Bristol Myers Squibb™

2020 Annual Report

Transforming patients' lives through science™

Bristol Myers Squibb™

Our Mission

To discover, develop and deliver innovative medicines
that help patients prevail over serious diseases

Our Vision

To be the world's leading biopharma company
that transforms patients' lives through science

Our Values

Integrity | Innovation | Urgency | Passion | Accountability | Inclusion

Cover image: During a year when most of us were separated by the pandemic, our global collective efforts ensured that individual contributions came together to make a significant impact for patients.

A Letter from Giovanni Caforio

The first year of our new company was truly a remarkable time in BMS history. I am proud of the significant accomplishments we made in the face of great adversity and change during the COVID-19 pandemic.

We created a leading biopharma company, a diversified company with leading medicines across oncology, hematology, immunology and cardiovascular. One with a broad and deep pipeline, and the financial flexibility to continue to invest in innovation. And one where the best people in the industry are committed to our mission to discover, develop and deliver innovative medicines to patients who need them.

"We created a leading biopharma company that combines the agility of a biotech company with the reach and resources of an established pharmaceutical corporation."

We worked hard to deliver on our mission by maintaining an uninterrupted supply of medicines to patients, launching new products and continuing to conduct clinical trials where possible, while navigating the challenges of a worldwide pandemic. We did not lose sight of the patients still waiting for answers, as we added new potential medicines to our portfolio and drove scientific discoveries to fuel the renewal of our portfolio well into the future.

And we did all of this while building our new company and shaping a new culture based on our shared values and focus on patients. After an unprecedented year of progress amid challenges, we have built the company we set out to create. And yet there is more to do for patients who are waiting.

(Continued on next page)

2020 Full-Year Revenues

$42.5B	63%	7%
Worldwide Revenues	GAAP Full-Year Change vs. Prior Year*	Pro Forma Full-Year Change vs. Prior Year**

*Includes revenues for products acquired as part of the Celgene acquisition from November 20, 2019, which was the date of the closing of the acquisition, through December 31, 2019 (excludes foreign currency revenue hedge gains and losses). **Includes revenues for products acquired as part of the Celgene acquisition for the current- and prior-year periods (excludes foreign currency revenue hedge gains and losses). See "Worldwide Pro Forma Revenue" in Quarterly Package of Financial Information for full year of 2020, which is available on bms.com/investors/financial-reporting/quarterly-results, for information on the revenue of the company and Celgene on a stand-alone basis for the prior-year period.

Patients Are Our North Star

In 2020, our single vision–to transform patients' lives through science–guided our teams around the world as we delivered our medicines to patients. Our belief in the power of science to address the most challenging diseases of our time pushed us to strive for innovative solutions.

We brought innovative treatment options to patients with the launch of new therapies–including *Reblozyl* (luspatercept-aamt), *Onureg* (azacitidine) and *Zeposia* (ozanimod). We added five new indications to our immuno-oncology portfolio, including four for our dual immunotherapy treatment, *Opdivo* (nivolumab) plus *Yervoy* (ipilimumab). *Opdivo*-based treatments are helping improve outcomes as first-line treatment for lung cancer patients and showing promise in the adjuvant treatment setting, providing new and earlier treatment options to cancer patients.

We continued to advance our late-stage pipeline with positive top-line results in eight pivotal trials on potential new therapies–truly remarkable progress.

One such therapy is deucravacitinib, an oral selective tyrosine kinase 2 inhibitor, being studied across multiple immune-mediated diseases. Pioneered by our own scientists, deucravacitinib demonstrates the innovative approach our scientists take to meeting unmet medical needs. We were very pleased to receive positive Phase 3 study results for deucravacitinib as a potential new treatment option for people living with psoriasis. We continue to investigate additional indications and welcomed results of a second Phase 3 trial in psoriasis this year.

In 2020, our hematology franchise continued to grow with the launch of *Reblozyl* and *Onureg*. We made great progress in advancing our work in cell therapy, which allows us to potentially redefine the future of personalized medicine, with an advanced cell therapy program and a growing early-stage pipeline that expands across cell and gene therapy targets and technologies.

In February of 2021, *Breyanzi* (liso-cel) was approved by the U.S. Food and Drug Administration (FDA). Our ide-cel application progressed towards potential approval in the U.S. and E.U. Each are differentiated therapies for hard-to-treat blood diseases.

We strengthened our cardiovascular (CV) franchise with the acquisition of MyoKardia, a specialized late-stage CV company. Through MyoKardia, we gained mavacamten, a potential first-in-class therapy for obstructive hypertrophic cardiomyopathy, a chronic heart disease with high morbidity and patient impact. Mavacamten continues a long legacy of cardiovascular leadership at BMS, following *Eliquis*, our novel oral anticoagulant that delivered strong performance in 2020, bringing significant benefit to even more patients.

Despite challenges from a global pandemic, our passionate manufacturing and supply teams applied innovative thinking across the globe to meet the needs of patients. They secured our supply chain, organized alternative transportation routes and were able to deliver a continuous supply of medicines. The teams displayed great urgency to ensure launches were executed on time and further strengthened capabilities needed to support the manufacturing of cell therapies.

Ensuring access to our products is essential. In 2020, we continued to work with governments and policymakers to advance policies that support and reward investments in the discovery and development of life-saving medicines, while thoughtfully approaching the pricing of our medicines to ensure patient access. In the U.S., we expanded our existing patient support programs to help eligible individuals who lost their jobs and health insurance during the pandemic by offering access to our medicines for free.

Continued strong execution provides foundation for the future

13 **approvals** for new medicines and additional indications and formulations, in major markets (the U.S., E.U. and Japan)

8 positive Phase 3 trial readouts

Filed our cell therapy pipeline

6 successful registrational clinical trial starts

Advanced early pipeline with **>50** assets – potential to transition to full development over next three years

5 new indications added to our *Opdivo* (nivolumab) portfolio, including four for *Opdivo* + *Yervoy* (ipilimumab) combination

"I am proud of the significant achievements of last year and the strong foundation we created for near- and long-term growth."

The Business of Breakthroughs

Our focus on unmet needs in cancer, blood diseases, autoimmune and heart diseases comes during a remarkable time when unprecedented scientific discoveries are advancing new treatments as never before in human history.

We are advancing our rich mid- to late-stage pipeline across therapeutic areas including assets like Factor XIa inhibitor for thrombosis, cendakimab for eosinophilic esophagitis and CELMoDs for multiple myeloma.

Our Research & Early Development teams are building a robust early pipeline across multiple platforms with more than 50 early-stage assets. We expect more than 20 experimental assets to progress through proof of concept in the next three years.

At the same time, we continue to build a broad network of biopharma partners to source external innovation. Last year, this included exciting collaborations with DragonFly, insitro, Repare and many more.

COVID-19 Pandemic Response

2020 was like no other year. With COVID-19 quickly affecting the world, we focused on ensuring the safety and well-being of our workforce, ensuring the continued supply of medicines to our patients and driving relief efforts across the globe. We expanded our existing patient support programs to help eligible patients in the U.S. who lost their health insurance due to the pandemic.

Our COVID-19 response and recovery efforts are based on our key priorities to maintain the supply of medicines to patients, protect the health and safety of our workforce, advance our pipeline and assist relief efforts across the globe. Our teams worked with urgency to take all necessary actions to promote public health and continued to carry out our mission of providing life-saving medicines to the patients who depend on us (see page 8 for details).

Living Our Values

The pivot to remote working for the majority of our workforce was enabled by our supportive culture built on our core values of passion, innovation, urgency, accountability, inclusion and integrity. We benefit from the diversity of our colleagues and strive to foster an environment that is equitable and inclusive. At our core is the belief that the priceless ingredient of every product is the integrity of its maker.

The global pandemic and social unrest of 2020 have brought us to a critical inflection point–and businesses who act with purpose will have impact beyond this moment and create lasting change. As the events of 2020 unfolded, our company and the Bristol Myers Squibb Foundation took bold steps to accelerate and expand health equity and diversity and inclusion efforts.

The commitments are aimed at accelerating clinical trial diversity, improving disease awareness in underserved communities, investing in diverse communities and increasing the diversity of the company's workforce.

We then went one step further in December, announcing strengthened environmental sustainability goals through 2040 that build upon those initial commitments. The company has committed to purchase 100 percent of the electricity it uses from renewable sources by 2030 and to be carbon neutral by 2040 with targets of equitable water use, zero waste to landfill and 100 percent electric vehicles in our fleet.

Positioned for the Future

Our accomplishments in 2020 reflect our continued progress towards our vision of transforming patients' lives through science. With strong development and commercial capabilities and a deep and broad pipeline, we are well positioned for growth and the renewal of our portfolio through the end of the decade.

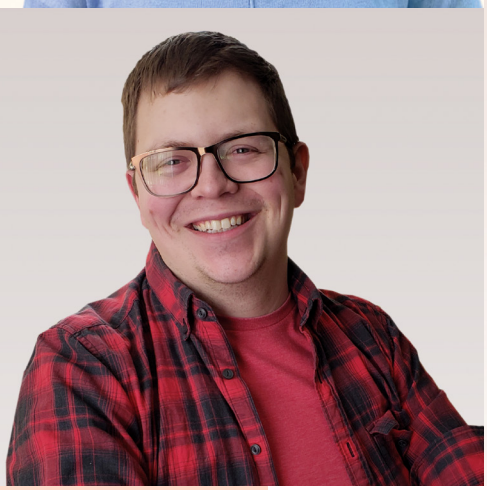
We have the most talented people in the industry who show up for work every day dedicated to our mission of discovering, developing and delivering innovative medicines to help patients prevail over serious diseases. I am proud of how our teams have collaborated during the pandemic in a virtual environment, building a sense of belonging and connection. We stand ready to bring our workforce back together–at the appropriate time and with the appropriate precautions.

The BMS community feels great pride and celebrates each time we see a patient benefit from one of our medicines. But we know how many patients are still waiting for options–this is what motivates us and keeps us focused on the search for the next innovation.

Thank you.

Giovanni Caforio, M.D.
Board Chair and Chief Executive Officer

March 10, 2021



Transforming patients' lives through science™

PATIENT STORY

Life is Not Over

"I've always been symptomatic, as far as I know," said **Ben Johnson** of Livonia, Michigan. "I can't recall a time where there wasn't something going on. It's just the water I swim in."

Diagnosed at three months old, Ben, now 29, lives with hypertrophic cardiomyopathy (HCM), a condition in which the muscle of the heart becomes abnormally thickened, making it difficult for the heart to pump blood.

During his early school days, Ben had a low tolerance for exercise and temperature extremes, but his HCM remained stable–until he was 11 years old. "I would have to stop to catch my breath several times just walking one block to my school bus stop," he related.

> "You are not alone, the world is not closed to you and your life is most certainly not over."
>
> **– Ben**

He continued to decline and a decision was made quickly – he needed a myomectomy, and that meant open heart surgery to remove a portion of a septal muscle in the heart that was obstructing the flow of blood.

After the surgery, Ben said, he felt better instantly. He finished middle school and when he was in high school, joined the theater group, choir and played the trombone in marching band. "It was the most active I had been. I went from being unable to walk to the bus to being able to perform in the band for years," he said.

Ben went on to study medical anthropology and epidemiology in college and worked as a medical researcher at the University of Michigan Institute for Clinical and Health Research, where some of his projects involved cardiology. He began to experience more frequent bouts of dizziness and lightheadedness and was advised to stop working and manage his HCM through cardiac rehab and a low-salt diet. He also continues to take a beta blocker, one of many heart medications he has been on since childhood.

"The main thing for me today is fatigue," he said. "I have to prioritize my day–do I run errands or do my meal prep for the next week? You have to make decisions about what can and can't be skipped," he said.

Ben is a member of a large HCM community and the Hypertrophic Cardiomyopathy Association and frequently speaks with patients and parents of children who are newly diagnosed with HCM.

His message offers them confidence and hope: "As someone who has lived with and managed HCM for almost 30 years, I want to let others know, 'You are not alone, the world is not closed to you and your life is most certainly not over.'"

BMS is currently studying mavacamten, a potential first-in-class cardiovascular medicine for the treatment of obstructive HCM, a chronic heart disease with high morbidity and patient impact.

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

PATIENT STORY

Regaining Freedom

Hideko Kawajiri of Gifu, Japan, loves to help people look their best. "That's why I became a hairdresser," she said.

But after suffering from a sudden onset of rheumatoid arthritis, she couldn't fit her fingers through the handles of scissors and had to put down the tools of her trade.

"It all started with excruciating pain in my fingers. I couldn't move them at all and had no idea why," she explained.

Hideko initially went to a joint clinic where doctors diagnosed her with tenosynovitis. She received injections in all 10 fingers, but her symptoms didn't improve.

"The constant pain in my feet was bad and worse in my hands. It hurt too much to even wash the dishes. I began dropping them to the point where I had to use plastic tableware," she said.

A later blood test with a new doctor found that she had rheumatoid arthritis.

The persistent pain she experienced because of her illness was punctuated several times daily with sudden jolts that would cause her to double over and cradle her arms. She stopped seeing her friends and gave up most activities, including the work she loved. "I remember asking myself, 'Just how bad is this going to get?' "

Hideko found hope from her new doctor, whose encouragement made her want to keep fighting. It also came from the *Orencia* (abatacept) he prescribed.

> "The best part has been regaining the freedom to do what I want."
>
> **– Hideko**

"After my second treatment, I began to feel an improvement in my shoulder pain," she said. "The next thing I knew, my hands no longer hurt. It wasn't long before I felt well enough to begin doing the things I used to enjoy–eating out and meeting with friends."

Today, Hideko continues her activities without having to push through pain. "*Orencia* changed my life," she said. "The best part has been regaining the freedom to do more of what I want."

Orencia was launched in 2016 in the U.S. and Japan for treatment of moderate to severe rheumatoid arthritis and in Europe in combination with methotrexate.

Reaching a "Golden" Goal

Bill Herington entered a clinical trial three years ago for Bristol Myers Squibb's investigational chimeric antigen receptor (CAR) T cell therapy, idecabtagene vicleucel (ide-cel), for treatment of his multiple myeloma, an incurable cancer of the bone marrow, with a specific goal in mind.

"I just wanted to make it to my 50th wedding anniversary," said the active, 75-year-old veteran helicopter pilot.

Bill, of Memphis, Tennessee, was diagnosed eight years ago with smoldering myeloma, a precursor disease that quickly progressed to multiple myeloma. Despite five years of treatments that included a stem cell transplant and multiple rounds of chemotherapy, the disease burden in Bill's bone marrow had reached 95 percent.

His sons, Brad and Jeff, a BMS district business manager, oncology, were concerned. Although Bill was mostly asymptomatic and attempted to do most of his usual activities–working out, playing golf and maintaining his yard and home–Jeff said, "It was just a matter of time before his health was really going to decline."

Bill was accepted into the clinical trial for ide-cel at a CAR T treatment center in Nashville, Tennessee. His T cells were collected, genetically modified and re-introduced into his body.

Ide-cel CAR T cell therapy uses genetically modified human T cells to recognize and kill cancer cells containing B-cell maturation antigen (BCMA), a target protein found on the surface of myeloma cells.

Bill recovered and returned home after being closely monitored by the CAR T treatment center for several weeks, noting that it wasn't long before he got back into his routine. According to Jeff, "He quickly began living almost as a non-cancer patient, and that's a breath of fresh air compared to what he had gone through before."

Bill agrees. "That 'drug holiday' so to speak, is one of the best parts of CAR T therapy," he said.

Having achieved his goal of celebrating his golden wedding anniversary, this year, he and his wife Corrie are celebrating 52 years together. "For a lot of people, that's a blessing in itself. Since the trial, there are so many things that we've been able to do as a family. We've had more time together, more life events and more memories."

Today, Bill, who continues to have regular check-ups, shows no evidence of disease. "Every day is exciting and a journey," he said.

As for entering the trial, Bill added, "I felt like a pioneer; I'm hoping that many other people who have multiple myeloma will have the same success that I've had. My message for them is not to give up hope."

When the data comes to life

Whether you call it fate, coincidence or, as multiple myeloma patient Bill Herington chooses to describe it, "divine intervention," one thing is certain: it's a rare day that patients and the researchers who helped develop their treatments come face to face.

In 2019, Bill's son, Jeff, a BMS district business manager, oncology, had trained long and hard to ride in the company's Coast to Coast for Cancer (C2C4C) cycling event to raise funds for cancer research. His father had recently completed a clinical trial for the company's ide-cel CAR T cell therapy and had recovered with no evidence of residual disease.

Training equally hard was Nate Martin, a translational research scientist working on a CAR T project at the company's site in Seattle. As teams were being created for various legs of the ride, Nate and Jeff had been randomly assigned to the same team.

"A group of us got to talking about what we did for the company and Nate said he was working on a CAR T project," Jeff recalled. "I told him that my dad just completed a CAR T trial, the ide-cel trial."

Nate said it's hard to describe the feeling when he heard that. "Ide-cel was the project I had been working on! When I realized his father was one of our patients, and that he was doing well, it was pretty special," he said. "I was overjoyed for him and the family."

Bill, Jeff and Nate met two days later, at the end of their leg of the ride. "Bill is the face of the work we're doing. As a researcher, I spend all day looking at clinical data about patients but I don't know their personal side of the story. Meeting Bill gave me a chance to see what all of that data means in real life."

For Bill and Jeff, Nate has become family. "There's a deep connection among the three of us that will last a long, long time," said Bill.

Our Response to COVID-19

COVID-19 brought unprecedented and unimaginable challenges to the world during 2020. While patients, caregivers, our workforce and the healthcare community have all faced unique challenges during the crisis, Bristol Myers Squibb has remained steadfast in our commitment to those who rely on us.

Since we first learned about the outbreak, we have taken swift and decisive action to protect our workforce, ensure the continuous supply of our medicines, support relief efforts around the world as well as enable and engage in research for effective treatments.

Through it all, our Corporate Emergency Response Team (CERT) has managed the complex and rapidly evolving situation through an unrelenting focus on protecting the health, safety and well-being of our employees and ensuring the continued supply of medicines for our patients. This was all done in accordance with recommendations from the U.S. Centers for Disease Control and Prevention and the World Health Organization, as well as local governments.

During the pandemic, our role as a biopharmaceutical leader and a responsible global citizen has never been clearer: to promote public health and carry out our mission of providing life-saving medicines to the patients who depend on us.

We responded to the COVID-19 pandemic through a number of actions and we continue to evolve our approach as the pandemic continues.

Patients

Our priority during COVID-19 has been to ensure that our patients continue to receive the medicines they depend on.

- Our **clinical and commercial supply teams** were proactive from the beginning of the pandemic and found alternative means to move our raw materials and products to our markets and clinical sites.
- As more patients faced financial challenges due to COVID-19, we **expanded our existing patient support programs** to help eligible unemployed patients in the U.S. who lost their health insurance by offering access to our medicines for free.
- We implemented overarching principles to guide our **clinical trial investigators** on the conduct of our trials worldwide, to protect participants and personnel at our clinical trial sites, while ensuring regulatory compliance and the integrity of our science.

Our Workforce

We firmly believe that our greatest asset is our people. Our colleagues, working remotely and onsite, and facing their own personal challenges, have continued to act with a sense of purpose, dedication and urgency to meet the needs of our patients.

- From the onset of the pandemic, Bristol Myers Squibb has **made the health, well-being and safety of our workforce a priority**.
- In March 2020, our sites across the globe moved to remote work. At the same time, we **worked with the highest precautions to keep our essential workers onsite** so that we could ensure that we continue to meet the needs of our patients.
- We have taken **a careful approach to return colleagues to our sites** based on the local conditions, government and health authority guidance and our company guidance.
- As the pandemic continues, we are **addressing individual needs and providing flexibility** to protect the most vulnerable members of our workforce and support those who continue to work remotely.

Community

The need for strong support for patients, healthcare providers and our communities has never been greater than during this global pandemic.

- Bristol Myers Squibb, together with the Bristol Myers Squibb Foundation, has contributed more than **$31 million in financial support and much needed products**, including personal protective equipment such as masks and gloves to relief efforts in 45 countries.
- We have engaged with more than **250 patient and professional organizations** to support research, education and a broad range of efforts to benefit patients in need.
- In partnership with GRYT Health, we launched the **COVID Advocacy Exchange**, a virtual platform that brings together a range of stakeholders – patient advocacy organizations, patients, policymakers, healthcare practitioners and industry members – to support the crucial exchange of information and to provide a forum for live, interactive sessions that encourage discussion and collaboration. More than 25,000 people engaged in the COVID Advocacy Exchange during 2020.

In Support of Science

In keeping with our vision to transform patients' lives through science, we have supported global and industry-wide efforts to accelerate the development of effective diagnostics, vaccines and treatments for COVID-19.

- We are now one of 15 companies participating in the **Bill & Melinda Gates Foundation's COVID-19 Therapeutics Accelerator**. As part of the effort, we have identified more than 1,000 proprietary compounds and made them available to collaborators to screen for possible molecules to treat COVID-19.
- We organized and are leading the **COVID-19 Testing Industry Consortium** that includes 18 other healthcare companies seeking to inform, improve, innovate and accelerate aspects of COVID-19 testing, from research to clinical diagnostic applications.
- We have **evaluated compounds in our portfolio** for potential impact on the inflammatory response of some patients to COVID-19, for possible inclusion in near-term clinical trials; the research is advancing with a sense of urgency.
- We are part of the **Accelerating COVID-19 Therapeutic Interventions and Vaccines (ACTIV)** initiative, a collaboration with the National Institutes of Health (NIH) and the Foundation for NIH as well as other industry, public health and not-for-profit organizations. This initiative aims to develop a national strategy for a coordinated COVID-19 research response.

The Path Forward

In February 2021, to spur a crucial effort to develop new treatments for patients with COVID-19, we entered into an agreement with Rockefeller University, granting us the global exclusive license to develop, manufacture and commercialize Rockefeller's novel monoclonal antibody (mAb) duo treatment for therapy or prevention of COVID-19. The treatment combines two mAbs directed at blocking the SARS-CoV-2 spike protein and neutralizing the virus. Rockefeller initiated Phase 1 clinical trials in January 2021.

We recognize that COVID-19 has created unique challenges for all of us, and we will continue to work with a sense of urgency toward solutions for our patients, our workforce and the global community.

Environmental, Social and Governance Highlights

As part of our environmental, social and governance (ESG) strategy, we continually strive toward better performance. This includes setting ambitious goals for our own operations, high expectations for our suppliers and an example of leadership for our industry. In the same way that it drives the development of our transformational medicines, innovation fuels our ESG strategy.

Our strong governance profile includes board management and direct oversight by our Committee on Directors and Corporate Governance of ESG risks assessment and disclosure. This ensures our ability to operate with the highest levels of quality, integrity and ethics.

Our ESG strategy is fully aligned to our corporate strategy and was developed based on an assessment of priority issues drawn from senior executives and key stakeholders. Our environmental and social programs focus on our critical risks and opportunities, with targets to accelerate innovation, enhance patient access to medicines, be an employer of choice and reduce our environmental footprint. We closed the year by announcing a new set of environmental goals for the coming decades and in 2021, the company plans to publish its first standards-aligned Environmental, Social and Governance report.

Our Environmental Goals

By 2030, we will purchase 100% of our electricity from renewable sources. By 2040, we will:

- Be net neutral in Scope 1 (direct) and Scope 2 (indirect) greenhouse gas (GHG) emissions
- Reach the target of zero waste to landfill
- Set approved science-based emissions reductions targets in alignment with the Science Based Targets initiative (SBTi)
- Achieve equitable water use
- Use 100% electric vehicles (EV) in our fleet

*Figures shown in infographic are 2019 metrics against 2015 baseline. (does not include former Celgene sites).

Environmental Responsibility

Progress Made in 2020*

20.7%
Reduction in GHG emissions

Reduced energy consumed
13.3%

300%
Increase in recycled/ reclaimed efforts

Increased EV/ hybrid in fleet
19.2%

10.8%
Less water used

Reduce waste generated
59.1%

Diversity & Inclusion Commitments

Bristol Myers Squibb has long recognized that inherent in our vision–transforming patients' lives through science–is a critical responsibility to build a diverse and inclusive culture and drive these same principles across all aspects of our business. We are incredibly encouraged by the progress we have made in recent years in service to patients–a journey that involves our workforce, suppliers, partners and communities all working together to drive innovation and deliver transformative medicines worldwide.

In 2020, this work took on even greater importance as we all witnessed social unrest and the devastating impacts of the COVID-19 pandemic across the world, highlighting significant social and health disparities. In the United States, for example, Black/African American and Hispanic/Latinx communities are at greater risk of contracting the virus or experiencing more severe illness and poorer health outcomes. More broadly, there is an increasing focus on the systemic issues experienced by many Black/African Americans and more broadly in underserved communities that result in lesser access and quality of care. We know various forms of inequity are not unique to the United States.

Consistent with our mission, vision and values, Bristol Myers Squibb believes we have a unique responsibility to address these disparities. That is why we have further accelerated and strengthened our existing commitments in this area. Over the next five years, Bristol Myers Squibb will invest $150 million to address health disparities and clinical trial diversity.

For example, the company is accelerating disease awareness and patient affordability and support programs for at-risk and medically underserved populations and advocating for policies that promote health equity. To increase diversity in clinical trials, we have identified medically underserved populations in the most racially and ethnically diverse metro areas in the United States. To help narrow racial gaps in treatment, these sites will be the focus of new clinical trials.

We know supplier diversity can be an important driver in economic development and social equity for underserved communities. As a result, we will spend $1 billion globally by 2025 with Black/African American and other diverse-owned businesses.

And the company is working globally to achieve gender parity at the executive level and will double representation from June 2020 levels of both Black/African American executives from 3.0 percent to 6.0 percent and Hispanic/Latinx executives from 3.7 percent to 7.4 percent in the U.S. by year-end 2022.

At the same time, the Bristol Myers Squibb Foundation has had a sole focus on health equity across the globe for over 20 years. During the past year, the Foundation has made its own additional $150 million commitment to address health disparities and clinical trial diversity as well as to enhance employee giving over the next five years. Between 2020-2025, the Foundation will award $50 million in U.S. health equity grants that will continue to build on its health systems and community impacts. The Foundation is also working to increase recruitment of diverse patients into clinical trials in urban and rural U.S. geographies, and is supporting a new program that will train and develop 250 new diverse and diverse-community-serving clinical trial investigators in partnership with the National Medical Fellowships. Finally, the Foundation aims to deepen the impact of non-profit organizations fighting disparities and discrimination through a 2-to-1 match on donations made by BMS employees in the U.S. and Puerto Rico.

Bristol Myers Squibb Commitments

$150M

investment to address health disparities; supplier diversity; clinical trial diversity and workforce representation

$1.0B

By 2025, $1 billion in global spend with Black/African American and other diverse owned businesses

Bristol Myers Squibb™ Foundation

$150M

commitment to address health disparities

250

train and develop 250 new clinical trial investigators

PATIENT STORY

Living With a Game Changer

"Let's be clear: People don't like talking about bathroom habits," acknowledged author and relationship coach **Winter Williams**. "But when it comes to ulcerative colitis, I am privileged to lend my voice to the discussion and talk about the challenges patients deal with because of this disease."

Winter, of Vienna, Virginia, was 19 years old and four months pregnant when she was diagnosed with the immune-mediated disease, which causes inflammation of the large intestine. She had been experiencing multiple symptoms: fatigue, chronic diarrhea and, despite her pregnancy, weight loss.

> "Researchers–and the work they do–matter more than they know."
>
> **– Winter**

Today, she is an advocate and hopes that sharing her story will give hope and inspire others to get help and not ignore their symptoms, while bringing awareness and removing the stigma behind the disease.

"Ulcerative colitis is a game changer. It impacts your quality of life in ways you really cannot prepare for," she said. "You need to monitor so many things, including what you eat, your fatigue, when you're not feeling well and frequency in the bathroom," she said.

Winter is quick to add that, although there are constant ups and downs with the diagnosis, "it does not have to be something that ruins your hopes and dreams. You can still move forward and achieve whatever you want."

She is living proof of that.

After the birth of her daughter, Winter began a series of treatments and lifestyle changes that have become her norm since 2001 and, along the way, was diagnosed with a second immune-mediated disease, rheumatoid arthritis. She also earned her bachelor's and master's degrees in communications, began studying for her doctorate in business and had three more children.

"All of my children have grown up with me dealing with and managing my disease," she said. "They have learned a lot, are very supportive and have seen what can be accomplished despite the diagnosis."

Now 39, Winter is hopeful that new treatment options for people suffering from immune-mediated diseases will continue to be made available and said she appreciates the scientists who are looking for solutions that could transform her life.

"Researchers–and the work they do–matter more than they know. They need to continue to push the envelope on every option possible to set us free from these diseases."

PATIENT STORY

We're Coming After Your Disease

Immune-mediated diseases are a major health problem that encompass more than 100 illnesses, including lupus, multiple sclerosis, inflammatory bowel disease and psoriasis. It is estimated that four percent of the world's population suffers from at least one of these diseases, and that percentage is on the rise.

BMS senior principal scientist **Ryan Moslin** has a message for those patients: "We're coming after your disease."

Although immune-mediated diseases are all different, they share the same cause: the patient's immune system mistakenly attacks healthy cells in the body.

Ryan, a medicinal chemist, helped pioneer research efforts into the company's selective tyrosine kinase 2 (TYK2) inhibitor, deucravacitinib, which targets the immune responses that contribute to the development of immune-mediated diseases, including the psoriasis that has affected him since youth.

It started out with a scaly rash on his scalp and, over the years, progressed to other areas such as his torso and legs. "I've had psoriasis for so long now that I don't know what it would be like not to live with the manifestations," he said. "This is my normal."

When he was getting married, Ryan underwent steroid injections for the nail on his ring finger, because he didn't want to look down at the symbol of his marriage and think about psoriasis. As the nail grew in with no patches, he said, "I would find myself looking at it and feeling so good just to have that one tiny piece of normal."

He, like so many other patients, is waiting for an innovative treatment option for psoriasis. "It's difficult not to feel self-conscious about it, especially when you catch people staring," Ryan explained. He notices it most when he takes his two young daughters to the beach or the pool, where he tries to stay in the water to hide the rash on his legs. "If more people knew that it's not contagious, maybe there would be less stigma attached to it," he said.

> "As a researcher, I want to tell patients, 'Thank you for being so patient. We are working hard to deliver this and other medicines to help transform lives.'"
>
> **– Ryan**

Ryan has a unique perspective, as both a patient and a researcher, where he spends the bulk of his time looking for new ways to modulate the immune system to treat various diseases.

"Speaking as someone who is waiting for a treatment that is now going through the necessary steps to ensure safety and efficacy, I can understand the eagerness for a new option," Ryan said. "As a researcher, I want to tell patients, 'Thank you for being so patient. We are working hard to deliver this and other medicines to help transform lives.'"

Topline results of the first Phase 3 pivotal study evaluating deucravacitinib for patients with moderate to severe plaque psoriasis, POETYK PSO-1, were announced in late 2020. Top line results of the second Phase 3 study, POETYK PSO-2, were announced in the first quarter of 2021. Phase 2 studies in psoriatic arthritis, inflammatory bowel disease, systemic lupus erythematosus and lupus nephritis are ongoing.

Development Portfolio by Therapeutic Area

Oncology

Phase I

OPDIVO[a]
– Solid Tumors
OPDIVO[a] ***+ YERVOY***[a]
– Solid Tumors
motolimod
– SCCHN
relatlimab[a]**^**
– Solid Tumors
NLRP3 Agonist^
– Solid Tumors
Anti-TIM-3^
– Solid Tumors
STING Agonist
– Solid Tumors
AHR Antagonist[a]
– Solid Tumors
Anti-CTLA-4 NF-Probody
– Solid Tumors
Anti-TIGIT^
– Solid Tumors
Anti-CD73^
– Solid Tumors
BET Inhibitor (CC-90010)^
– Solid Tumors
BET Inhibitor (CC-95775)^
– Solid Tumors
Anti-SIRPα
– Solid Tumors
CD3xPSCA[a]
– Solid Tumors
Anti-IL8^
– Solid Tumors
Anti-Fucosyl GM1
– Solid Tumors
AR-LDD
– Solid Tumors
Anti-NKG2A
– Solid Tumors
Anti-OX40
– Solid Tumors
TGFβ Inhibitor
– Solid Tumors
IL-12 Fc
– Solid Tumors

Phase II

OPDIVO[a]
– Solid Tumors
– 1L CRC
– Pan Tumor TMB High
– Pediatric
OPDIVO[a]**^**
– Solid Tumors
OPDIVO[a] ***+ YERVOY***[a]
– Solid Tumors
– Metastatic Castration-Resistant Prostate
OPDIVO[a] ***+ YERVOY***[a]**^**
– Solid Tumors
OPDIVO[a] **+ CDK4/6 Inhibitor**
– Neoadjuvant ER+/HER2- Breast
OPDIVO[a] **+ relatlimab**[a]
– Solid Tumors
OPDIVO[a] **+ linrodostat**
– Solid Tumors
OPDIVO[a] **+ bempegaldesleukin**[a]
– Solid Tumors
– 1L Bladder[#]
POMALYST/IMNOVID
– Pediatric Glioblastoma
Anti-CTLA-4 NF^
– Solid Tumors
Anti-CTLA-4 Probody^
– Solid Tumors
CCR2/5 Dual Antagonist^
– Solid Tumors
LSD1 Inhibitor
– Extensive Stage SCLC

Phase III

OPDIVO[a]
– 1L Glioblastoma
– 1L HCC
– 1L Head & Neck
– 1L Head & Neck Locally Advanced
– 1L Esophageal
– 1L Gastric
– High-Risk Non-Muscle Invasive Bladder Cancer
– Adjuvant Bladder
– Adjuvant Esophageal/ Gastroesophageal
– Adjuvant Gastric
– Adjuvant HCC
– Adjuvant Melanoma
– Adjuvant RCC
– Metastatic Castration-Resistant Prostate
– Neoadjuvant ER+/HER2- Breast
– Neoadjuvant NSCLC
– Peri-adjuvant NSCLC
– Unresectable NSCLC
OPDIVO[a] ***+ YERVOY***[a]
– 1L Bladder
– 1L Esophageal
– 1L Gastric
– 1L HCC
– Intermediate HCC
– 1L Head & Neck
– 1L CRC (MSI-High)
– Adjuvant Melanoma
– Adjuvant RCC
– NSCLC EGFR Mutant
– Unresectable NSCLC
OPDIVO[a] **+ relatlimab**[a]
– 1L Melanoma
OPDIVO[a] **+ linrodostat**
– 1L Metastatic Melanoma
– Neoadjuvant Muscle Invasive Bladder Cancer
OPDIVO[a] **+ bempegaldesleukin**[a]
– 1L Melanoma
– Adjuvant Melanoma[#]
– Muscle Invasive Bladder Cancer
– 1L RCC[#]
OPDIVO[a] ***+ YERVOY***[a] **+ cabozantinib**[a]
– Metastatic RCC

Approved Indications

OPDIVO[a]
– 1L Metastatic Melanoma
– Adjuvant Melanoma
– Mesothelioma
– Previously treated advanced RCC
– Previously treated Gastric cancer (Japan, China)
– Previously treated HCC
– Previously treated Metastatic Head & Neck
– Previously treated Metastatic Melanoma
– Previously treated Metastatic MSI-High CRC
– Previously treated Metastatic Non-squamous NSCLC
– Previously treated Metastatic Squamous NSCLC
– Previously treated Metastatic Urothelial
– Previously treated Esophageal
OPDIVO[a] ***+ YERVOY***[a]
– 1L Metastatic Melanoma
– 1L Mesothelioma
– 1L NSCLC
– 1L RCC
– Previously treated Metastatic MSI-High CRC
– Previously treated HCC
OPDIVO[a] **+ cabozantinib**[a]
– Metastatic RCC
YERVOY[a]
– Adjuvant Melanoma
– Metastatic Melanoma
ABRAXANE
– Breast
– Gastric
– Locally Advanced or Metastatic NSCLC
– Metastatic Breast Cancer
– NSCLC
– Pancreatic
– Unresectable Pancreatic

Listed in this section are our investigational compounds that we have in clinical studies as well as the approved and potential indications for our marketed products in the related therapeutic area as of February 4, 2021. Whether any of the listed compounds ultimately becomes a marketed product depends on the results of clinical studies, the competitive landscape of the potential product's market, reimbursement decisions by payers and the manufacturing processes necessary to produce the potential product on a commercial scale, among other factors. There can be no assurance that we will seek regulatory approval of any of these compounds or that, if such approval is sought, it will be obtained. There is also no assurance that a compound which gets approved will be commercially successful. At this stage of development, we cannot determine all intellectual property issues or all the patent protection that may, or may not, be available for these investigational compounds.

