





BRISTOL-MYERS SQUIBB COMPANY  
INDEX TO FORM 10-Q  
JUNE 30, 2016

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## PART I—FINANCIAL INFORMATION

## Item 1. FINANCIAL STATEMENTS

## BRISTOL-MYERS SQUIBB COMPANY

## CONSOLIDATED STATEMENTS OF EARNINGS

Dollars in Millions, Except Per Share Data

(UNAUDITED)

|  | Three Months   |           | Six Months     |         |
|--|----------------|-----------|----------------|---------|
|  | Ended June 30, |           | Ended June 30, |         |
| EARNINGS   | 2016           | 2015      | 2016           | 2015    |
| Net product sales                                    | \$4,432        | \$3,572   | \$8,396        | \$6,631 |
| Alliance and other revenues                          | 439            | 591       | 866            | 1,573   |
| Total Revenues                                       | 4,871          | 4,163     | 9,262          | 8,204   |
| Cost of products sold                                | 1,206          | 1,013     | 2,258          | 1,860   |
| Marketing, selling and administrative                | 1,238          | 1,135     | 2,306          | 2,164   |
| Research and development                             | 1,266          | 1,856     | 2,402          | 2,872   |
| Other (income)/expense                               | (454 )         | 107       | (974 )         | (192 )  |
| Total Expenses                                       | 3,256          | 4,111     | 5,992          | 6,704   |
| Earnings Before Income Taxes                         | 1,615          | 52        | 3,270          | 1,500   |
| Provision for Income Taxes                           | 427            | 162       | 876            | 411     |
| Net Earnings/(Loss)                                  | 1,188          | (110 )    | 2,394          | 1,089   |
| Net Earnings Attributable to Noncontrolling Interest | 22             | 20        | 33             | 33      |
| Net Earnings/(Loss) Attributable to BMS              | \$1,166        | \$(130 )  | \$2,361        | \$1,056 |
| Earnings/(Loss) per Common Share                     |                |           |                |         |
| Basic  | \$0.70         | \$(0.08 ) | \$1.41         | \$0.63  |
| Diluted  | \$0.69         | \$(0.08 ) | \$1.41         | \$0.63  |
| Cash dividends declared per common share             | \$0.38         | \$0.37    | \$0.76         | \$0.74  |

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Dollars in Millions

(UNAUDITED)

|  | Three Months   |         | Six Months     |         |
|--|----------------|---------|----------------|---------|
|  | Ended June 30, |         | Ended June 30, |         |
| COMPREHENSIVE INCOME   | 2016           | 2015    | 2016           | 2015    |
| Net Earnings/(Loss)  | \$1,188        | \$(110) | \$2,394        | \$1,089 |
| Other Comprehensive Income/(Loss), net of taxes and reclassifications to earnings: |                |         |                |         |
| Derivatives qualifying as cash flow hedges   | (44 )          | (9 )    | (130 )         | (3 )    |
| Pension and postretirement benefits  | (124 )         | 306     | (285 )         | 262     |
| Available-for-sale securities  | 41             | (22 )   | 54             | (6 )    |
| Foreign currency translation   | 16             | (32 )   | 25             | (1 )    |
| Other Comprehensive Income/(Loss)  | (111 )         | 243     | (336 )         | 252     |
| Comprehensive Income   | 1,077          | 133     | 2,058          | 1,341   |

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|  |         |       |         |         |
|--|---------|-------|---------|---------|
| Comprehensive Income Attributable to Noncontrolling Interest | 22      | 20    | 33      | 33      |
| Comprehensive Income Attributable to BMS                     | \$1,055 | \$113 | \$2,025 | \$1,308 |

