that have not incurred fixed charges	36	844	2,323	2,074	1,717
Equity in net income of affiliates	166	183	281	313	550
Capitalized interest	—	—	—	8	13
Adjusted Income	2,689	1,313	4,377	3,676	3,322
Add:					
Fixed charges	255	227	190	201	242
Distributed income of equity investments	149	229	283	313	550
<b>Total Earnings</b>	<b>\$ 3,093</b>	<b>\$ 1,769</b>	<b>\$ 4,850</b>	<b>\$ 4,190</b>	<b>\$ 4,114</b>
<b>Fixed Charges</b>					
Interest expense	\$ 199	\$ 182	\$ 145	\$ 145	\$ 184
Capitalized interest	—	—	—	8	13
One-third of rental expense <sup>(1)</sup>	56	45	45	48	45
<b>Total Fixed Charges</b>	<b>\$ 255</b>	<b>\$ 227</b>	<b>\$ 190</b>	<b>\$ 201</b>	<b>\$ 242</b>
<b>Ratio of Earnings to Fixed Charges</b>	12.13	7.79	25.53	20.85	17.00

(1) Rents included in the computation consist of one-third of rental expense which the Company believes to be a reasonable estimate of an interest factor in its leases.

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  
BMS Holdings  
BMS Holdings Spain, S.L.  
BMS International Insurance Company Limited  
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  
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 K.K.  
Bristol-Myers Middle East S.A.L.  
Bristol-Myers Overseas Corporation  
Bristol-Myers Squibb & Gilead Sciences, LLC  
Bristol-Myers Squibb (China) Investment 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 and Gilead Sciences Limited  
Bristol-Myers Squibb Argentina S. R. L.  
Bristol-Myers Squibb Australia Pty. Ltd.  
Bristol-Myers Squibb Axia Limited  
Bristol-Myers Squibb B.V.  
Bristol-Myers Squibb Belgium S.A.