Development Portfolio by Therapeutic Area

Hematology

Phase I

OPDIVO[a]
– Hematologic Malignancies
***BREYANZI* (liso-cel)**
– 3L+ Mantle Cell Lymphoma
ide-cel (BCMA CAR T)[a]
– High-risk Newly-Diagnosed Multiple Myeloma
BCMA CAR T (bb21217)[a]
– Relapsed/Refractory Multiple Myeloma
relatlimab[a]**^**
– Hematologic Malignancies
BET Inhibitor (CC-95775)
– Non-Hodgkin Lymphoma
BET Inhibitor (CC-90010)
– Hematologic Malignancies
BET Inhibitor (BMS-986158)
– Hematologic Malignancies
BCMA ADC
– Relapsed/Refractory Multiple Myeloma
BCMA TCE
– Relapsed/Refractory Multiple Myeloma
BCMA NEX T
– Relapsed/Refractory Multiple Myeloma
GPRC5D CAR T
– Relapsed/Refractory Multiple Myeloma
CD3XCD33 Bispecific[a]
– Relapsed/Refractory Acute Myeloid Leukemia
A/I CELMoD (CC-92480)
– Relapsed/Refractory Multiple Myeloma
A/I CELMoD (CC-99282)
– Relapsed/Refractory Non-Hodgkin Lymphoma
GSPT1 CELMoD (CC-90009)
– Relapsed/Refractory Acute Myeloid Leukemia
Anti-SIRPα
– Non-Hodgkin Lymphoma
LSD1 Inhibitor
– Relapsed/Refractory Non-Hodgkin Lymphoma
CD19 NEX T
– Relapsed/Refractory Non-Hodgkin Lymphoma
CD22 ADC[a]
– Lymphoma
iberdomide
– Non-Hodgkin Lymphoma
CD33 NKE
– Relapsed/Refractory Acute Myeloid Leukemia
CD47xCD20
– Non-Hodgkin Lymphoma

Phase II

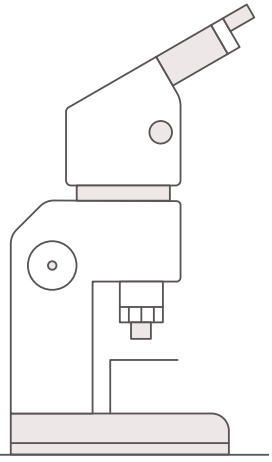
OPDIVO[a]
– Non-Hodgkin Lymphoma (Diffuse Large B-cell Lymphoma)
– Non-Hodgkin Lymphoma (Follicular Lymphoma)
– Pediatric Hodgkin Lymphoma
– Primary Testicular Lymphoma
OPDIVO[a] ***+ EMPLICITI***[a]
– Relapsed/Refractory Multiple Myeloma
IDHIFA[a]
– 1L Acute Myeloid Leukemia with IDH2 Mutation
REBLOZYL[a]
– MF Anemia
– Non-Transfusion-Dependent Beta-Thalassemia
ONUREG
– Post HMA Failure MDS
***BREYANZI* (liso-cel)**
– 2L Diffuse Large B-cell Lymphoma Transplant non-Eligible
– 3L+Chronic Lymphocytic Leukemia
– 3L+ Follicular Lymphoma / Marginal Zone Lymphoma
– 2L+ Pediatric B-Cell Acute Lymphoblastic Leukemia
– 2L+ Primary CNS Lymphoma
– 1L High Grade B-cell Lymphoma
ide-cel (BCMA CAR T)[a]
– High-risk Newly-Diagnosed Multiple Myeloma
– 2L Relapsed/Refractory Multiple Myeloma
– 4L+ Relapsed/Refractory Multiple Myeloma
iberdomide
– Relapsed/Refractory Multiple Myeloma

Phase III

OPDIVO[a]
– Refractory Hodgkin Lymphoma
EMPLICITI[a] ***+ REVLIMID***
– 1L Multiple Myeloma
REBLOZYL[a]
– ESA Naïve MDS
INREBIC
– MF Previously treated with Ruxolitinib
ONUREG
– Angioimmunoblastic T-cell Lymphoma
– Lower Risk MDS
IDHIFA[a]
– Relapsed/Refractory Acute Myeloid Leukemia with IDH2 Mutation
ISTODAX
– 1L Peripheral T-cell Lymphoma
ide-cel (BCMA CAR T)[a]
– 3-5L Relapsed/Refractory Multiple Myeloma
BREYANZI (liso-cel)
– 2L Diffuse Large B-cell Lymphoma Transplant Eligible

Approved Indications

REVLIMID
– 1L Multiple Myeloma
– Mantle Cell Lymphoma
– MDS
– Multiple Myeloma
– Previously treated Follicular Lymphoma
– Relapsed/Refractory Adult T-cell Leukemia/Lymphoma
OPDIVO[a]
– Advanced Hodgkin Lymphoma
POMALYST/IMNOVID
– Multiple Myeloma
– Relapsed/Refractory Multiple Myeloma
– AIDS related Kaposi Sarcoma
– HIV-negative Kaposi Sarcoma
EMPLICITI[a] ***+ POMALYST/ IMNOVID***
– Relapsed/Refractory Multiple Myeloma
EMPLICITI[a] ***+ REVLIMID***
– Relapsed/Refractory Multiple Myeloma
SPRYCEL
– 1L CML
– Pediatric ALL
– Refractory CML
VIDAZA
– Acute Myeloid Leukemia
– Chronic Myelomonocytic Leukemia
– MDS
REBLOZYL[a]
– Transfusion-Dependent Beta-Thalassemia
– MDS Previously treated with ESA
INREBIC
– MF
ONUREG
– Post-Induction Acute Myeloid Leukemia Maintenance
IDHIFA[a]
– Relapsed/Refractory AML
ISTODAX
– Cutaneous T-cell Lymphoma
– Peripheral T-cell Lymphoma
BREYANZI (liso-cel)
– 3L+ Diffuse Large B-cell Lymphoma



Immunology

Phase I

TYK2 Inhibitor
– Autoimmune Disease
TYK2 Inhibitor[a]
– Autoimmune Disease
TLR 7/8 Inhibitor
– Autoimmune Disease
S1PR1 Modulator
– Autoimmune Disease
IL-2 Mutein
– Autoimmune Disease
MK2 Inhibitor
– Autoimmune Disease
Immune Tolerance[a]
– Multiple Sclerosis
IL2-CD25
– Autoimmune Disease
Anti-CD40
– Autoimmune Disease

Phase II

branebrutinib
– Rheumatoid Arthritis
– Sjögren's Disease
– Systemic Lupus Erythematosus
deucravacitinib
– Crohn's Disease
– Lupus Nephritis
– Psoriatic Arthritis
– Systemic Lupus Erythematosus
– Ulcerative Colitis
iberdomide
– Systemic Lupus Erythematosus
cendakimab
– Eosinophilic Esophagitis

Phase III

ORENCIA
– Idiopathic Inflammatory Myopathy
NULOJIX
– Switch from Calcineurin Inhibitor Renal Transplant
deucravacitinib
– Psoriasis
ZEPOSIA
– Crohn's Disease
– Ulcerative Colitis

Approved Indications

ORENCIA
– Active Polyarticular JIA
– Early Rheumatoid Arthritis
– JIA Intravenous
– JIA Subcutaneous
– Psoriatic Arthritis
– RA Auto injector
– RA Intravenous
– RA Subcutaneous
NULOJIX
– De Novo Renal Transplant
ZEPOSIA
– Relapsing Multiple Sclerosis

Cardiovascular

Phase I

Factor XIa Inhibitor (BMS-986209)[a]
– Thrombotic Disorders
FPR-2 Agonist
– Heart Failure
MYK-224
– Hypertrophic Cardiomyopathy

Phase II

ELIQUIS[a]
– Pediatric Heart Disease
mavacamten
– Non-obstructive Hypertrophic Cardiomyopathy
danicamtiv
– Genetic Dilated Cardiomyopathy
Factor XIa Inhibitor (BMS-986177)[a]
– Thrombotic Disorders
FA-Relaxin
– Heart Failure

Phase III

ELIQUIS[a]
– VTE prevention in pediatrics with ALL
mavacamten
– Obstructive Hypertrophic Cardiomyopathy
– Obstructive Hypertrophic Cardiomyopathy Septal Reduction Therapy Eligible

Approved Indications

ELIQUIS[a]
– Stroke Prevention in Atrial Fibrillation
– Venous Thromboembolism Prevention Orthopedic Surgery
– Venous Thromboembolism Treatment

Fibrotic Diseases

Phase I

LPA_1 Antagonist (BMS-986337)
– Pulmonary Fibrosis
NME
– Fibrosis

Phase II

HSP47[a]
– Fibrosis
Pegbelfermin
– Non-alcoholic Steatohepatitis

JNK Inhibitor
– Idiopathic Pulmonary Fibrosis
– Non-Alcoholic Steatohepatitis

LPA_1 Antagonist (BMS-986278)
– Pulmonary Fibrosis

Neuroscience

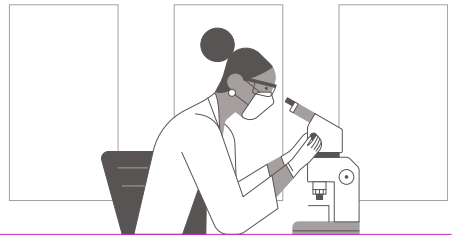
Phase I

FAAH/MGLL Dual Inhibitor
– Neuroscience

COVID-19

Phase I

SARS-CoV-2 mAb Duo
– COVID-19 Therapy or Prevention#



Note: Above pipeline excludes clinical collaborations

[a] Development Partnership: ***OPDIVO, YERVOY***, **Relatlimab:** Ono (our collaboration with Ono also includes other early stage compounds); ***EMPLICITI***: AbbVie; **bempegaldesleukin:** Nektar; **Cabozantinib:** Exelixis, Inc.; ***ELIQUIS:*** Pfizer; **Factor XIa Inhibitor:** Janssen Pharmaceuticals, Inc.; **HSP47:** Nitto Denko Corporation; **CD3XCD33, CD3xPSCA, GEM333:** GeMoaB Monoclonals GmbH; **bb21217, ide-cel:** bluebird; ***REBLOZYL:*** Acceleron Pharma Inc.; ***IDHIFA***: Agios Pharmaceuticals, Inc.; **AHR:** Ikena Oncology; **CD22 ADC**: TriPhase Accelerator; **TYK2 Inhibitor (Nimbus)**: Nimbus Therapeutics; **Immune Tolerance:** Anokion

^ Trial(s) exploring various combinations

Partner-run study

Bristol Myers Squibb

2020 Financial Report

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis of financial condition and results of operations is provided as a supplement to and should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K to enhance the understanding of our results of operations, financial condition and cash flows.

The comparison of 2019 to 2018 results has been omitted from this Annual Report on Form 10-K, but can be referenced in our Form 10-K for the year ended December 31, 2019—"Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" filed on February 24, 2020.

EXECUTIVE SUMMARY

Bristol-Myers Squibb Company is a global biopharmaceutical company whose mission is to discover, develop and deliver innovative medicines that help patients prevail over serious diseases. Refer to the Summary of Abbreviated Terms at the end of this 2020 Annual Report for terms used throughout the document.

We completed the Celgene transaction on November 20, 2019. Our consolidated financial statements for 2020 include a full year of Celgene operations. On November 17, 2020, we completed our acquisition of MyoKardia for approximately $13.1 billion in cash. We expect that our acquisitions of Celgene and MyoKardia will further position us as a leading biopharmaceutical company, expanding our oncology, hematology, immunology and cardiovascular portfolios with several near-term assets and additional external partnerships. Refer to "—Acquisitions, Divestitures, Licensing and Other Arrangements" for further information.

The COVID-19 pandemic is resulting in significant risks and disruptions to the health and welfare of the global population and economy. Although the pandemic has not had a significant impact on our results of operations, it remains difficult to reasonably assess or predict the full extent of the negative impact that the COVID-19 pandemic may have on our business, financial condition, results of operations and cash flows. The impact will depend on future developments such as the ultimate duration and recovery from the pandemic, government actions, impact on the U.S. and global economies, customer behavior changes and timing for resumption to our normal operations, among others. Refer to "—Economic and Market Factors" for further information.

In 2020, we received 13 approvals for new medicines and additional indications and formulations of currently marketed medicines in major markets (the U.S., EU and Japan), including multiple regulatory milestone achievements for *Opdivo* and *Opdivo+Yervoy* combinations and have over 50 unique compounds in clinical development. We are investigating *Opdivo* alone and in combination with *Yervoy* and other anti-cancer agents for a wide array of tumor types. We continue to expand in the field of hematology, where we have the leading presence, through in-line assets *Revlimid* and *Pomalyst*. In 2020, we received regulatory approvals for *Zeposia* and *Onureg* and received EMA validation for liso-cel for the treatment of large B-cell lymphoma. Additionally, our pipeline shows significant added promise in hematology malignancies through our *CELMoD* agents (iberdomide and CC-92480), multiple modalities targeting B-Cell Maturation Antigen ("BCMA") and the next generation of cell therapy agents. We are expanding our portfolio in immunology with a near term launch opportunity for deucravacitinib, our TYK2 inhibitor. Additionally in the cardiovascular space, *Eliquis* is a leading oral anti-coagulant drug, and we continue to experience growth in both the *Eliquis* brand and market while also advancing our Factor XIa inhibitor program. With the acquisition of MyoKardia, we bolstered our leading cardiovascular franchise and added exceptional scientific capabilities, mavacamten a potentially transformative new medicine with significant commercial potential and a promising pipeline of candidates.

In 2020, our revenues increased 63% as a result of the Celgene acquisition, which contributed $15.7 billion of revenues or 60% of the growth, and higher demand for *Eliquis*. The GAAP loss per share of $3.99 in 2020 as compared to the GAAP EPS of $2.01 in 2019 was primarily due to the IPRD charge resulting from the MyoKardia asset acquisition and charges relating to the Celgene acquisition including (i) amortization of acquired intangible assets, (ii) the unwinding of inventory fair value adjustments and (iii) tax charges resulting from an internal transfer of certain intangible assets and the *Otezla*® divestiture, partially offset by higher revenues and fair value adjustments to contingent value rights and equity investments. After adjusting for specified items, non-GAAP EPS increased $1.75 as result of the Celgene acquisition.

Highlights

The following table summarizes our financial information:

Dollars in Millions, except per share data	Year Ended December 31, 2020	2019
Total Revenues	**$ 42,518**	$ 26,145
Diluted (Loss)/Earnings Per Share		
GAAP	**$ (3.99)**	$ 2.01
Non-GAAP	**6.44**	4.69

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

Economic and Market Factors

COVID-19

The COVID-19 pandemic continues to affect global healthcare systems as well as major economic and financial markets. Virtually all industries are facing challenges associated with the economic conditions resulting from efforts to address this pandemic. For example, many entities in certain industries have seen sharp declines in revenues due to regulatory and organizational mandates (e.g., "shelter in place" mandates, non-essential business and school closures) and voluntary changes in consumer behavior (e.g., "physical distancing"). Many entities continue to experience conditions often associated with a sudden and severe economic downturn. Such conditions may include financial market volatility, erosion of market value, deteriorating credit, liquidity concerns, further increases in government intervention, increasing unemployment, broad declines in consumer discretionary spending, increasing inventory levels, reductions in production because of decreased demand and supply constraints, layoffs and furloughs and other restructuring activities.

We continue to monitor the impact on our business resulting from wider restrictions in select states and non-U.S. countries. This is a dynamically changing environment and we continue to react to outbreaks throughout the world by re-enforcing our directives to keep our workforce safe in order to provide our patients with life-sustaining medicines. Continued escalating infection rates could negatively affect our planned recovery, pressuring demand from less patient visits and channel mix if unemployment data trends remain unfavorable.

We have not incurred and do not anticipate disruptions to the supply of our medicines for patients due to the COVID-19 pandemic. However, we are experiencing scarcity of certain raw materials and components as a result of the influx of COVID-19 vaccine orders receiving priority treatment from vendors. All of our internal manufacturing facilities and key contract manufacturers are operating with proper measures taken to help ensure employee safety. We have increased the number of our lab workers where it is safe to do so. We have implemented a number of measures to protect the health and safety of our workforce, including, where needed, a mandatory work-from-home policy for our global workforce who can perform their jobs from home as well as restrictions on business travel, and workplace and in-person meetings. Depending on local conditions, field-based personnel began in-person customer interactions in healthcare settings where it is safe to do so and approved by the government. The remote engagement model has continued to support healthcare professionals, patient care and access to our medicines. Although certain field-based sales teams have begun in person engagement in selected states and non-U.S. regions, the majority of interactions remain remote.

The situation remains dynamic and challenging to assess the potential impact on our operations such as the ability and willingness of patients to access treatment centers or obtain a prescription and changes in prescribing patterns that may potentially affect our operations in the long-term. Certain changes in buying patterns have occurred, including payers implementing policies to encourage larger prescription sizes and earlier refills to help patients avoid trips to the pharmacy. However, fewer patient office visits are resulting in lower than previously expected new patient starts. Although it is difficult to estimate the impact of these factors, we do not believe that they had a significant impact on our revenues during 2020.

The timing of specific product launches depends on the relevant facts and circumstances for each situation. For example, we delayed the commercialization of *Zeposia* in the U.S. based on the best health interest of our patients, customers and workforce. In contrast, *Reblozyl* was available for MDS patients following its approval for this additional indication in April 2020 and *Onureg* was available for patients with AML in September 2020. Our expanded U.S. patient assistance programs provided certain covered BMS medicines free to eligible patients that lost employment and health insurance due to COVID-19. It is uncertain what the aggregate impact of the above factors and potential changes in channel mix will have on our revenues and expenses during 2021.

We restarted clinical development activities after pausing the opening of additional sites during the first months of the onset of the COVID-19 pandemic. However, we experienced a slight slowdown of our clinical studies again in the fourth quarter. In addition, certain delays have occurred due to slower enrollment. Patient enrollment for certain new clinical studies and ongoing studies at new sites are carefully being started when the safety of study participants, our employees and staff at clinical trial sites, regulatory compliance and scientific integrity of trial data can be assured. We expect many new studies to start through the first quarter of 2021 following the completion of feasibility assessments, rigorous planning and selected protocol simplifications. Previously suspended research and early development activities performed in laboratories recommenced in all major sites in the U.S. although close monitoring of the situation continues.

The COVID-19 pandemic has increased the volatility of the financial markets, foreign currency exchanges and interest rates. Although we incurred downward adjustments to our equity investment fair values in the first quarter of 2020, the fair values have subsequently recovered. Lower interest rates and changes of the U.S. Dollar relative to foreign currencies have not had a material impact to our operations. The carrying value of our intangible assets was approximately $53 billion at December 31, 2020. Significant charges might occur in future periods due to a decline in previously expected cash flows as a direct or indirect result of the pandemic. This may occur due to delays in the enrollment or timely completion of clinical programs, FDA site inspections and other interactions with regulatory bodies in general, regulatory approvals, launches of newly approved products or lower demand in general. See risk factor on the Company's risk factors resulting from the COVID-19 pandemic included in our most recently filed 2020 Form 10-K under "Part I—Item 1A. Risk Factors—The COVID-19 pandemic is affecting our business and could have a material adverse effect on us."

Governmental Actions

Additional regulations in the U.S. may occur in the future, including healthcare reform initiatives, further changes to tax laws and pricing laws and potential importation restrictions, that may reduce our results of operations, operating cash flow, liquidity and financial flexibility. For example, in November 2020 the U.S. federal government issued regulations regarding U.S. drug prices and payment for pharmaceutical products, including regulations that: (1) would reduce physician reimbursement for certain Medicare Part B drugs administered in doctors' offices or hospitals to a "most favored nation price" drawn from the lowest price paid by certain countries in the Organisation for Economic Co-operation and Development, which would apply to many cancer medications; (2) would authorize states and private parties to develop and implement programs to import certain prescription drugs from Canada and sell them in the U.S.; and (3) would reform the use of rebates in Medicare Part D. The outcome of these regulations remains uncertain as a result of ongoing litigation and other factors. See risk factor on the Company's risk factors on the executive orders included in our most recently filed 2020 Form 10-K under "Part I—Item 1A. Risk Factors—Increased pricing pressure and other restrictions in the U.S. and abroad continue to negatively affect our revenues and profit margins."

We continue to monitor the potential impact of the economic conditions in certain European and other countries and the related impact on prescription trends, pricing discounts and creditworthiness of our customers. We believe these economic conditions will not have a material impact on our liquidity, cash flow or financial flexibility.

The UK departed from the EU on January 31, 2020. The departure began a transition period that ended on December 31, 2020 with a signature of a Trade and Cooperation Agreement between the UK and the EU. Similar to other companies in our industry, certain regulatory, trade, labor and other aspects of our business have been affected during the transition period and will over time. These matters and other related financial effects did not have a material impact on our consolidated results of operations, financial position or liquidity. Our sales in the UK represent less than 3% of our total revenues. See the Company's risk factors included in our most recently filed 2020 Form 10-K under "Item 1A. Risk Factors—Adverse changes in U.S. and global economic and political conditions could adversely affect our profitability" for more information on the impact on the Company of the exit of the UK from the EU.

Significant Product and Pipeline Approvals

The following is a summary of the significant approvals received in 2020:

Product	Date	Approval
Opdivo	November 2020	EC approval of *Opdivo* for the treatment of adults with unresectable advanced, recurrent or metastatic ESCC after prior fluoropyrimidine- and platinum-based combination chemotherapy.
Opdivo+Yervoy	November 2020	EC approval of *Opdivo* plus *Yervoy* with two cycles of platinum-based chemotherapy for the first-line treatment of adult patients with metastatic NSCLC whose tumors have no sensitizing epidermal growth factor receptor mutation or anaplastic lymphoma kinase translocation.
Opdivo+Yervoy	October 2020	FDA approval of *Opdivo+Yervoy* for the first-line treatment of adult patients with unresectable MPM.
Onureg	September 2020	FDA approval of *Onureg* (azacitidine) for the continued treatment of adult patients with AML who achieved first complete remission or complete remission with incomplete blood count recovery following intensive induction chemotherapy and who are not able to complete intensive curative therapy.
Reblozyl	June 2020	EC approval of *Reblozyl* for the treatment of adult patients with transfusion-dependent anemia due to very low-, low- and intermediate-risk MDS with ring sideroblasts, who had an unsatisfactory response or are ineligible for erythropoietin-based therapy, or beta thalassemia.
Opdivo	June 2020	FDA approval of *Opdivo* for the treatment of patients with unresectable advanced, recurrent or metastic ESCC after prior fluoropyrimidine- and platinum-based chemotherapy.
Zeposia	May 2020	EC approval of *Zeposia* for the treatment of adult patients with RRMS with active disease as defined by clinical or imaging features.
Opdivo+Yervoy	May 2020	FDA approval of *Opdivo+Yervoy* given with two cycles of platinum-doublet chemotherapy for the first-line treatment of adult patients with metastatic or recurrent NSCLC with no EGFR or ALK genomic tumor aberrations. The therapy is approved for patients with squamous or non-squamous disease and regardless of PD-L1 expression.
Opdivo+Yervoy	May 2020	FDA approval of *Opdivo+Yervoy* for the first-line treatment of adult patients with metastatic NSCLC whose tumors express PD-L1 (≥1%) with no EGFR or ALK genomic tumor aberrations.
Pomalyst	May 2020	FDA approval of *Pomalyst* for patients with AIDS-related Kaposi sarcoma whose disease has become resistant to highly active antiretroviral therapy, or in patients with Kaposi sarcoma who are HIV-negative.
Reblozyl	April 2020	FDA approval of *Reblozyl* for the treatment of anemia failing an erythropoiesis stimulating agent in adult patients with very low- to intermediate-risk MDS who have ring sideroblasts and require RBC transfusions.
Zeposia	March 2020	FDA approval of *Zeposia* (ozanimod) for the treatment of adults with RMS, including clinically isolated syndrome, relapsing-remitting disease, and active secondary progressive disease.
Opdivo+Yervoy	March 2020	FDA approval of *Opdivo+Yervoy* combination for the treatment of HCC in patients who have been previously treated with sorafenib.

The FDA has indicated it is undertaking an industry-wide review of indications that received accelerated approval and for which the confirmatory studies did not meet their primary endpoints. This is not specific to BMS, but we have two *Opdivo* indications that are subject to this review by the FDA in the third-line treatment of SCLC and second-line treatment of HCC. On December 29, 2020, in consultation with the FDA, we made the decision to withdraw the *Opdivo* indication in the third-line treatment of SCLC from the U.S. market. The second-line treatment of HCC is being reviewed by the FDA.

The following is a summary of the significant approvals received in 2021:

- In January 2021, the FDA approved the use of *Opdivo* in combination with *Cabometyx** for the first-line treatment of patients with advanced RCC.
- In February 2021, the FDA approved *Breyanzi* (lisocabtagene maraleucel; liso-cel) for the treatment of adult patients with relapsed or refractory large B-cell lymphoma after two or more lines of systemic therapy.
- In February 2021, the EC approved *Inrebic* for the treatment of disease-related splenomegaly or symptoms in adult patients with primary myelofibrosis, post-polycythaemia vera myelofibrosis or post-essential thrombocythaemia myelofibrosis, who are Janus Associated Kinase inhibitor naïve or have been treated with ruxolitinib.

Refer to "—Product and Pipeline Developments" for all of the developments in our marketed products and late-stage pipeline in 2020 and in early 2021.

Strategy

Our principal strategy is to combine the resources, scale and capability of a pharmaceutical company with the speed and focus on innovation of the biotech industry. Our focus as a biopharmaceutical company is on discovering, developing and delivering transformational medicines for patients facing serious diseases in areas where we believe that we have an opportunity to make a meaningful difference: oncology (both solid tumors and hematology), immunology, cardiovascular and fibrosis. Our four strategic priorities are to drive enterprise performance, maximize the value of our commercial portfolio, ensure the long-term sustainability of our pipeline through combined internal and external innovation and establish our new culture and embed our people strategy.

We are developing new medicines in the following core therapeutic areas: (i) oncology with a priority in certain tumor types; (ii) hematology with opportunities to broaden our franchise and potentially sustain a leadership position in multiple myeloma; (iii) immunology with priorities in relapsing multiple sclerosis, psoriasis, lupus, RA and inflammatory bowel disease; (iv) cardiovascular disease and; (v) fibrotic disease with priorities in lung and liver. We continue to advance the next wave of innovative medicines by investing significantly in our pipeline both internally and through business development activities. We have expanded our oncology, hematology and immunology portfolios with several near-term assets and additional external partnerships. We have invested in our oncology portfolio by pursuing both monotherapy and combination approaches and advancing our next wave of early assets and to explore new collaboration opportunities across our therapeutic areas of focus. We remain focused and well-resourced in our cancer development programs and seek to broaden the use of *Opdivo* in earlier lines of therapy, expand into new tumors, accelerate next wave oncology mechanisms and develop treatment options for refractory oncology patients. For hematology, we have opportunities to launch several new medicines in the near-term with additional pipeline opportunities in the longer term. There is a broad effort to continue to address the unmet medical need in multiple myeloma and we are working across multiple modalities and mechanisms of action such as cereblon modulator ("*CELMoD*"), T-cell Engager and CAR T-cell therapy. Beyond cancer, we continue to advance our early stage portfolio in immunology, cardiovascular and fibrotic diseases and strengthen our partnerships with a diverse group of companies and academic institutions in new and expanded research activities. We believe our differentiated internal and external focus contributes to the advancing of our pipeline of potentially transformational medicines.

Our commercial model has been successful with revenues from our prioritized brands continuing to grow, which demonstrates strong execution of our strategy. We continue to drive adoption of *Opdivo* by expanding into additional indications and tumor types both as a monotherapy and in combination with *Yervoy* and other anti-cancer agents. *Eliquis* continues to grow, leveraging its best in class clinical profile and extensive real world data and is now the number one novel oral anticoagulant in total prescriptions globally. *Revlimid* and *Pomalyst* have transformed the treatment of multiple myeloma, where we have a leading presence, and we continue to seek opportunities to leverage the significant medical and commercial expertise to address areas of high unmet medical need. We are building on the continued success of our other prioritized brands and remain strongly committed to *Orencia* and *Sprycel*. We are also optimistic on the future growth and near-term opportunities of *Reblozyl*, a first-in-class medicine, *Inrebic*, *Zeposia* and *Onureg*. Through our operating model transformation, our commercial infrastructure is leveraged for potential growth.

Our operating model continues to evolve and we have been successful in focusing commercial, R&D and manufacturing resources on prioritized brands and markets, strengthening our R&D capabilities in tumor biology, patient selection and new biomarkers, delivering leaner administrative functions and streamlining our manufacturing network to reflect the importance of biologics in our current and future portfolio. The evolution in our operating model, which focuses on maintaining a disciplined approach in marketing, selling and administrative expenses, will enable us to deliver the necessary strategic, financial and operational flexibility to invest in the highest priority opportunities within our portfolio. We will continue to make progress towards integrating the companies on the commercial and research and development area. Through our Celgene acquisition restructuring activities, we expect to realize $3.0 billion of synergies resulting from cost savings and avoidance through 2022 and our integration efforts across general and administrative, manufacturing, R&D, procurement and streamlining the Company's pricing and information technology infrastructure.

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

Acquisitions, Divestitures, Licensing and Other Arrangements

Significant acquisitions, divestitures, licensing and other arrangements during 2020 are summarized below. Refer to "Consolidated Financial Statements—Note 3. Alliances" and "—Note 4. Acquisitions, Divestitures, Licensing and Other Arrangements" for further information.

MyoKardia - We acquired MyoKardia, a clinical-stage biopharmaceutical company pioneering a precision medicine approach to discover, develop and commercialize targeted therapies for the treatment of serious cardiovascular diseases. The acquisition provides us with rights to MyoKardia's lead asset, mavacamten, a potential first-in-class cardiovascular medicine for the treatment of obstructive hypertrophic cardiomyopathy that has completed Phase III development with an anticipated NDA submission in the first quarter of 2021.

Dragonfly - We obtained a global exclusive license to Dragonfly's interleukin-12 (IL-12) investigational immunotherapy program, including its extended half-life cytokine DF6002.

Forbius - We acquired Forbius, a privately held, clinical-stage protein engineering company that designs and develops biotherapeutics for the treatment of cancer and fibrotic diseases. The acquisition provides us with full rights to Forbius's TGF-beta program, including the program's lead investigational asset, AVID200, which is in Phase I development.

RESULTS OF OPERATIONS

Regional Revenues

The composition of the changes in revenues was as follows:

Dollars in Millions	Year Ended December 31, 2020	Year Ended December 31, 2019	2020 vs. 2019 % Change	2020 vs. 2019 Foreign Exchange[b]
United States	**$ 26,577**	$ 15,342	73 %	—
Europe	**9,853**	6,266	57 %	1 %
Rest of the World	**5,457**	4,013	36 %	(2)%
Other[a]	**631**	524	20 %	—
Total	**$ 42,518**	$ 26,145	63 %	—

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

United States

- U.S. revenues in 2020 were impacted by an increase from *Revlimid, Pomalyst/Imnovid* and other Celgene products of $10.7 billion, which contributed 69% of the growth, and higher demand for *Eliquis*, partially offset by lower demand for *Opdivo*. Average net selling prices increased by 1% in 2020.

Europe

- Europe revenues in 2020 were impacted by an increase in Celgene products of $3.3 billion, which contributed 52% of the growth and higher demand for *Eliquis* and *Opdivo*, partially offset by lower demand for established brands. Average net selling prices were lower in 2020.

Rest of the World

- Rest of the World revenues in 2020 were impacted by an increase in Celgene products of $1.7 billion, which contributed approximately 43% of the growth, and higher demand for *Eliquis*, partially offset by lower demand for established brands. Average net selling prices were lower in 2020.

No single country outside the U.S. contributed more than 10% of total revenues in 2020 and 2019. Our business is typically not seasonal.

GTN Adjustments

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

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

Dollars in Millions	Year Ended December 31, 2020 Charge-Backs and Cash Discounts	Medicaid and Medicare Rebates	Other Rebates, Returns, Discounts and Adjustments	Total
Balance at January 1, 2020	$ 391	$ 1,859	$ 2,416	$ 4,666
Provision related to sales made in:				
Current period	**5,824**	**7,687**	**5,290**	**18,801**
Prior period	**3**	**(92)**	**(17)**	**(106)**
Payments and returns	**(5,586)**	**(6,859)**	**(4,820)**	**(17,265)**
Foreign currency translation and other	**13**	**—**	**224**	**237**
Balance at December 31, 2020	**$ 645**	**$ 2,595**	**$ 3,093**	**$ 6,333**

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

	Year Ended December 31,		% Change
Dollars in Millions	**2020**	**2019**	**2020 vs. 2019**
Gross product sales	**$ 60,016**	$ 37,206	61 %
GTN Adjustments			
Charge-backs and cash discounts	**(5,827)**	(3,675)	59 %
Medicaid and Medicare rebates	**(7,595)**	(4,941)	54 %
Other rebates, returns, discounts and adjustments	**(5,273)**	(3,416)	54 %
Total GTN Adjustments	**(18,695)**	(12,032)	55 %
Net product sales	**$ 41,321**	$ 25,174	64 %
GTN adjustments percentage	**31 %**	32 %	(1)%
U.S.	**37 %**	40 %	(3)%
Non-U.S.	**16 %**	15 %	1 %

Reductions to provisions for product sales made in prior periods resulting from changes in estimates were $106 million and $132 million for 2020 and 2019, respectively. GTN adjustments are primarily a function of product sales volume, regional and payer channel mix, contractual or legislative discounts and rebates. U.S. GTN adjustments percentage decreased primarily due to the addition of Celgene hematology brands, which have lower GTN adjustment percentages, partially offset by higher U.S. *Eliquis* gross product sales, which have higher U.S. GTN adjustment percentages.

Product Revenues

Dollars in Millions	Year Ended December 31, 2020	2019	% Change 2020 vs. 2019
Prioritized Brands			
Revlimid	**$ 12,106**	$ 1,299	**
U.S.	**8,291**	899	**
Non-U.S.	**3,815**	400	**
Eliquis	**9,168**	7,929	16 %
U.S.	**5,485**	4,755	15 %
Non-U.S.	**3,683**	3,174	16 %
Opdivo	**6,992**	7,204	(3)%
U.S.	**3,945**	4,344	(9)%
Non-U.S.	**3,047**	2,860	7 %
Orencia	**3,157**	2,977	6 %
U.S.	**2,268**	2,146	6 %
Non-U.S.	**889**	831	7 %
Pomalyst/Imnovid	**3,070**	322	**
U.S.	**2,136**	226	**
Non-U.S.	**934**	96	**
Sprycel	**2,140**	2,110	1 %
U.S.	**1,295**	1,191	9 %
Non-U.S.	**845**	919	(8)%
Yervoy	**1,682**	1,489	13 %
U.S.	**1,124**	1,004	12 %
Non-U.S.	**558**	485	15 %
Abraxane	**1,247**	166	**
U.S.	**873**	122	**
Non-U.S.	**374**	44	**
Empliciti	**381**	357	7 %
U.S.	**230**	246	(7)%
Non-U.S.	**151**	111	36 %
Reblozyl	**274**	—	N/A
U.S.	**259**	—	N/A
Non-U.S.	**15**	—	N/A
Inrebic	**55**	5	**
U.S.	**55**	5	**
Non-U.S.	**—**	—	N/A
Onureg	**17**	—	N/A
U.S.	**17**	—	N/A
Non-U.S.	**—**	—	N/A
Zeposia	**12**	—	N/A
U.S.	**10**	—	N/A
Non-U.S.	**2**	—	N/A

Dollars in Millions	Year Ended December 31, 2020	2019	% Change 2020 vs. 2019
Established Brands			
Vidaza	**$ 455**	$ 58	**
U.S.	**2**	1	100 %
Non-U.S.	**453**	57	**
Baraclude	**447**	555	(19)%
U.S.	**12**	20	(40)%
Non-U.S.	**435**	535	(19)%
Other Brands[(a)]	**1,315**	1,674	(21)%
U.S.	**575**	383	50 %
Non-U.S.	**740**	1,291	(43)%
Total Revenues	**42,518**	26,145	63 %
U.S.	**26,577**	15,342	73 %
Non-U.S.	**15,941**	10,803	48 %

** Change in excess of 100%.
(a) Includes BMS and Celgene products in 2019.

Revlimid (lenalidomide) — an oral immunomodulatory drug that in combination with dexamethasone is indicated for the treatment of patients with multiple myeloma. *Revlimid* as a single agent is also indicated as a maintenance therapy in patients with multiple myeloma following autologous hematopoietic stem cell transplant.

- U.S. and International revenues increased due to the inclusion of a full year of Celgene product revenues in 2020.

Eliquis (apixaban) — an oral Factor Xa inhibitor, indicated for the reduction in risk of stroke/systemic embolism in NVAF and for the treatment of DVT/PE and reduction in risk of recurrence following initial therapy.

- U.S. revenues increased 15% in 2020 due to higher demand, partially offset by lower average net selling prices of approximately 10%. The lower average net selling price is primarily due to unfavorable channel mix, increase in the Medicare Part D coverage gap per patient in 2020, and to a lesser extent, higher contractual rebates.

- International revenues increased 16% in 2020 due to higher demand, partially offset by lower average net selling prices.

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

- U.S. revenues decreased 9% in 2020 due to lower demand caused by declining second-line eligibility across tumor indications, increased competition for adjuvant melanoma and lower demand from COVID-19 (primarily lower new patient starts and patient visits), partially offset by higher demand due to the launch of the *Opdivo+Yervoy* combination for NSCLC and continued growth from RCC indication.

- International revenues increased 7% in 2020 due to higher demand as a result of additional indication launches in new countries.

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

- U.S. revenues increased 6% in 2020 due to higher demand.

- International revenues increased 7% in 2020 due to higher demand.

Pomalyst/Imnovid (pomalidomide) — a proprietary, distinct, small molecule that is administered orally and modulates the immune system and other biologically important targets. *Pomalyst/Imnovid* is indicated for patients with multiple myeloma who have received at least two prior therapies including lenalidomide and a proteasome inhibitor and have demonstrated disease progression on or within 60 days of completion of the last therapy.

- U.S. and International revenues increased due to the inclusion of a full year of Celgene product revenues in 2020.

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

- U.S. revenues increased 9% in 2020 due to higher demand and higher average net selling prices.
- International revenues decreased 8% in 2020 due to lower demand as a result of increased generic competition.

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

- U.S. revenues increased 12% in 2020 due to the launch of the *Opdivo+Yervoy* combination for NSCLC.
- International revenues increased 15% in 2020 due to higher demand as a result of approvals for additional indications and launches primarily in Europe, partially offset by lower average net selling prices.

Abraxane (paclitaxel albumin-bound particles for injectable suspension) — a solvent-free protein-bound chemotherapy product that combines paclitaxel with albumin using our proprietary *Nab*® technology platform, and is used to treat breast cancer, NSCLC and pancreatic cancer, among others.

- U.S. and International revenues increased due to the inclusion of a full year of Celgene product revenues in 2020.

Reblozyl (luspatercept-aamt) — an erythroid maturation agent indicated for the treatment of anemia in adult patients with beta thalassemia who require regular red blood cell transfusions. In November 2019, the FDA approved *Reblozyl* for the treatment of anemia in adult patients with beta thalassemia who require RBC transfusions and in April 2020, the FDA approved *Reblozyl* for the treatment of anemia failing an erythropoiesis stimulating agent in adult patients with very low- to intermediate-risk MDS who have ring sideroblasts and require RBC transfusions. *Reblozyl* was launched in April 2020.