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

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BRISTOL-MYERS SQUIBB COMPANY  
CONSOLIDATED BALANCE SHEETS

Dollars in Millions, Except Share and Per Share Data(UNAUDITED)

|   | June 30,<br>2016 | December 31,<br>2015 |
|---|------------------|----------------------|
| <b>ASSETS</b>   |                  |                      |
| Current Assets:   |                  |                      |
| Cash and cash equivalents   | \$2,934          | \$ 2,385             |
| Marketable securities   | 1,717            | 1,885                |
| Receivables   | 5,622            | 4,299                |
| Inventories   | 1,437            | 1,221                |
| Prepaid expenses and other  | 588              | 625                  |
| Total Current Assets  | 12,298           | 10,415               |
| Property, plant and equipment   | 4,597            | 4,412                |
| Goodwill  | 6,875            | 6,881                |
| Other intangible assets   | 1,379            | 1,419                |
| Deferred income taxes   | 3,389            | 2,844                |
| Marketable securities   | 3,281            | 4,660                |
| Other assets  | 1,012            | 1,117                |
| Total Assets  | \$32,831         | \$ 31,748            |
| <b>LIABILITIES</b>  |                  |                      |
| Current Liabilities:  |                  |                      |
| Short-term borrowings   | \$155            | \$ 139               |
| Accounts payable  | 1,504            | 1,565                |
| Accrued liabilities   | 4,880            | 4,738                |
| Deferred income   | 1,182            | 1,003                |
| Income taxes payable  | 164              | 572                  |
| Total Current Liabilities   | 7,885            | 8,017                |
| Deferred income   | 586              | 586                  |
| Income taxes payable  | 896              | 742                  |
| Pension and other liabilities   | 1,805            | 1,429                |
| Long-term debt  | 6,581            | 6,550                |
| Total Liabilities   | 17,753           | 17,324               |
| Commitments and contingencies (Note 18)   |                  |                      |
| <b>EQUITY</b>   |                  |                      |
| Bristol-Myers Squibb Company Shareholders' Equity:  |                  |                      |
| Preferred stock, \$2 convertible series, par value \$1 per share: Authorized 10 million shares;<br>4,161 issued<br>and outstanding in both 2016 and 2015, liquidation value of \$50 per share | —                | —                    |
| Common stock, par value of \$0.10 per share: Authorized 4.5 billion shares; 2.2 billion issued<br>in both 2016<br>and 2015  | 221              | 221                  |
| Capital in excess of par value of stock   | 1,594            | 1,459                |
| Accumulated other comprehensive loss  | (2,804 )         | (2,468 )             |
| Retained earnings   | 32,706           | 31,613               |
| Less cost of treasury stock – 537 million common shares in 2016 and 539 million in 2015   | (16,799 )        | (16,559 )            |
| Total Bristol-Myers Squibb Company Shareholders' Equity   | 14,918           | 14,266               |

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|                              |          |           |
|------------------------------|----------|-----------|
| Noncontrolling interest      | 160      | 158       |
| Total Equity                 | 15,078   | 14,424    |
| Total Liabilities and Equity | \$32,831 | \$ 31,748 |

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

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BRISTOL-MYERS SQUIBB COMPANY  
CONSOLIDATED STATEMENTS OF CASH FLOWS

Dollars in Millions  
(UNAUDITED)