Bristol-Myers Squibb Bulgaria EOOD  
Bristol-Myers Squibb Business Services Limited  
Bristol-Myers Squibb Canada Co.  
Bristol-Myers Squibb Canada International Limited  
Bristol-Myers Squibb de Colombia S.A.  
Bristol-Myers Squibb de Costa Rica Sociedad Anonima  
Bristol-Myers Squibb de Guatemala, S.A.  
Bristol-Myers Squibb de Mexico, S. de R.L. de C.V.  
Bristol-Myers Squibb Delta Company Limited  
Bristol-Myers Squibb Ecuador Cia. Ltd.  
Bristol-Myers Squibb Egypt, LLC  
Bristol-Myers Squibb EMEA Sarl  
Bristol-Myers Squibb Epsilon Holdings  
Bristol-Myers Squibb Farmaceutica Portuguesa S.A.  
Bristol-Myers Squibb Farmaceutica S.A.  
Bristol-Myers Squibb GesmbH.  
Bristol-Myers Squibb GmbH & Co. KGaA  
Bristol-Myers Squibb Holding Germany GmbH & Co. KG  
Bristol-Myers Squibb Holdings 2002 Limited  
Bristol-Myers Squibb Holdings Germany Verwaltungs GmbH  
Bristol-Myers Squibb Holdings Ireland  
Bristol-Myers Squibb Holdings Limited  
Bristol-Myers Squibb Holdings Pharma Ltd. Liability Company  
Bristol-Myers Squibb Ilaclari, Inc.  
Bristol-Myers Squibb India Pvt. Ltd.  
Bristol-Myers Squibb International Company  
Bristol-Myers Squibb International Corporation  
Bristol-Myers Squibb Investco, L.L.C.  
Bristol-Myers Squibb Luxembourg International S.C.A.  
Bristol-Myers Squibb Luxembourg S.a.r.l.  
Bristol-Myers Squibb Manufacturing Company  
Bristol-Myers Squibb Marketing Services S.R.L.  
Bristol-Myers Squibb MEA GmbH  
Bristol-Myers Squibb Middle East & Africa FZ-LLC  
Bristol-Myers Squibb Norway Ltd.  
Bristol-Myers Squibb Nutricionales de Mexico, S. de R.L. de C.V.  
Bristol-Myers Squibb Peru S.A.  
Bristol-Myers Squibb Pharma (HK) Ltd  
Bristol-Myers Squibb Pharma (Thailand) Limited  
Bristol-Myers Squibb Pharma Company  
Bristol-Myers Squibb Pharma EEIG  
Bristol-Myers Squibb Pharma Holding Company, LLC  
Bristol-Myers Squibb Pharma Ventures Corporation  
Bristol-Myers Squibb Pharmaceutical Trading Ltd.  
Bristol-Myers Squibb Pharmaceuticals  
Bristol-Myers Squibb Pharmaceuticals Limited  
Bristol-Myers Squibb Polska Sp. z o.o.  
Bristol-Myers Squibb Products S.A.  
Bristol-Myers Squibb Puerto Rico, Inc.  
Bristol-Myers Squibb Puerto Rico/Sanofi Pharmaceutical Partnership Puerto Rico  
Bristol-Myers Squibb S.r.l.  
Bristol-Myers Squibb SA (Baar)  
Bristol-Myers Squibb Sanofi Pharmaceuticals Holding Partnership  
Bristol-Myers Squibb Sarl (France)  
Bristol-Myers Squibb Service Ltd.  
Bristol-Myers Squibb Services Sp. z o.o.  
Bristol-Myers Squibb spol. s r.o.  
Bristol-Myers Squibb Trustees Ltd.  
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  
Compania Bristol-Myers Squibb de Centro America  
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.  
GenPharm International, L.L.C.  
Grove Insurance Company Ltd.  
Heyden Farmaceutica Portuguesa Limitada  
Inhibitex, L.L.C.  
Kosan Biosciences Incorporated  
Linson Investments Limited  
Little Sycamore Limited  
Mead Johnson (Manufacturing) Jamaica Limited  
Mead Johnson Jamaica Ltd.  
Medarex, L.L.C.  
O.o.o. Bristol-Myers Squibb  
O.o.o. Bristol-Myers Squibb Manufacturing  
Oy Bristol-Myers Squibb (Finland) AB  
Princeton Pharmaceutical Products, Inc.  
Route 22 Real Estate Holding Corporation  
Sanofi Clir  
Sino-American Shanghai Squibb Pharmaceuticals Limited  
Societe Francaise de Complements Alimentaires(S.O.F.C.A.)  
Squibb Manufacturing Company  
Squibb Middle East S.A. (Panama)  
Swords Laboratories  
Tri-Supply Limited  
Unterstützungskasse Bristol-Myers Squibb GmbH  
Westwood-Intrafin, S.A.  
Westwood-Squibb Pharmaceuticals, Inc.  
ZymoGenetics Paymaster, LLC  
ZymoGenetics, Inc.  
ZymoGenetics, LLC

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 33-33682, 33-62496, 333-114107, 333-117818, 333-150471 and 333-182852 on Form S-3, and Nos. 33-30856, 33-38411, 33-38587, 33-44788, 333-47403, 33-52691, 33-30756-02, 33-58187, 333-02873, 333-65424, 333-107414 and 333-182405 on Form S-8 of our reports dated February 14, 2014, relating to the consolidated financial statements of Bristol-Myers Squibb Company and subsidiaries (the "Company") and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of the Company for the year ended December 31, 2013.

*/s/ DELOITTE & TOUCHE LLP*

Parsippany, New Jersey  
February 14, 2014

**CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lamberto Andreotti, 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 14, 2014

/s/ LAMBERTO ANDREOTTI

Lamberto Andreotti  
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 14, 2014

/s/ CHARLES BANCROFT

Charles Bancroft  
Chief Financial Officer

**Certification by the Chief Executive Officer Pursuant to 18 U. S. C. Section 1350, as  
Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U. S. C. Section 1350, I, Lamberto Andreotti, 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, 2013 (the Report), as filed with the Securities and Exchange Commission on February 14, 2014, 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/ LAMBERTO ANDREOTTI

Lamberto Andreotti  
Chief Executive Officer  
February 14, 2014

**Certification by the Chief Financial Officer Pursuant to 18 U. S. C. Section 1350, as  
Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

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, 2013 (the Report), as filed with the Securities and Exchange Commission on February 14, 2014, 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 14, 2014