Inrebic (fedratinib) — an oral kinase inhibitor indicated for the treatment of adult patients with intermediate-2 or high-risk primary or secondary (post-polycythemia vera or post-essential thrombocythemia) myelofibrosis.

Onureg (azacitidine) — is an oral hypomethylating agent that incorporates into DNA and RNA, indicated for continued treatment of adult patients with AML who achieved first complete remission or complete remission with incomplete blood count recovery following intensive induction chemotherapy and are not able to complete intensive curative therapy. *Onureg* was launched in September 2020.

Zeposia (ozanimod) — an oral immunomodulatory drug used to treat relapsing forms of multiple sclerosis, to include clinically isolated syndrome, relapsing-remitting disease, and active secondary progressive disease, in adults. *Zeposia* was launched in June 2020.

Vidaza (azacitidine for injection) — is a pyrimidine nucleoside analog that has been shown to reverse the effects of deoxyribonucleic acid hypermethylation and promote subsequent gene re-expression and is indicated for treatment of patients with the following myelodysplastic syndrome subtypes: refractory anemia or refractory anemia with ringed sideroblasts (if accompanied by neutropenia or thrombocytopenia or requiring transfusions), refractory anemia with excess blasts, refractory anemia with excess blasts in transformation, and chronic myelomonocytic leukemia (CMMoL).

- International revenues increased due to the inclusion of a full year of Celgene product revenues in 2020.

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

- International revenues decreased 19% in 2020 due to lower demand and average net selling prices resulting from generic competition.

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

- U.S. revenues include $295 million and $27 million from Celgene products in the 2020 and 2019, respectively.
- International revenues decreased primarily due to divestiture of the UPSA business in 2019 and certain other brands and continued generic erosion.

Estimated End-User Demand

Pursuant to the SEC Consent Order described under "—SEC Consent Order", we monitor the level of inventory on hand in the U.S. wholesaler distribution channel and outside of the U.S. in the direct customer distribution channel. We are obligated to disclose products with levels of inventory in excess of one month on hand or expected demand, subject to a *de minimis* exception. Estimated levels of inventory in the distribution channel in excess of one month on hand for the following products were not material to our results of operations as of the dates indicated.

Onureg had 1.5 months of inventory on hand at December 31, 2020 in the U.S. to support the product launch. The inventory is expected to be worked down as demand increases post launch.

Zeposia had 2.2 months of inventory on hand internationally in the distribution channel at September 30, 2020 to support the product launch in Germany. The inventory is expected to be worked down as demand increases post launch.

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 75% of total gross sales of U.S. products for the year ended December 31, 2020. 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.

Revlimid and *Pomalyst* are distributed in the U.S. primarily through contracted pharmacies under the *Revlimid* REMS and *Pomalyst* REMS programs, respectively. These are proprietary risk-management distribution programs tailored specifically to provide for the safe and appropriate distribution and use of *Revlimid* and *Pomalyst*. Internationally, *Revlimid* and *Imnovid* are distributed under mandatory risk-management distribution programs tailored to meet local authorities' specifications to provide for the products' safe and appropriate distribution and use. These programs may vary by country and, depending upon the country and the design of the risk-management program, the product may be sold through hospitals or retail pharmacies.

Our non-U.S. businesses have significantly more direct customers. Information on available direct customer product level inventory and corresponding out-movement information and the reliability of third-party demand information varies widely. We limit our direct customer sales channel inventory reporting to where we can influence demand. When this information does not exist or is otherwise not available, we have developed a variety of methodologies to estimate such data, including using historical sales made to direct customers and third-party market research data related to prescription trends and end-user demand. Given the difficulties inherent in estimating third-party demand information, we evaluate our methodologies to estimate direct customer product level inventory and to calculate months on hand on an ongoing basis and make changes as necessary. Factors that may affect our estimates include generic competition, seasonality of products, price increases, new product launches, new warehouse openings by direct customers, new customer stockings by direct customers and expected direct customer purchases for governmental bidding situations. As such, all of the information required to estimate months on hand in the direct customer distribution channel for non-U.S. business for the year ended December 31, 2020 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	Year Ended December 31, 2020	2019	% Change 2020 vs 2019
Cost of products sold[(a)]	**$ 11,773**	$ 8,078	46 %
Marketing, selling and administrative	**7,661**	4,871	57 %
Research and development	**11,143**	6,148	81 %
IPRD charge - MyoKardia acquisition	**11,438**	—	N/A
Amortization of acquired intangible assets	**9,688**	1,135	**
Other (income)/expense, net	**(2,314)**	938	**
Total Expenses	**$ 49,389**	$ 21,170	**

** In excess of +/- 100%.
(a) Excludes amortization of acquired intangible assets.

Cost of products sold

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

- Cost of products sold increased by $3.7 billion in 2020, primarily due to unwinding of inventory fair value adjustments ($2.0 billion), higher royalties and *Eliquis* profit sharing ($650 million), higher Celgene product costs (approximately $600 million) and an impairment charge related to *Inrebic* marketed product rights ($575 million).

Marketing, selling and administrative

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

- Marketing, selling and administrative expenses increased by $2.8 billion in 2020, primarily due to costs associated with the broader portfolio resulting from the Celgene acquisition (approximately $2.0 billion), higher advertising and promotion expenses and a cash settlement of MyoKardia unvested stock awards ($241 million).

Research and development

Research and development activities include discovery research, preclinical and clinical development, drug formulation and medical support of marketed products. Expenses include salary and benefit costs, third-party grants and fees paid to clinical research organizations, supplies, upfront and contingent milestone payments for licensing and asset acquisitions of investigational compounds, IPRD impairment charges and proportionate allocations of enterprise-wide costs. The allocations include facilities, information technology, employee stock compensation costs and other appropriate costs. Certain expenses are shared with alliance partners based upon contractual agreements. Expenses typically vary between periods for a number of reasons, including the timing of license and asset acquisition charges and IPRD impairment charges.

- Research and development expense increased by $5.0 billion in 2020, primarily due to costs associated with the broader portfolio resulting from the Celgene acquisition (approximately $3.3 billion, excluding bluebird and Dragonfly charges), license and asset acquisition charges of $1.0 billion relating to Dragonfly, bluebird, Forbius, Cormorant and Nektar, an IPRD impairment charge resulting from the decision to discontinue further development of the orva-cel program ($470 million) and a cash settlement of MyoKardia unvested stock awards ($241 million).

IPRD charge - MyoKardia acquisition

IPRD charges represents the costs of IPRD assets acquired in a transaction other than a business combination.

- The MyoKardia acquisition was accounted for as an asset acquisition because substantially all of the fair value of the gross assets acquired (excluding cash and deferred taxes) was allocated to a single asset, mavacamten. The IPRD charge related to the MyoKardia transaction is presented separately due to the significance of the charge.

Amortization of Acquired Intangible Assets

Amortization of intangible assets acquired as a result of business combinations.

- Amortization of acquired intangible assets increased by $8.6 billion in 2020 due to a full year amortization of *Revlimid*, *Pomalyst/Imnovid* and other marketed product rights obtained in the Celgene acquisition.

Other (income)/expense, net

- Other (income)/expense, net changed by $3.3 billion in 2020, primarily due to fair value adjustments to contingent value rights and equity investments in 2020 and other items discussed below.

Components of Other (income)/expense, net were as follows:

	Year Ended December 31,	
Dollars in Millions	**2020**	**2019**
Interest expense	**$ 1,420**	$ 656
Contingent consideration	**(1,757)**	523
Royalties and licensing income	**(1,527)**	(1,360)
Equity investment gains	**(1,228)**	(275)
Integration expenses	**717**	415
Provision for restructuring	**530**	301
Litigation and other settlements	**(194)**	77
Transition and other service fees	**(149)**	(37)
Investment income	**(121)**	(464)
Reversion excise tax	**76**	—
Divestiture gains	**(55)**	(1,168)
Intangible asset impairment	**21**	15
Pension and postretirement	**(13)**	1,599
Acquisition expenses	**—**	657
Other	**(34)**	(1)
Other (income)/expense, net	**$ (2,314)**	$ 938

- Interest expense increased due to $19.0 billion of notes issued in May 2019 and $19.9 billion of Celgene debt assumed in the acquisition.
- Contingent consideration primarily includes fair value adjustments resulting from the change in the traded price of contingent value rights issued with the Celgene acquisition. The contractual obligation to pay the contingent value rights terminated in January 2021 because the FDA did not approve liso-cel (JCAR017) by December 31, 2020.
- Royalties and licensing income includes diabetes business royalties, *Keytruda** and *Tecentriq** royalties, and up-front and milestone licensing fees for products that have not obtained commercial approval. Refer to "Consolidated Financial Statements—Note 4. Acquisitions, Divestitures, Licensing and Other Arrangements" for further information.
- Equity investment gains includes fair value adjustments on equity investments that have readily determinable fair value and other observable price changes on equity investments without readily determinable fair values. Refer to "Consolidated Financial Statements—Note 9. Financial Instruments and Fair Value Measurements" for more information. Our share of income from equity method investments was $72 million in 2020. A termination fee related to our Europe and Asia partnership with Sanofi of $80 million was included in 2019.
- Integration expenses include consulting fees incurred primarily in connection with Celgene integration activities.
- Provision for restructuring includes exit and other costs primarily related to the Celgene acquisition plans. We have achieved approximately $1.4 billion of annualized pre-tax cost savings in 2020 related to the Celgene Acquisition Plan and are on track to achieve the annualized pre-tax cost savings of approximately $3.0 billion through 2022 as detailed in the restructuring activities. Refer to "Consolidated Financial Statements—Note 6. Restructuring" for further information.
- Transition and other service fees primarily includes *Otezla** divestiture related fees in 2020.
- Investment income includes $197 million of interest income earned on the net proceeds of the notes issued in May 2019 to fund a portion of the Celgene acquisition in 2019.
- Reversion excise tax resulted from the transfer of the retiree medical plan assets back to the Company. Refer to "Consolidated Financial Statements—Note 17. Retirement Benefits" for further information.
- Divestiture gains includes a $1.2 billion gain on sale of the UPSA business in 2019.
- Pension and postretirement includes a special termination benefits charge of $1.5 billion in 2019 relating to the termination of the Bristol-Myers Squibb Retirement Income Plan.
- Acquisition expenses include the following items related to the Celgene transaction in 2019: (1) upfront bridge facility commitment fee, (2) acquisition financing hedge losses and (3) financial advisory, legal, proxy filing and other regulatory fees.

Income Taxes

	Year Ended December 31,	
Dollars in Millions	**2020**	**2019**
(Loss)/Earnings Before Income Taxes	**$ (6,871)**	$ 4,975
Provision for Income Taxes	**2,124**	1,515
Effective Tax Rate	**(30.9)%**	30.5 %
Impact of Specified Items	**46.5 %**	(15.7)%
Effective Tax Rate Excluding Specified Items	**15.6 %**	14.8 %

The tax impact attributed to specified items was primarily due to the unwinding of inventory fair value adjustments and intangible asset amortization resulting from the Celgene acquisition, a non-deductible MyoKardia IPRD charge and non-taxable fair value adjustments to contingent value rights in the current year. In addition, a $853 million deferred tax charge resulting from an internal transfer of certain intangible assets and an additional $266 million GILTI tax charge upon finalization of the *Otezla** divestiture tax consequences with tax authorities were included in 2020. The tax impact attributed to specified items including the *Otezla** divestiture, pension settlement charges, gain on sale of the UPSA business divestiture and other specified items increased the effective tax rate in the prior year. The effective tax rate excluding specified items includes a tax reserve release due to lapse of statue of $81 million in 2019. Other favorable discrete tax adjustments were approximately $140 million in 2020 and $170 million in 2019 primarily resulting from finalization of prior year tax returns and the impact of the Swiss tax reform (2019 only). Refer to "Consolidated Financial Statements—Note 7. Income Taxes" for further information.

Non-GAAP Financial Measures

Our non-GAAP financial measures, such as non-GAAP earnings and related EPS information, are adjusted to exclude certain costs, expenses, gains and losses and other specified items that are evaluated on an individual basis. These items are adjusted after considering their quantitative and qualitative aspects and typically have one or more of the following characteristics, such as being highly variable, difficult to project, unusual in nature, significant to the results of a particular period or not indicative of future operating results. Similar charges or gains were recognized in prior periods and will likely reoccur in future periods including (i) amortization of acquired intangible assets beginning in the fourth quarter of 2019, including product rights that generate a significant portion of our ongoing revenue and will recur until the intangible assets are fully amortized, (ii) unwind of inventory fair value adjustments, (iii) acquisition and integration expenses, (iv) restructuring costs, (v) accelerated depreciation and impairment of property, plant and equipment and intangible assets, (vi) R&D charges or other income resulting from upfront or contingent milestone payments in connection with the acquisition or licensing of third-party intellectual property rights, (vii) costs of acquiring a priority review voucher, (viii) IPRD charge resulting from the MyoKardia acquisition, (ix) divestiture gains or losses, (x) stock compensation resulting from accelerated vesting of Celgene awards and certain retention-related employee compensation charges related to the Celgene transaction, (xi) pension, legal and other contractual settlement charges, (xii) interest expense on the notes issued in May 2019 incurred prior to our Celgene transaction and interest income earned on the net proceeds of those notes, (xiii) equity investment and contingent value rights fair value adjustments and (xiv) amortization of fair value adjustments of debt acquired from Celgene in our 2019 exchange offer, among other items. Deferred and current income taxes attributed to these items are also adjusted for considering their individual impact to the overall tax expense, deductibility and jurisdictional tax rates. Certain other significant tax items are also excluded such as the impact resulting from internal transfer of intangible assets and the *Otezla®* divestiture. We also provide international revenues for our priority products excluding the impact of foreign exchange. Reconciliations of these non-GAAP measures to the most comparable GAAP measures are included in Exhibit 99.2 to our Form 8-K filed on February 4, 2021 and are incorporated herein by reference.

Non-GAAP information is intended to portray the results of our baseline performance, supplement or enhance management, analysts and investors' overall understanding of our underlying financial performance and facilitate comparisons among current, past and future periods. For example, non-GAAP earnings and EPS information is an indication of our baseline performance before items that are considered by us to not be reflective of our ongoing results. In addition, this information is among the primary indicators that 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 and may not be the same as or comparable to similarly titled measures presented by other companies due to possible differences in method and in the items being adjusted. We encourage investors to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

Specified items were as follows:

Dollars in Millions	Year Ended December 31, 2020	2019
Inventory purchase price accounting adjustments	**$ 2,688**	$ 660
Intangible asset impairment	**575**	—
Employee compensation charges	**4**	1
Site exit and other costs	**33**	197
Cost of products sold	**3,300**	858
Employee compensation charges	**275**	27
Site exit and other costs	**4**	9
Marketing, selling and administrative	**279**	36
License and asset acquisition charges	**1,003**	25
IPRD impairments	**470**	32
Inventory purchase price accounting adjustments	**36**	—
Employee compensation charges	**282**	33
Site exit and other costs	**115**	167
Research and development	**1,906**	257
IPRD charge - MyoKardia acquisition	**11,438**	—
Amortization of acquired intangible assets	**9,688**	1,062
Interest expense[(a)]	**(159)**	322
Contingent consideration	**(1,757)**	523
Royalties and licensing income	**(168)**	(24)
Equity investment gains	**(1,156)**	(279)
Integration expenses	**717**	415
Provision for restructuring	**530**	301
Litigation and other settlements	**(239)**	75
Investment income	**—**	(197)
Reversion excise tax	**76**	—
Divestiture gains	**(55)**	(1,168)
Pension and postretirement	**—**	1,635
Acquisition expenses	**—**	657
Other	**—**	2
Other (income)/expense, net	**(2,211)**	2,262
Increase to pretax income	**24,400**	4,475
Income taxes on items above	**(1,733)**	(687)
Income taxes attributed to Otezla* divestiture	**266**	808
Income taxes attributed to internal transfer of intangible assets	**853**	—
Income taxes	**(614)**	121
Increase to net earnings	**$ 23,786**	$ 4,596

(a) Includes amortization of purchase price adjustments to Celgene debt.

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

Dollars in Millions, except per share data	Year Ended December 31, 2020	2019
Net (Loss)/Earnings Attributable to BMS used for Diluted EPS Calculation — GAAP	**$ (9,015)**	$ 3,439
Specified Items	**23,786**	4,596
Net Earnings Attributable to BMS used for Diluted EPS Calculation — Non-GAAP	**$ 14,771**	$ 8,035
Weighted-Average Common Shares Outstanding – Diluted – GAAP	**2,258**	1,712
Incremental Shares Attributable to Share-Based Compensation Plans	**35**	—
Weighted Average Common Shares Outstanding — Diluted – Non-GAAP	**2,293**	1,712
Diluted (Loss)/Earnings Per Share Attributable to BMS — GAAP	**$ (3.99)**	$ 2.01
Diluted EPS Attributable to Specified Items	**10.43**	2.68
Diluted EPS Attributable to BMS — Non-GAAP	**$ 6.44**	$ 4.69

Financial Position, Liquidity and Capital Resources

Our net debt position was as follows:

Dollars in Millions	December 31, 2020	2019
Cash and cash equivalents	**$ 14,546**	$ 12,346
Marketable debt securities — current	**1,285**	3,047
Marketable debt securities — non-current	**433**	767
Total cash, cash equivalents and marketable debt securities	**16,264**	16,160
Short-term debt obligations	**(2,340)**	(3,346)
Long-term debt	**(48,336)**	(43,387)
Net debt position	**$ (34,412)**	$ (30,573)

We regularly assess our anticipated working capital needs, debt and leverage levels, debt maturities, capital expenditure requirements, dividend payouts, potential share repurchases and future investments or acquisitions in order to maximize shareholder return, efficiently finance our ongoing operations and maintain flexibility for future strategic transactions. We also regularly evaluate our capital structure to ensure financial risks, adequate liquidity access and lower cost of capital are efficiently managed, which may lead to the issuance of additional debt securities or the repurchase of debt securities prior to maturity or common stock. We believe that our existing cash, cash equivalents and marketable debt securities together with cash generated from operations and, if required, from the issuance of commercial paper will be sufficient to satisfy our anticipated cash needs for at least the next few years, including dividends, capital expenditures, milestone payments, working capital, restructuring initiatives, business development, approximately $15.8 billion of debt maturing through 2024 as well as any debt repurchases through redemptions or tender offers.

We have a share repurchase program authorized by our Board of Directors allowing for repurchases of our shares. The specific timing and number of shares repurchased will be determined by our management at its discretion and will vary based on market conditions, securities law limitations and other factors. The share repurchase program does not obligate us to repurchase any specific number of shares, does not have a specific expiration date and may be suspended or discontinued at any time. The repurchases may be effected through a combination of one or more open market repurchases, privately negotiated transactions, transactions structured through investment banking institutions and other derivative transactions, relying on Rule 10b-18 and Rule 10b5-1 under the Exchange Act. The remaining share repurchase authority authorization under the program was $1.0 billion as of December 31, 2019. Our Board of Directors approved an increase of $5.0 billion to the share repurchase authorization for our common stock in February 2020, increasing the total outstanding share repurchase authorization to approximately $6.0 billion. In 2020, the ASR agreements that we executed in 2019 to repurchase an aggregate $7 billion of common stock were settled. We also repurchased approximately 27 million shares of its common stock for $1.6 billion during the year ended December 31, 2020. The remaining share repurchase capacity under the share repurchase program was approximately $4.4 billion as of December 31, 2020. Refer to “Consolidated Financial Statements —Note 16. Equity” for additional information. In January 2021, our Board of Directors approved an increase of $2.0 billion to the share repurchase authorization for our common stock.

Dividend payments were $4.1 billion in 2020, $2.7 billion in 2019 and $2.6 billion in 2018. Dividend decisions are made on a quarterly basis by our Board of Directors.

Annual capital expenditures were approximately $750 million in 2020, $800 million in 2019 and $1.0 billion in 2018 and are expected to be approximately $1.3 billion in 2021 and $1.2 billion in 2022. We continue to make capital expenditures in connection with the expansion of our manufacturing capabilities, research and development and other facility-related activities.

Under our commercial paper program, we may issue a maximum of $5 billion unsecured notes that have maturities of not more than 366 days from the date of issuance. There were no commercial paper borrowings outstanding as of December 31, 2020.

As of December 31, 2020, we had four revolving credit facilities totaling $6.0 billion, which consisted of a 364-day $2.0 billion facility that expired in January 2021, a three-year $1.0 billion facility expiring in January 2022 and two five-year $1.5 billion facilities that were extended in January 2021 to September 2024 and July 2025, respectively. The facilities provide for customary terms and conditions with no financial covenants and may be used to provide backup liquidity for our commercial paper borrowings. Our $1.0 billion facility and our two $1.5 billion revolving facilities are extendable annually by one year on the anniversary date with the consent of the lenders. No borrowings were outstanding under revolving credit facilities at December 31, 2020 and 2019. In January 2021, we entered into a 364-day $2.0 billion facility expiring in January 2022, which is extendable annually by one year on the anniversary date with the consent of the lenders.

In November 2020, we entered into a $4.0 billion delayed draw term loan credit agreement consisting of a $2.0 billion 364-day tranche and a $2.0 billion two-year tranche. The term facility provides for customary terms and conditions with no financial covenants and may be used for general corporate purposes. Any unused credit expires on April 9, 2021. No borrowings were outstanding under the term loan as of December 31, 2020. In February 2021, we terminated the delayed draw term loan credit agreement.

Also in November 2020, we issued an aggregate principal amount of $7.0 billion of fixed rate unsecured senior notes at maturities ranging from 3 years to 30 years. The net proceeds were used to fund a portion of the aggregate cash consideration payable to MyoKardia shareholders in connection with our acquisition of MyoKardia and to pay related fees and expenses. Interest is payable semi-annually. The notes rank equally in right of payment with all of our existing and future senior unsecured indebtedness and are redeemable at any time, in whole, or in part, at varying specified redemption prices plus accrued and unpaid interest.

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

Credit Ratings

Our current long-term and short-term credit ratings assigned by Moody's Investors Service are A2 and Prime-1, respectively, with a stable long-term credit outlook, and our current long-term and short-term credit ratings assigned by Standard & Poor's are A+ and A-1, respectively with a negative long-term credit outlook. The long-term ratings reflect the agencies' opinion that we have a low default risk but are somewhat susceptible to adverse effects of changes in circumstances and economic conditions. The short-term ratings reflect the agencies' opinion that we have good to extremely strong capacity for timely repayment. Any credit rating downgrade may affect the interest rate of any debt we may incur, the fair market value of existing debt and our ability to access the capital markets generally.

Cash Flows

The following is a discussion of cash flow activities:

	Year Ended December 31,	
Dollars in Millions	**2020**	**2019**
Cash flow provided by/(used in):		
Operating activities	**$ 14,052**	$ 8,210
Investing activities	**(10,859)**	(9,913)
Financing activities	**(1,151)**	7,621

Operating Activities

Cash flow from operating activities represents the cash receipts and disbursements from all of our activities other than investing and financing activities. Operating cash flow is derived by adjusting net earnings for noncontrolling interest, non-cash operating items, gains and losses attributed to investing and financing activities and changes in operating assets and liabilities resulting from timing differences between the receipts and payments of cash and when the transactions are recognized in our results of operations. As a result, changes in cash from operating activities reflect the timing of cash collections from customers and alliance partners; payments to suppliers, alliance partners and employees; customer discounts and rebates; and tax payments in the ordinary course of business. For example, annual employee bonuses are typically paid in the first quarter of the subsequent year. In addition, cash collections continue to be impacted by longer payment terms for certain biologic products in the U.S., primarily our newer oncology products including *Opdivo*, *Yervoy* and *Empliciti* (75 days in 2020 and 90 days in 2019). The longer payment terms are used to more closely align with the insurance reimbursement timing for physicians and cancer centers following administration to the patients.

The $5.8 billion change in cash flow from operating activities compared to 2019 was primarily due to the Celgene acquisition, including higher collection and payments in the ordinary course of business, partially offset by higher interest payments of $1.2 billion and income tax payments of $1.9 billion (including $1.1 billion attributed to the *Otezla*® divestiture) and the cash settlement of unvested MyoKardia stock awards of approximately $500 million.

Investing Activities

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

The $946 million change in cash flow from investing activities compared to 2019 was primarily attributable to:

- Lower business divestiture proceeds of approximately $15.0 billion primarily due to the divestitures of *Otezla*® and UPSA consumer health business in 2019.

Partially offset by:

- Lower net acquisition and other payments of approximately $11.7 billion primarily due to the acquisitions of Celgene in 2019 and MyoKardia in 2020; and
- Changes in the amount of marketable debt securities held of $2.3 billion.

Financing Activities

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

The $8.8 billion change in cash flow from financing activities compared to 2019 was primarily attributable to:

- Lower net borrowing activity of $13.3 billion primarily resulting from the issuance of notes to fund the acquisitions of Celgene in 2019 and MyoKardia in 2020 and lower repayments of debt maturities in 2020; and
- Higher dividend payments of approximately $1.4 billion.

Partially offset by:

- Lower stock repurchase of $5.8 billion primarily resulting from the accelerated stock repurchase cash payment of $7.0 billion in 2019.

Contractual Obligations and Off-Balance Sheet Arrangements

Payments due by period for our contractual obligations at December 31, 2020 were as follows:

	Obligations Expiring by Period						
Dollars in Millions	Total	2021	2022	2023	2024	2025	Later Years
Short-term borrowings	$ 340	$ 340	$ —	$ —	$ —	$ —	$ —
Long-term debt	48,711	2,000	4,750	4,767	4,286	4,201	28,707
Interest on long-term debt[(a)]	21,835	1,573	1,522	1,389	1,280	1,169	14,902
Operating leases[(b)]	1,916	196	189	193	158	136	1,044
Purchase obligations	5,306	2,027	953	703	629	472	522
Uncertain tax positions[(c)]	87	87	—	—	—	—	—
Deemed repatriation transition tax	3,295	339	339	567	798	1,008	244
Total[(d)]	$ 81,490	$ 6,562	$ 7,753	$ 7,619	$ 7,151	$ 6,986	$ 45,419

(a) Includes estimated future interest payments and periodic cash settlements of derivatives.
(b) Refer to "Consolidated Financial Statements—Note 13. Leases" for further information regarding our leases.
(c) Includes only short-term uncertain tax benefits because of uncertainties regarding the timing of resolution.
(d) Excludes other non-current liabilities because of uncertainties regarding the timing of resolution.

We are committed to an aggregate $22.0 billion of potential future research and development milestone payments to third parties for in-licensing, asset acquisitions and development programs including early-stage milestones of $8.1 billion (milestones achieved through Phase III clinical studies) and late-stage milestones of $13.9 billion (milestones achieved post Phase III clinical studies). Payments generally are due and payable only upon achievement of certain developmental and regulatory milestones for which the specific timing cannot be predicted. Certain agreements also provide for sales-based milestones aggregating to $14.7 billion that we would be obligated to pay to alliance partners upon achievement of certain sales levels in addition to royalties. We also have certain manufacturing, development and commercialization obligations in connection with alliance arrangements. It is not practicable to estimate the amount of these obligations. Refer to “Consolidated Financial Statements—Note 3. Alliances” for further information regarding our alliances.

Contingent value rights were issued in connection with the Celgene acquisition. These rights were measured at fair value and payments were contingent upon the achievement of future regulatory milestones. Each CVR right entitled the shareholder to receive a one-time potential payment of $9.00 in cash only upon FDA approval of all three of the following milestones: (i) ozanimod by December 31, 2020, (ii) liso-cel (JCAR017) by December 31, 2020, and (iii) ide-cel (bb2121) by March 31, 2021. The contractual obligation to pay the contingent value rights terminated in January 2021 because the FDA did not approve liso-cel (JCAR017) by December 31, 2020.

We do not have any off-balance sheet arrangements that are material or reasonably likely to become material to our financial condition or results of operations.

SEC Consent Order / FCPA Settlement

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

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

We have established a company-wide policy concerning our sales to direct customers for the purpose of complying with the Consent, which 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 DSAs with our U.S. pharmaceutical wholesalers, which account for nearly 100% of our gross U.S. revenues. Under the current terms of the DSAs, our wholesaler customers provide us with weekly information with respect to months on hand product-level inventories and the amount of out-movement of products. The three largest wholesalers currently account for approximately 75% of our gross U.S. revenues. The inventory information received from our wholesalers, together with our internal information, is used to estimate months on hand product level inventories at these wholesalers. We estimate months on hand product inventory levels for our U.S. business's wholesaler customers other than the three largest wholesalers by extrapolating from the months on hand calculated for the three largest wholesalers. In contrast, our non-U.S. business has significantly more direct customers, limited information on direct customer product level inventory and corresponding out-movement information and the reliability of third-party demand information, where available, varies widely. Accordingly, we rely on a variety of methods to estimate months on hand product level inventories for these business units.

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

Recently Issued Accounting Standards

For recently issued accounting standards, refer to "Consolidated Financial Statements—Note 1. Accounting Policies and Recently Issued Accounting Standards."

Critical Accounting Policies

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

Revenue Recognition

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

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

Charge-backs and cash discounts

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

In the U.S. and certain other countries, customers are offered cash discounts as an incentive for prompt payment, generally approximating 2% of the invoiced sales price. Accounts receivable is reduced for the estimated amount of cash discount at the time of sale and the discount is typically taken by the customer within one month.

Medicaid and Medicare rebates

Our U.S. business participates in state government Medicaid programs and other qualifying Federal and state government programs requiring discounts and rebates to participating state and local government entities. All discounts and rebates provided through these programs are included in our Medicaid rebate accrual. Medicaid rebates have also been extended to drugs used in managed Medicaid plans. The estimated amount of unpaid or unbilled rebates is presented as a liability.

Rebates and discounts are offered to managed healthcare organizations in the U.S. managing prescription drug programs and Medicare Advantage prescription drug plans covering the Medicare Part D drug benefit. We also pay a 70% point of service discount to the CMS when the Medicare Part D beneficiaries are in the coverage gap ("donut hole"). The estimated amount of unpaid or unbilled rebates and discounts is presented as a liability.

Other rebates, returns, discounts and adjustments

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

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

Use of information from external sources

Information from external sources is used to estimate GTN adjustments. Our estimate of inventory at the wholesalers is 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.

Long-lived Assets

Intangible Assets Valuations

A significant amount of the purchase price for the Celgene acquisition was allocated to intangible assets, including commercially marketed products and IPRD assets. Our intangible assets were $53.2 billion as of December 31, 2020 and $64.0 billion as of December 31, 2019.

Identifiable intangible assets are measured at their respective fair values as of the acquisition date. We engaged an independent third-party valuation firm to assist in determining the fair values of these assets as of the acquisition date. The fair value of these assets were estimated using discounted cash flow models. These models required the use of the following significant estimates and assumptions among others:

- Identification of product candidates with sufficient substance requiring separate recognition;
- Estimates of revenues and operating profits related to commercial products or product candidates;
- Eligible patients, pricing and market share used in estimating future revenues;
- Probability of success for unapproved product candidates and additional indications for commercial products;
- Resources required to complete the development and approval of product candidates;

- Timing of regulatory approvals and exclusivity;
- Appropriate discount rate by products;
- Market participant income tax rates; and
- Allocation of expected synergies to products.

We believe the estimated and preliminary fair value assigned to intangible assets acquired used reasonable estimates and assumptions considering the facts and circumstances as of the acquisition date.

Impairment and Amortization of Long-lived Assets, including Intangible Assets

Long-lived assets include intangible assets and property, plant and equipment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable or at least annually for IPRD. Intangible assets are highly vulnerable to impairment charges, particularly newly acquired assets for recently launched products or IPRD. These assets are initially measured at fair value and therefore any reduction in expectations used in the valuations could potentially lead to impairment. Some of the more common potential risks leading to impairment include competition, earlier than expected LOE, pricing reductions, adverse regulatory changes or clinical study results, delay or failure to obtain regulatory approval for initial or follow on indications and unanticipated development costs, inability to achieve expected synergies resulting from cost savings and avoidance, 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. If the carrying value of long-lived assets exceeds its fair value, then the asset is written-down to its fair 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. The estimated useful lives of long-lived assets is subjective and requires significant judgment regarding patent lives, future plans and external market factors. Long-lived assets are also periodically reviewed for changes in facts or circumstances resulting in a reduction to the estimated useful life of the asset, requiring the acceleration of depreciation. In 2020, a $575 million impairment charge was recorded in Cost of products sold resulting from lower cash flow projections reflecting revised commercial forecasts for *Inrebic*, resulting in the full impairment of the asset. Additionally, a $470 million impairment charge was recorded in Research and development expense resulting from the decision to discontinue further development of the orva-cel program. *Inrebic* and orva-cel were obtained in connection with the acquisition of Celgene.

Goodwill

Goodwill represents the excess of the consideration transferred over the estimated fair values of net assets acquired in a business combination. Goodwill was $20.5 billion and $22.5 billion as of December 31, 2020 and 2019, respectively.

We assess the goodwill balance within our single reporting unit annually and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable to determine whether any impairment in this asset may exist and, if so, the extent of such impairment. Goodwill is reviewed for impairment by assessing qualitative factors, including comparing our market capitalization to the carrying value of our assets. Events or circumstances that might require an interim evaluation include unexpected adverse business conditions, economic factors, unanticipated technological changes or competitive activities and acts by governments and courts.

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 $3.5 billion at December 31, 2020 (net of valuation allowances of $2.8 billion) and $2.1 billion at December 31, 2019 (net of valuation allowances of $2.8 billion).

The U.S. federal net operating loss carryforwards were $1.5 billion at December 31, 2020. These carryforwards were acquired as a result of certain acquisitions and are subject to limitations under Section 382 of the Internal Revenue Code. The net operating loss carryforwards expire in varying amounts beginning in 2022. The foreign and state net operating loss carryforwards expire in varying amounts beginning in 2021 (certain amounts have unlimited lives).

Prior to the Mead Johnson split-off in 2009, the following transactions occurred: (i) an internal spin-off of Mead Johnson shares while still owned by us; (ii) conversion of Mead Johnson Class B shares to Class A shares; and (iii) conversion of Mead Johnson & Company to a limited liability company. These transactions as well as the split-off of Mead Johnson through the exchange offer should qualify as tax-exempt transactions under the Internal Revenue Code based upon a private letter ruling received from the Internal Revenue Service related to the conversion of Mead Johnson Class B shares to Class A shares, and outside legal opinions.

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

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

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

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

For discussions on income taxes, refer to "Consolidated Financial Statements—Note 1. Accounting Policies and Recently Issued Accounting Standards—Income Taxes" and "—Note 7. Income Taxes."

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, refer to "Consolidated Financial Statements—Note 1. Accounting Policies and Recently Issued Accounting Standards—Contingencies," "—Note 7. Income Taxes" and "—Note 19. Legal Proceedings and Contingencies."

Product and Pipeline Developments

Our R&D programs are managed on a portfolio basis from early discovery through late-stage development and include a balance of early-stage and late-stage programs to support future growth. Our late stage R&D programs in Phase III development include both investigational compounds for initial indications and additional indications or formulations for marketed products. Spending on these programs represent approximately 40% of our annual R&D expenses in the last three years. *Opdivo* was the only investigational compound or marketed product that represented greater than 10% of our R&D expenses in the last three years. Our late-stage development programs could potentially have an impact on our revenue and earnings within the next few years if regulatory approvals are obtained and products are successfully commercialized. The following are the developments in our marketed products and our late-stage pipeline:

Product	Indication	Date	Developments
Revlimid	Lymphoma	February 2020	Received supplemental Japan NDA approval for *Revlimid* in relapsed or refractory follicular lymphoma and marginal zone lymphoma.