|   | Six Months<br>Ended June 30, |          |
|---|------------------------------|----------|
|   | 2016                         | 2015     |
| Cash Flows From Operating Activities:   |                              |          |
| Net earnings  | \$2,394                      | \$1,089  |
| Adjustments to reconcile net earnings to net cash provided by operating activities: |                              |          |
| Depreciation and amortization, net  | 155                          | 195      |
| Deferred income taxes   | (317 )                       | (59 )    |
| Stock-based compensation  | 101                          | 113      |
| Impairment charges  | 68                           | 20       |
| Pension settlements and amortization  | 83                           | 110      |
| Divestiture gains and royalties   | (927 )                       | (325 )   |
| Asset acquisition charges   | 239                          | 806      |
| Other adjustments   | (24 )                        | 133      |
| Changes in operating assets and liabilities:  |                              |          |
| Receivables   | (852 )                       | (267 )   |
| Inventories   | (111 )                       | 162      |
| Accounts payable  | (36 )                        | (618 )   |
| Deferred income   | 263                          | (162 )   |
| Income taxes payable  | (515 )                       | 24       |
| Other   | (496 )                       | (524 )   |
| Net Cash Provided by Operating Activities   | 25                           | 697      |
| Cash Flows From Investing Activities:   |                              |          |
| Sale and maturities of marketable securities  | 2,794                        | 1,808    |
| Purchase of marketable securities   | (1,195 )                     | (1,472 ) |
| Capital expenditures  | (503 )                       | (301 )   |
| Divestiture and other proceeds  | 1,003                        | 294      |
| Acquisition and other payments  | (267 )                       | (855 )   |
| Net Cash Provided by/(Used in) Investing Activities                                 | 1,832                        | (526 )   |
| Cash Flows From Financing Activities:   |                              |          |
| Short-term borrowings, net  | 17                           | 167      |
| Issuance of long-term debt  | —                            | 1,268    |
| Repayment of long-term debt   | —                            | (1,957 ) |
| Interest rate swap contract terminations  | 42                           | (2 )     |
| Issuance of common stock  | 132                          | 201      |
| Repurchase of common stock  | (231 )                       | —        |
| Dividends   | (1,276 )                     | (1,242 ) |
| Net Cash Used in Financing Activities   | (1,316 )                     | (1,565 ) |
| Effect of Exchange Rates on Cash and Cash Equivalents                               | 8                            | 22       |
| Increase/(Decrease) in Cash and Cash Equivalents                                    | 549                          | (1,372 ) |
| Cash and Cash Equivalents at Beginning of Period                                    | 2,385                        | 5,571    |
| Cash and Cash Equivalents at End of Period  | \$2,934                      | \$4,199  |

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



## Note 1. BASIS OF PRESENTATION AND RECENTLY ISSUED ACCOUNTING STANDARDS

Bristol-Myers Squibb Company (which may be referred to as Bristol-Myers Squibb, BMS or the Company) prepared these unaudited consolidated financial statements following the requirements of the Securities and Exchange Commission (SEC) and United States (U.S.) generally accepted accounting principles (GAAP) for interim reporting. Under those rules, certain footnotes and other financial information that are normally required for annual financial statements can be condensed or omitted. The Company is responsible for the consolidated financial statements included in this Form 10-Q, which include all adjustments necessary for a fair presentation of the financial position at June 30, 2016 and December 31, 2015, the results of operations for the three and six months ended June 30, 2016 and 2015, and cash flows for the six months ended June 30, 2016 and 2015. All intercompany balances and transactions have been eliminated. These financial statements and the related notes should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2015 included in the Annual Report on Form 10-K.

Revenues, expenses, assets and liabilities can vary during each quarter of the year. Accordingly, the results and trends in these unaudited consolidated financial statements may not be indicative of full year operating results. The preparation of financial statements requires the use of management estimates and assumptions. The most significant assumptions are employed in estimates used in determining the fair value and potential impairment of intangible assets; sales rebate and return accruals; legal contingencies; income taxes; estimated selling prices used in multiple element arrangements; and pension and postretirement benefits. Actual results may differ from estimates.

Certain prior period amounts were reclassified to conform to the current period presentation. The reclassifications provide a more concise financial statement presentation and additional information is disclosed in the notes if material.

|                                       | Prior Presentation  | Current Presentation                                       |
|---------------------------------------|---|--|
| Consolidated Statements of Earnings   | Advertising and product promotion                             | Included in Marketing, selling and administrative expenses |
|                                       | Assets held-for-sale  | Included in Prepaid expenses and other                     |
|                                       | Accrued expenses  | Combined as Accrued liabilities                            |
|                                       | Accrued rebates and returns                                   |  |
| Consolidated Balance Sheets           | Dividends payable   | Combined as Pension and other liabilities                  |
|                                       | Pension, postretirement and postemployment liabilities        |  |
|                                       | Other liabilities   |  |
|                                       | Net earnings attributable to noncontrolling interest          | Included in Other adjustments                              |
| Consolidated Statements of Cash Flows | Divestiture gains and royalties included in Other adjustments | Divestiture gains and royalties                            |
|                                       | Asset acquisition charges included in Other adjustments       | Asset acquisition charges                                  |

In June 2016, the Financial Accounting Standards Board (FASB) issued amended guidance for the measurement of credit losses on financial instruments. Entities will be required to use a forward-looking estimated loss model. Available-for-sale debt security credit losses will be recognized as allowances rather than a reduction in amortized cost. The guidance is effective beginning with interim periods in 2020 with early adoption permitted in 2019 on a modified retrospective approach. The Company is assessing the potential impact of the new standard.

In March 2016, the FASB issued amended guidance for share-based payment transactions. Excess tax benefits and deficiencies will be recognized in the consolidated statement of earnings rather than capital in excess of par value of

stock on a prospective basis. A policy election will be available to account for forfeitures as they occur, with the cumulative effect of the change recognized as an adjustment to retained earnings at the date of adoption. Excess tax benefits within the consolidated statement of cash flows will be presented as an operating activity (prospective or retrospective application) and cash payments to tax authorities in connection with shares withheld for statutory tax withholding requirements will be presented as a financing activity (retrospective application). The guidance is effective beginning with interim periods in 2017 with early adoption permitted. The Company is assessing the potential impact of the new standard.

In February 2016, the FASB issued amended guidance on lease accounting. The amended guidance requires the recognition of a right-of-use asset and a lease liability, initially measured at the present value of the lease payments for leases with a term longer than 12 months. The guidance is effective beginning with interim periods in 2019 with early adoption permitted on a modified retrospective approach. The Company is assessing the potential impact of the new standard.

In January 2016, the FASB issued amended guidance for the recognition, measurement, presentation and disclosures of financial instruments effective January 1, 2018 with early adoption not permitted. The new guidance requires that fair value adjustments for equity securities with readily determinable fair values currently classified as available-for-sale be reported through earnings. The new guidance also requires a qualitative impairment assessment for equity investments without a readily determinable fair value and a charge through earnings if an impairment exists. The Company is assessing the potential impact of the new standard.

In May 2014, the FASB issued a new standard related to revenue recognition, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The new standard will replace most of the existing revenue recognition standards in U.S. GAAP when it becomes effective on January 1, 2018. Early adoption is permitted no earlier than 2017. The new standard can be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the change recognized at the date of the initial application in retained earnings. The Company is assessing the potential impact of the new standard and has not yet selected a transition method.

## Note 2. BUSINESS SEGMENT INFORMATION

BMS operates in a single segment engaged in the discovery, development, licensing, manufacturing, marketing, distribution and sale of innovative medicines that help patients prevail over serious diseases. A global research and development organization and supply chain organization are responsible for the 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. Segment information is consistent with the financial information regularly reviewed by the chief executive officer for purposes of evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting future periods.

Product revenues were as follows:

| Dollars in Millions                    | Three Months   |         | Six Months     |         |
|--|----------------|---------|----------------|---------|
|  | Ended June 30, |         | Ended June 30, |         |
|  | 2016           | 2015    | 2016           | 2015    |
| Oncology                               |                |         |                |         |
| Empliciti (elotuzumab)                 | \$34           | \$—     | \$62           | \$—     |
| Erbitux* (cetuximab)                   | —              | 169     | —              | 334     |
| Opdivo (nivolumab)                     | 840            | 122     | 1,544          | 162     |
| Sprycel (dasatinib)                    | 451            | 405     | 858            | 780     |
| Yervoy (ipilimumab)                    | 241            | 296     | 504            | 621     |
| Cardiovascular                         |                |         |                |         |
| Eliquis (apixaban)                     | 777            | 437     | 1,511          | 792     |
| Immunoscience                          |                |         |                |         |
| Orencia (abatacept)                    | 593            | 461     | 1,068          | 861     |
| Virology                               |                |         |                |         |
| Baraclude (entecavir)                  | 299            | 343     | 590            | 683     |
| Hepatitis C Franchise                  | 546            | 479     | 973            | 743     |
| Reyataz (atazanavir sulfate) Franchise | 247            | 303     | 468            | 597     |
| Sustiva (efavirenz) Franchise          | 271            | 317     | 544            | 607     |
| Neuroscience                           |                |         |                |         |
| Abilify* (aripiprazole)                | 35             | 107     | 68             | 661     |
| Mature Products and All Other          | 537            | 724     | 1,072          | 1,363   |
| Total Revenues                         | \$4,871        | \$4,163 | \$9,262        | \$8,204 |