Product	Indication	Date	Developments
Opdivo	NSCLC	October 2020	Announced that the Phase III CheckMate-816 trial met a primary endpoint of pathologic complete response in resectable NSCLC.
		August 2020	Ono, our alliance partner for *Opdivo* in Japan, announced top-line results from the Phase III clinical study TASUKI-52 evaluating *Opdivo* in combination with bevacizumab and chemotherapy versus placebo in combination with bevacizumab and chemotherapy in chemotherapy-naive patients with stage IIIB/IV or recurrent non-squamous NSCLC. The *Opdivo* combination group demonstrated a statistically significant improvement in the primary endpoint of progression-free survival in a pre-specified interim analysis.
		February 2020	Ono, our alliance partner for *Opdivo* in Japan, announced the submission of a supplemental application in Japan for *Opdivo* to expand the use for the treatment of unresectable advanced or recurrent NSCLC, in combination treatment with platinum-doublet chemotherapy, for a partial change in approved items of the manufacturing and marketing approval.
	RCC	January 2021	Announced FDA approval of *Opdivo* in combination with *Cabometyx** for the first-line treatment of patients with advanced RCC. The approval is based on the Phase III CheckMate-9ER trial.
		October 2020	Ono, our alliance partner for *Opdivo* in Japan, announced that the companies have submitted a supplemental application for combination therapy of *Opdivo* and *Cabometyx** for development and commercialization in Japan, to expand the use for the combination therapy for the treatment of unresectable or metastatic RCC, for a partial change in approved items of the manufacturing and marketing approval.
		April 2020	Announced with Exelixis, that CheckMate -9ER, a pivotal Phase III trial evaluating *Opdivo* in combination with *Cabometyx** compared to sunitinib in previously untreated advanced or metastatic RCC, met its primary endpoint of progression-free survival at final analysis, as well as the secondary endpoints of overall survival at a pre-specified interim analysis, and objective response rate.
		February 2020	Announced five-year follow-up results from the Phase III CheckMate-025 study, which continue to demonstrate that treatment with *Opdivo* delivers superior overall survival and objective response rates in patients with previously treated advanced or metastatic RCC compared to those treated with everolimus.
	Gastric and Esophageal Cancers	January 2021	Announced that the FDA has accepted the sBLA for *Opdivo* for the treatment of patients with resected esophageal or gastroesophageal junction cancer in the adjuvant setting, after neoadjuvant chemoradiation therapy. The FDA granted the application Priority Review and assigned a PDUFA goal date of May 20, 2021. The application is based on results from the Phase III CheckMate-577 trial.
		January 2021	Announced that the EMA validated its MAA for *Opdivo* as an adjuvant treatment for esophageal or gastroesophageal junction cancer in adult patients with residual pathologic disease after neoadjuvant chemoradiotherapy and resection. The application is based on results from the Phase III CheckMate-577 trial.
		January 2021	Announced that the FDA has accepted the sBLA for *Opdivo*, in combination with fluoropyrimidine- and platinum-containing chemotherapy, for the treatment of patients with advanced or metastatic gastric cancer, gastroesophageal junction cancer or esophageal adenocarcinoma, based on results from the CheckMate -649 trial. The FDA granted the application Priority Review and assigned a PDUFA goal date of May 25, 2021. The application is based on results from the pivotal Phase III Checkmate-649 trial.
		January 2021	Announced that the EMA validated the Type II Variation MAA for *Opdivo* in combination with fluoropyrimidine- and platinum-based combination chemotherapy for the first-line treatment of adult patients with advanced or metastatic gastric cancer, gastroesophageal junction cancer or esophageal adenocarcinoma. The application is based on results from the pivotal Phase III Checkmate-649 trial.
		December 2020	Ono, our alliance partner for *Opdivo* in Japan, announced the submission of a supplemental application for Opdivo to expand the use for the treatment of unresectable advanced or recurrent gastric cancer, for a partial change in approved items of the manufacturing and marketing approval.
		November 2020	Announced EC approval of *Opdivo* for the treatment of adults with unresectable advanced, recurrent or metastatic esophageal squamous cell carcinoma after prior fluoropyrimidine- and platinum-based combination chemotherapy.
		September 2020	Ono, our alliance partner for *Opdivo* in Japan, announced that the results from Phase II/III clinical study evaluating *Opdivo* in combination with chemotherapy versus placebo in combination with chemotherapy in patients with unresectable advanced or recurrent gastric cancer who are negative for human epidermal growth factor receptor 2, and previously untreated with the first-line therapy in Japan, South Korea and Taiwan that the *Opdivo* combination group demonstrated a statistically significant improvement in one of the two primary endpoints of progression-free survival, but did not show a statistically significant improvement in overall survival, the other primary endpoint versus control combination group.

Product	Indication	Date	Developments
Opdivo	Gastric and Esophageal Cancers	August 2020	Announced that CheckMate-649, a pivotal Phase III trial evaluating *Opdivo* plus chemotherapy compared to chemotherapy alone as a first-line treatment for metastatic gastric cancer, gastroesophageal junction cancer or esophageal adenocarcinoma, met both primary endpoints of overall survival at a pre-specified interim analysis and progression-free survival at final analysis in patients whose tumors express PD-L1 with a combined positive score ≥ 5. The overall survival benefit was also observed in the all-randomized population.
		August 2020	Announced that the Phase III CheckMate-577 trial evaluating *Opdivo* as an adjuvant therapy for patients with resected esophageal or gastroesophageal junction cancer met its primary endpoint of disease-free survival at a pre-specified interim analysis.
		June 2020	Announced that *Opdivo* was approved by the FDA for the treatment of patients with unresectable advanced, recurrent or metastatic ESCC after prior fluoropyrimidine- and platinum-based chemotherapy. This application was granted Priority Review Designation by the FDA, and *Opdivo* is the first approved immunotherapy in this setting regardless of tumor PD-L1 expression level.
		May 2020	Ono, our alliance partner for *Opdivo* in Japan, announced the submission of a supplemental application for *Opdivo* to expand the use for the treatment of patients with unresectable advanced or recurrent gastric cancer who have not been previously treated, for a partial change in approved items of the manufacturing and marketing approval.
		March 2020	Received NMPA approval for *Opdivo* in 3L gastric cancer in China. The approval was supported by the ONO-4538-12 Phase III study.
		February 2020	Ono, our alliance partner for *Opdivo* in Japan, announced that Japan's MHLW approved *Opdivo* for the treatment of patients with unresectable advanced or recurrent ESCC that has progressed following chemotherapy. The approval was based on the Phase III ATTRACTION-3 trial conducted by Ono in collaboration with BMS, which evaluated *Opdivo* versus chemotherapy (docetaxel or paclitaxel) for the treatment of patients with unresectable advanced or recurrent ESCC refractory or intolerant to combination therapy with fluoropyrimidine and platinum-based drugs.
	SCLC	December 2020	Announced that in consultation with the FDA, we withdrew the U.S. indication for *Opdivo* in SCLC following platinum-based chemotherapy and at least one other line of therapy. *Opdivo* was granted accelerated approval for SCLC in 2018 based on surrogate endpoints from the Phase I/II CheckMate-032 trial in advanced or metastatic solid tumors, which demonstrated encouraging response rates and duration of response in SCLC. However, subsequent confirmatory studies in different treatment settings, CheckMate-451 and CheckMate-331, did not meet their primary endpoints of overall survival.
	CRC	February 2020	Ono, our alliance partner for *Opdivo* in Japan, announced that Japan's MHLW approved *Opdivo* for the treatment of patients with MSI-H unresectable advanced or recurrent CRC that has progressed following chemotherapy. The approval was based on the the result from *Opdivo* monotherapy cohort of a multi-center, open-label Phase II CheckMate-142 study conducted by BMS, evaluating *Opdivo* in patients with HSI-H or mismatch repair deficient recurrent or metastatic CRC that has progressed on or after, or been intolerant of prior treatment with chemotherapy including fluoropyrimidine anticancer drugs.
	Glioblastoma	December 2020	Following a routine review by an independent data monitoring commitee (DMC), BMS was informed that the Phase III CheckMate-548 trial, evaluating *Opdivo* plus standard of care (temozolomide and radiation therapy) in newly diagnosed glioblastoma multiforme with O6-methylguanine-DNA methyltransferase promoter methylation following surgical resection of the tumor, will not meet its primary endpoint of overall survival in patients with no baseline corticosteroid use or in the overall randomized population. Based on the DMC recommendation, investigators will be unblinded to treatment assignments, and patients currently deriving benefit from *Opdivo* permitted to continue treatment if agreed to with their physician.
	Bladder	February 2021	Announced results from the Phase III CheckMate-274 trial, which showed that *Opdivo* significantly improved disease-free survival as an adjuvant treatment across all randomized patients with surgically resected, high-risk muscle-invasive urothelial carcinoma and in the subgroup of patients whose tumors express PD-L1 ≥1%, meeting both of the study's primary endpoints.
	Ovarian Cancer	January 2020	Ono, our alliance partner for *Opdivo* in Japan, announced that *Opdivo* did not demonstrate a significant improvement in overall survival, a primary endpoint, versus chemotherapy in patients with platinum-refractory advanced or recurrent ovarian cancer in the final analysis of a multi-center, randomized, open-label Phase III clinical study (ONO-4538-23) conducted in Japan.

Product	Indication	Date	Developments
Opdivo+Yervoy	NSCLC	November 2020	Announced EC approval of *Opdivo* plus *Yervoy* with two cycles of platinum-based chemotherapy for the first-line treatment of adult patients with metastatic NSCLC whose tumors have no sensitizing epidermal growth factor receptor mutation or anaplastic lymphoma kinase translocation.
		November 2020	Ono, our alliance partner for *Opdivo* in Japan, announced that the companies received approval in Japan for the following combination therapies of *Opdivo* and *Yervoy* for the first-line treatment of unresectable, advanced or recurrent NSCLC for a partial change in approved items of the manufacturing and marketing approval in Japan: (i) combination therapy with *Opdivo* and *Yervoy*, (ii) combination therapy with *Opdivo*, *Yervoy* plus chemotherapy and (iii) combination therapy with *Opdivo* and chemotherapy
		May 2020	Announced FDA approval of *Opdivo+Yervoy* given with two cycles of platinum-doublet chemotherapy for the first-line treatment of adult patients with metastatic or recurrent NSCLC with no EGFR or ALK genomic tumor aberrations. The therapy is approved for patients with squamous or non-squamous disease and regardless of PD-L1 expression.
		May 2020	Announced FDA approval of *Opdivo+Yervoy* for the first-line treatment of adult patients with metastatic NSCLC whose tumors express PD-L1 (≥1%) as determined by an FDA-approved test, with no EGFR or ALK genomic tumor aberrations.
		May 2020	Announced three-year follow-up results from Part 1 of the Phase III CheckMate-227 trial in metastic NSCLC, demonstrating that *Opdivo+Yervoy* provided sustained improvements in overall survival and additional efficacy measures as a first-line treatment compared to chemotherapy among patients whose tumors expressed PD-L1 ≥1%.
		January 2020	Announced voluntary withdrawal of the Company's application in the EU for the combination of *Opdivo* and *Yervoy* for the treatment of advanced NSCLC based on data from CheckMate-227. The application was originally filed in 2018 for patients with first-line NSCLC who have tumor mutational burden ≥10 mutations/megabase, based on the final analysis of progression-free survival, a co-primary endpoint in the trial. The application was subsequently amended to include the statistically significant result of overall survival, a co-primary endpoint, from CheckMate-227 Part 1a evaluating *Opdivo+Yervoy* versus chemotherapy in patients whose tumors expressed PD-L1 ≥1%. Though the CHMP acknowledged the integrity of the patient level data, the CHMP determined a full assessment of the application was not possible following multiple protocol changes the company made in response to rapidly evolving science and data. The company has no plans to refile this application in the EU.
	Melanoma	October 2020	Announced results for the co-primary endpoint for CheckMate-915, a randomized Phase III study evaluating *Opdivo* plus *Yervoy* versus *Opdivo* for patients who have had a complete surgical removal of stage IIIb/c/d or stage IV melanoma. The addition of *Yervoy* to *Opdivo* in this trial did not result in a statistically significant improvement in recurrence-free survival in the all-comer (intent-to-treat) population.
	MPM	October 2020	Announced FDA approval of *Opdivo+Yervoy* for the first-line treatment of adult patients with unresectable MPM. This approval is based on a pre-specified interim analysis from the Phase III CheckMate-743 trial in which *Opdivo+Yervoy* demonstrated superior overall survival versus the platinum-based standard of care chemotherapy.
		October 2020	Ono, our alliance partner for *Opdivo* in Japan announced that the companies have submitted supplemental applications in Japan for *Opdivo* and *Yervoy* in combination treatment to expand the use for first-line treatment of unresectable advanced or recurrent MPM, for a partial change in aprpoved items of the manufacturing and marketing approval.
		September 2020	Announced that the EMA validated the type II variation application for *Opdivo* plus *Yervoy* for treatment of patients with previously untreated, unresectable MPM.
		April 2020	Announced that CheckMate-743, a pivotal Phase III trial evaluating *Opdivo* in combination with *Yervoy* in previously untreated MPM met its primary endpoint of overall survival. Based on a pre-specified interim analysis conducted by the independent data monitoring committee, *Opdivo* in combination with *Yervoy* resulted in a statistically significant and clinically meaningful improvement in overall survival compared to chemotherapy (pemetrexed and cisplatin or carboplatin).

Product	Indication	Date	Developments
Opdivo+Yervoy	RCC	September 2020	Announced that more than half of advanced RCC patients treated with the *Opdivo* plus *Yervoy* combination were alive after four years across the entire study population of the Phase III CheckMate-214 clinical trial, with the combination continuing to show superior, long-term overall survival and durable responses compared to sunitinib.
		February 2020	Announced updated results from the Phase III CheckMate-214 study evaluating the combination of *Opdivo+Yervoy* versus sunitinib in patients with previously untreated advanced or metastatic RCC. With a minimum follow-up of 42 months, the combination of *Opdivo+Yervoy* continues to show superior overall survival, objective response rates, duration of response and complete response rates. The safety profile for *Opdivo+Yervoy* was consistent with prior findings and no new safety signals or drug-related death occurred with extended follow-up. The data were presented at the American Society of Clinical Oncology 2020 Genitourinary Cancers Symposium in San Francisco.
	CRC	September 2020	Ono, our alliance partner for *Opdivo* in Japan announced that the companies received approval for combination therapy of *Opdivo* and *Yervoy* in Japan to expand the combination use for the treatment of microsatellite instability high unresectable advanced or recurrent CRC that has progressed following chemotherapy, for a partial change in approved items of the manufacturing and marketing approval.
	HCC	March 2020	Announced that *Opdivo* 1mg/kg plus *Yervoy* 3 mg/kg (injections for intravenous use) was approved by the FDA to treat HCC in patients who have been previously treated with sorafenib. Approval for this indication has been granted under accelerated approval based on overall response rate and duration of response seen in the *Opdivo+Yervoy* cohort of the Phase I/II CheckMate-040 trial. Continued approval for this indication may be contingent upon verification and description of clinical benefit in confirmatory trials.
Orencia	RA	June 2020	Announced results from the open-label switch period of Early AMPLE, a Phase IV exploratory biomarker study assessing the differences by which *Orencia* and adalimumab interfere with disease progression in moderate-to-severe early RA patients seropositive for certain autoantibodies. Early seropositive RA patients treated with *Orencia* demonstrated substantial clinical improvements at week 48, sustaining the level of responses achieved at week 24 compared to adalimumab. In seropositive patients switching from adalimumab to *Orencia*, the efficacy responses generally increased over the open-label period to week 48.
		February 2020	Ono, our alliance partner for *Orencia* in Japan, announced that the Companies have received an approval of "*Orencia* for Intravenous Infusion 250mg," "*Orencia* for Subcutaneous Injection 125mg Syringe 1mL" and "*Orencia* for Subcutaneous Injection 125mg Auto-injector 1mL" ("*Orencia*") to include the description of "prevention of the structural damage of the joints" in the currently approved indication of RA for a partial change in approved items of the manufacturing and marketing approval in Japan.
Pomalyst	Kaposi sarcoma	May 2020	Announced FDA approval of *Pomalyst* for patients with AIDS-related Kaposi sarcoma whose disease has become resistant to highly active antiretroviral therapy, or in patients with Kaposi sarcoma who are HIV-negative. *Pomalyst* was granted accelerated approval, Breakthrough Therapy designation and Orphan Drug designation in these indications.
Empliciti+ Revlimid	Multiple Myeloma	March 2020	Announced topline results from the Phase III ELOQUENT-1 trial evaluating the combination of *Empliciti* plus *Revlimid* and dexamethasone, versus *Revlimid* and dexamethasone alone, in patients with newly diagnosed, previously untreated multiple myeloma who are transplant ineligible. At final analysis, the addition of *Empliciti* did not show a statistically significant improvement in progression-free survival, the study's primary endpoint.
Reblozyl	MDS	June 2020	Announced EC approval of *Reblozyl* for the treatment of adult patients with transfusion-dependent anemia due to very low-, low- and intermediate-risk MDS with ring sideroblasts, who had an unsatisfactory response or are ineligible for erythropoietin-based therapy.
		April 2020	Announced FDA approval of *Reblozyl* for the treatment of anemia failing an erythropoiesis stimulating agent and requiring 2 or more red blood cell units over 8 weeks in adult patients with very low- to intermediate-risk MDS with ring sideroblasts or with myelodysplastic/ myeloproliferative neoplasm with ring sideroblasts and thrombocytosis.
	Beta Thalassemia	June 2020	Announced EC approval of *Reblozyl* for adult patients with transfusion-dependent anemia associated with beta thalassemia.

Product	Indication	Date	Developments
Zeposia	UC	February 2021	Announced that the FDA has accepted the sNDA for *Zeposia* for the treatment of adults with moderately to severely active UC. The FDA granted the application Priority Review and assigned a PDUFA goal date of May 30, 2021.
		December 2020	Announced that the EMA validated the MAA for *Zeposia* for the treatment of adults with moderately to severely active UC.
		June 2020	Announced that the pivotal Phase III trial True North, evaluating oral *Zeposia* as an induction and maintenance therapy for adult patients with moderate to severe UC, met both primary endpoints of induction of clinical remission at Week 10 and in maintenance at Week 52 (p-value < 0.0001). The study also met key secondary endpoints of clinical response and endoscopic improvement in induction at these timepoints, with a safety profile consistent with that observed in previously reported trials.
	RMS	September 2020	Announced interim results from the Phase III open-label extension trial DAYBREAK, demonstrating the long-term efficacy and safety profile of *Zeposia* in patients with RMS. The trial included 2,494 patients who had previously completed a Phase I, II or III *Zeposia* clinical trial and who had an average treatment time of 35.4 months while in DAYBREAK and no new safety concerns emerged with long-term use of *Zeposia*.
		May 2020	Announced EC approval of *Zeposia* for the treatment of adult patients with RRMS with active disease as defined by clinical or imaging features. With the EC marketing authorization, *Zeposia*, an oral medication taken once daily, becomes the only approved sphingosine-1-phosphate receptor modulator for RRMS patients with active disease.
		March 2020	Announced that the FDA approved *Zeposia* (ozanimod) 0.92 mg for the treatment of adults with RMS, including clinically isolated syndrome, relapsing-remitting disease, and active secondary progressive disease. *Zeposia*, an oral medication taken once daily, is the only approved sphingosine-1-phosphate receptor modulator that offers RMS patients an initiation with no genetic test and no label-based first-dose observation required for patients. An up-titration scheme should be used to reach the maintenance dosage of *Zeposia*, as a transient decrease in heart rate and atrioventricular conduction delays may occur.
Inrebic	Myelofibrosis	February 2021	Announced EC approval for *Inrebic* for the treatment of disease-related splenomegaly (enlarged spleen) or symptoms in adult patients with primary myelofibrosis, post-polycythaemia vera myelofibrosis or post-essential thrombocythaemia myelofibrosis, who are JAK inhibitor naïve or have been treated with ruxolitinib.
Onureg	AML	September 2020	Announced FDA approval of *Onureg* (azacitidine) for the continued treatment of adult patients with AML who achieved first complete remission or complete remission with incomplete blood count recovery following intensive induction chemotherapy and who are not able to complete intensive curative therapy.
		May 2020	Announced that the EMA validated the MAA for CC-486 (*Onureg*) for the maintenance treatment of adult patients with AML, who achieved complete remission or complete remission with incomplete blood count recovery, following induction therapy with or without consolidation treatment, and who are not candidates for, or who choose not to proceed to, hematopoietic stem cell transplantation.
Breyanzi **(liso-cel)**	Lymphoma	February 2021	Announced that the FDA approved *Breyanzi* (lisocabtagene maraleucel; liso-cel), for the treatment of adult patients with relapsed or refractory large B-cell lymphoma after two or more lines of systemic therapy, including diffuse large B-cell lymphoma not otherwise specified (including DLBCL arising from indolent lymphoma), high-grade B-cell lymphoma, primary mediastinal large B-cell lymphoma, and follicular lymphoma grade 3B.
		July 2020	Announced that the EMA validated the MAA for liso-cel, an investigational CD19-directed CAR T cell therapy, for the treatment of adults with relapsed or refractory diffuse large B-cell lymphoma, primary mediastinal B-cell lymphoma and follicular lymphoma grade 3B after at least two prior therapies.
ide-cel; bb2121	Multiple Myeloma	September 2020	Announced with bluebird bio that the FDA has accepted for Priority Review the BLA for ide-cel for the treatment of adult patients with multiple myeloma who have received at least three prior therapies, including an immunomodulatory agent, a proteasome inhibitor and an anti-CD38 antibody. The FDA has set a PDUFA goal date of March 27, 2021.
		May 2020	Announced that the EMA validated the MAA for ide-cel (bb2121) for the treatment of adult patients with multiple myeloma who have received at least three prior therapies, including an immunomodulatory agent, a proteasome inhibitor and an anti-CD38 antibody. Ide-cel was granted Accelerated Assessment status by the EMA in March 2020, reducing the maximum timeframe for review of the application to 150 days.
		May 2020	With bluebird, announced updated results from the pivotal, Phase II KarMMa study evaluating the efficacy and safety of ide-cel (bb2121) in RRMM. Patients with heavily pretreated RRMM who were exposed to at least three prior therapies and were refractory to their last regimen were treated with ide-cel across a range of target dose levels. ORR was 73% across all dose levels, including 33% of patients who had a complete remission or stringent complete remission. Clinically meaningful benefit was consistently observed across subgroups, and nearly all subgroups had an ORR of 50% or greater, including older and high-risk patients.

deucravacitinib (BMS-986165)	Plaque Psoriasis	February 2021	Announced positive results from POETYK PSO-2, the second pivotal Phase III trial evaluating deucravacitinib, a novel, oral, selective tyrosine kinase 2 inhibitor, for the treatment of patients with moderate to severe plaque psoriasis. POETYK PSO-2 evaluated deucravacitinib 6 mg once daily and met both co-primary endpoints versus placebo, with significantly more patients achieving Psoriasis Area and Severity Index (PASI 75), defined as at least a 75 percent improvement of baseline PASI, and a static Physician's Global Assessment (sPGA) score of clear or almost clear (sPGA 0/1) after 16 weeks of treatment with deucravacitinib.
		November 2020	Announced results from the Phase III POETYK PSO-1 trial evaluating deucravacitinib (BMS-986165), a novel, oral, selective tyrosine kinase 2 inhibitor, for the treatment of patients with moderate to severe plaque psoriasis. POETYK PSO-1 met both co-primary endpoints versus placebo, with more patients achieving Psoriasis Area and Severity Index (PASI) 75, defined as at least a 75 percent improvement in PASI, and a static Physician's Global Assessment (sPGA) score of clear or almost clear (sPGA 0/1) after 16 weeks of treatment. The trial also met multiple key secondary endpoints, including showing deucravacitinib was superior to *Otezla** in the proportion of patients reaching a PASI 75 response and sPGA 0/1 at Week 16.
Idhifa	AML	August 2020	Announced that the Phase III IDHENTIFY study evaluating *Idhifa* plus best supportive care (BSC) versus conventional care regimens, which include BSC only, azacitidine plus BSC, low-dose cytarabine plus BSC or intermediate-dose cytarabine plus BSC, did not meet the primary endpoint of overall survival in patients with relapsed or refractory AML with an isocitrate dehydrogenase-2 mutation.

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, and Section 21E of the Exchange Act. You can identify these forward-looking statements by the fact they use words such as "should," "could," "expect," "anticipate," "estimate," "target," "may," "project," "guidance," "intend," "plan," "believe," "will" and other words and terms of similar meaning and expression in connection with any discussion of future operating or financial performance. One can also identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. Such forward-looking statements are based on historical performance and current expectations and projections about our future financial results, goals, plans and objectives and involve inherent risks, assumptions and uncertainties, including internal or external factors that could delay, divert or change any of them in the next several years, and could cause our future financial results, goals, plans and objectives to differ materially from those expressed in, or implied by, the statements. These statements are likely to relate to, among other things, our goals, plans and objectives regarding our financial position, results of operations, cash flows, market position, product development, product approvals, sales efforts, expenses, performance or results of current and anticipated products, our business development strategy generally and in relation to our ability to realize the projected benefits of our acquisitions of Celgene and MyoKardia, the full extent of the impact of the COVID-19 pandemic on our operations and the development and commercialization of our products, potential laws and regulations to lower drug costs, market actions taken by private and government payers to manage drug utilization and contain costs, the expiration of patents or data protection on certain products, including assumptions about our ability to retain patent exclusivity of certain products, and the outcome of contingencies such as legal proceedings and financial results. No forward-looking statement can be guaranteed. We have included important factors in the cautionary statements included in our most recently filed 2020 Form 10-K, particularly under "Item 1A. Risk Factors," that we believe could cause actual results to differ materially from any forward-looking statement.

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

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Foreign Exchange Risk

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

We estimate that a 10% appreciation in the underlying currencies being hedged from their levels against the U.S. dollar (with all other variables held constant) would decrease the fair value of foreign exchange forward contracts by $742 million and $358 million at December 31, 2020 and December 31, 2019, respectively, reducing earnings over the remaining life of the contracts.

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

Interest Rate Risk

We use fixed-to-floating interest rate swap contracts designated as fair value hedges to provide an appropriate balance of fixed and floating rate debt. We use cross-currency interest rate swap contracts designated to hedge the Company's net investment in its Japan subsidiary. The fair values of these contracts as well as our marketable debt securities are analyzed at year-end to determine their sensitivity to interest rate changes. In this sensitivity analysis, if there were a 100 basis point increase in short-term or long-term interest rates as of December 31, 2020 and December 31, 2019, the expected adverse impact on our earnings would not be material.

We estimate that an increase of 100 basis points in long-term interest rates at December 31, 2020 and December 31, 2019 would decrease the fair value of long-term debt by $4.7 billion and $3.8 billion, respectively.

Credit Risk

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

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

CONSOLIDATED STATEMENTS OF EARNINGS

Dollars in Millions, Except Per Share Data

	Year Ended December 31,		
EARNINGS	**2020**	**2019**	**2018**
Net product sales	**$ 41,321**	$ 25,174	$ 21,581
Alliance and other revenues	**1,197**	971	980
Total Revenues	**42,518**	26,145	22,561
Cost of products sold[(a)]	**11,773**	8,078	6,467
Marketing, selling and administrative	**7,661**	4,871	4,551
Research and development	**11,143**	6,148	6,332
IPRD charge - MyoKardia acquisition	**11,438**	—	—
Amortization of acquired intangible assets	**9,688**	1,135	97
Other (income)/expense, net	**(2,314)**	938	(854)
Total Expenses	**49,389**	21,170	16,593
(Loss)/Earnings Before Income Taxes	**(6,871)**	4,975	5,968
Provision for Income Taxes	**2,124**	1,515	1,021
Net (Loss)/Earnings	**(8,995)**	3,460	4,947
Noncontrolling Interest	**20**	21	27
Net (Loss)/Earnings Attributable to BMS	**$ (9,015)**	$ 3,439	$ 4,920
(Loss)/Earnings per Common Share			
Basic	**$ (3.99)**	$ 2.02	$ 3.01
Diluted	**(3.99)**	2.01	3.01

(a) Excludes amortization of acquired intangible assets.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS)/INCOME

Dollars in Millions

	Year Ended December 31,		
COMPREHENSIVE (LOSS)/INCOME	**2020**	**2019**	**2018**
Net (Loss)/Earnings	**$ (8,995)**	$ 3,460	$ 4,947
Other Comprehensive (Loss)/Income, net of taxes and reclassifications to earnings:			
Derivatives qualifying as cash flow hedges	**(256)**	(32)	70
Pension and postretirement benefits	**(75)**	1,203	53
Available-for-sale securities	**5**	36	(25)
Foreign currency translation	**7**	35	(254)
Total Other Comprehensive (Loss)/Income	**(319)**	1,242	(156)
Comprehensive (Loss)/Income	**(9,314)**	4,702	4,791
Comprehensive Income Attributable to Noncontrolling Interest	**20**	21	27
Comprehensive (Loss)/Income Attributable to BMS	**$ (9,334)**	$ 4,681	$ 4,764

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

CONSOLIDATED BALANCE SHEETS

Dollars in Millions, Except Share and Per Share Data

	December 31,	
ASSETS	**2020**	**2019**
Current Assets:		
Cash and cash equivalents	**$ 14,546**	$ 12,346
Marketable debt securities	**1,285**	3,047
Receivables	**8,501**	7,685
Inventories	**2,074**	4,293
Other current assets	**3,786**	1,983
Total Current Assets	**30,192**	29,354
Property, plant and equipment	**5,886**	6,252
Goodwill	**20,547**	22,488
Other intangible assets	**53,243**	63,969
Deferred income taxes	**1,161**	510
Marketable debt securities	**433**	767
Other non-current assets	**7,019**	6,604
Total Assets	**$ 118,481**	$ 129,944
LIABILITIES		
Current Liabilities:		
Short-term debt obligations	**$ 2,340**	$ 3,346
Accounts payable	**2,713**	2,445
Other current liabilities	**14,027**	12,513
Total Current Liabilities	**19,080**	18,304
Deferred income taxes	**5,407**	6,454
Long-term debt	**48,336**	43,387
Other non-current liabilities	**7,776**	10,101
Total Liabilities	**80,599**	78,246
Commitments and contingencies		
EQUITY		
Bristol-Myers Squibb Company Shareholders' Equity:		
Preferred stock, $2 convertible series, par value $1 per share: Authorized 10 million shares; issued and outstanding 3,484 in 2020 and 3,568 in 2019, liquidation value of $50 per share	**—**	—
Common stock, par value of $0.10 per share: Authorized 4.5 billion shares; 2.9 billion issued in 2020 and 2019	**292**	292
Capital in excess of par value of stock	**44,325**	43,709
Accumulated other comprehensive loss	**(1,839)**	(1,520)
Retained earnings	**21,281**	34,474
Less cost of treasury stock — 679 million common shares in 2020 and 672 million common shares in 2019	**(26,237)**	(25,357)
Total Bristol-Myers Squibb Company Shareholders' Equity	**37,822**	51,598
Noncontrolling interest	**60**	100
Total Equity	**37,882**	51,698
Total Liabilities and Equity	**$ 118,481**	$ 129,944

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Dollars in Millions

	Year Ended December 31,		
	2020	2019	2018
Cash Flows From Operating Activities:			
Net (loss)/earnings	**$ (8,995)**	$ 3,460	$ 4,947
Adjustments to reconcile net (loss)/earnings to net cash provided by operating activities:			
Depreciation and amortization, net	**10,380**	1,746	637
Deferred income taxes	**983**	(924)	45
Stock-based compensation	**779**	441	221
Impairment charges	**1,203**	199	126
Pension settlements and amortization	**43**	1,688	186
Divestiture gains and royalties	**(699)**	(1,855)	(992)
IPRD charge - MyoKardia acquisition	**11,438**	—	—
Asset acquisition charges	**1,099**	63	1,211
Equity investment (gains)/losses	**(1,228)**	(275)	513
Contingent consideration fair value adjustments	**(1,757)**	523	—
Other adjustments	**(177)**	(26)	(45)
Changes in operating assets and liabilities:			
Receivables	**(646)**	752	(429)
Inventories	**2,672**	463	(216)
Accounts payable	**188**	229	(59)
Income taxes payable	**(2,305)**	907	203
Other	**1,074**	819	718
Net Cash Provided by Operating Activities	**14,052**	8,210	7,066
Cash Flows From Investing Activities:			
Sale and maturities of marketable debt securities	**6,280**	3,809	2,379
Purchase of marketable debt securities	**(4,172)**	(3,961)	(2,305)
Capital expenditures	**(753)**	(836)	(951)
Divestiture and other proceeds	**870**	15,852	1,249
Acquisition and other payments, net of cash acquired	**(13,084)**	(24,777)	(2,372)
Net Cash Used in Investing Activities	**(10,859)**	(9,913)	(2,000)
Cash Flows From Financing Activities:			
Short-term debt obligations, net	**(267)**	131	(543)
Issuance of long-term debt	**6,945**	26,778	—
Repayment of long-term debt	**(2,750)**	(9,256)	(5)
Repurchase of common stock	**(1,546)**	(7,300)	(320)
Dividends	**(4,075)**	(2,679)	(2,613)
Other	**542**	(53)	(54)
Net Cash (Used in)/Provided by Financing Activities	**(1,151)**	7,621	(3,535)
Effect of Exchange Rates on Cash, Cash Equivalents and Restricted Cash	**111**	(9)	(41)
Increase in Cash, Cash Equivalents and Restricted Cash	**2,153**	5,909	1,490
Cash, Cash Equivalents and Restricted Cash at Beginning of Year	**12,820**	6,911	5,421
Cash, Cash Equivalents and Restricted Cash at End of Year	**$ 14,973**	$ 12,820	$ 6,911

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

Note 1. ACCOUNTING POLICIES AND RECENTLY ISSUED ACCOUNTING STANDARDS

Basis of Consolidation

The consolidated financial statements are prepared in conformity with U.S. GAAP, including the accounts of Bristol-Myers Squibb Company and all of its controlled majority-owned subsidiaries and certain variable interest entities. All intercompany balances and transactions are eliminated. Material subsequent events are evaluated and disclosed through the report issuance date. Refer to the Summary of Abbreviated Terms at the end of this 2020 Annual Report for terms used throughout the document.

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

Business Segment Information

BMS operates in a single segment engaged in the discovery, development, licensing, manufacturing, marketing, distribution and sale of innovative medicines that help patients prevail over serious diseases. A global research and development organization and supply chain organization are responsible for the discovery, development, manufacturing and supply of products. Regional commercial organizations market, distribute and sell the products. The business is also supported by global corporate staff functions. Consistent with BMS's operational structure, the Chief Executive Officer ("CEO"), as the chief operating decision maker, manages and allocates resources at the global corporate level. Managing and allocating resources at the global corporate level enables the CEO to assess both the overall level of resources available and how to best deploy these resources across functions, therapeutic areas, regional commercial organizations and research and development projects in line with our overarching long-term corporate-wide strategic goals, rather than on a product or franchise basis. The determination of a single segment is consistent with the financial information regularly reviewed by the CEO for purposes of evaluating performance, allocating resources, setting incentive compensation targets, and planning and forecasting future periods. For further information on product and regional revenue, see "—Note 2. Revenue".

Use of Estimates and Judgments

The preparation of financial statements requires the use of management estimates, judgments and assumptions. The most significant assumptions are estimates used in determining accounting for acquisitions; impairments of goodwill and intangible assets; sales rebate and return accruals; legal contingencies; and income taxes. Actual results may differ from estimates.

Reclassifications

Certain reclassifications were made to conform the prior period consolidated financial statements to the current period presentation. Cash payments resulting for licensing arrangements, including upfront and contingent milestones previously included in operating activities in the consolidated statements of cash flows are now presented in investing activities. The adjustment resulted in an increase to net cash provided by operating activities and net cash used in investing activities of $143 million in 2019 and $1.1 billion in 2018. Deferred income previously presented separately in the consolidated statements of cash flows is now presented in Other operating assets and liabilities. These reclassifications did not have an impact on net assets or net earnings.

Cash, Cash Equivalents and Restricted Cash

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

Cash is restricted when withdrawal or general use is contractually or legally restricted including escrow for litigation settlements and funds restricted for annual Company contributions to the defined contribution plan in the U.S. Restricted cash was $427 million and $474 million at December 31, 2020 and 2019, respectively.

Marketable Debt Securities

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

Investments in Equity Securities

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

Inventory Valuation

Inventories are stated at the lower of average cost or net realizable value.

Property, Plant and Equipment and Depreciation

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

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

Capitalized Software

Eligible costs to obtain internal use software are capitalized and amortized over the estimated useful life of the software ranging from three to ten years.

Acquisitions

Businesses acquired are consolidated upon obtaining control. The fair value of assets acquired and liabilities assumed are recognized at the date of acquisition. Any excess of the purchase price over the estimated fair values of the net assets acquired is recognized as goodwill. Business acquisition costs are expensed when incurred. Contingent consideration from potential development, regulatory, approval and sales-based milestones and sales-based royalties are included in the purchase price for business combinations and excluded for asset acquisitions. Certain transactions are accounted for as asset acquisitions since they were determined not to be a business as that term is defined in ASC 805 primarily because no significant processes were acquired or substantially of the relative fair value was allocated to a single asset. Amounts allocated to investigational compounds for asset acquisitions are expensed at the date of acquisition.

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

The fair value of acquired intangible assets is determined using an income-based approach referred to as the excess earnings method utilizing Level 3 fair value inputs. 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.

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

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

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

Restructuring

Restructuring charges are recognized as a result of actions to streamline operations, realize synergies from acquisitions and reduce the number of facilities. Estimating the impact of restructuring plans, including future termination benefits, integration expenses and other exit costs requires judgment. Actual results could vary from these estimates. Restructuring charges are recognized upon meeting certain criteria, including finalization of committed plans, reliable estimates and discussions with local works councils in certain markets.

Contingencies

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

Revenue Recognition

Refer to "—Note 2. Revenue" for a detailed discussion of accounting policies related to revenue recognition, including deferred revenue and royalties. Refer to "—Note 3. Alliances" for further detail regarding alliances.

Research and Development

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

Advertising and Product Promotion Costs

Advertising and product promotion costs are expensed as incurred. Advertising and product promotion costs are included in Marketing, selling and administrative expenses and were $990 million in 2020, $633 million in 2019 and $672 million in 2018.

Foreign Currency Translation

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

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.

Recently Adopted Accounting Standards

Financial Instruments - Measurement of Credit Losses

In June 2016, the FASB issued amended guidance for the measurement of credit losses on financial instruments. Entities are required to use a forward-looking estimated loss model. Available-for-sale debt security credit losses will be recognized as allowances rather than a reduction in amortized cost. BMS adopted the amended guidance on a modified retrospective approach on January 1, 2020. The amended guidance did not impact BMS's results of operations.

Note 2. REVENUE

The following table summarizes the disaggregation of revenue by nature:

	Year Ended December 31,		
Dollars in Millions	**2020**	**2019**	**2018**
Net product sales	**$ 41,321**	$ 25,174	$ 21,581
Alliance revenues	**615**	597	647
Other revenues	**582**	374	333
Total Revenues	**$ 42,518**	$ 26,145	$ 22,561

Net product sales represent more than 95% of total revenues for the years ended December 31, 2020, 2019 and 2018. Products are sold principally to wholesalers, distributors, specialty pharmacies, and to a lesser extent, directly to retailers, hospitals, clinics and government agencies. Customer orders are generally fulfilled within a few days of receipt resulting in minimal order backlog. Contractual performance obligations are usually limited to transfer of control of the product to the customer. The transfer occurs either upon shipment or upon receipt of the product after considering when the customer obtains legal title to the product and when BMS obtains a right of payment. At these points, customers are able to direct the use of and obtain substantially all of the remaining benefits of the product.

Gross revenue to the three largest pharmaceutical wholesalers in the U.S. as a percentage of global gross revenues was as follows:

	Year Ended December 31,		
	2020	**2019**	**2018**
McKesson Corporation	**31 %**	26 %	25 %
AmerisourceBergen Corporation	**25 %**	20 %	20 %
Cardinal Health, Inc.	**19 %**	17 %	17 %

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

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

The following table summarizes GTN adjustments:

	Year Ended December 31,		
Dollars in Millions	**2020**	**2019**	**2018**
Gross product sales	**$ 60,016**	$ 37,206	$ 30,174
GTN adjustments[(a)]			
Charge-backs and cash discounts	**(5,827)**	(3,675)	(2,735)
Medicaid and Medicare rebates	**(7,595)**	(4,941)	(3,225)
Other rebates, returns, discounts and adjustments	**(5,273)**	(3,416)	(2,633)
Total GTN adjustments	**(18,695)**	(12,032)	(8,593)
Net product sales	**$ 41,321**	$ 25,174	$ 21,581

(a) Includes adjustments for provisions for product sales made in prior periods resulting from changes in estimates of $106 million in 2020, $132 million in 2019 and $96 million in 2018.

Alliance and other revenues consist primarily of amounts related to collaborations and out-licensing arrangements. Each of these arrangements are evaluated for whether they represent contracts that are within the scope of the revenue recognition guidance in their entirety or contain aspects that are within the scope of the guidance, either directly or by reference based upon the application of the guidance related to the derecognition of nonfinancial assets (ASC 610).

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

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

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

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

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

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

The following table summarizes the disaggregation of revenue by product and region:

Dollars in Millions	Year Ended December 31, 2020	2019	2018
Prioritized Brands			
Revlimid	**$ 12,106**	$ 1,299	$ —
Eliquis	**9,168**	7,929	6,438
Opdivo	**6,992**	7,204	6,735
Orencia	**3,157**	2,977	2,710
Pomalyst/Imnovid	**3,070**	322	—
Sprycel	**2,140**	2,110	2,000
Yervoy	**1,682**	1,489	1,330
Abraxane	**1,247**	166	—
Empliciti	**381**	357	247
Reblozyl	**274**	—	—
Inrebic	**55**	5	—
Onureg	**17**	—	—
Zeposia	**12**	—	—
Established Brands			
Vidaza	**455**	58	—
Baraclude	**447**	555	744
Other Brands[(a)]	**1,315**	1,674	2,357
Total Revenues	**$ 42,518**	$ 26,145	$ 22,561
United States	**$ 26,577**	$ 15,342	$ 12,586
Europe	**9,853**	6,266	5,658
Rest of World	**5,457**	4,013	3,733
Other[(b)]	**631**	524	584
Total Revenues	**$ 42,518**	$ 26,145	$ 22,561

(a) Includes BMS and Celgene products in 2020 and 2019.

(b) Other revenues include royalties and alliance-related revenues for products not sold by BMS's regional commercial organizations.

Contract assets are primarily estimated future royalties and termination fees not eligible for the licensing exclusion and therefore recognized upon the adoption of ASC 606 and ASC 610. Contract assets are reduced and receivables are increased in the period the underlying sales occur. Cumulative catch-up adjustments to revenue affecting contract assets or contract liabilities were not material during the year ended December 31, 2020 and 2019. Revenue recognized from performance obligations satisfied in prior periods was $338 million in 2020 and $411 million in 2019, consisting primarily of royalties for out-licensing arrangements and revised estimates for GTN adjustments related to prior period sales. Contract assets were not material at December 31, 2020 and 2019.

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

Note 3. ALLIANCES

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

The most common activities between BMS and its alliance partners are presented in results of operations as follows:

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

Selected financial information pertaining to 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.

	Year Ended December 31,		
Dollars in Millions	2020	2019	2018
Revenues from alliances:			
Net product sales	**$ 9,364**	$ 9,944	$ 8,359
Alliance revenues	**615**	597	647
Total Revenues	**$ 9,979**	$ 10,541	$ 9,006
Payments to/(from) alliance partners:			
Cost of products sold	**$ 4,485**	$ 4,169	$ 3,439
Marketing, selling and administrative	**(128)**	(127)	(104)
Research and development	**349**	42	1,044
Other (income)/expense, net	**(74)**	(60)	(67)

Selected Alliance Balance Sheet Information:	December 31,	
Dollars in Millions	2020	2019
Receivables – from alliance partners	**$ 343**	$ 347
Accounts payable – to alliance partners	**1,093**	1,026
Deferred income from alliances[(a)]	**366**	431

(a) Includes unamortized upfront and milestone payments.

Specific information pertaining to significant alliances is discussed below, including their nature and purpose; the significant rights and obligations of the parties; specific accounting policy elections; and the statements of earnings classification of and amounts attributable to payments between the parties.

Pfizer

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

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

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

Summarized financial information related to this alliance was as follows:

	Year Ended December 31,		
Dollars in Millions	2020	2019	2018
Revenues from Pfizer alliance:			
Net product sales	**$ 8,942**	$ 7,711	$ 6,329
Alliance revenues	**226**	218	109
Total Revenues	**$ 9,168**	$ 7,929	$ 6,438
Payments to/(from) Pfizer:			
Cost of products sold – Profit sharing	**$ 4,331**	$ 3,745	$ 3,078
Other (income)/expense, net – Amortization of deferred income	**(55)**	(55)	(55)

Selected Alliance Balance Sheet Information:	December 31,	
Dollars in Millions	2020	2019
Receivables	**$ 253**	$ 247
Accounts payable	**1,024**	922
Deferred income	**300**	355

Ono

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

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

In 2019, Ono exercised the right to accept NKTR-214 into the alliance with BMS upon completion of a Phase I clinical study of *Opdivo* and NKTR-214 in the Ono Territory. Ono partially reimbursed BMS for development costs incurred with the study and shares in certain future development costs, contingent milestone payments, profits and losses under the collaboration with Nektar.

In 2017, Ono granted BMS an exclusive license for the development and commercialization of ONO-4578, Ono's Prostaglandin E2 receptor 4 antagonist. In 2020, the rights were terminated by both parties.

Summarized financial information related to this alliance was as follows:

Dollars in Millions	Year Ended December 31, 2020	2019	2018
Revenues from Ono alliances:			
Net product sales	**$ 194**	$ 194	$ 165
Alliance revenues	**382**	305	294
Total Revenues	**$ 576**	$ 499	$ 459

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

Nektar

In 2018, BMS and Nektar commenced a worldwide license and collaboration for the development and commercialization of Bempegaldesleukin (NKTR-214), Nektar's investigational immuno-stimulatory therapy designed to selectively expand specific cancer-fighting T cells and natural killer cells directly in the tumor micro-environment. In January 2020, the parties amended the collaboration agreement. The *Opdivo* and NKTR-214 combination therapy is currently in Phase III clinical studies for metastatic melanoma, adjuvant melanoma, muscle-invasive bladder cancer and RCC. A joint development plan agreed by the parties as part of the original agreement, and updated as part of the January 2020 amendment, specifies development in certain indications and tumor types with each party responsible for the supply of their own product. BMS's share of the development costs associated with therapies comprising a BMS medicine used in combination with NKTR-214 is 67.5%, subject to certain cost caps for Nektar. The January 2020 amendment retains the cost sharing percentages from the original agreement. The parties will also jointly commercialize the therapies, subject to regulatory approval. BMS's share of global NKTR-214 profits and losses will be 35% subject to certain annual loss caps for Nektar.

BMS paid Nektar $1.85 billion for the rights discussed above and 8.3 million shares of Nektar common stock which represented a 4.8% ownership interest. BMS's equity ownership is subject to certain lock-up, standstill and voting provisions for a five-year period. The amount of the upfront payment allocated to the equity investment was $800 million after considering Nektar's stock price on the date of closing and current limitations on trading the securities. The remaining $1.05 billion of the upfront payment was allocated to the rights discussed above and included in Research and development expense in 2018. BMS will also pay up to $1.8 billion upon the achievement of contingent development, regulatory and sales-based milestones over the life of the alliance period. Research and development expense payable under this agreement with Nektar was $132 million in 2020, $108 million in 2019 and $59 million in 2018.

bluebird

BMS and bluebird jointly develop and commercialize novel disease-altering gene therapy product candidates targeting BCMA. The collaboration arrangement began in 2013 and included (i) a right for BMS to license any anti-BCMA products resulting from the collaboration, (ii) a right for bluebird to participate in the development and commercialization of any licensed products resulting from the collaboration through a 50/50 co-development and profit share in the U.S. in exchange for a reduction of milestone payments, and (iii) sales-based milestones and royalties payable to bluebird upon the commercialization of any licensed products resulting from the collaboration if bluebird declined to exercise their co-development and profit sharing rights. The options to license idecabtagene vicleucel (ide-cel, bb2121) and bb21217 were exercised in 2016 and 2017, respectively.

BMS and bluebird share equally in all profits and losses relating to developing, commercializing and manufacturing ide-cel within the U.S. BMS is exclusively responsible for the development and commercialization of ide-cel outside the U.S.

BMS is responsible for the worldwide development, including related funding after the substantial completion by bluebird of the ongoing Phase I clinical trial, and commercialization of bb21217. bluebird has an option to co-develop, co-promote and share equally in all profits and losses in the U.S.

In 2020, BMS and bluebird amended their collaboration arrangement where, among other items, BMS is assuming the contract manufacturing agreements relating to ide-cel adherent lentiviral vector. Over time, BMS is assuming responsibility for manufacturing ide-cel suspension lentiviral vector outside of the U.S., with bluebird responsible for manufacturing ide-cel suspension lentiviral vector in the U.S. The parties were also released from future exclusivity related to BCMA-directed T cell therapies. In addition, BMS agreed to buy out its obligation to pay bluebird future ex-U.S. milestones and royalties on ide-cel and bb21217 for a payment of $200 million, which was included in Research and development expense in 2020. Cost sharing payments between the parties were not material.

Otsuka

BMS and Otsuka co-promoted *Sprycel* in the U.S. and the EU through 2019. BMS was responsible for the development and manufacture of the product and was also the principal in the end customer product sales. A fee was paid to Otsuka through 2020 based on net sales levels in the Oncology Territory (U.S., Japan and the EU) that equated to $294 million on the first $1.0 billion of annual net sales plus 1% of net sales in excess of $1.0 billion.

Revenues earned from the Otsuka alliance were $1.8 billion in 2019 and $1.7 billion in 2018. Payments to Otsuka of $302 million in 2019 and $297 million in 2018, were recorded in Cost of product sold.

Effective January 1, 2020, Otsuka is no longer co-promoting *Sprycel* in the U.S. and as a result, this arrangement is no longer considered a collaboration under ASC 808. Revenues earned and fees paid to Otsuka in the Oncology Territory in 2020 are not included in the select financial information table above.

Note 4. ACQUISITIONS, DIVESTITURES, LICENSING AND OTHER ARRANGEMENTS

Acquisitions

Business Combination

Celgene

On November 20, 2019, BMS completed the Celgene acquisition. The acquisition is expected to further position BMS as a leading biopharmaceutical company for sustained innovation and long-term growth and to address the needs of patients with cancer, inflammatory, immunologic or cardiovascular diseases through high-value innovative medicines and leading scientific capabilities. Each share of Celgene common stock was converted into a right to receive one share of BMS common stock and $50.00 in cash. Celgene shareholders also received one tradeable contingent value right ("CVR") for each share of Celgene common stock representing the right to receive $9.00 in cash, subject to the achievement of future regulatory milestones.

The aggregate cash paid in connection with the Celgene acquisition was $35.7 billion (or $24.6 billion net of cash acquired). BMS funded the acquisition through cash on-hand and debt proceeds, as described in "—Note 9. Financial Instruments and Fair Value Measurements."

The transaction was accounted for as a business combination which requires that assets acquired and liabilities assumed be recognized at their fair value as of the acquisition date. The assessment of the fair value of assets acquired and liabilities assumed was finalized. The measurement period adjustments reflected in 2020 primarily resulted from completing valuations of real estate and personal property, revised future cash flow estimates for certain intangible assets, changes in the estimated tax basis of certain intangible assets based upon a tax ruling which reduced deferred income tax liabilities and other changes to certain equity investments, legal contingency and income tax liabilities. The related impact to net earnings that would have been recognized in previous periods if the adjustments were recognized as of the acquisition date was not material to the consolidated financial statements.

The total consideration for the acquisition consisted of the following:

Amounts in Millions, Except Per Share Data		Total Consideration
Celgene shares outstanding at November 19, 2019		**714.9**
Cash per share	**$**	**50**
Cash consideration for outstanding shares		**35,745**
Celgene shares outstanding at November 19, 2019		**714.9**
Closing price of BMS common stock on November 19, 2019	**$**	**56.48**
Estimated fair value of share consideration		**40,378**
Celgene shares outstanding at November 19, 2019		**714.9**
Closing price of CVR[(a)]	**$**	**2.30**
Fair value of CVRs		**1,644**
Fair value of replacement options		**1,428**
Fair value of replacement restricted share awards		**987**
Fair value of CVRs issued to option and share award holders		**87**
Fair value of share-based compensation awards attributable to pre-combination service[(b)]		**2,502**
Total consideration transferred	**$**	**80,269**

(a) The closing price of CVR is based on the first trade on November 21, 2019.
(b) Fair value of the awards attributed to post-combination services of $1.0 billion were included in compensation costs. Refer to "—Note 18. Employee Stock Benefit Plans" for more information.

The purchase price allocation resulted in the following amounts being allocated to the assets acquired and liabilities assumed at the Acquisition Date based upon their respective fair values summarized below:

Dollars in Millions	Amounts Recognized as of Acquisition Date (as previously reported)	Measurement Period Adjustments	Purchase Price Allocation
Cash and cash equivalents	$ 11,179	**$ —**	**$ 11,179**
Receivables	2,652	**—**	**2,652**
Inventories	4,511	**—**	**4,511**
Property, plant and equipment	1,342	**(277)**	**1,065**
Intangible assets[(a)]	64,027	**(100)**	**63,927**
Otezla® assets held-for-sale[(b)]	13,400	**—**	**13,400**
Other assets	3,408	**43**	**3,451**
Accounts payable	(363)	**—**	**(363)**
Income taxes payable	(2,718)	**(38)**	**(2,756)**
Deferred income tax liabilities	(7,339)	**2,336**	**(5,003)**
Debt	(21,782)	**—**	**(21,782)**
Other liabilities	(4,017)	**15**	**(4,002)**
Identifiable net assets acquired	64,300	**1,979**	**66,279**
Goodwill[(c)]	15,969	**(1,979)**	**13,990**
Total consideration transferred	$ 80,269	**$ —**	**$ 80,269**

(a) Intangible assets consists of currently marketed product rights of approximately $44.4 billion (amortized over 5.1 years calculated using the weighted-average useful life of the assets) and IPRD of approximately $19.5 billion (not amortized), and were valued using the multi-period excess earnings method. This method starts with a forecast of all of the expected future net cash flows associated with the asset and then involves adjusting the forecast to present value by applying an appropriate discount rate that reflects the risk factors associated with the cash flow streams.
(b) Amount includes $381 million of inventory, $13.0 billion of developed product rights, $19 million of accrued liabilities and $5 million of other non-current liabilities. Refer to "—Divestitures" for more information.
(c) Goodwill represents the going-concern value associated with future product discovery beyond the existing pipeline and expected value of synergies resulting from cost savings and avoidance not attributed to identifiable assets. Goodwill is not deductible for tax purposes.

BMS's Consolidated Statement of Earnings for the year ended December 31, 2019, include $1.9 billion of Revenues and $1.6 billion of Net Loss associated with the result of operations of Celgene from the acquisition date to December 31, 2019.

Acquisition expenses were $657 million during the year ended December 31, 2019, including financial advisory, legal, proxy filing, regulatory, financing fees and hedge costs.

The following unaudited pro forma information has been prepared as if the Celgene acquisition and the *Otezla®* divestiture had occurred on January 1, 2018. The unaudited supplemental pro forma consolidated results do not purport to reflect what the combined Company's results of operations would have been nor do they project the future results of operations of the combined Company. The unaudited supplemental pro forma consolidated results reflect the historical financial information of BMS and Celgene, adjusted to give effect to the Celgene acquisition and the *Otezla®* divestitures as if it had occurred on January 1, 2018, primarily for the following adjustments:

- Amortization expenses primarily related to fair value adjustments to Celgene's intangible assets, inventories and debt.
- Non-recurring acquisition-related costs directly attributable to the Celgene acquisition and tax expense directly attributable to the *Otezla®* divestiture.
- Interest expense, including amortization of deferred financing fees, attributable to the Celgene acquisition financing.
- Elimination of historical revenue and expenses related to *Otezla®*. Refer to "—Divestitures."

The above adjustments were adjusted for the applicable tax impact using an estimated weighted-average statutory tax rate applied to the applicable pro forma adjustments.

	Year Ended December 31,	
Amounts in Million	2019	2018
Total Revenues	$ 39,759	$ 36,243
Net Earnings/(Loss)	3,369	(4,083)

Asset Acquisitions

MyoKardia

On November 17, 2020, BMS acquired MyoKardia a clinical-stage biopharmaceutical company pioneering a precision medicine approach to discover, develop and commercialize targeted therapies for the treatment of serious cardiovascular diseases. BMS, through a subsidiary, completed a tender offer to acquire all of the issued and outstanding shares of MyoKardia's common stock and accepted all shares validly tendered and not withdrawn as of the expiration time of the tender offer for $225.00 per share, or $13.1 billion, including cash settlements of equity stock awards. The acquisition provides BMS with rights to MyoKardia's lead asset, mavacamten, a potential first-in-class cardiovascular medicine for the treatment of obstructive hypertrophic cardiomyopathy that has completed Phase III development with an anticipated NDA submission in the first quarter of 2021.

BMS funded the transaction through a combination of cash on hand from its operations and net proceeds received in connection with the 2020 senior unsecured notes offering. The consideration transferred was allocated based on the relative fair value of gross assets acquired. The transaction was accounted for as an asset acquisition since mavacamten represented substantially all of the fair value of the gross assets acquired (excluding cash and deferred income taxes). As a result, an $11.4 billion IPRD charge was recognized in the fourth quarter of 2020.

The following summarizes the total consideration transferred and allocation of consideration transferred to the assets acquired and liabilities assumed:

Amounts in Million		Amounts
Cash consideration for outstanding shares	**$**	**12,030**
Cash consideration for stock awards		**1,059**
Consideration paid		**13,089**
Less: Charge for unvested stock awards[(a)]		**482**
Transaction costs		**53**
Consideration to be allocated	**$**	**12,660**
Other intangible assets[(b)]	**$**	**11,553**
Cash and cash equivalents		**861**
Deferred income taxes		**295**
Other assets		**177**
Other liabilities		**(226)**
Total assets acquired, net	**$**	**12,660**

(a) Represents the accelerated vesting of MyoKardia stock awards and included in Marketing, selling and administrative expense ($241 million) and Research and development expense ($241 million) as of December 31, 2020.
(b) Includes IPRD of $11.4 billion (of which $11.1 billion related to mavacamten) and licenses of $115 million.

Forbius

In 2020, BMS acquired all of the outstanding shares of Forbius, a privately held, clinical-stage protein engineering company that designs and develops biotherapeutics for the treatment of cancer and fibrotic diseases. The acquisition provides BMS with full rights to Forbius's TGF-beta program, including the program's lead investigational asset, AVID200, which is in Phase I development. BMS accounted for the transaction as an asset acquisition since AVID200 represented substantially all of the fair value of the gross assets acquired. The transaction price included an upfront payment of $185 million and contingent development, regulatory and sales-based milestone payments up to $815 million. The up-front payment was included in Research and development expense except for $7 million that was allocated to deferred tax assets.

Other

Research and development expense also includes $100 million in 2020 and $60 million in 2018 resulting from the occurrence of certain development events attributed to the Cormorant asset acquisition completed in 2016.

Divestitures

The following table summarizes the financial impact of divestitures including royalties, which are included in Other (income)/expense, net. Revenue and pretax earnings related to all divestitures were not material in all periods presented (excluding divestiture gains or losses).

	Proceeds[(a)]			Divestiture Gains			Royalty Income		
Dollars in Millions	2020	2019	2018	2020	2019	2018	2020	2019	2018
Diabetes Business	**$ 558**	$ 661	$ 579	**$ —**	$ —	$ —	**$ (567)**	$ (650)	$ (661)
*Erbitux** Business	**13**	15	216	**—**	—	—	**—**	(23)	(145)
Manufacturing Operations	**10**	48	160	**(1)**	1	—	**—**	—	—
*Plavix** and *Avapro*/Avalide**	**7**	—	80	**(12)**	—	—	**—**	—	—
*Otezla**	**—**	13,400	—	**—**	—	—	**—**	—	—
UPSA Business	**—**	1,508	—	**—**	(1,157)	—	**—**	—	—
Mature Brands and Other	**127**	10	212	**(42)**	(12)	(178)	**(77)**	(13)	(8)
Total	**$ 715**	$15,642	$ 1,247	**$ (55)**	$ (1,168)	$ (178)	**$ (644)**	$ (686)	$ (814)

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

Diabetes Business

In February 2014, BMS and AstraZeneca terminated their diabetes business alliance agreements and BMS sold to AstraZeneca substantially all of the diabetes business comprising the alliance. Consideration for the transaction included tiered royalty payments ranging from 10% to 25% based on net sales through 2025. Royalties were $673 million in 2020, $533 million in 2019 and $457 million in 2018.

In September 2015, BMS transferred a percentage of its future royalty rights on Amylin net product sales in the U.S. to CPPIB. The transferred rights represent approximately 70% of potential future royalties BMS is entitled to in 2019 to 2025. In exchange for the transfer, BMS received an additional tiered-based royalty on Amylin net product sales in the U.S. from CPPIB in 2016 through 2018 including $45 million in 2018, and paid $39 million in 2020 and $48 million in 2019.

In November 2017, BMS transferred a percentage of its future royalty rights on a portion of *Onglyza** and *Farxiga** net product sales to Royalty Pharma. The transferred rights represent approximately 20% to 25% of potential future royalties BMS is entitled to for those products in 2020 to 2025. In exchange for the transfer, BMS received an additional tiered-based royalty on *Onglyza** and *Farxiga** net product sales from Royalty Pharma including $165 million in 2019 and $159 million in 2018, and paid $67 million in 2020.

Erbitux Business*

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

In October 2015, BMS transferred its rights to *Erbitux** in North America to Lilly in exchange for tiered sales-based royalties through September 2018, including $145 million in 2018.

BMS transferred its co-commercialization rights in Japan to Merck KGaA in 2015 in exchange for sales-based royalties through 2032. As a result of the adoption of ASC 610 in 2018, estimated future royalties resulting from the transfer of rights to Merck KGaA were recorded as a cumulative effect adjustment in Retained earnings. A $23 million change in estimated future royalties was included in 2019.

Manufacturing Operations

In 2019, BMS sold its manufacturing and packaging facility in Anagni, Italy to Catalent Inc. The transaction was accounted for as the sale of a business. The divestiture included the transfer of the facility, the majority of employees at the site, inventories and certain third-party contract manufacturing obligations. The assets were reduced to their relative fair value after considering the purchase price resulting in an impairment charge of $121 million that was included in Cost of products sold. Catalent Inc. will provide certain manufacturing and packaging services for BMS for a period of time.

In 2017, BMS sold its small molecule active pharmaceutical ingredient manufacturing operations in Swords, Ireland to SK Biotek Co., Ltd. Proceeds of $160 million were received in 2018. The transaction was accounted for as the sale of a business. The divestiture included the transfer of the facility, the majority of employees at the site, inventories and certain third-party contract manufacturing obligations.

*Plavix** and *Avapro*/Avalide**

Sanofi reacquired BMS's co-development and co-commercialization agreements for *Plavix** and *Avapro*/Avalide** in 2013. Consideration for the transfer of rights included quarterly royalties through December 31, 2018 and a $200 million terminal payment received in 2018 of which $120 million was allocated to opt-out markets and $80 million was allocated to BMS's 49.9% interest in the Europe and Asia territory partnership. Royalties expected to be received in 2018 and the portion of terminal payment allocated to opt-out markets was reflected as a contract asset and cumulative effect adjustment upon adoption of ASC 610 in 2018 as BMS had fulfilled its performance obligation. The $80 million allocated to BMS's partnership interest was deferred as of December 31, 2018 and recognized as an equity investment gain when transferred to Sanofi in 2019.

Royalties earned from Sanofi in the territory covering the Americas and Australia and opt-out markets were presented in Alliance revenues and aggregated $26 million in 2018. Royalties attributed to the territory covering Europe and Asia earned by the territory partnership and paid to BMS were included in equity in net loss/(income) of affiliates and amounted to $96 million in 2018.

Otezla®

In order to complete the Celgene acquisition, BMS was required by the FTC to divest certain products. On November 21, 2019, BMS completed the divestiture of *Otezla®* (apremilast) to Amgen for $13.4 billion of cash. The transaction was accounted for as an asset divestiture. *Otezla®* was acquired as part of the Celgene acquisition and was classified as held-for-sale at the time of the acquisition. The fair value of *Otezla®* net assets consisted of $13.0 billion of developed product rights and $381 million of inventory.

UPSA Business

In 2019, BMS sold its UPSA consumer health business, including the shares of UPSA SAS and BMS's assets and liabilities relating to the UPSA product portfolio. The transaction was accounted for as the sale of a business.

Mature Brands and Other

In 2020, a mature brand was sold resulting in proceeds of $50 million and divestiture gains of $49 million. In 2018, several mature brands were sold to Cheplapharm resulting in proceeds of $153 million and divestiture gains of $127 million.

Licensing and Other Arrangements

The following table summarizes the financial impact of *Keytruda®* royalties, *Tecentriq®* royalties, up-front and milestone licensing fees for products that have not obtained commercial approval, which are included in Other (income)/expense, net.

	Year Ended December 31,		
Dollars in Millions	**2020**	**2019**	**2018**
Keytruda® royalties	**$ (681)**	$ (545)	$ (343)
Tecentriq® royalties	**(19)**	—	—
Up-front licensing fees	**(30)**	(29)	(61)
Contingent milestone income	**(72)**	(31)	(37)
Amortization of deferred income	**(58)**	(58)	(57)
Other royalties	**(23)**	(11)	(41)
Total	**$ (883)**	$ (674)	$ (539)

Tecentriq® Patent License

In 2020, BMS and Ono entered a global patent license agreement with Roche Group related to *Tecentriq®* (atezolizumab), Roche's anti-PD-L1 antibody. Under the agreement, Roche paid $324 million which included royalties for the nine months ended September 30, 2020, and will pay single-digit royalties on worldwide net sales of *Tecentriq®* through December 31, 2026. The upfront payment and royalties will be shared between BMS and Ono consistent with existing agreements. BMS recorded $239 million in Other (income)/expense, net for the settlement and $19 million for royalties in the fourth quarter of 2020.

Dragonfly

In 2020, BMS obtained a global exclusive license to Dragonfly's interleukin-12 (IL-12) investigational immunotherapy program, including its extended half-life cytokine DF6002. BMS will be responsible for the development and any subsequent commercialization of DF6002 and its related products worldwide, including strategic decisions, regulatory responsibilities, funding, and manufacturing. Dragonfly will continue to be involved in the development of DF6002 in current and certain future Phase I/II clinical trials. BMS paid $475 million to Dragonfly for the rights in 2020 including $75 million following the commencement of a Phase I combination clinical study (included in Research and development expense). Dragonfly is eligible to receive additional contingent consideration comprised of development, regulatory and sales-based milestone payments up to $2.7 billion and royalties on global net sales.

Note 5. OTHER (INCOME)/EXPENSE, NET

Dollars in Millions	Year Ended December 31, 2020	2019	2018
Interest expense	**$ 1,420**	$ 656	$ 183
Contingent consideration	**(1,757)**	523	—
Royalties and licensing income	**(1,527)**	(1,360)	(1,353)
Equity investment (gains)/losses	**(1,228)**	(275)	419
Integration expenses	**717**	415	—
Provision for restructuring	**530**	301	131
Litigation and other settlements	**(194)**	77	76
Transition and other service fees	**(149)**	(37)	(12)
Investment income	**(121)**	(464)	(173)
Reversion excise tax	**76**	—	—
Divestiture gains	**(55)**	(1,168)	(178)
Intangible asset impairment	**21**	15	64
Pension and postretirement	**(13)**	1,599	(27)
Acquisition expenses	**—**	657	—
Other	**(34)**	(1)	16
Other (income)/expense, net	**$ (2,314)**	$ 938	$ (854)

Note 6. RESTRUCTURING

Celgene Acquisition Plan

In 2019, a restructuring and integration plan was implemented as an initiative to realize sustainable run rate synergies resulting from cost savings and avoidance from the Celgene acquisition which is currently expected to be approximately $3.0 billion. The synergies are expected to be realized in Cost of products sold (10%), Marketing, selling and administrative expenses (55%) and Research and development expenses (35%). Charges of approximately $3.0 billion are expected to be incurred through 2022. Cumulative charges of approximately $1.9 billion have been recognized including integration planning and execution expenses, employee termination benefit costs and accelerated stock-based compensation, contract termination costs and other shutdown costs associated with site exits. Cash outlays in connection with these actions are expected to be approximately $2.5 billion. Employee workforce reductions were approximately 1,565 in 2020 and 125 in 2019.

MyoKardia Acquisition Plan

In 2020, a restructuring and integration plan was initiated to realize expected cost synergies resulting from cost savings and avoidance from the MyoKardia acquisition. Charges of approximately $150 million are expected to be incurred through 2022, and consist of integration planning and execution expenses, employee termination benefit costs and other costs.

Company Transformation

In 2016, a restructuring plan was announced to evolve and streamline BMS's operating model. Cumulative charges of approximately $1.5 billion were recognized for these actions since the announcement. Actions under the plan have been completed as of December 31, 2020.

The following provides the charges related to restructuring initiatives by type of cost:

	Year Ended December 31,		
Dollars in Millions	2020	2019	2018
Celgene Acquisition Plan	**$ 1,244**	$ 674	$ —
MyoKardia Acquisition Plan	**39**	—	—
Company Transformation	**127**	305	268
Total charges	**$ 1,410**	$ 979	$ 268
Employee termination costs	**$ 457**	$ 273	$ 87
Other termination costs	**73**	28	44
Provision for restructuring	**530**	301	131
Integration expenses	**717**	415	—
Accelerated depreciation	**53**	133	113
Asset impairments	**103**	130	16
Other shutdown costs	**7**	—	8
Total charges	**$ 1,410**	$ 979	$ 268
Cost of products sold	**$ 32**	$ 180	$ 57
Marketing, selling and administrative	**10**	1	1
Research and development	**113**	82	79
Other (income)/expense, net	**1,255**	716	131
Total charges	**$ 1,410**	$ 979	$ 268

The following summarizes the charges and spending related to restructuring plan activities:

	Year Ended December 31,		
Dollars in Millions	2020	2019	2018
Liability at December 31	**$ 100**	$ 99	$ 186
Cease-use liability reclassification	**—**	(3)	—
Liability at January 1	**100**	96	186
Provision for restructuring[(a)]	**460**	156	131
Foreign currency translation and other	**6**	(1)	1
Payments	**(418)**	(151)	(219)
Liability at December 31	**$ 148**	$ 100	$ 99

(a) Includes reductions to the liability resulting from changes in estimates of $10 million in 2020, $4 million in 2019 and $17 million in 2018, respectively. Excludes $70 million in 2020 and $145 million in 2019 of accelerated stock-based compensation relating to the Celgene Acquisition Plan.

Note 7. INCOME TAXES

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

	Year Ended December 31,		
Dollars in Millions	2020	2019	2018
Current:			
U.S.	**$ 1,245**	$ 1,002	$ 566
Non-U.S.	**(104)**	1,437	410
Total Current	**1,141**	2,439	976
Deferred:			
U.S.	**229**	(113)	(51)
Non-U.S.	**754**	(811)	96
Total Deferred	**983**	(924)	45
Total Provision	**$ 2,124**	$ 1,515	$ 1,021

Effective Tax Rate

The reconciliation of the effective tax rate to the U.S. statutory Federal income tax rate was as follows:

	% of Earnings Before Income Taxes					
Dollars in Millions	**2020**		**2019**		**2018**	
(Loss)/Earnings before income taxes:						
U.S.	**$ (10,106)**		$ 542		$ 2,338	
Non-U.S.	**3,235**		4,433		3,630	
Total	**(6,871)**		4,975		5,968	
U.S. statutory rate	**(1,443)**	**21.0 %**	1,045	21.0 %	1,253	21.0 %
Deemed repatriation transition tax	**—**	**—**	—	—	(56)	(0.9)%
Global intangible low taxed income (GILTI)	**729**	**(10.6)%**	849	17.1 %	94	1.6 %
Foreign tax effect of certain operations in Ireland, Puerto Rico and Switzerland	**(86)**	**1.3 %**	(68)	(1.4)%	(202)	(3.4)%
Internal transfer of intangible assets	**853**	**(12.4)%**	—	—	—	—
U.S. Federal valuation allowance	**4**	**(0.1)%**	25	0.5 %	119	2.0 %
U.S. Federal, state and foreign contingent tax matters	**136**	**(2.0)%**	(13)	(0.3)%	(55)	(0.9)%
U.S. Federal research based credits	**(165)**	**2.4 %**	(138)	(2.8)%	(138)	(2.3)%
Contingent value rights	**(363)**	**5.3 %**	110	2.2 %	—	—
Non-deductible R&D charges	**2,461**	**(35.8)%**	5	0.1 %	17	0.3 %
Puerto Rico excise tax	**(147)**	**2.1 %**	(163)	(3.3)%	(152)	(2.6)%
State and local taxes (net of valuation allowance)	**103**	**(1.5)%**	(16)	(0.3)%	67	1.1 %
Foreign and other	**42**	**(0.6)%**	(121)	(2.3)%	74	1.2 %
Total	**$ 2,124**	**(30.9)%**	$ 1,515	30.5 %	$ 1,021	17.1 %

The tax charge for the deemed repatriation transition tax was complete as of December 31, 2018 and included favorable measurement period adjustments to the provisional amounts recorded in 2017 associated with the Act.

The GILTI tax associated with the *Otezla®* divestiture was $266 million in 2020 and $808 million in 2019.

BMS is no longer indefinitely reinvested with respect to its undistributed earnings from foreign subsidiaries and has provided a deferred tax liability for foreign and state income and withholding tax that would apply. BMS remains indefinitely reinvested with respect to its financial statement basis in excess of tax basis of its foreign subsidiaries. A determination of the deferred tax liability with respect to this basis difference is not practicable. BMS operates under a favorable tax grant in Puerto Rico not scheduled to expire prior to 2023.

An internal transfer of certain intangible assets to the U.S. acquired in the Celgene transaction resulted in a tax charge to establish a deferred tax liability based on the fair value of the assets in 2020.

A U.S. Federal valuation allowance was established in 2019 and 2018 as a result of the Nektar equity investment fair value losses that would be considered limited as a capital loss.

U.S. Federal, state and foreign contingent tax matters includes a $81 million tax benefit in 2019 and $119 million tax benefit in 2018 with respect to lapse of statutes.

Fair value adjustments for contingent value rights are not taxable or tax deductible.

Non-deductible R&D charges primarily resulted from the $11.4 billion MyoKardia IPRD charge in 2020.

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

Deferred Taxes and Valuation Allowance

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

Dollars in Millions	December 31, 2020	2019
Deferred tax assets		
Foreign net operating loss carryforwards	**$ 3,271**	$ 2,480
State net operating loss and credit carryforwards	**325**	263
U.S. Federal net operating loss and credit carryforwards	**435**	88
Milestone payments and license fees	**643**	558
Other foreign deferred tax assets	**307**	370
Share-based compensation	**389**	521
Other	**981**	650
Total deferred tax assets	**6,351**	4,930
Valuation allowance	**(2,809)**	(2,844)
Deferred tax assets net of valuation allowance	**$ 3,542**	$ 2,086
Deferred tax liabilities		
Acquired intangible assets	**$ (6,612)**	$ (7,387)
Goodwill and other	**(1,176)**	(643)
Total deferred tax liabilities	**$ (7,788)**	$ (8,030)
Deferred tax liabilities, net	**$ (4,246)**	$ (5,944)
Recognized as:		
Deferred income taxes assets – non-current	**$ 1,161**	$ 510
Deferred income taxes liabilities – non-current	**(5,407)**	(6,454)
Total	**$ (4,246)**	$ (5,944)

The U.S. Federal net operating loss carryforwards were $1.5 billion at December 31, 2020. These carryforwards were acquired as a result of certain acquisitions and are subject to limitations under Section 382 of the Internal Revenue Code. The net operating loss carryforwards expire in varying amounts beginning in 2022. The foreign and state net operating loss carryforwards expire in varying amounts beginning in 2021 (certain amounts have unlimited lives).

At December 31, 2020, a valuation allowance of $2.8 billion exists for the following items: $2.0 billion primarily for foreign net operating loss and tax credit carryforwards, $207 million for state deferred tax assets including net operating loss and tax credit carryforwards and $557 million for U.S. Federal deferred tax assets including equity fair value adjustments and U.S. Federal net operating loss carryforwards.

Changes in the valuation allowance were as follows:

Dollars in Millions	Year Ended December 31, 2020	2019	2018
Balance at beginning of year	**$ 2,844**	$ 3,193	$ 2,827
Provision	**62**	75	458
Utilization	**(488)**	(423)	(43)
Foreign currency translation	**212**	(132)	(48)
Acquisitions	**179**	228	—
Non U.S. rate change	**—**	(97)	(1)
Balance at end of year	**$ 2,809**	$ 2,844	$ 3,193

Income tax payments were $3.4 billion in 2020, $1.5 billion in 2019 and $747 million in 2018, respectively.