\*

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Indicates brand names of products which are trademarks not owned or wholly owned by BMS. Specific trademark ownership information is included at the end of this quarterly report on Form 10-Q.

The composition of total revenues was as follows:

| Dollars in Millions | Three Months |         | Six Months |         |
|---------------------|--------------|---------|------------|---------|
|                     | 2016         | 2015    | 2016       | 2015    |
| Net product sales   | \$4,432      | \$3,572 | \$8,396    | \$6,631 |
| Alliance revenues   | 418          | 552     | 827        | 1,507   |
| Other revenues      | 21           | 39      | 39         | 66      |
| Total Revenues      | \$4,871      | \$4,163 | \$9,262    | \$8,204 |

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## 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 are exposed to significant risks and rewards depending on the commercial success of the activities. BMS may either in-license intellectual property owned by the other party or out-license its intellectual property to the other party. These arrangements also typically include research, development, manufacturing and/or commercial activities and can cover a single investigational compound or commercial product or multiple compounds and/or products in various life cycle stages. The rights and obligations of the parties can be global or limited to geographic regions. We refer to these collaborations as alliances and our partners as alliance partners. Products sold through alliance arrangements in certain markets include Empliciti, Erbitux\*, Opdivo, Sprycel, Yervoy, Eliquis, Orencia, Sustiva (Atripla\*), Abilify\* and certain mature and other brands.

Selected financial information pertaining to our alliances was as follows, including net product sales when BMS is the principal in the third-party customer sale for products subject to the alliance. Expenses summarized below do not include all amounts attributed to the activities for the products in the alliance, but only the payments between the alliance partners or the related amortization if the payments were deferred or capitalized.

| Dollars in Millions                   | Three Months   |         | Six Months     |         |
|---------------------------------------|----------------|---------|----------------|---------|
|                                       | Ended June 30, |         | Ended June 30, |         |
|                                       | 2016           | 2015    | 2016           | 2015    |
| Revenues from alliances:              |                |         |                |         |
| Net product sales                     | \$1,335        | \$1,228 | \$2,566        | \$2,222 |
| Alliance revenues                     | 418            | 552     | 827            | 1,507   |
| Total Revenues                        | \$1,753        | \$1,780 | \$3,393        | \$3,729 |
| Payments to/(from) alliance partners: |                |         |                |         |
| Cost of products sold                 | \$495          | \$423   | \$971          | \$812   |
| Marketing, selling and administrative | (8 )           | (3 )    | (7 )           | 22      |
| Research and development              | (3 )           | 66      | 30             | 188     |
| Other (income)/expense                | (451 )         | (148 )  | (704 )         | (449 )  |
| Noncontrolling interest, pre-tax      | 8              | 23      | 10             | 28      |

## Selected Alliance Balance Sheet information:

| Dollars in Millions                     | June 30, December 31, |        |
|---|-----------------------|--------|
|   | 2016                  | 2015   |
| Receivables - from alliance partners    | \$ 1,187              | \$ 958 |
| Accounts payable - to alliance partners | 549                   | 542    |
| Deferred income from alliances          | 1,426                 | 1,459  |

Specific information pertaining to each of our significant alliances is discussed in our 2015 Form 10-K, including their nature and purpose, the significant rights and obligations of the parties and specific accounting policy elections.

## Note 4