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

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits is as follows (excluding interest and penalties):

	Year Ended December 31,		
Dollars in Millions	**2020**	**2019**	**2018**
Balance at beginning of year	**$ 1,905**	$ 995	$ 1,155
Gross additions to tax positions related to current year	**76**	170	48
Gross additions to tax positions related to prior years	**325**	19	21
Gross additions to tax positions assumed in acquisitions	**51**	852	—
Gross reductions to tax positions related to prior years	**(352)**	(35)	(106)
Settlements	**(7)**	(23)	2
Reductions to tax positions related to lapse of statute	**(5)**	(72)	(119)
Cumulative translation adjustment	**10**	(1)	(6)
Balance at end of year	**$ 2,003**	$ 1,905	$ 995

Additional information regarding unrecognized tax benefits is as follows:

	Year Ended December 31,		
Dollars in Millions	**2020**	**2019**	**2018**
Unrecognized tax benefits that if recognized would impact the effective tax rate	**$ 1,900**	$ 1,809	$ 853
Accrued interest	**366**	292	167
Accrued penalties	**20**	10	11

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

BMS is currently under examination by a number of tax authorities which have proposed or are considering proposing material adjustments to tax positions for issues such as transfer pricing, certain tax credits and the deductibility of certain expenses. BMS received several notices of proposed adjustments from the IRS related to transfer pricing and other tax positions for the 2008 to 2012 tax years. It is reasonably possible that new issues will be raised by tax authorities which may require adjustments to the amount of unrecognized tax benefits; however, an estimate of such adjustments cannot reasonably be made at this time.

It is also reasonably possible that the total amount of unrecognized tax benefits at December 31, 2020 could decrease in the range of approximately $375 million to $415 million in the next twelve months as a result of the settlement of certain tax audits and other events. The expected change in unrecognized tax benefits may result in the payment of additional taxes, adjustment of certain deferred taxes and/or recognition of tax benefits. 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 2020
Canada	2012 to 2020
France	2016 to 2020
Germany	2008 to 2020
Italy	2016 to 2020
Japan	2015 to 2020
Switzerland	2016 to 2020
UK	2012 to 2020

Note 8. (LOSS)/EARNINGS PER SHARE

Amounts in Millions, Except Per Share Data	Year Ended December 31, 2020	2019	2018
Net (Loss)/Earnings Attributable to BMS Used for Basic and Diluted EPS Calculation	**$ (9,015)**	$ 3,439	$ 4,920
Weighted-Average Common Shares Outstanding - Basic	**2,258**	1,705	1,633
Incremental Shares Attributable to Share-Based Compensation Plans	**—**	7	4
Weighted-Average Common Shares Outstanding - Diluted	**2,258**	1,712	1,637
(Loss)/Earnings per Common Share			
Basic	**$ (3.99)**	$ 2.02	$ 3.01
Diluted	**(3.99)**	2.01	3.01

The total number of potential shares of common stock excluded from the diluted EPS computation because of the antidilutive impact was 106 million in 2020 and was not material in 2019 and 2018.

Note 9. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

Level 3 unobservable inputs are used when little or no market data is available. Level 3 financial liabilities consist of other acquisition related contingent consideration and success payments related to undeveloped product rights resulting from the Celgene acquisition.

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

	December 31, 2020			December 31, 2019		
Dollars in Millions	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash and cash equivalents - money market and other securities	**$ —**	**$ 12,361**	**$ —**	$ —	$ 10,448	$ —
Marketable debt securities:						
Certificates of deposit	**—**	**1,020**	**—**	—	1,227	—
Commercial paper	**—**	**—**	**—**	—	1,093	—
Corporate debt securities	**—**	**698**	**—**	—	1,494	—
Derivative assets	**—**	**42**	**27**	—	140	—
Equity investments	**3,314**	**138**	**—**	2,020	175	—
Derivative liabilities	**—**	**(270)**	**—**	—	(40)	—
Contingent consideration liability:						
Contingent value rights	**530**	**—**	**—**	2,275	—	—
Other acquisition related contingent consideration	**—**	**—**	**78**	—	—	106

Contingent consideration obligations are recorded at their estimated fair values and BMS revalues these obligations each reporting period until the related contingencies are resolved. The contingent value rights are adjusted to fair value using the traded price of the securities at the end of each reporting period. The fair value measurements for other contingent consideration liabilities are estimated using probability-weighted discounted cash flow approaches that are based on significant unobservable inputs related to product candidates acquired in business combinations and are reviewed quarterly. These inputs include, as applicable, estimated probabilities and timing of achieving specified development and regulatory milestones, estimated annual sales and the discount rate used to calculate the present value of estimated future payments. Significant changes which increase or decrease the probabilities of achieving the related development and regulatory events, shorten or lengthen the time required to achieve such events, or increase or decrease estimated annual sales would result in corresponding increases or decreases in the fair values of these obligations. The fair value of our other acquisition related contingent consideration as of December 31, 2020 and 2019 was calculated using the following significant unobservable inputs:

	Ranges (weighted average) utilized as of:	
Inputs	**December 31, 2020**	**December 31, 2019**
Discount rate	**0.2% to 0.8% (0.5%)**	2.2% to 3.2% (2.6%)
Probability of payment	**0% to 80% (2.7%)**	0% to 68% (4.1%)
Projected year of payment for development and regulatory milestones	**2021 to 2025**	2020 to 2029

There were no transfers between levels 1, 2 and 3 during the year ended December 31, 2020. The following table represents a roll-forward of the fair value of level 3 instruments:

	Year Ended December 31, 2020		Year Ended December 31, 2019	
Dollars in Millions	Asset	Liability	Asset	Liability
Fair value as of January 1	**$ —**	**$ 106**	$ —	$ —
Changes in estimated fair value	**—**	**(33)**	—	—
Acquisitions	**27**	**—**	—	106
Foreign exchange	**—**	**5**	—	—
Fair value as of December 31	**$ 27**	**$ 78**	$ —	$ 106

Available-for-sale Debt Securities and Equity Investments

The following table summarizes available-for-sale debt securities:

	December 31, 2020				December 31, 2019			
	Amortized Cost	Gross Unrealized		Fair Value	Amortized Cost	Gross Unrealized		Fair Value
Dollars in Millions		Gains	Losses			Gains	Losses	
Certificates of deposit	**$ 1,020**	**$ —**	**$ —**	**$ 1,020**	$ 1,227	$ —	$ —	$ 1,227
Commercial paper	**—**	**—**	**—**	**—**	1,093	—	—	1,093
Corporate debt securities	**684**	**14**	**—**	**698**	1,487	8	(1)	1,494
Total available-for-sale debt securities[(a)]	**$ 1,704**	**$ 14**	**$ —**	**1,718**	$ 3,807	$ 8	$ (1)	3,814

(a) All marketable debt securities mature within five years as of December 31, 2020 and 2019.

The following summarizes the carrying amount of equity investments at December 31, 2020 and 2019:

Dollars in Millions	2020	2019
Equity investments with readily determinable fair values	**$ 3,452**	$ 2,195
Equity investments without readily determinable fair values	**694**	781
Equity method and other investment	**549**	429
Total equity investments	**$ 4,695**	$ 3,405

The following summarizes the activity related to equity investments. Changes in fair value of equity investments are included in Other (income)/expense, net.

Dollars in Millions	2020	2019	2018
Net gain/(loss) recognized on equity investments with readily determinable fair values[(a)]	**$ 1,169**	$ 170	$ (530)
Realized (loss)/gain recognized on equity investments with readily determinable fair value sold	**(12)**	14	7
Upward adjustments on equity investments without readily determinable fair value	**183**	58	19
Impairments and downward adjustments on equity investments without readily determinable fair value	**(204)**	(27)	—
Cumulative upward adjustments on equity investments without readily determinable fair value	**192**		
Cumulative impairments and downward adjustments on equity investments without readily determinable fair value	**(193)**		

(a) Net unrealized net gains on equity investments still held were $1.2 billion in 2020 and $156 million in 2019. Unrealized net losses on equity investments still held were $537 million in 2018.

Qualifying Hedges and Non-Qualifying Derivatives

Cash Flow Hedges — Foreign currency forward contracts are used to hedge certain forecasted intercompany inventory purchases and sales transactions and certain foreign currency transactions. The fair value for contracts designated as cash flow hedges are temporarily reported in Accumulated other comprehensive loss and included in earnings when the hedged item affects earnings. The net gain or loss on foreign currency forward contracts is expected to be reclassified to net earnings (primarily included in Cost of products sold and Other (income)/expense, net) within the next 12 months. The notional amount of outstanding foreign currency forward contracts was primarily attributed to the euro of $3.5 billion and Japanese yen of $1.2 billion at December 31, 2020.

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

BMS may hedge a portion of its future foreign currency exposure by utilizing a strategy that involves both a purchased local currency put option and a written local currency call option that are accounted for as hedges of future sales denominated in that local currency. Specifically, BMS sells (or writes) a local currency call option and purchases a local currency put option with the same expiration dates and local currency notional amounts but with different strike prices. The premium collected from the sale of the call option is equal to the premium paid for the purchased put option, resulting in no net premium being paid. This combination of transactions is generally referred to as a "zero-cost collar." The expiration dates and notional amounts correspond to the amount and timing of forecasted foreign currency sales. If the U.S. Dollar weakens relative to the currency of the hedged anticipated sales, the purchased put option value reduces to zero and we benefit from the increase in the U.S. Dollar equivalent value of our anticipated foreign currency cash flows; however, this benefit would be capped at the strike level of the written call, which forms the upper end of the collar.

In 2020, Treasury lock hedge contracts were entered into with a total notional value of $2.1 billion to hedge future interest rate risk associated with the anticipated issuance of long-term debt to fund the MyoKardia acquisition. The Treasury lock contracts were terminated upon the issuance of the 2020 unsecured senior notes and the $51 million proceeds were included in Other Comprehensive (Loss)/Income.

Net Investment Hedges — Non-U.S. dollar borrowings of €950 million ($1.2 billion) at December 31, 2020 are designated as net investment hedges to hedge euro currency exposures of the net investment in certain foreign affiliates and are recognized in long-term debt. The effective portion of foreign exchange gain on the remeasurement of euro debt was included in the foreign currency translation component of Accumulated other comprehensive loss with the related offset in long-term debt.

Cross-currency interest rate swap contracts of $400 million at December 31, 2020 are designated to hedge Japanese yen currency exposure of BMS's net investment in its Japan subsidiaries. Contract fair value changes are recorded in the foreign currency translation component of Other Comprehensive (Loss)/Income with a related offset in Other non-current assets or Other non-current liabilities.

Fair Value Hedges — Fixed to floating interest rate swap contracts are designated as fair value hedges and used as an interest rate risk management strategy to create an appropriate balance of fixed and floating rate debt. The contracts and underlying debt for the hedged benchmark risk are recorded at fair value. The effective interest rate for the contracts is one-month LIBOR (0.14% as of December 31, 2020) plus an interest rate spread of 4.6%. Gains or losses resulting from changes in fair value of the underlying debt attributable to the hedged benchmark interest rate risk are recorded in interest expense with an associated offset to the carrying value of debt. Since the specific terms and notional amount of the swap are intended to align with the debt being hedged, all changes in fair value of the swap are recorded in interest expense with an associated offset to the derivative asset or liability on the consolidated balance sheet. As a result, there was no net impact in earnings. When the underlying swap is terminated prior to maturity, the fair value adjustment to the underlying debt is amortized as a reduction to interest expense over the remaining term of the debt.

In 2019, forward starting interest rate swap option contracts were entered into with a total notional value of $7.6 billion to hedge future interest rate risk associated with the anticipated issuance of long-term debt to fund the Celgene acquisition. Additionally, deal contingent forward starting interest rate swap contracts were entered into, with an aggregate notional principal amount of $10.4 billion to hedge interest rate risk associated with the issuance of long-term debt to fund the acquisition and the forward starting interest rate swap option contracts were terminated. The deal contingent forward starting interest rate swap contracts were terminated upon the completion of the Celgene acquisition.

The following summarizes the fair value of outstanding derivatives:

	December 31, 2020				December 31, 2019			
	Asset[a]		Liability[b]		Asset[a]		Liability[b]	
Dollars in Millions	Notional	Fair Value	Notional	Fair Value	Notional	Fair Value	Notional	Fair Value
Derivatives designated as hedging instruments:								
Interest rate swap contracts	**$ 255**	**$ 24**	**$ —**	**$ —**	$ 255	$ 6	$ —	$ —
Cross-currency interest rate swap contracts	**—**	**—**	**400**	**(10)**	175	2	125	(1)
Foreign currency forward contracts	**231**	**1**	**5,813**	**(259)**	766	27	980	(20)
Derivatives not designated as hedging instruments:								
Foreign currency forward contracts	**1,104**	**17**	**336**	**(1)**	2,342	91	1,173	(10)
Foreign currency zero-cost collar contracts	**—**	**—**	**—**	**—**	2,482	14	2,235	(9)
Other	**—**	**27**	**—**	**—**	—	—	—	—

(a) Included in Other current assets and Other non-current assets.
(b) Included in Other current liabilities and Other non-current liabilities.

The following table summarizes the financial statement classification and amount of (gain)/loss recognized on hedging instruments:

	Year Ended December 31,					
	2020		2019		2018	
Dollars in Millions	Cost of products sold	Other (income)/ expense, net	Cost of products sold	Other (income)/ expense, net	Cost of products sold	Other (income)/ expense, net
Interest rate swap contracts	**$ —**	**$ (29)**	$ —	$ (24)	$ —	$ (23)
Cross-currency interest rate swap contracts	**—**	**(10)**	—	(9)	—	(8)
Foreign currency forward contracts	**(18)**	**(23)**	(103)	11	(4)	(14)
Forward starting interest rate swap option contracts	**—**	**—**	—	35	—	—
Deal contingent forward starting interest rate swap contracts	**—**	**—**	—	240	—	—
Foreign currency zero-cost collar contracts	**—**	**—**	—	2	—	—

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

	Year Ended December 31,		
Dollars in Millions	2020	2019	2018
Derivatives qualifying as cash flow hedges			
Foreign currency forward contracts gain/(loss):			
Recognized in Other Comprehensive (Loss)/Income[(a)]	**$ (267)**	$ 65	$ 86
Reclassified to Cost of products sold	**(54)**	(103)	(4)
Treasury lock hedge contracts gain:			
Recognized in Other Comprehensive (Loss)/Income	**51**	—	—
Derivatives qualifying as net investment hedges			
Cross-currency interest rate swap contracts gain/(loss):			
Recognized in Other Comprehensive (Loss)/Income	**(11)**	6	(5)
Non-derivatives qualifying as net investment hedges			
Non U.S. dollar borrowings gain/(loss):			
Recognized in Other Comprehensive (Loss)/Income	**(105)**	29	45

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

Debt Obligations

In 2020, BMS issued an aggregate principal amount of $7.0 billion of fixed rate unsecured senior notes with proceeds net of discount and deferred loan issuance costs of $6.9 billion. The notes rank equally in right of payment with all of BMS's existing and future senior unsecured indebtedness and are redeemable at any time, in whole, or in part, at varying specified redemption prices plus accrued and unpaid interest.

In 2019, BMS issued an aggregate principal amount of approximately $19.0 billion of floating rate and fixed rate unsecured senior notes with proceeds net of discount and deferred loan issuance costs of $18.8 billion. The notes rank equally in right of payment with all of BMS's existing and future senior unsecured indebtedness and the fixed rate notes are redeemable at any time, in whole, or in part, at varying specified redemption prices plus accrued and unpaid interest.

In connection with the Celgene acquisition, BMS commenced offers to exchange outstanding notes issued by Celgene of approximately $19.9 billion for a like-amount of new notes to be issued by BMS (the "exchange offers"). This exchange transaction was accounted for as a modification of the assumed debt instruments. Following the settlement of the exchange offers, BMS issued approximately $18.5 billion of new notes in exchange for the Celgene notes tendered in the exchange offers. The aggregate principal amount of Celgene notes that remained outstanding following the settlement of the exchange offers was approximately $1.3 billion.

In 2019, BMS entered into an $8.0 billion term loan credit agreement consisting of a $1.0 billion 364-day tranche, a $4.0 billion three-year tranche and a $3.0 billion five-year tranche in connection with the Celgene acquisition. The term loan was subject to customary terms and conditions and did not have any financial covenants. The proceeds under the term loan were used to fund a portion of the cash to be paid in the Celgene acquisition and the payment of related fees and expenses. Subsequent to the completion of the acquisition, BMS repaid the term loan in its entirety using cash proceeds generated from the *Otezla®* divestiture. Refer to "—Note 4. Acquisitions, Divestitures, Licensing and Other Arrangements" for more information.

The fair value of long-term debt was $58.5 billion and $50.7 billion at December 31, 2020 and 2019, respectively, valued using Level 2 inputs which are based upon the quoted market prices for the same or similar debt instruments. The fair value of short-term borrowings approximates the carrying value due to the short maturities of the debt instruments.

Repayment of Notes at maturity aggregated $2.8 billion in 2020 and $1.3 billion in 2019. Interest payments were $1.6 billion in 2020, $414 million in 2019 and $218 million in 2018.

At December 31, 2020, BMS had four separate revolving credit facilities totaling $6.0 billion, which consisted of a 364-day $2.0 billion facility that expired in January 2021, a three-year $1.0 billion facility expiring in January 2022 and two five-year $1.5 billion facilities that were extended in January 2021 to September 2024 and July 2025, respectively. The facilities provide for customary terms and conditions with no financial covenants and may be used to provide backup liquidity for BMS's commercial paper borrowings. BMS's $1.0 billion facility and its two $1.5 billion revolving facilities are extendable annually by one year on the anniversary date with the consent of the lenders. No borrowings were outstanding under any revolving credit facility at December 31, 2020 or 2019. In January 2021, BMS entered into a 364-day $2.0 billion facility expiring in January 2022, which is extendable annually by one year on the anniversary date with the consent of the lenders.

Available financial guarantees provided in the form of bank overdraft facilities, stand-by letters of credit and performance bonds were approximately $1.2 billion at December 31, 2020. Stand-by letters of credit and guarantees are issued through financial institutions in support of various obligations, including sale of products to hospitals and foreign ministries of health, bonds for customs, and duties and value added tax.

Short-term debt obligations include:

	December 31,	
Dollars in Millions	**2020**	**2019**
Non-U.S. short-term borrowings	**$ 176**	$ 351
Current portion of long-term debt	**2,000**	2,763
Other	**164**	232
Total	**$ 2,340**	$ 3,346

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

Dollars in Millions	December 31, 2020	2019
Principal Value:		
Floating Rate Notes due 2020	**$ —**	$ 750
2.875% Notes due 2020	**—**	1,500
3.950% Notes due 2020	**—**	500
2.250% Notes due 2021	**500**	500
2.550% Notes due 2021	**1,000**	1,000
2.875% Notes due 2021	**500**	500
Floating Rate Notes due 2022	**500**	500
2.000% Notes due 2022	**750**	750
2.600% Notes due 2022	**1,500**	1,500
3.250% Notes due 2022	**1,000**	1,000
3.550% Notes due 2022	**1,000**	1,000
0.537% Notes due 2023	**1,500**	—
2.750% Notes due 2023	**750**	750
3.250% Notes due 2023	**500**	500
3.250% Notes due 2023	**1,000**	1,000
4.000% Notes due 2023	**700**	700
7.150% Notes due 2023	**302**	302
2.900% Notes due 2024	**3,250**	3,250
3.625% Notes due 2024	**1,000**	1,000
0.750% Notes due 2025	**1,000**	—
1.000% Euro Notes due 2025	**701**	638
3.875% Notes due 2025	**2,500**	2,500
3.200% Notes due 2026	**2,250**	2,250
6.800% Notes due 2026	**256**	256
1.125% Notes due 2027	**1,000**	—
3.250% Notes due 2027	**750**	750
3.450% Notes due 2027	**1,000**	1,000
3.900% Notes due 2028	**1,500**	1,500
3.400% Notes due 2029	**4,000**	4,000
1.450% Notes due 2030	**1,250**	—
1.750% Euro Notes due 2035	**701**	638
5.875% Notes due 2036	**287**	287
6.125% Notes due 2038	**226**	226
4.125% Notes due 2039	**2,000**	2,000
2.350% Notes due 2040	**750**	—
5.700% Notes due 2040	**250**	250
3.250% Notes due 2042	**500**	500
5.250% Notes due 2043	**400**	400
4.500% Notes due 2044	**500**	500
4.625% Notes due 2044	**1,000**	1,000
5.000% Notes due 2045	**2,000**	2,000
4.350% Notes due 2047	**1,250**	1,250
4.550% Notes due 2048	**1,500**	1,500
4.250% Notes due 2049	**3,750**	3,750
2.550% Notes due 2050	**1,500**	—
6.875% Notes due 2097	**87**	87
0.13% - 5.75% Other - maturing through 2024	**51**	51
Total	**$ 48,711**	$ 44,335

Dollars in Millions	December 31, 2020	2019
Principal Value	**$ 48,711**	$ 44,335
Adjustments to Principal Value:		
Fair value of interest rate swap contracts	**24**	6
Unamortized basis adjustment from swap terminations	**149**	175
Unamortized bond discounts and issuance costs	**(303)**	(280)
Unamortized purchase price adjustments of Celgene debt	**1,755**	1,914
Total	**$ 50,336**	$ 46,150
Current portion of long-term debt	**2,000**	2,763
Long-term debt	**48,336**	43,387
Total	**$ 50,336**	$ 46,150

Note 10. RECEIVABLES

Dollars in Millions	December 31, 2020	2019
Trade receivables	**$ 7,882**	$ 6,888
Less charge-backs and cash discounts	**(645)**	(391)
Less allowance for expected credit loss	**(18)**	(21)
Net trade receivables	**7,219**	6,476
Alliance, Royalties, VAT and other	**1,282**	1,209
Receivables	**$ 8,501**	$ 7,685

Non-U.S. receivables sold on a nonrecourse basis were $1.2 billion in 2020, $797 million in 2019 and $756 million in 2018. In the aggregate, receivables from three pharmaceutical wholesalers in the U.S. represented approximately 56% and 50% of total trade receivables at December 31, 2020 and 2019, respectively.

Changes to the allowances for expected credit loss, charge-backs and cash discounts were as follows:

Dollars in Millions	Year Ended December 31, 2020	2019	2018
Balance at beginning of year	**$ 412**	$ 278	$ 252
Celgene acquisition	**—**	116	—
Provision[(a)]	**5,839**	3,687	2,739
Utilization	**(5,601)**	(3,667)	(2,707)
Other	**13**	(2)	(6)
Balance at end of year	**$ 663**	$ 412	$ 278

(a) Includes provision for expected credit loss of $12 million in 2020, $12 million in 2019 and $4 million in 2018.

Certain prior year amounts previously included in provision are presented in utilization.

Note 11. INVENTORIES

Dollars in Millions	December 31, 2020	2019
Finished goods	**$ 932**	$ 2,227
Work in process	**2,015**	3,267
Raw and packaging materials	**207**	172
Total Inventories	**$ 3,154**	$ 5,666
Inventories	**$ 2,074**	$ 4,293
Other non-current assets	**1,080**	1,373

Total inventories include fair value adjustments resulting from the Celgene acquisition of approximately $774 million and $3.5 billion at December 31, 2020 and 2019, respectively, which will be recognized in future periods. Other non-current assets include inventory expected to remain on hand beyond one year in both periods.

Note 12. PROPERTY, PLANT AND EQUIPMENT

Dollars in Millions	December 31, 2020	2019
Land	**$ 189**	$ 187
Buildings	**5,732**	6,336
Machinery, equipment and fixtures	**3,063**	3,157
Construction in progress	**487**	527
Gross property, plant and equipment	**9,471**	10,207
Less accumulated depreciation	**(3,585)**	(3,955)
Property, plant and equipment[(a)]	**$ 5,886**	$ 6,252
United States	**$ 4,501**	$ 4,835
Europe	**1,243**	1,291
Rest of the World	**142**	126
Total	**$ 5,886**	$ 6,252

(a) Includes measurement period adjustments. Refer to "—Note 4. Acquisitions, Divestitures, Licensing and Other Arrangements" for more information.

Depreciation expense was $586 million in 2020, $554 million in 2019 and $505 million in 2018.

Note 13. LEASES

Leased facilities for office, research and development, and storage and distribution purposes, comprise approximately 90% of the total lease obligation. Lease terms vary based on the nature of operations and the market dynamics in each country; however, all leased facilities are classified as operating leases with remaining lease terms between one year and 20 years. Most leases contain specific renewal options for periods ranging between one year and 10 years where notice to renew must be provided in advance of lease expiration or automatic renewals where no advance notice is required. Periods covered by an option to extend the lease were included in the non-cancellable lease term when exercise of the option was determined to be reasonably certain. Certain leases also contain termination options that provide the flexibility to terminate the lease ahead of its expiration with sufficient advance notice. Periods covered by an option to terminate the lease were included in the non-cancellable lease term when exercise of the option was determined not to be reasonably certain. Judgment is required in assessing whether renewal and termination options are reasonably certain to be exercised. Factors are considered such as contractual terms compared to current market rates, leasehold improvements expected to have significant value, costs to terminate a lease and the importance of the facility to operations. Costs determined to be variable and not based on an index or rate were not included in the measurement of real estate lease liabilities. These variable costs include real estate taxes, insurance, utilities, common area maintenance and other operating costs. As the implicit rate on most leases is not readily determinable, an incremental borrowing rate was applied on a portfolio approach to discount its real estate lease liabilities.

The remaining 10% of lease obligations are comprised of vehicles used primarily by salesforce and an R&D facility operated by a third party under management's direction. Vehicle lease terms vary by country with terms generally between one year and four years.

The following table summarizes the components of lease expense:

Dollars in Millions	Year Ended December 31, 2020	2019
Operating lease cost	**$ 194**	$ 115
Variable lease cost	**50**	25
Short-term lease cost	**19**	20
Sublease income	**(4)**	(4)
Total operating lease expense	**$ 259**	$ 156

Operating lease right-of-use assets and liabilities were as follows:

Dollars in Millions	December 31, 2020	2019
Other non-current assets	**$ 859**	$ 704
Other current liabilities	**164**	133
Other non-current liabilities	**833**	672
Total liabilities	**$ 997**	$ 805

Future lease payments for non-cancellable operating leases as of December 31, 2020 were as follows:

Dollars in Millions		
2021	**$**	**195**
2022		**169**
2023		**142**
2024		**106**
2025		**84**
Thereafter		**468**
Total future lease payments		**1,164**
Less imputed interest		**(167)**
Total lease liability	**$**	**997**

Right-of-use assets obtained in exchange for new operating lease obligations were $326 million in 2020 which includes $82 million of right-of-use assets acquired in the MyoKardia acquisition. Cash paid for amounts included in the measurement of operating lease liabilities was $164 million in 2020 and $79 million in 2019. Cash paid in 2019 was net of a $33 million lease incentive received.

Undiscounted lease obligations for operating leases not yet commenced were approximately $750 million as of December 31, 2020. The obligation primarily relates to a research and development facility that is being constructed by the lessor and which is expected to be ready for use in 2022.

A right-of-use asset impairment charge of $31 million was incurred during 2020 due to a site vacancy and partial sublease. The fair value of the right-of-use asset was determined using an income approach incorporating potential future cash flows associated with the sublease of the building.

Supplemental balance sheet information related to leases was as follows:

	December 31,	
	2020	**2019**
Weighted average remaining lease term	**9.0 years**	9.0 years
Weighted average discount rate	**3 %**	4 %

Note 14. GOODWILL AND OTHER INTANGIBLE ASSETS

Dollars in Millions	Estimated Useful Lives	December 31, 2020	2019
Goodwill[(a)]		**$ 20,547**	$ 22,488
Other intangible assets:			
Licenses	5 – 15 years	**328**	482
Acquired marketed product rights[(a)]	3 – 15 years	**59,076**	46,827
Capitalized software	3 – 10 years	**1,325**	1,297
IPRD		**6,130**	19,500
Gross other intangible assets		**66,859**	68,106
Less accumulated amortization		**(13,616)**	(4,137)
Other intangible assets		**$ 53,243**	$ 63,969

(a) Includes measurement period adjustments. Refer to "—Note 4. Acquisitions, Divestitures, Licensing and Other Arrangements" for more information.

In 2020, $13.1 billion of IPRD was reclassified to acquired marketed product rights upon approval in the U.S. for *Reblozyl* for the treatment of anemia in adults with lower-risk MDS, *Zeposia* and *Onureg*. Amortization expense of other intangible assets was $9.9 billion in 2020, $1.3 billion in 2019 and $198 million in 2018. Future annual amortization expense of other intangible assets is expected to be approximately $10.2 billion in 2021, $10.1 billion in 2022, $9.5 billion in 2023 $8.5 billion in 2024 and $1.2 billion in 2025.

Other intangible asset impairment charges were $1.1 billion in 2020, $66 million in 2019 and $84 million in 2018, respectively.

In 2020, a $575 million impairment charge was recorded in Cost of products sold resulting from the lower cash flow projections reflecting revised commercial forecasts for *Inrebic*, resulting in the full impairment of the asset. Additionally, a $470 million impairment charge was recorded in Research and development expense following a decision to discontinue the orva-cel program development. *Inrebic* and orva-cel were obtained in connection with the acquisition of Celgene. In 2019, a $32 million IPRD impairment charge was recorded in Research and development expense following a decision to discontinue development of an investigational compound obtained in the acquisition of Medarex. In 2018, a $64 million impairment charge was recorded in Other (income)/expense, net for an out-licensed asset obtained in the 2010 acquisition of ZymoGenetics, Inc., which did not meet its primary endpoint in a Phase II clinical study.

Note 15. SUPPLEMENTAL FINANCIAL INFORMATION

	December 31,	
Dollars in Millions	2020	2019
Prepaid and refundable income taxes	**$ 1,799**	$ 754
Research and development	**492**	410
Equity investments	**619**	—
Other[(a)]	**876**	819
Other current assets	**$ 3,786**	$ 1,983

(a) Includes restricted cash of $89 million and $84 million at December 31, 2020 and 2019, respectively.

	December 31,	
Dollars in Millions	2020	2019
Equity investments	**$ 4,076**	$ 3,405
Inventories	**1,080**	1,373
Operating leases	**859**	704
Pension and postretirement	**208**	456
Restricted cash	**338**	390
Other	**458**	276
Other non-current assets	**$ 7,019**	$ 6,604

	December 31,	
Dollars in Millions	2020	2019
Rebates and returns	**$ 5,688**	$ 4,275
Income taxes payable	**647**	1,517
Employee compensation and benefits	**1,412**	1,457
Research and development	**1,423**	1,324
Dividends	**1,129**	1,025
Interest	**434**	493
Royalties	**461**	418
Operating leases	**164**	133
Contingent value rights	**515**	—
Other	**2,154**	1,871
Other current liabilities	**$ 14,027**	$ 12,513

	December 31,	
Dollars in Millions	2020	2019
Income taxes payable	**$ 5,017**	$ 5,368
Contingent value rights	**15**	2,275
Pension and postretirement	**899**	725
Operating leases	**833**	672
Deferred income	**357**	424
Deferred compensation	**344**	287
Other	**311**	350
Other non-current liabilities	**$ 7,776**	$ 10,101

Note 16. EQUITY

Dollars and Shares in Millions	Common Stock Shares	Common Stock Par Value	Capital in Excess of Par Value of Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock Shares	Treasury Stock Cost	Noncontrolling Interest
Balance at January 1, 2018	2,208	$ 221	$ 1,898	$ (2,289)	$31,160	575	$(19,249)	$ 106
Accounting change - cumulative effect[a]	—	—	—	(34)	332	—	—	—
Adjusted balance at January 1, 2018	2,208	221	1,898	(2,323)	31,492	575	(19,249)	106
Net earnings	—	—	—	—	4,920	—	—	27
Other Comprehensive (Loss)Income	—	—	—	(156)	—	—	—	—
Cash dividends declared[b]	—	—	—	—	(2,630)	—	—	—
Share repurchase program	—	—	—	—	—	5	(313)	—
Stock compensation	—	—	183	—	—	(4)	(12)	—
Adoption of ASU 2018-02	—	—	—	(283)	283	—	—	—
Distributions	—	—	—	—	—	—	—	(37)
Balance at December 31, 2018	2,208	221	2,081	(2,762)	34,065	576	(19,574)	96
Accounting change - cumulative effect[a]	—	—	—	—	5	—	—	—
Adjusted balance at January 1, 2019	2,208	221	2,081	(2,762)	34,070	576	(19,574)	96
Net earnings	—	—	—	—	3,439	—	—	21
Other Comprehensive (Loss)/Income	—	—	—	1,242	—	—	—	—
Celgene acquisition	715	71	42,721	—	—	—	—	—
Cash dividends declared[b]	—	—	—	—	(3,035)	—	—	—
Share repurchase program	—	—	(1,400)	—	—	105	(5,900)	—
Stock compensation	—	—	307	—	—	(9)	117	—
Distributions	—	—	—	—	—	—	—	(17)
Balance at December 31, 2019	2,923	292	43,709	(1,520)	34,474	672	(25,357)	100
Net loss	—	—	—	—	**(9,015)**	—	—	**20**
Other Comprehensive (Loss)/Income	—	—	—	**(319)**	—	—	—	—
Cash dividends declared[b]	—	—	—	—	**(4,178)**	—	—	—
Share repurchase program	—	—	**1,400**	—	—	**43**	**(2,993)**	—
Stock compensation	—	—	**(784)**	—	—	**(36)**	**2,113**	—
Distributions	—	—	—	—	—	—	—	**(60)**
Balance at December 31, 2020	**2,923**	**$ 292**	**$ 44,325**	**$ (1,839)**	**$21,281**	**679**	**$(26,237)**	**$ 60**

(a) Cumulative effect resulting from adoption of ASU 2014-09 and ASU 2016-02.
(b) Cash dividends declared per common share were $1.84 in 2020, $1.68 in 2019 and $1.61 in 2018.

BMS has a share repurchase program, authorized by its Board of Directors, allowing for repurchases of its shares effected in the open market or through privately negotiated transactions in compliance with Rule 10b-18 under the Exchange Act, including through Rule 10b5-1 trading plans. The share repurchase program does not have an expiration date and may be suspended or discontinued at any time. Treasury stock is recognized at the cost to reacquire the shares. Shares issued from treasury are recognized utilizing the first-in first-out method.

BMS repurchased approximately 27 million shares of its common stock for $1.6 billion during the year ended December 31, 2020. The remaining share repurchase capacity under the share repurchase program was approximately $4.4 billion as of December 31, 2020.

In 2019, BMS executed accelerated share repurchase agreements ("ASR") to repurchase an aggregate $7 billion of common stock. The ASR was funded with cash on-hand. Approximately 99 million shares of common stock (80% of the $7 billion aggregate repurchase price) were received by BMS and included in treasury stock. In 2020, the agreement was settled and approximately 16 million shares of common stock were received by BMS and transferred to treasury stock.

The components of Other Comprehensive (Loss)/Income were as follows:

	Year Ended December 31,								
	2020			2019			2018		
Dollars in Millions	Pretax	Tax	After Tax	Pretax	Tax	After Tax	Pretax	Tax	After Tax
Derivatives qualifying as cash flow hedges:									
Unrealized (losses)/gains	**$ (216)**	**$ 7**	**$ (209)**	$ 65	$ (7)	$ 58	$ 86	$ (9)	$ 77
Reclassified to net earnings[a]	**(54)**	**7**	**(47)**	(103)	13	(90)	(4)	(3)	(7)
Derivatives qualifying as cash flow hedges	**(270)**	**14**	**(256)**	(38)	6	(32)	82	(12)	70
Pension and postretirement benefits:									
Actuarial (losses)/gains	**(134)**	**25**	**(109)**	(143)	28	(115)	(89)	(3)	(92)
Amortization[b]	**33**	**(6)**	**27**	55	(11)	44	65	(13)	52
Settlements[b]	**10**	**(3)**	**7**	1,640	(366)	1,274	121	(28)	93
Pension and postretirement benefits	**(91)**	**16**	**(75)**	1,552	(349)	1,203	97	(44)	53
Available-for-sale securities:									
Unrealized gains/(losses)	**7**	**(1)**	**6**	42	(9)	33	(30)	5	(25)
Realized (gains)/losses[b]	**(1)**	**—**	**(1)**	3	—	3	—	—	—
Available-for-sale securities	**6**	**(1)**	**5**	45	(9)	36	(30)	5	(25)
Foreign currency translation	**(19)**	**26**	**7**	43	(8)	35	(245)	(9)	(254)
Other Comprehensive (Loss)/Income	**$ (374)**	**$ 55**	**$ (319)**	$ 1,602	$ (360)	$ 1,242	$ (96)	$ (60)	$ (156)

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

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

	December 31,	
Dollars in Millions	2020	2019
Derivatives qualifying as cash flow hedges	**$ (237)**	$ 19
Pension and postretirement benefits	**(974)**	(899)
Available-for-sale securities	**11**	6
Foreign currency translation	**(639)**	(646)
Accumulated other comprehensive loss	**$ (1,839)**	$ (1,520)

Note 17. RETIREMENT BENEFITS

BMS sponsors defined benefit pension plans, defined contribution plans and termination indemnity plans for regular full-time employees. The principal defined benefit pension plan was the Bristol-Myers Squibb Retirement Income Plan (the "Plan"), which covered most U.S. employees. Future benefits related to service for the Plan were eliminated in 2009. BMS contributed at least the minimum amount required by ERISA. Plan benefits were based primarily on the participant's years of credited service and final average compensation.

In 2018, BMS announced plans to fully terminate the Plan. Pension obligations related to the Plan were to be distributed through a combination of lump sum payments to eligible Plan participants who elected such payments and through the purchase of group annuity contracts from wholly owned insurance subsidiaries of Athene Holding Ltd. ("Athene"). In 2019, $1.3 billion was distributed to Plan participants who elected lump sum payments during the election window, and group annuity contracts were purchased from Athene for $2.6 billion for the remaining Plan participants for whom Athene irrevocably assumed the pension obligations. These transactions fully terminated the Plan and resulted in a $1.5 billion non-cash pre-tax pension settlement charge in 2019.

The principal U.S. defined benefit pension plan was over-funded at termination. As a result, excess Plan assets of $424 million are reflected as BMS assets as of December 31, 2019. These assets are primarily reported in long term restricted cash due to the election to contribute these assets to the Bristol-Myers Squibb Savings and Investment Program, a qualified replacement plan. This election requires that these assets be used to fund future annual Company contribution to the Bristol-Myers Squibb Savings and Investment Program.

BMS acquired Celgene on November 20, 2019. Certain of Celgene's international subsidiaries have both funded and unfunded defined benefit pension plans. We have recorded the fair value of the Celgene plans using assumptions and accounting policies consistent with those disclosed by BMS. Upon acquisition, the excess of projected benefit obligation over the plan assets was recognized as a liability and previously existing deferred actuarial gains and losses and unrecognized service costs or benefits were eliminated.

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

	Year Ended December 31,		
Dollars in Millions	2020	2019	2018
Service cost — benefits earned during the year	**$ 48**	$ 26	$ 26
Interest cost on projected benefit obligation	**42**	115	193
Expected return on plan assets	**(98)**	(200)	(386)
Amortization of prior service credits	**(4)**	(4)	(4)
Amortization of net actuarial loss	**44**	59	74
Settlements and Curtailments	**10**	1,640	121
Net periodic pension benefit cost/(credit)	**$ 42**	$ 1,636	$ 24

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 2019 and 2018.

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

	Year Ended December 31,	
Dollars in Millions	2020	2019
Benefit obligations at beginning of year	**$ 2,940**	$ 5,966
Service cost—benefits earned during the year	**48**	26
Interest cost	**42**	115
Settlements and Curtailments	**(145)**	(4,105)
Actuarial losses	**233**	777
Benefits paid	**(58)**	(109)
Acquisition/Divestiture	**—**	262
Foreign currency and other	**182**	8
Benefit obligations at end of year	**$ 3,242**	$ 2,940
Fair value of plan assets at beginning of year	**$ 2,536**	$ 6,129
Actual return on plan assets	**196**	804
Employer contributions	**96**	63
Settlements	**(126)**	(4,104)
Benefits paid	**(58)**	(109)
Asset transfer	**—**	(424)
Acquisition/Divestiture	**—**	164
Foreign currency and other	**163**	13
Fair value of plan assets at end of year	**$ 2,807**	$ 2,536
Unfunded status	**$ (435)**	$ (404)
Assets/(Liabilities) recognized:		
Other non-current assets	**$ 208**	$ 192
Other current liabilities	**(26)**	(27)
Other non-current liabilities	**(617)**	(569)
Funded status	**$ (435)**	$ (404)
Recognized in Accumulated other comprehensive loss:		
Net actuarial losses	**$ 1,255**	$ 1,192
Prior service credit	**(22)**	(26)
Total	**$ 1,233**	$ 1,166

The accumulated benefit obligation for defined benefit pension plans was $3.2 billion and $2.9 billion at December 31, 2020 and 2019, respectively.

Additional information related to pension plans was as follows:

	December 31,	
Dollars in Millions	2020	2019
Pension plans with projected benefit obligations in excess of plan assets:		
Projected benefit obligation	**$ 1,805**	$ 1,652
Fair value of plan assets	**1,162**	1,056
Pension plans with accumulated benefit obligations in excess of plan assets:		
Accumulated benefit obligation	**1,579**	1,417
Fair value of plan assets	**952**	875

Actuarial Assumptions

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

	December 31,	
	2020	2019
Discount rate	**1.2 %**	1.6 %
Rate of compensation increase	**1.3 %**	1.3 %
Interest crediting rate	**2.2 %**	2.2 %

Weighted-average actuarial assumptions used to determine defined benefit pension plan net periodic benefit cost/(credit) were as follows:

	Year Ended December 31,		
	2020	2019	2018
Discount rate	**1.6 %**	3.2 %	3.1 %
Expected long-term return on plan assets	**4.1 %**	4.5 %	6.2 %
Rate of compensation increase	**1.3 %**	0.5 %	0.5 %
Interest crediting rate	**2.2 %**	2.7 %	2.6 %

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

The expected return on plan assets assumption for each plan is based on management's expectations of long-term average rates of return to be achieved by the underlying investment portfolio. 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.

Actuarial gains and losses resulted from changes in actuarial assumptions (such as changes in the discount rate and revised mortality rates) and from differences between assumed and actual experience (such as differences between actual and expected return on plan assets). Actuarial losses in 2020 and 2019 related to plan benefit obligations were primarily the result of decreases in discount rates. Actuarial gains in 2018 related to plan benefit obligations were primarily the result of increases in discount `rates. Gains and losses are amortized over the life expectancy of the plan participants for U.S. plans (25 years in 2021) and expected remaining service periods for most other plans to the extent they exceed 10% of the higher of the market-related value or the projected benefit obligation for each respective plan.

Postretirement Benefit Plans

Comprehensive medical and group life benefits are provided for substantially all legacy BMS U.S. retirees electing to participate in comprehensive medical and group life plans and to a lesser extent certain benefits for non-U.S. employees. The medical plan is contributory. Contributions are adjusted periodically and vary by date of retirement. The life insurance plan is noncontributory. Postretirement benefit plan assets consist principally of fixed-income securities. Postretirement benefit plan obligations were $267 million and $255 million at December 31, 2020 and 2019, respectively, and the fair value of plan assets was $398 million at December 31, 2019. The weighted-average discount rate used to determine benefit obligations was 2.0% and 2.9% at December 31, 2020 and 2019, respectively. The net periodic benefit credits were not material.

As a result of the Bristol-Myers Squibb Retirement Income Plan's termination in 2019, $381 million of assets held in a separate account within the Pension Trust used to fund retiree medical plan payments was reverted back to the Company in 2020, resulting in an excise tax of $76 million.

Plan Assets

The fair value of pension and postretirement plan assets by asset category at December 31, 2020 and 2019 was as follows:

	December 31, 2020				December 31, 2019			
Dollars in Millions	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Plan Assets								
Equity securities	**$ 101**	**$ —**	**$ —**	**$ 101**	$ 87	$ —	$ —	$ 87
Equity funds	**—**	**601**	**—**	**601**	4	544	—	548
Fixed income funds	**—**	**783**	**—**	**783**	—	769	—	769
Corporate debt securities	**—**	**533**	**—**	**533**	—	764	—	764
U.S. Treasury and agency securities	**—**	**70**	**—**	**70**	—	168	—	168
Insurance contracts	**—**	**—**	**149**	**149**	—	—	128	128
Cash and cash equivalents	**96**	**—**	**—**	**96**	24	—	—	24
Other	**—**	**112**	**40**	**152**	—	111	33	144
Plan assets subject to leveling	**$ 197**	**$ 2,099**	**$ 189**	**$ 2,485**	$ 115	$ 2,356	$ 161	$ 2,632
Plan assets measured at NAV as a practical expedient				**322**				302
Net plan assets				**$ 2,807**				$ 2,934

The investment valuation policies per investment class are as follows:

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

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

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

Investments using the practical expedient consist primarily of multi-asset funds which are redeemable on either a daily, weekly, or monthly basis.

The investment strategy is to maximize return while maintaining an appropriate level of risk to provide sufficient liquidity for benefit obligations and plan expenses. Individual plan investment allocations are determined by local fiduciary committees and the composition of total assets for all pension plans at December 31, 2020 was broadly characterized as an allocation between equity securities (28%), debt securities (60%) and other investments (12%).

Contributions and Estimated Future Benefit Payments

Contributions to pension plans were $96 million in 2020, $63 million in 2019, and $71 million in 2018, and are not expected to be material in 2021. Estimated annual future benefit payments for non-terminating plans (including lump sum payments) will be approximately $140 million in 2021 and approximately $125 million in each of the next four years and in the subsequent five year period.

Savings Plans

The principal defined contribution plan is the Bristol-Myers Squibb Savings and Investment Program. The contributions are based on employee contributions and the level of Company match. The expense attributed to defined contribution plans in the U.S. was approximately $290 million in 2020 and $200 million in 2019 and 2018, respectively.

Note 18. EMPLOYEE STOCK BENEFIT PLANS

On May 1, 2012, the shareholders approved the 2012 Plan, which replaced the 2007 Stock Incentive Plan. The 2012 Plan provides for 109 million shares to be authorized for grants, plus any shares from outstanding awards under the 2007 Plan as of February 29, 2012 that expire, are forfeited, canceled, or withheld to satisfy tax withholding obligations. As of December 31, 2020, 95 million shares were available for award. Shares are issued from treasury stock to satisfy BMS's obligations under this Plan.

As part of the Celgene acquisition, BMS assumed the 2017 Stock Incentive Plan and the 2014 Equity Incentive Plan (referred together with the BMS plans as the "Plans"). These plans provided for the granting of Options, Restricted Stock Units ("RSUs"), Performance Share Units ("PSUs") and other share-based and performance-based awards to former Celgene employees, officers and non-employee directors. Additionally, the terms of these plans provided for accelerated vesting of awards upon a change in control followed by an involuntary termination without cause. As of December 31, 2020, 23 million shares were available for award under the Celgene Plans. Outstanding Celgene equity awards were assumed by BMS and converted into BMS equity awards at acquisition. The replacement BMS awards generally have the same terms and conditions (including vesting) as the former Celgene awards for which they were exchanged. Shares are issued from treasury stock to satisfy BMS's obligations under the Plans.

CVRs were also issued to the holders of vested and unexercised "in the money" Options that were outstanding at the acquisition date. Celgene RSU holders and unvested "in the money" Options that were outstanding at the acquisition date, with awards vesting prior to March 31, 2021 are also eligible to receive CVRs. Celgene RSU holders and unvested "in the money" Options that were outstanding at the acquisition date with awards vesting after March 31, 2021 are eligible to receive a cash value of $9.00 per pre-converted Celgene RSU and "in the money" Options if all CVR milestones are achieved. The contractual obligation to pay the contingent value rights terminated in January 2021 because the FDA did not approve liso-cel (JCAR017) by December 31, 2020.

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 10 years. The Plans provide 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. We primarily utilize treasury shares to satisfy the exercise of stock options.

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

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

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

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

	Year Ended December 31,		
Dollars in Millions	2020	2019	2018
Cost of products sold	**$ 37**	$ 19	$ 15
Marketing, selling and administrative	**332**	162	122
Research and development	**339**	115	84
Other (income)/expense, net	**71**	145	—
Total stock-based compensation expense	**$ 779**	$ 441	$ 221
Income tax benefit[(a)]	**$ 158**	$ 87	$ 41

(a) Income tax benefit excludes excess tax benefits from share-based compensation awards that were vested or exercised of $35 million in 2020, $4 million in 2019 and $25 million in 2018.

The total stock-based compensation expense for the years ended December 31, 2020 and 2019 includes $382 million and $66 million, respectively, related to Celgene post-combination service period and $71 million and $145 million, respectively, of accelerated vesting of awards related to the Celgene acquisition. It also includes $3 million in 2020 and $10 million in 2019 related to CVR obligation on unvested stock awards for the post combination service period. Refer to "—Note 4. Acquisitions, Divestitures, Licensing and Other Arrangements" for more information related to the Celgene acquisition.

The replacement stock options granted to Celgene option holders on acquisition were issued consistent with the vesting conditions of the replaced award. Replacement stock options have contractual terms of 10 years from the initial grant date. The majority of stock options outstanding vest in one-fourth increments over a four year period, although certain awards cliff vest or have longer or shorter service periods. Celgene option holders may elect to exercise options at any time during the option term. However, any shares so purchased which have not vested as of the date of exercise shall be subject to forfeiture, which will lapse in accordance with the established vesting time period. The fair value on the acquisition date attributable to post-combination service, adjusted for estimated forfeitures, is recognized as expense on a straight-line basis over the remaining vesting period. BMS estimated the fair value of replacement options, using a Black-Scholes Option pricing model, with the following assumptions:

	Year Ended December 31, 2019
Weighted average risk-free interest rate	1.59%
Expected volatility	25.7%
Weighted average expected term (years)	2.65
Expected dividend yield	2.89%

The risk-free interest rate is based on rates available for U.S. Federal Reserve treasury constant maturities with a remaining term equal to the options' expected life at the time of the replacement award. Expected volatility of replacement stock option awards was estimated based on a 50/50 blend of implied volatility and five year historical volatility of BMS' publicly traded stocks. The expected term of an employee share option is the period of time for which the option is expected to be outstanding and is based on historical and forecasted exercise behavior. Dividend yield is estimated based on BMS' annual dividend rate at the time of award replacement.

The following table summarizes the stock compensation activity for the year ended December 31, 2020:

	Stock Options[a]		Restricted Stock Units		Market Share Units		Performance Share Units	
Shares in Millions	Number of Options	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
Balance at January 1, 2020	101.2	$ 48.08	34.7	$ 55.58	1.6	$ 59.25	3.0	$ 57.46
Granted	—	—	**13.1**	**53.65**	**0.9**	**53.92**	**1.4**	**55.61**
Released/Exercised	**(23.8)**	**39.21**	**(16.1)**	**56.00**	**(0.6)**	**60.20**	**(1.0)**	**57.87**
Adjustments for actual payout	—	—	—	—	—	—	—	—
Forfeited/Canceled	**(4.0)**	**61.57**	**(4.0)**	**54.37**	**(0.2)**	**56.88**	**(0.3)**	**55.28**
Balance at December 31, 2020	**73.4**	**50.25**	**27.7**	**54.58**	**1.7**	**56.01**	**3.1**	**56.72**
Expected to vest			**23.7**	**54.58**	**1.5**	**56.19**	**3.2**	**57.92**

(a) At December 31, 2020 substantially all of the 8.1 million unvested stock options with a weighted-average exercise price of $53.36, are expected to vest.

Dollars in Millions	Stock Options	Restricted Stock Units	Market Share Units	Performance Share Units
Unrecognized compensation cost	**$ 41**	**$ 828**	**$ 42**	**$ 75**
Expected weighted-average period in years of compensation cost to be recognized	**1.3**	**2.4**	**2.8**	**1.7**

Amounts in Millions, except per share data	2020	2019	2018
Weighted-average grant date fair value (per share):			
Stock options - replacement awards	**$ —**	$ 15.00	$ —
Restricted stock units - replacement awards	**—**	56.37	—
Restricted stock units	**53.65**	47.16	61.40
Market share units	**53.92**	51.52	72.33
Performance share units	**55.61**	49.99	67.60
Fair value of awards that vested:			
Restricted stock units - replacement awards	**$ 777**	$ 233	$ —
Restricted stock units	**122**	105	98
Market share units	**37**	30	40
Performance share units	**59**	53	103
Total intrinsic value of stock options exercised	**556**	148	89

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

The fair value of the replacement RSUs approximates the closing trading price of BMS' common stock on the date of acquisition after adjusting for the units not eligible for accrued dividends. The fair value on the acquisition date attributable to post-combination service, adjusted for estimated forfeitures, is recognized as expense on a straight-line basis over the remaining vesting period.

The following table summarizes significant outstanding and exercisable options at December 31, 2020:

Range of Exercise Prices	Number of Options (in millions)	Weighted-Average Remaining Contractual Life (in years)	Weighted-Average Exercise Price Per Share	Aggregate Intrinsic Value (in millions)
$10 - $40	**16.5**	**1.8**	**$ 26.62**	**$ 583**
$40 - $55	**22.9**	**4.6**	**48.72**	**305**
$55 - $65	**23.6**	**3.9**	**59.53**	**64**
$65+	**10.4**	**4.3**	**69.90**	**—**
Outstanding	**73.4**	**3.7**	**50.25**	**$ 952**
Exercisable	**65.3**	**3.4**	**49.87**	**$ 872**

The aggregate intrinsic value in the preceding table represents the total pretax intrinsic value, based on the closing stock price of $62.03 on December 31, 2020.

Note 19. LEGAL PROCEEDINGS AND CONTINGENCIES

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

While BMS does not believe that any of these matters, except as otherwise specifically noted below, will have a material adverse effect on its financial position or liquidity as BMS believes it has substantial defenses in the matters, the outcomes of BMS's legal proceedings and other contingencies are inherently unpredictable and subject to significant uncertainties. There can be no assurance that there will not be an increase in the scope of one or more of these pending matters or any other or future lawsuits, claims, government investigations or other legal proceedings will not be material to BMS's financial position, results of operations or cash flows for a particular period. Furthermore, failure to enforce BMS's patent rights would likely result in substantial decreases in the respective product revenues from generic competition.

Unless otherwise noted, BMS is unable to assess the outcome of the respective matters nor is it able to estimate the possible loss or range of losses that could potentially result for such matters. Contingency accruals are recognized when it is probable that a liability will be incurred and the amount of the related loss can be reasonably estimated. Developments in legal proceedings and other matters that could cause changes in the amounts previously accrued are evaluated each reporting period. For a discussion of BMS's tax contingencies, see "—Note 7. Income Taxes".

INTELLECTUAL PROPERTY

Anti-PD-1 Antibody Litigation

In September 2015, Dana-Farber Cancer Institute ("Dana-Farber") filed a complaint in the U.S. District Court for the District of Massachusetts seeking to correct the inventorship on up to six related U.S. patents directed to methods of treating cancer using PD-1 and PD-L1 antibodies. Specifically, Dana-Farber is seeking to add two scientists as inventors to these patents. In October 2017, Pfizer was allowed to intervene in this case alleging that one of the scientists identified by Dana-Farber was employed by a company eventually acquired by Pfizer during the relevant period. In February 2019, BMS settled the lawsuit with Pfizer. A bench trial in the lawsuit with Dana-Farber took place in February 2019. In May 2019, the Court issued an opinion ruling that the two scientists should be added as inventors to the patents. The decision was appealed to the U.S. Court of Appeals for the Federal Circuit and the Federal Circuit affirmed the District Court opinion. BMS filed a petition to reconsider the decision with the Federal Circuit *en banc*, which was denied in October 2020. In June 2019, Dana-Farber filed a new lawsuit in the District of Massachusetts against BMS seeking damages as a result of the Court's decision adding the scientists as inventors.

CAR T

On October 18, 2017, the day on which the FDA approved Kite Pharma, Inc.'s ("Kite") *Yescarta*® product, Juno, along with Sloan Kettering Institute for Cancer Research ("SKI"), filed a complaint against Kite in the U.S. District Court for the Central District of California. The complaint alleged that *Yescarta*® infringes certain claims of U.S. Patent No. 7,446,190 ("the '190 Patent") concerning CAR T cell technologies. Kite filed an answer and counterclaims asserting non-infringement and invalidity of the '190 Patent. In December 2019, following an eight-day trial, the jury rejected Kite's defenses, finding that Kite willfully infringed the '190 Patent and awarding to Juno and SKI a reasonable royalty consisting of a $585 million upfront payment and a 27.6% running royalty on Kite's sales of *Yescarta*® through the expiration of the '190 Patent in August 2024. In January 2020, Kite renewed its previous motion for judgment as a matter of law and also moved for a new trial, and Juno filed a motion seeking enhanced damages, supplemental damages, ongoing royalties, and prejudgment interest. In March 2020, the Court denied both of Kite's motions in their entirety. In April 2020, the Court granted in part Juno's motion and entered a final judgment awarding to Juno and SKI approximately $1.2 billion in royalties, interest and enhanced damages and a 27.6% running royalty on Kite's sales of *Yescarta*® from December 13, 2019 through the expiration of the '190 Patent in August 2024. In April 2020, Kite appealed the final judgment to the U.S. Court of Appeals for the Federal Circuit. No date has been scheduled for an oral hearing on the appeal.

***Eliquis* - U.S.**

In 2017, BMS received Notice Letters from twenty-five generic companies notifying BMS that they had filed aNDAs containing paragraph IV certifications seeking approval of generic versions of *Eliquis*. As a result, two *Eliquis* patents listed in the FDA Orange Book are being challenged: the composition of matter patent claiming apixaban specifically and a formulation patent. In response, BMS, along with its partner Pfizer, initiated patent infringement actions under the Hatch-Waxman Act against all generic filers in the U.S. District Court for the District of Delaware in April 2017. In August 2017, the U.S. Patent and Trademark Office granted patent term restoration to the composition of matter patent to November 2026, thereby restoring the term of the *Eliquis* composition of matter patent, which is BMS's basis for projected LOE. BMS settled with a number of aNDA filers. These settlements do not affect BMS's projected LOE for *Eliquis*. A trial with the remaining aNDA filers took place in late 2019. In August 2020, the U.S. District Court issued a decision finding that the remaining aNDA filers' products infringed the *Eliquis* composition of matter and formulation patents and that both *Eliquis* patents are not invalid. The remaining aNDA filers have appealed to the Court of Appeals for the Federal Circuit.

***Plavix** - Australia**

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., subsequently changed its name to Apotex ("GenRx-Apotex"). In August 2007, GenRx-Apotex filed an application in the Federal Court of Australia 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 of Australia granted Sanofi's injunction. A subsidiary of BMS 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 GenRx-Apotex case. 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. BMS 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. GenRx-Apotex appealed the holding of validity of the clopidogrel bisulfate, hydrochloride, hydrobromide, and taurocholate claims. On September 29, 2009, the Full Court held all of the claims of Patent No. 597784 invalid. In March 2010, the High Court of Australia denied a request by BMS and Sanofi to hear an appeal of the Full Court decision. The case was remanded to the Federal Court for further proceedings related to damages sought by GenRx-Apotex. BMS and GenRx-Apotex settled, and the GenRx-Apotex case was dismissed. The Australian government intervened in this matter seeking maximum damages up to 449 million AUD ($341 million), plus interest, which would be split between BMS and Sanofi, for alleged losses experienced for paying a higher price for branded *Plavix** during the period when the injunction was in place. BMS and Sanofi dispute that the Australian government is entitled to any damages. A trial was concluded in September 2017. In April 2020, the Federal Court issued a decision dismissing the Australian government's claim for damages. In May 2020, the Australian government appealed the Federal Court's decision and an appeal hearing has been scheduled for February 2021.

Pomalyst* - *Canada

Celgene received a Notice of Allegation in January 2020 from Natco Pharma (Canada) Inc. ("Natco Canada") notifying Celgene that it had filed an Abbreviated New Drug Submission ("aNDS") with Canada's Minister of Health with respect to certain of Celgene's Canadian patents. Natco Canada is seeking to market a generic version of *Pomalyst* in Canada. In response, Celgene initiated a patent infringement action in the Federal Court of Canada. Natco Canada alleges that the asserted patents are invalid and/or not infringed. A trial is scheduled to begin on November 15, 2021.

Celgene received a second Notice of Allegation in November 2020 from Natco Canada notifying Celgene that it had filed a second aNDS with Canada's Minister of Health with respect to certain of Celgene's Canadian patents. Natco Canada is seeking to market a generic version of *Pomalyst* in Canada. In response, Celgene initiated a patent infringement action in the Federal Court of Canada. Natco Canada alleges that the asserted patents are invalid and/or not infringed. No trial date has been scheduled for this matter.

Celgene received two Notices of Allegation in March 2020 from Dr. Reddy's Laboratories Ltd. ("DRL Canada") notifying Celgene that it had filed an aNDS with Canada's Minister of Health with respect to certain of Celgene's Canadian patents. DRL Canada is seeking to market a generic version of *Pomalyst* in Canada. In response, Celgene initiated two patent infringement actions in the Federal Court of Canada. DRL Canada alleges that the asserted patents are invalid and/or not infringed. A trial is scheduled to begin in January 2022.

***Pomalyst* - U.S.**

Beginning in 2017, Celgene received Notice letters on behalf of Teva Pharmaceuticals USA, Inc. ("Teva"); Apotex Inc. ("Apotex") and Apotex Corp.; Hetero Labs Limited, Hetero Labs Limited Unit-V, Hetero Drugs Limited, Hetero USA, Inc. (collectively, "Hetero"); Eugia Pharma Specialities Limited and Aurobindo Pharma Ltd. (collectively, "Aurobindo"); Mylan Pharmaceuticals Inc.; and Breckenridge Pharmaceutical, Inc. ("Breckenridge") notifying Celgene that they had filed aNDAs containing paragraph IV certifications seeking approval to market generic versions of *Pomalyst* in the U.S. In response, Celgene filed patent infringement actions against the companies in the U.S. District Court for the District of New Jersey asserting certain FDA Orange Book-listed patents and the companies filed answers, counterclaims and declaratory judgment actions alleging that the asserted patents are invalid, unenforceable, and not infringed. These litigations were subsequently consolidated. In March 2020, Celgene subsequently filed additional patent infringement actions in the U.S. District Court for the District of New Jersey against each of the companies asserting a newly-issued patent that is listed in the FDA Orange Book and that covers formulations comprising pomalidomide. The companies each filed responsive pleadings between April and June 2020, alleging that the patent is invalid and not infringed. The Court has consolidated these additional litigations with the previously-consolidated litigations. In September 2020, the Court granted Mylan Pharmaceuticals Inc.'s motion to dismiss, which decision Celgene has appealed. In October 2020, Breckenridge and Aurobindo received final approval from the FDA of their respective aNDAs. In November 2020, Celgene and Breckenridge entered into a confidential settlement agreement. Pursuant to terms of the confidential settlement agreement, on January 7, 2021, the Court enjoined Breckenridge from infringing the asserted patents, unless and to the extent otherwise specifically authorized by Celgene and dismissed Breckenridge from the proceedings. A final pretrial conference concerning the consolidated litigations is scheduled for February 16, 2021 but is expected to be delayed.

In February and March 2019, Celgene filed additional patent infringement actions in the U.S. District Court for the District of New Jersey against the companies asserting certain patents that are not listed in the FDA Orange Book and that cover polymorphic forms of pomalidomide, and the companies filed answers and/or counterclaims alleging that each of these patents is invalid and/or not infringed. These actions have been consolidated with the earlier-filed actions against the companies. No trial date has been set for this matter.

In June 2019, Celgene received a Notice Letter from Dr. Reddy's Laboratories, Ltd. and Dr. Reddy's Laboratories, Inc. (together, "DRL") notifying Celgene that they had filed an aNDA containing paragraph IV certifications seeking approval to market a generic version of *Pomalyst* in the U.S. In response, Celgene initiated a patent infringement action against DRL in the U.S. District Court for the District of New Jersey asserting certain FDA Orange Book-listed patents, and DRL filed an answer and counterclaims alleging that each of the patents is invalid and/or not infringed. In March 2020, Celgene filed an additional patent infringement action in the U.S. District Court for the District of New Jersey against DRL asserting a newly-issued patent that is listed in the FDA Orange Book and that covers formulations comprising pomalidomide, which has been consolidated with the above DRL case. The Court has not set a trial date in this consolidated action.

In February 2021, Celgene filed an additional patent infringement action in the U.S. District Court for the District of New Jersey against DRL asserting certain patents that are not listed in the FDA Orange Book and that cover polymorphic forms of pomalidomide. DRL has not responded to the complaint. No trial date has been set for this matter.

***Revlimid* - U.S.**

Celgene has received Notice Letters on behalf of Zydus Pharmaceuticals (USA) Inc.; Cipla Ltd., ("Cipla"); Apotex; Sun Pharma Global FZE, Sun Pharma Global Inc., Sun Pharmaceutical Industries, Inc., and Sun Pharmaceutical Industries Limited; Hetero; Mylan Pharmaceuticals Inc., Mylan Inc., and Mylan N.V. (collectively, "Mylan"); and Aurobindo Pharma Limited, Eugia Pharma Specialities Limited, Aurobindo Pharma USA, Inc., Aurolife Pharma LLC, and Lupin Limited notifying Celgene that they had filed aNDAs containing paragraph IV certifications seeking approval to market generic versions of *Revlimid* in the U.S. In response, Celgene filed patent infringement actions against the companies in the U.S. District Court for the District of New Jersey asserting certain FDA Orange Book-listed patents as well as other litigations asserting other non-FDA Orange Book-listed patents against certain defendants, who have filed answers and/or counterclaims alleging that the asserted patents are invalid and/or not infringed. No trial date has been scheduled in any of these New Jersey actions.

Celgene also filed a patent infringement action against Mylan in the U.S. District Court for the Northern District of West Virginia (the "West Virginia action") asserting certain FDA Orange Book-listed patents. Mylan filed its answer and counterclaims alleging that the patents are invalid and/or not infringed. A trial is scheduled to begin in the West Virginia action on October 4, 2021.

In December 2020, Celgene settled all outstanding claims in the litigation with Cipla. Pursuant to the settlement, Celgene has agreed to provide Cipla with a license to Celgene's patents required to manufacture and sell certain volume-limited amounts of generic lenalidomide in the United States beginning on a certain date after the March 2022 volume-limited license date previously provided to Natco. In addition, Celgene has agreed to provide Cipla with a license to Celgene's patents required to manufacture and sell an unlimited quantity of generic lenalidomide in the United States beginning January 31, 2026.

***Sprycel* - U.S.**
In August 2019, BMS received a Notice Letter from Dr. Reddy's Laboratories, Inc. notifying BMS that it had filed an aNDA containing paragraph IV certifications seeking approval of a generic version of *Sprycel* in the U.S. and challenging two FDA Orange Book-listed monohydrate form patents expiring in 2025 and 2026. In response, BMS filed a patent infringement action in the U.S. District Court for the District of New Jersey. No trial date has been scheduled.

In 2020, BMS received a Notice Letter from Lupin notifying BMS that it had filed an aNDA containing paragraph IV certifications seeking approval of a generic version of *Sprycel* in the U.S. and challenging two FDA Orange Book-listed monohydrate form patents expiring in 2025 and 2026. In response, BMS filed patent infringement actions in the U.S. District Courts for the District of New Jersey and Delaware. No trial date has been scheduled.

PRICING, SALES AND PROMOTIONAL PRACTICES LITIGATION

***Plavix** * **State Attorneys General Lawsuits**
BMS and certain Sanofi entities are defendants in consumer protection actions brought by the attorneys general of Hawaii and New Mexico relating to the labeling, sales and/or promotion of *Plavix**. A trial in the Hawaii matter concluded in November 2020 and a decision is expected in the first quarter of 2021.

PRODUCT LIABILITY LITIGATION

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

***Abilify** *
BMS and Otsuka are co-defendants in product liability litigation related to *Abilify**. Plaintiffs allege *Abilify** caused them to engage in compulsive gambling and other impulse control disorders. There have been over 2,500 cases filed in state and federal courts and additional cases are pending in Canada. The Judicial Panel on Multidistrict Litigation consolidated the federal court cases for pretrial purposes in the U.S. District Court for the Northern District of Florida. In February 2019, BMS and Otsuka entered into a master settlement agreement establishing a proposed settlement program to resolve all *Abilify** compulsivity claims filed as of January 28, 2019 in the MDL as well as various state courts, including California and New Jersey. To date, approximately 2,700 cases, comprising approximately 3,900 plaintiffs, have been dismissed based on participation in the settlement program or failure to comply with settlement related court orders. In the U.S., less than 20 cases remain pending on behalf of plaintiffs, who either chose not to participate in the settlement program or filed their claims after the settlement cut-off date. There are ten cases pending in Canada (four class actions, six individual injury claims). Out of the ten cases, only three are active (the class actions in Quebec and Ontario and one individual injury claim). Both class actions have now been certified and will proceed separately, subject to a pending appeal of the Ontario class certification decision.

***Byetta** *
Amylin, a former subsidiary of BMS, and Lilly are co-defendants in product liability litigation related to *Byetta**. As of December 2020, there are approximately 590 separate lawsuits pending on behalf of approximately 2,250 active plaintiffs (including pending settlements), which include injury plaintiffs as well as claims by spouses and/or other beneficiaries, in various courts in the U.S. The majority of these cases have been brought by individuals who allege personal injury sustained after using *Byetta**, primarily pancreatic cancer, and, in some cases, claiming alleged wrongful death. The majority of cases are pending in federal court in San Diego in an MDL or in a coordinated proceeding in California Superior Court in Los Angeles ("JCCP"). In November 2015, the defendants' motion for summary judgment based on federal preemption was granted in both the MDL and the JCCP. In November 2017, the Ninth Circuit reversed the MDL summary judgment order and remanded the case to the MDL. In November 2018, the California Court of Appeal reversed the state court summary judgment order and remanded those cases to the JCCP for further proceedings. Amylin has filed a motion for summary judgment based on federal preemption and a motion for summary judgment based on the absence of general causation evidence, both were heard in 2020. Amylin had product liability insurance covering a substantial number of claims involving *Byetta** (which has been exhausted). As part of BMS's global diabetes business divestiture, BMS sold *Byetta** to AstraZeneca in February 2014 and any additional liability to Amylin with respect to *Byetta** is expected to be shared with AstraZeneca.

Onglyza*
BMS and AstraZeneca are co-defendants in product liability litigation related to *Onglyza**. Plaintiffs assert claims, including claims for wrongful death, as a result of heart failure or other cardiovascular injuries they allege were caused by their use of *Onglyza**. As of December 2020, claims are pending in state and federal court on behalf of approximately 280 individuals who allege they ingested the product and suffered an injury. In February 2018, the Judicial Panel on Multidistrict Litigation ordered all federal cases to be transferred to an MDL in the U.S. District Court for the Eastern District of Kentucky. A significant majority of the claims are pending in the MDL. As part of BMS's global diabetes business divestiture, BMS sold *Onglyza** to AstraZeneca in February 2014 and any potential liability with respect to *Onglyza** is expected to be shared with AstraZeneca.

SECURITIES LITIGATION

BMS Securities Class Action
Since February 2018, two separate putative class action complaints were filed in the U.S. District for the Northern District of California and in the U.S. District Court for the Southern District of New York against BMS, BMS's Chief Executive Officer, Giovanni Caforio, BMS's Chief Financial Officer at the time, Charles A. Bancroft and certain former and current executives of BMS. The case in California has been voluntarily dismissed. The remaining complaint alleges violations of securities laws for BMS's disclosures related to the CheckMate-026 clinical trial in lung cancer. In September 2019, the Court granted BMS's motion to dismiss, but allowed the plaintiffs leave to file an amended complaint. In October 2019, the plaintiffs filed an amended complaint. BMS moved to dismiss the amended complaint. In September 2020, the Court granted BMS's motion to dismiss with prejudice. The plaintiffs appealed the Court's decision in October 2020.

Celgene Securities Class Action
Beginning in March 2018, two putative class actions were filed against Celgene and certain of its officers in the U.S. District Court for the District of New Jersey (the "Celgene Securities Class Action"). The complaints allege that the defendants violated federal securities laws by making misstatements and/or omissions concerning (1) trials of GED-0301, (2) Celgene's 2020 outlook and projected sales of *Otezla*, and (3) the new drug application for *Zeposia*. The Court consolidated the two actions and appointed a lead plaintiff, lead counsel, and co-liaison counsel for the putative class. In February 2019, the defendants filed a motion to dismiss plaintiff's amended complaint in full. In December 2019, the Court denied the motion to dismiss in part and granted the motion to dismiss in part (including all claims arising from alleged misstatements regarding GED-0301). Although the Court gave the plaintiff leave to re-plead the dismissed claims, it elected not to do so, and the dismissed claims are now dismissed with prejudice. In November 2020, the Court granted class certification with respect to the remaining claims. In December 2020, the defendants sought leave to appeal the Court's class certification decision. No trial date has been scheduled.

In April 2020, certain Schwab management investment companies on behalf of certain Schwab funds filed an individual action in the U.S. District Court for the District of New Jersey asserting largely the same allegations as the Celgene Securities Class Action against the same remaining defendants in that action. In July 2020, the defendants filed a motion to dismiss the plaintiffs' complaint in full.

OTHER LITIGATION

Average Manufacturer Price Litigation
BMS is a defendant in a *qui tam* (whistleblower) lawsuit in the U.S. District Court for the Eastern District of Pennsylvania, in which the U.S. Government declined to intervene. The complaint alleges that BMS inaccurately reported its average manufacturer prices to the Centers for Medicare and Medicaid Services to lower what it owed. Similar claims have been filed against other companies. In January 2020, BMS reached an agreement in principle to resolve this matter subject to the negotiation of a definitive settlement agreement and other contingencies. BMS cannot provide assurances that its efforts to reach a final settlement will be successful.

HIV Medication Antitrust Lawsuits
BMS and two other manufacturers of HIV medications are defendants in related lawsuits pending in the Northern District of California. The lawsuits allege that the defendants' agreements to develop and sell fixed-dose combination products for the treatment of HIV, including *Atripla** and *Evotaz*, violate antitrust laws. The currently pending actions, asserted on behalf of indirect purchasers, were initiated in 2019 in the Northern District of California and in 2020 in the Southern District of Florida. The Florida matter was transferred to the Northern District of California. In July 2020, the Court granted in part defendants' motion to dismiss, including dismissing with prejudice plaintiffs' claims as to an overarching conspiracy and plaintiffs' theories based on the alleged payment of royalties after patent expiration. Other claims, however, remain. A trial on the indirect purchasers' claims is scheduled for August 2022. In September and October 2020, two purported class actions have also been filed asserting similar claims on behalf of direct purchasers. Defendants' motions to dismiss and compel arbitration in those matters are scheduled to be heard in February 2021. A trial on the direct purchasers' claims has not been scheduled.

Humana Litigations

In May 2018, Humana, Inc. ("Humana") filed a lawsuit against Celgene in the Pike County Circuit Court of the Commonwealth of Kentucky. Humana's complaint alleges Celgene engaged in unlawful off-label marketing in connection with sales of *Thalomid* and *Revlimid* and asserts claims against Celgene for fraud, breach of contract, negligent misrepresentation, unjust enrichment and violations of New Jersey's Racketeer Influenced and Corrupt Organizations Act. The complaint seeks, among other things, treble and punitive damages, injunctive relief and attorneys' fees and costs. In April 2019, Celgene filed a motion to dismiss Humana's complaint, which the Court denied in January 2020. No trial date has been scheduled. In May 2020, Celgene filed suit against Humana Pharmacy, Inc. ("HPI"), a Humana subsidiary, in Delaware Superior Court. Celgene's complaint alleges that HPI breached its contractual obligations to Celgene by assigning claims to Humana that Humana is now asserting. The complaint seeks damages for HPI's breach as well as a declaratory judgment. In September 2020, HPI filed a motion to dismiss Celgene's complaint.

In March 2019, Humana filed a separate lawsuit against Celgene in the U.S. District Court for the District of New Jersey. Humana's complaint alleges that Celgene violated various antitrust, consumer protection, and unfair competition laws to delay or prevent generic competition for *Thalomid* and *Revlimid* brand drugs, including (a) allegedly refusing to sell samples of products to generic manufacturers for purposes of bioequivalence testing intended to be included in aNDAs for approval to market generic versions of these products; (b) allegedly bringing unjustified patent infringement lawsuits, procuring invalid patents, and/or entering into anticompetitive patent settlements; (c) allegedly securing an exclusive supply contract for supply of thalidomide active pharmaceutical ingredient. The complaint purports to assert claims on behalf of Humana and its subsidiaries in several capacities, including as a direct purchaser and as an indirect purchaser, and seeks, among other things, treble and punitive damages, injunctive relief and attorneys' fees and costs. Celgene filed a motion to dismiss Humana's complaint, and the Court has stayed discovery pending adjudication of that motion. No trial date has been scheduled.

***Thalomid* and *Revlimid* Antitrust Class Action Litigation and Related Proceedings**

Beginning in November 2014, certain putative class action lawsuits were filed against Celgene in the U.S. District Court for the District of New Jersey alleging that Celgene violated various antitrust, consumer protection, and unfair competition laws by (a) allegedly securing an exclusive supply contract for the alleged purpose of preventing a generic manufacturer from securing its own supply of thalidomide active pharmaceutical ingredient, (b) allegedly refusing to sell samples of *Thalomid* and *Revlimid* brand drugs to various generic manufacturers for the alleged purpose of bioequivalence testing necessary for aNDAs to be submitted to the FDA for approval to market generic versions of these products, (c) allegedly bringing unjustified patent infringement lawsuits in order to allegedly delay approval for proposed generic versions of *Thalomid* and *Revlimid*, and/or (d) allegedly entering into settlements of patent infringement lawsuits with certain generic manufacturers that allegedly have had anticompetitive effects. The plaintiffs, on behalf of themselves and putative classes of third-party payers, are seeking injunctive relief and damages. The various lawsuits were consolidated into a master action for all purposes. In October 2017, the plaintiffs filed a motion for certification of two damages classes under the laws of thirteen states and the District of Columbia and a nationwide injunction class. Celgene filed an opposition to the plaintiffs' motion and a motion for judgment on the pleadings dismissing all state law claims where the plaintiffs no longer seek to represent a class. In October 2018, the Court denied the plaintiffs' motion for class certification and Celgene's motion for judgment on the pleadings. In December 2018, the plaintiffs filed a new motion for class certification, which Celgene opposed. In July 2019, the parties reached a settlement under which all the putative class plaintiff claims would be dismissed with prejudice. In December 2019, after certain third-party payors who were members of the settlement class refused to release their potential claims and participate in the settlement, Celgene exercised its right to terminate the settlement agreement. In March 2020, Celgene reached a revised settlement with the class plaintiffs. In May 2020, the Court preliminarily approved the settlement. In October 2020, the Court entered a final order approving the settlement and dismissed the matter. That settlement does not resolve the claims of certain entities that opted out of the first settlement.

In March 2020, United HealthCare Services, Inc. ("UHS"), affiliates of which opted out of the first settlement in the *Thalomid* and *Revlimid* Antitrust Class Action Litigation, filed a lawsuit against Celgene in the U.S. District Court for the District of Minnesota. UHS's complaint makes largely the same claims and allegations as the class action litigation in addition to certain claims regarding donations directed to copay assistance. The complaint purports to assert claims on behalf of UHS and its subsidiaries in several capacities, including as a direct purchaser and as an indirect purchaser, and seeks, among other things, treble and punitive damages, injunctive relief and attorneys' fees and costs. In December 2020, Celgene's motion to transfer the action to the District of New Jersey was granted and the case is now pending in that Court.

In July 2020, Blue Cross Blue Shield Association ("BCBSA") sued Celgene and BMS on behalf of the Federal Employee Program in the U.S. District Court for the District of Columbia. BCBSA's complaint makes largely the same claims and allegations as the class action litigation. A motion to transfer this matter to the District of New Jersey is pending.

In August 2020, Health Care Service Corporation ("HCSC"), BCBSM Inc., d/b/a Blue Cross and Blue Shield of Minnesota, and Blue Cross and Blue Shield of Florida Inc., d/b/a Florida Blue, sued Celgene and BMS in the state courts of Minnesota. The complaint makes largely the same claims and allegations as the class action litigation but adds allegations on behalf of HCSC only as to alleged off-label marketing of *Thalomid* and *Revlimid*. In September 2020, Celgene and BMS removed the action to the U.S. District Court for the District of Minnesota. Motions to remand and dismiss the action and transfer venue to the District of New Jersey are pending.

In January 2021, Cigna Corporation ("Cigna") sued Celgene and BMS in the U.S. District Court for the Eastern District of Pennsylvania. Cigna's complaint makes largely the same claims and allegations as the class action litigation. Cigna's complaint purports to assert claims on behalf of Cigna and its subsidiaries in several capacities, including as a direct purchaser and as an indirect purchaser. Celgene's and BMS's response to the complaint is due in March 2021.

GOVERNMENT INVESTIGATIONS

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

ENVIRONMENTAL PROCEEDINGS

As previously reported, BMS is a party to several environmental proceedings and other matters, and is responsible under various state, federal and foreign laws, including CERCLA, for certain costs of investigating and/or remediating contamination resulting from past industrial activity at BMS'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 BMS is responsible under various state, federal and foreign laws, BMS 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 BMS accrues liabilities when they are probable and reasonably estimable. BMS estimated its share of future costs for these sites to be $78.8 million at December 31, 2020, which represents the sum of best estimates or, where no best estimate can reasonably be made, estimates of the minimal probable amount among a range of such costs (without taking into account any potential recoveries from other parties). The amount includes the estimated costs for any additional probable loss associated with the previously disclosed North Brunswick Township High School Remediation Site.

Note 20. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

	Year Ended December 31, 2020				
Dollars in Millions, except per share data	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Total Revenues	**$ 10,781**	**$ 10,129**	**$ 10,540**	**$ 11,068**	**$ 42,518**
Gross Margin	**7,119**	**7,430**	**8,038**	**8,158**	**30,745**
Net (Loss)/Earnings	**(766)**	**(80)**	**1,878**	**(10,027)**	**(8,995)**
Net (Loss)/Earnings Attributable to:					
Noncontrolling Interest	**9**	**5**	**6**	**—**	**20**
BMS	**(775)**	**(85)**	**1,872**	**(10,027)**	**(9,015)**
(Loss)/Earnings per Common Share - Basic[a]	**$ (0.34)**	**$ (0.04)**	**$ 0.83**	**$ (4.45)**	**$ (3.99)**
(Loss)/Earnings per Common Share - Diluted[a]	**(0.34)**	**(0.04)**	**0.82**	**(4.45)**	**(3.99)**
Cash dividends declared per common share	**$ 0.45**	**$ 0.45**	**$ 0.45**	**$ 0.49**	**$ 1.84**
Cash and cash equivalents	**$ 15,817**	**$ 19,934**	**$ 19,435**	**$ 14,546**	**$ 14,546**
Marketable debt securities[b]	**3,156**	**2,247**	**2,215**	**1,718**	**1,718**
Total Assets	**129,285**	**128,076**	**125,536**	**118,481**	**118,481**
Long-term debt[c]	**46,105**	**46,106**	**44,614**	**50,336**	**50,336**
Equity	**49,977**	**49,160**	**50,230**	**37,882**	**37,882**

	Year Ended December 31, 2019				
Dollars in Millions, except per share data	First Quarter	Second Quarter	Third Quarter	Fourth Quarter[d]	Year[d]
Total Revenues	$ 5,920	$ 6,273	$ 6,007	$ 7,945	$ 26,145
Gross Margin	4,096	4,301	4,217	5,453	18,067
Net Earnings/(Loss)	1,715	1,439	1,366	(1,060)	3,460
Net Earnings/(Loss) Attributable to:					
Noncontrolling Interest	5	7	13	(4)	21
BMS	1,710	1,432	1,353	(1,056)	3,439
Earnings/(Loss) per Common Share - Basic[a]	$ 1.05	$ 0.88	$ 0.83	$ (0.55)	$ 2.02
Earnings/(Loss) per Common Share - Diluted[a]	1.04	0.87	0.83	(0.55)	2.01
Cash dividends declared per common share	$ 0.41	$ 0.41	$ 0.41	$ 0.45	$ 1.68
Cash and cash equivalents	$ 7,335	$ 28,404	$ 30,489	$ 12,346	$ 12,346
Marketable debt securities[b]	2,662	1,947	2,978	3,814	3,814
Total Assets	34,834	55,163	57,433	129,944	129,944
Long-term debt[c]	5,635	24,433	24,390	46,150	46,150
Equity	15,317	16,151	17,754	51,698	51,698

(a) Earnings per share for the quarters may not add to the amounts for the year, as each period is computed on a discrete basis.
(b) Marketable debt securities includes current and non-current assets.
(c) Long-term debt includes the current portion.
(d) Commencing on November 20, 2019, Celgene's operations are included in our consolidated financial statements. Refer to "—Note 4. Acquisitions, Divestitures, Licensing and Other Arrangements" for additional information.

The following specified items affected the comparability of results in 2020 and 2019:

	Year Ended December 31, 2020				
Dollars in Millions	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Inventory purchase price accounting adjustments	$ 1,420	$ 714	$ 456	$ 98	$ 2,688
Intangible asset impairment	—	—	—	575	575
Employee compensation charges	2	1	—	1	4
Site exit and other costs	16	13	3	1	33
Cost of products sold	1,438	728	459	675	3,300
Employee compensation charges	15	12	7	241	275
Site exit and other costs	6	(1)	(1)	—	4
Marketing, selling and administrative	21	11	6	241	279
License and asset acquisition charges	25	300	203	475	1,003
IPRD impairments	—	—	—	470	470
Inventory purchase price accounting adjustments	17	—	8	11	36
Employee compensation charges	18	15	8	241	282
Site exit and other costs	56	39	4	16	115
Research and development	116	354	223	1,213	1,906
IPRD charge - MyoKardia acquisition	—	—	—	11,438	11,438
Amortization of acquired intangible assets	2,282	2,389	2,491	2,526	9,688
Interest expense[(a)]	(41)	(41)	(40)	(37)	(159)
Contingent consideration	556	(165)	(988)	(1,160)	(1,757)
Royalties and licensing income	(83)	(18)	(53)	(14)	(168)
Equity investment losses/(gains)	339	(818)	(214)	(463)	(1,156)
Integration expenses	174	166	195	182	717
Provision for restructuring	160	115	176	79	530
Litigation and other settlements	—	—	—	(239)	(239)
Reversion excise tax	76	—	—	—	76
Divestiture (gains)/losses	(16)	9	1	(49)	(55)
Other (income)/expense, net	1,165	(752)	(923)	(1,701)	(2,211)
Increase to pretax income	5,022	2,730	2,256	14,392	24,400
Income taxes on items above	(291)	(3)	(405)	(1,034)	(1,733)
Income taxes attributed to *Otezla®* divestiture	—	255	11	—	266
Income taxes attributed to internal transfer of intangible assets	—	853	—	—	853
Income taxes	(291)	1,105	(394)	(1,034)	(614)
Increase to net earnings	$ 4,731	$ 3,835	$ 1,862	$ 13,358	$ 23,786

Dollars in Millions	Year Ended December 31, 2019				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Inventory purchase price accounting adjustments	$ —	$ —	$ —	$ 660	$ 660
Employee compensation charges	—	—	—	1	1
Site exit and other costs	12	139	22	24	197
Cost of products sold	12	139	22	685	858
Employee compensation charges	—	—	—	27	27
Site exit and other costs	1	—	—	8	9
Marketing, selling and administrative	1	—	—	35	36
License and asset acquisition charges	—	25	—	—	25
IPRD impairments	32	—	—	—	32
Employee compensation charges	—	—	—	33	33
Site exit and other costs	19	19	20	109	167
Research and development	51	44	20	142	257
Amortization of acquired intangible assets	—	—	—	1,062	1,062
Interest expense[(a)]	—	83	166	73	322
Contingent consideration	—	—	—	523	523
Royalties and licensing income	—	—	(9)	(15)	(24)
Equity investment (gains)/losses	(175)	(71)	261	(294)	(279)
Integration expenses	22	106	96	191	415
Provision for restructuring	12	10	10	269	301
Litigation and other settlements	—	—	—	75	75
Investment income	—	(54)	(99)	(44)	(197)
Divestiture losses/(gains)	—	8	(1,179)	3	(1,168)
Pension and postretirement	49	44	1,545	(3)	1,635
Acquisition expenses	165	303	7	182	657
Other	—	—	—	2	2
Other (income)/expense, net	73	429	798	962	2,262
Increase to pretax income	137	612	840	2,886	4,475
Income taxes on items above	(43)	(105)	(275)	(264)	(687)
Income taxes attributed to *Otezla** divestiture	—	—	—	808	808
Income taxes	(43)	(105)	(275)	544	121
Increase to net earnings	$ 94	$ 507	$ 565	$ 3,430	$ 4,596

(a) Includes amortization of purchase price adjustments to Celgene debt.

REPORTS OF MANAGEMENT

Management's Responsibility for Financial Statements

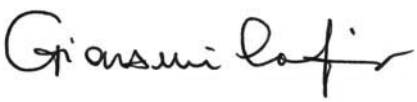
Management is responsible for the preparation and integrity of the financial information presented in this Annual Report. The accompanying consolidated financial statements have been prepared in conformity with United States generally accepted accounting principles, applying certain estimates and judgments as required. In management's opinion, the consolidated financial statements present fairly the Company's financial position, results of operations and cash flows.

The Audit Committee of the Board of Directors meets regularly with the internal auditors, Deloitte & Touche LLP (D&T), the Company's independent registered accounting firm, and management to review accounting, internal control structure and financial reporting matters. The internal auditors and D&T have full and free access to the Audit Committee. As set forth in the Company's Standard of Business Conduct and Ethics, the Company is firmly committed to adhering to the highest standards of moral and ethical behavior in all of its business activities.

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, 2020 based on the framework in "Internal Control—Integrated Framework" (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that assessment, management has concluded that the Company's internal control over financial reporting was effective at December 31, 2020 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, 2020, which is included herein.



Giovanni Caforio, M.D.
Chief Executive Officer

David V. Elkins
Chief Financial Officer

February 10, 2021

CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of December 31, 2020, management carried out an evaluation, under the supervision and with the participation of its chief executive officer and chief financial officer, of the effectiveness of the design and operation of its disclosure controls and procedures as defined in Exchange Act Rules 13a-15(e) and 15d-15(e), as of the end of the period covered by this Annual Report on Form 10-K. Based on this evaluation, management has concluded that as of December 31, 2020, such disclosure controls and procedures were effective.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of management, including the chief executive officer and chief financial officer, management assessed the effectiveness of internal control over financial reporting as of December 31, 2020 based on the framework in "Internal Control—Integrated Framework" (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that assessment, management has concluded that the Company's internal control over financial reporting was effective at December 31, 2020 to provide reasonable assurance regarding the reliability of its financial reporting and the preparation of its financial statements for external purposes in accordance with United States generally accepted accounting principles. Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Deloitte & Touche LLP, an independent registered public accounting firm, has audited the Company's financial statements included in this report on this Annual 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, 2020, which is included herein.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2020 that have materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

OTHER INFORMATION

None.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Bristol-Myers Squibb Company and subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of earnings, comprehensive (loss)/income, and cash flows, for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 9, 2021, expressed an unqualified opinion on the Company's internal control over financial reporting

Basis for Opinion

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

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

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Gross-to-Net U.S. Rebate Accruals for U.S. Medicaid, Medicare Part D, and managed healthcare - Refer to "Note 2 - Revenue" to the financial statements

Critical Audit Matter Description

As more fully disclosed in Note 2 to the financial statements, the Company reduces gross product sales from list price at the time revenue is recognized for expected charge-backs, discounts, rebates, sales allowances and product returns, which are referred to as gross-to-net ("GTN") adjustments. These reductions are attributed to various commercial arrangements, managed healthcare organizations, and government programs that mandate various reductions from list price. Charge-backs and cash discounts are reflected as a reduction to receivables and settled through the issuance of credits to the customer. All other rebates, discounts and adjustments, are reflected as a liability and settled through cash payments.

Certain of the GTN liabilities related to U.S. Medicaid, Medicare Part D, and managed healthcare organizations rebate programs (the "GTN U.S. rebate accruals") involve the use of significant assumptions and judgments in their calculation. These significant assumptions and judgments include consideration of legal interpretations of applicable laws and regulations, historical claims experience, payer channel mix, current contract prices, unbilled claims, claims submission time lags, and inventory levels in the distribution channel.

Given the complexity involved in determining the significant assumptions used in calculating the GTN U.S. rebate accruals, auditing these estimates involved especially subjective judgment.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to GTN U.S. rebate accruals included the following, among others:

- We evaluated the appropriateness and consistency of the Company's methods and assumptions used to calculate GTN U.S. rebate accruals.
- We tested the effectiveness of internal controls over the review of the Company's estimation model, including underlying assumptions and key inputs into the Company's process to calculate GTN U.S. rebate accruals.
- We tested the mathematical accuracy of GTN U.S. rebate accruals.
- We tested significant assumptions and key inputs used to calculate GTN U.S. rebate accruals.
- We evaluated the Company's ability to estimate GTN U.S. rebate accruals accurately by comparing actual amounts incurred for GTN U.S. rebate accruals to historical estimates.
- We tested the overall reasonableness of the GTN U.S. rebate accruals recorded at period end by developing an expectation for comparison to actual recorded balances.
- We involved audit professionals with industry and quantitative analytics experience to assist us in performing our auditing procedures.

Taxes - Unrecognized Tax Benefit Liabilities for U.S. Transfer Pricing - Refer to "Note 7- Income Taxes" to the financial statements

Critical Audit Matter Description

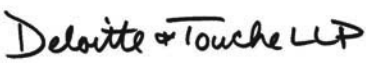
As more fully disclosed in Note 7 to the financial statements, the Company recognizes certain income tax benefits associated with transactions between its U.S. operating companies and related foreign affiliates. These income tax benefits are estimated based on transfer pricing agreements, third-party transfer pricing studies, and the Company's judgment as to whether it is more-likely-than-not the benefits will be realized. Tax benefits that may not ultimately be realized by the Company, as determined by its judgment, are accrued for as unrecognized tax benefit liabilities. The amounts recognized as unrecognized tax benefit liabilities related to U.S. transfer pricing may be significantly affected in subsequent periods due to various factors, such as changes in tax law, identification of additional relevant facts, or a change in the Company's judgment regarding measurement of the tax benefits upon ultimate settlement with the taxing authorities.

Given the complexity associated with assumptions used to calculate unrecognized tax benefit liabilities related to U.S. transfer pricing, coupled with the significant judgments made by the Company in their determination, auditing these estimates involved especially subjective judgment.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to unrecognized tax benefit liabilities related to U.S. transfer pricing included the following, among others:

- We evaluated the appropriateness and consistency of the Company's methods and assumptions used in the identification, recognition, measurement, and disclosure of unrecognized tax benefit liabilities.
- We tested the effectiveness of internal controls over the review of the underlying assumptions and key inputs into the Company's process to calculate unrecognized tax benefit liabilities.
- We obtained an understanding of the Company's related party transactions and transfer pricing policies.
- We tested the mathematical accuracy of the unrecognized tax benefit liabilities.
- We tested the completeness of unrecognized tax benefit liabilities.
- We tested the reasonableness of the underlying tax positions and amounts accrued for a selection of unrecognized tax benefit liabilities by reviewing the Company's evaluation of the relevant facts and tax law associated with the tax position, and testing the significant assumptions and inputs used to calculate the unrecognized tax benefit liabilities by reference to third party data, information produced by the entity, our understanding of transfer pricing principles and tax laws, and inquires of management.
- We evaluated whether the Company had appropriately considered new information that could significantly change the recognition, measurement or disclosure of the unrecognized tax benefit liabilities.
- We involved income tax specialists and audit professionals with industry experience to assist us in performing our auditing procedures.



Parsippany, New Jersey
February 9, 2021

We have served as the Company's auditor since 2006.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Bristol-Myers Squibb Company and subsidiaries (the "Company") as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2020, of the Company and our report dated February 9, 2021, expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

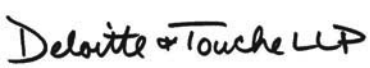
The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility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

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

Definition and Limitations of Internal Control over Financial Reporting

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

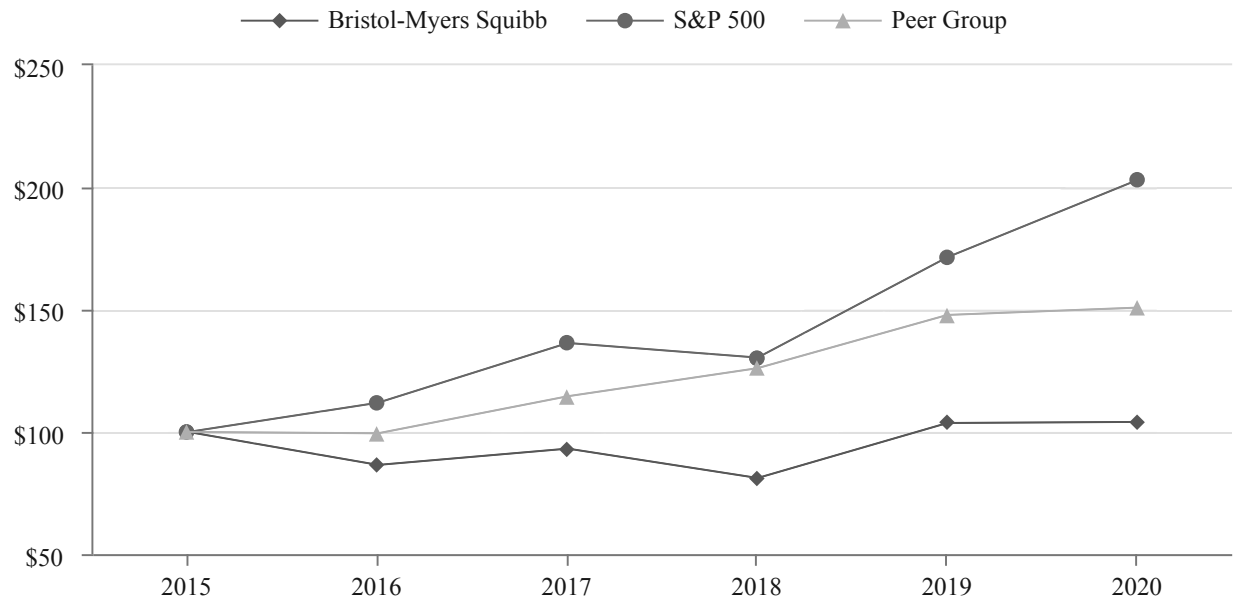
Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree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



Parsippany, New Jersey
February 9, 2021

PERFORMANCE GRAPH

The following graph compares the cumulative total stockholders' returns of our common shares with the cumulative total stockholders' returns of the companies listed in the Standard & Poor's 500 Index and a composite peer group of major pharmaceutical companies comprised of AbbVie, Amgen, AstraZeneca, Biogen, Gilead, GlaxoSmithKline, Johnson & Johnson, Lilly, Merck, Novartis, Pfizer, Roche and Sanofi. The graph assumes $100 investment on December 31, 2015 in each of our common shares, the S&P 500 Index and the stock of our peer group companies, including reinvestment of dividends, for the years ended December 31, 2016, 2017, 2018, 2019 and 2020. The stock price performance on the following graph is not necessarily indicative of future stock price performance.



	2015	2016	2017	2018	2019	2020
Bristol-Myers Squibb	$ 100.00	$ 86.51	$ 93.18	$ 81.16	$ 103.67	**$ 104.10**
S&P 500	100.00	111.96	136.40	130.42	171.49	**203.04**
Peer Group	100.00	99.45	114.61	126.10	147.87	**150.86**

FIVE YEAR FINANCIAL SUMMARY

Amounts in Millions, except per share data	2020	2019	2018	2017	2016
Income Statement Data:					
Total Revenues	**$ 42,518**	$ 26,145	$ 22,561	$ 20,776	$ 19,427
Net (Loss)/Earnings	**(8,995)**	3,460	4,947	975	4,507
Net (Loss)/Earnings Attributable to:					
Noncontrolling Interest	**20**	21	27	(32)	50
BMS	**(9,015)**	3,439	4,920	1,007	4,457
Net (Loss)/Earnings per Common Share Attributable to BMS:					
Basic	**$ (3.99)**	$ 2.02	$ 3.01	$ 0.61	$ 2.67
Diluted	**(3.99)**	2.01	3.01	0.61	2.65
Weighted average common shares outstanding:					
Basic	**2,258**	1,705	1,633	1,645	1,671
Diluted	**2,258**	1,712	1,637	1,652	1,680
Cash dividends paid on BMS common and preferred stock	**$ 4,075**	$ 2,679	$ 2,613	$ 2,577	$ 2,547
Cash dividends declared per common share	**$ 1.84**	$ 1.68	$ 1.61	$ 1.57	$ 1.53
Financial Position Data at December 31:					
Cash and cash equivalents	**$ 14,546**	$ 12,346	$ 6,911	$ 5,421	$ 4,237
Marketable debt securities[a][b]	**1,718**	3,814	3,623	3,739	4,724
Total Assets	**118,481**	129,944	34,986	33,551	33,707
Long-term debt[a]	**50,336**	46,150	6,895	6,975	6,465
Equity	**37,882**	51,698	14,127	11,847	16,347

(a) Includes current and non-current portion.
(b) Prior period amounts were conformed to current period presentation.

SUMMARY OF ABBREVIATED TERMS

Bristol-Myers Squibb Company and its consolidated subsidiaries may be referred to as Bristol-Myers Squibb, BMS, the Company, we, our or us in this 2020 Annual Report, unless the context otherwise indicates. Throughout this 2020 Annual Report, we have used terms which are defined below:

2020 Form 10-K	Annual Report on Form 10-K for the fiscal year ended December 31, 2020	MDL	multi-district litigation
AbbVie	AbbVie Inc.	MDS	myelodysplastic syndromes
ALL	acute lymphoblastic leukemia	Mead Johnson	Mead Johnson Nutrition Company
Amgen	Amgen Inc.	Merck	Merck & Co., Inc.
Amylin	Amylin Pharmaceuticals, Inc.	MF	myelofibrosis
aNDA	abbreviated New Drug Application	MPM	Malignant Pleural Mesothelioma
AstraZeneca	AstraZeneca PLC	MSI-H	high microsatellite instability
BCMA	B-cell maturation antigen	MyoKardia	MyoKardia, Inc.
Biogen	Biogen, Inc.	NASH	Non alcoholic steatohepatitis
BLA	Biologics License Application	NAV	net asset value
CERCLA	U.S. Comprehensive Environmental Response, Compensation and Liability Act	Nektar	Nektar Therapeutics
Celgene	Celgene Corporation	NDA	New Drug Application
cGMP	current Good Manufacturing Practices	NKT	natural killer T
CML	chronic myeloid leukemia	NLRP3	NACHT, LRR and PYD domains-containing protein 3
CPPIB	CPPIB Credit Europe S.A.R.L., a Luxembourg private limited liability company	Novartis	Novartis Pharmaceutical Corporation
CRC	colorectal cancer	NSCLC	non-small cell lung cancer
DSA	Distribution Services Agreement	NVAF	non-valvular atrial fibrillation
EC	European Commission	OIG	Office of Inspector General of the U.S. Department of Health and Human Services
EGFR	estimated glomerular filtration rate	Ono	Ono Pharmaceutical Co., Ltd.
EMA	European Medicines Agency	OTC	Over-the-counter
EPO	European Patent Office	Otsuka	Otsuka Pharmaceutical Co., Ltd.
EPS	earnings per share	PBMs	Pharmacy Benefit Managers
ERISA	Employee Retirement Income Security Act of 1974	PD-1	programmed death receptor-1
ESA	erythoropoiesis-stimulating agent	PDMA	Prescription Drug Marketing Act
ESCC	esophageal squamous cell carcinoma	Pfizer	Pfizer, Inc.
EU	European Union	PhRMA Code	Pharmaceutical Research and Manufacturers of America's Professional Practices Code
FASB	Financial Accounting Standards Board	PRP	potentially responsible party
FCPA	Foreign Corrupt Practices Act	PsA	psoriatic arthritis
FDA	U.S. Food and Drug Administration	R&D	research and development
FL	follicular lymphoma	RA	rheumatoid arthritis
GAAP	U.S. generally accepted accounting principles	RCC	renal cell carcinoma
GBM	glioblastoma multiforme	RDP	regulatory data protection
Gilead	Gilead Sciences, Inc.	REMS	Risk Evaluation and Mitigation Strategy
GILTI	global intangible low taxed income	Roche	Roche Holding AG
GlaxoSmithKline	GlaxoSmithKline PLC	RRMM	relapsed/refractory multiple myeloma
GTN	gross-to-net	RS	ring sideroblast
Halozyme	Halozyme Therapeutics, Inc.	Sanofi	Sanofi S.A.
HCC	Hepatocellular carcinoma	sBLA	supplemental Biologics License Application
HIV	human immunodeficiency virus	SCCHN	squamous cell carcinoma of the head and neck
HR 3590	The Patient Protection and Affordable Care Act	SCLC	small cell lung cancer
ImClone	ImClone Systems Incorporated	SEC	U.S. Securities and Exchange Commission
IO	Immuno-Oncology	STING	stimulator of interferon genes
IPF	idiopathic pulmonary fibrosis	the 2012 Plan	The 2012 Stock Award and Incentive Plan
IPRD	in-process research and development	the Act	the Tax Cuts and Jobs Act of 2017
JIA	Juvenile Idiopathic Arthritis	U.S.	United States
LOE	loss of exclusivity	UK	United Kingdom
MAA	Marketing Authorization Application	VAT	value added tax
LIBOR	London Interbank Offered Rate	VTE	venous thromboembolic
Lilly	Eli Lilly and Company	WTO	World Trade Organization
MCOs	Managed Care Organizations		

Bristol Myers Squibb | Board of Directors

Giovanni Caforio, M.D.
Board Chair and Chief Executive Officer, Bristol Myers Squibb
(e)

Vicki L. Sato, Ph.D.
Lead Independent Director, Bristol Myers Squibb; and Chairman of the Board, Denali Therapeutics. Former President and Chief Scientific Officer of Vertex Pharmaceuticals
(b, d)

Peter J. Arduini
President and Chief Executive Officer, Integra LifeSciences Holdings Corporation
(a, c, e)

Robert Bertolini
Former President and Chief Financial Officer, Bausch & Lomb Incorporated. Former Chief Financial Officer, Schering-Plough Corp.
(a, b)

Michael W. Bonney
Chair, Kaleido Biosciences, Inc.
(a, d)

Matthew W. Emmens
Retired Chief Executive Officer and Chairman of the Board of Shire PLC. Former Chairman, President, Chief Executive Officer and Director, Vertex Pharmaceuticals
(c, d, e)

Julia A. Haller, M.D.
Opthalmologist-in-Chief, Wills Eye Hospital
(d, e)

Dinesh C. Paliwal
Former President and Chief Executive Officer, Harman International
(b, c, e)

Paula A. Price
Former Executive Vice President and Chief Financial Officer, Macy's Inc.
(b)

Derica W. Rice
Former Executive Vice President, CVS Health and President of Pharmacy Benefits Business, CVS Caremark. Former Executive Vice President and Chief Financial Officer, Eli Lilly Company
(a)

Theodore R. Samuels
Retired President of Capital Guardian Trust Company
(a, c)

Gerald L. Storch
Chief Executive Officer, Storch Advisors. Former Chief Executive Officer of Hudson's Bay Company
(a, c)

Karen H. Vousden, Ph.D.
Chief Scientist, Cancer Research UK and Senior Group Leader, The Francis Crick Institute
(c, d, e)

Phyllis R. Yale
Advisory Partner, Bain & Company
(b)

Members of the Board of Directors and Committee memberships as of March 10, 2021

(a) Audit Committee
(b) Committee on Directors and Corporate Governance
(c) Compensation and Management Development Committee
(d) Science and Technology Committee
(e) Integration Committee

Bristol Myers Squibb | Leadership Team

Giovanni Caforio, M.D.
Board Chair and
Chief Executive Officer

Chris Boerner, Ph.D.
Executive Vice President,
Chief Commercialization Officer

Adam Dubow
Senior Vice President,
Chief Compliance and Ethics Officer

Joseph E. Eid, M.D.
Senior Vice President and
Head of Global Medical Affairs

David Elkins
Executive Vice President and Chief Financial Officer

Samit Hirawat, M.D.
Executive Vice President,
Chief Medical Officer, Global Drug Development

Severine Lacourt
Chief of Staff to the Chief Executive Officer

Sandra Leung
Executive Vice President, General Counsel

Elizabeth A. Mily
Executive Vice President,
Strategy & Business Development

Ann M. Powell
Executive Vice President,
Chief Human Resources Officer

Lou Schmukler
Executive Vice President and President,
Global Product Development & Supply

Rupert Vessey, M.A., B.M., B.Ch., F.R.C.P., D.Phil.
Executive Vice President and President,
Research and Early Development

Paul von Autenried
Executive Vice President,
Chief Information Officer

Bristol Myers Squibb | Stockholder Information

Common Stock

Ticker symbol: BMY
New York Stock Exchange
Contingent Value Right
Ticker symbol: CELG-RT
New York Stock Exchange

Stockholder Services

All inquiries concerning stockholder accounts and stock transfer matters – including address changes, the elimination of duplicate mailings and the Shareowner Services Plus Plan[SM] – should be directed to the Company's Transfer Agent and Registrar:

EQ Shareowner Services
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120-4100
www.shareowneronline.com
855-598-5485 (within the U.S.)
651-450-4064 (outside the U.S.)

A telecommunications relay service should be used by the hearing impaired when calling the telephone numbers above.

Shareowner Services Plus PlanSM
The Shareowner Services Plus PlanSM is designed for long-term investors who wish to build share ownership in the Company's common stock over time. You can participate in the plan if you are a registered holder of the Company's common stock. If you do not own the Company's common stock, you can become a participant by making your initial purchase through the plan. The plan features dividend reinvestment, optional cash purchase, share safekeeping, and share sales and transfers. Bristol-Myers Squibb Company has appointed EQ Shareowner Services as Administrator for the plan. The plan is not sponsored or administered by Bristol-Myers Squibb Company.

Form 10-K

For a free copy of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, contact:

Corporate Secretary
Bristol-Myers Squibb Company
430 E. 29th Street, 14FL
New York, NY 10016

The Form 10-K is also available at investor.bms.com

The most recent certifications by the Company's chief executive officer and chief financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 are filed as exhibits to the Company's Form 10-K. The Company has also filed with the New York Stock Exchange the most recent Annual CEO Certification as required by Section 303A.12(a) of the New York Stock Exchange Listed Company Manual.

Additional Information
Information on the following subjects is available at www.bms.com:

- Bristol Myers Squibb Foundation
- Clinical Trials
- Compliance and Ethics
- Diversity and Workforce Statistics
- Patient Assistance Programs
- Policy and Advocacy Engagement
- and Political Contributions
- Sustainability/Environmental Programs

This Annual Report contains certain forward-looking information within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current expectations and involve inherent risks and uncertainties that could cause actual outcomes and results to differ materially from current expectations.

Please see page 32 in the Financial Review for a discussion and description of these risks and uncertainties. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Copies of Bristol Myers Squibb's EEO-1 reports are available to shareholders upon request

Product Names and Company Programs

Global products and company program names appearing throughout in italics are referred to herein by their registered and approved U.S. trademarks, unless specifically noted otherwise.

Abilify is a trademark of Otsuka Pharmaceutical Co., Ltd.

Atripla is a trademark of Gilead Sciences, Inc.

Avapro/Avalide (known in the EU as Aprovel/Karvea) and Plavix are trademarks of Sanofi

Byetta is a trademark of Amylin Pharmaceuticals, LLC

Cabometyx is a trademark of Exelixis, Inc.

ENHANZE is a trademark of Halozyme, Inc.

Erbitux is a trademark of ImClone LLC

Farxiga and *Onglyza* are trademarks of AstraZeneca AB

Gleevec is a trademark of Novartis AG

Keytruda is a trademark of Merck Sharp & Dohme Corp.

Otezla is a trademark of Amgen Inc.

Yescarta is a trademark of Kite Pharma, Inc.

PATIENT STORY

I'm Not Going Anywhere

When you're an active 25-year-old music teacher and hockey player, cancer is far from your mind. So when **Holly Woods**, of Dublin, Ireland, learned a malignant tumor in her esophagus was the cause of her pain and difficulty swallowing, "I still didn't think cancer," she said.

Until then, she added, "I thought cancer was something only older people get. I didn't know anybody my age who had ever been diagnosed with it."

Before her tumor could be removed, Holly had to undergo chemotherapy and radiation. She then had an esophagostomy, which removed the tumor as well as part of her stomach and esophagus. "The surgery was massive. I had to learn how to eat again," she said.

> "I am back to making plans and thinking about life."
>
> **– Holly**

Looking back, she credits her positive attitude and sense of humor with helping her and her family through the tough days. Holly worked hard to get her life back and returned to teaching and exercising. However, one year later, her oncologist called. He needed to see her immediately about a scan she had earlier that week.

"In that moment, everything collapsed," she said. "I knew the cancer had come back." Holly wanted to fight and told her doctor, "I have stuff I'm doing with my life and I'm going to do it. I'm not going anywhere."

After discussing her options, Holly's doctor pursued, and successfully gained, pre-approval access to *Opdivo* (nivolumab), which was at the time also being studied as an adjuvant therapy for patients with resected esophageal or gastroesophageal junction cancer following neoadjuvant chemoradiation therapy (CRT).

Eight weeks after her first infusion, the tumor had shrunk and there was no sign of others.

Now, two years later, Holly has no evidence of disease. "I am back to making plans and thinking about life," she said.

In January 2021, the European Medicines Agency validated BMS' Marketing Authorization Application for *Opdivo* as an adjuvant treatment for esophageal or gastroesophageal junction cancer in adult patients with residual pathologic disease after neoadjuvant chemoradiotherapy and resection. The application is based on results from the CheckMate -577 trial.

Bristol Myers Squibb™

Transforming patients' lives through science™

Visit **bms.com** to see how we're bringing a human touch to everything we do.

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