BRISTOL MYERS SQUIBB CO
Form DEF 14A
March 22, 2007
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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨	Preliminary Proxy Statement	¨	**Confidential, for Use of the Commission Only**
x	Definitive Proxy Statement		**(as permitted by Rule 14a-6(e)(2)**
¨	Definitive Additional Materials		
¨	Soliciting Material Pursuant to §240.14a-12		

Bristol-Myers Squibb Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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March 22, 2007

Notice of 2007 Annual Meeting and Proxy Statement

Tuesday, May 1, 2007
At 10:00 A.M.
Hotel Du Pont
11th and Market Streets
Wilmington

Dear Fellow Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Bristol-Myers Squibb Company at the Hotel duPont, 11th and Market Streets, Wilmington, Delaware, on Tuesday, May 1, 2007, at 10:00 a.m.

This booklet includes the Notice of Annual Meeting and the Proxy Statement. The Proxy Statement describes the business to be transacted at the meeting and provides other information about the company that you should know when you vote your shares.

The principal business of the Annual Meeting will be the election of directors, the ratification of the appointment of an independent registered public accounting firm, the approval of the company s 2007 Stock Award and Incentive Plan and Senior Executive Performance Incentive Plan and the consideration of three stockholder proposals. We will also review the status of the company s business at the meeting.

Robert E. Allen and Vance D. Coffman will retire from the Board of Directors at this Annual Meeting and Peter R. Dolan resigned from the Board in September 2006. We thank them for their dedicated service to Bristol-Myers Squibb and wish them well. We also welcome Vicki L. Sato, Ph.D., R. Sanders Williams, M.D. and Michael Grobstein to the Board.

Last year, over 88% of the outstanding shares were represented at the Annual Meeting. It is important that your shares be represented whether or not you attend the meeting. Registered stockholders can vote their shares via the Internet or by using a toll-free telephone number. Instructions for using these convenient services appear on the proxy card. You can also vote your shares by marking your votes on the proxy card, signing and dating it and mailing it promptly using the envelope provided. Proxy votes are tabulated by an independent agent and reported at the Annual Meeting. The tabulating agent maintains the confidentiality of the proxies throughout the voting process.

Admission to the Annual Meeting will be by ticket only. **Please bring photo identification.** If you are a registered stockholder planning to attend the meeting, please check the appropriate box on the proxy card and retain the top portion of the card as your admission ticket. If your shares are held through an intermediary such as a bank or broker, follow the instructions in the Proxy Statement to obtain a ticket.

DELAWARE

We have provided space on the proxy card for comments from our registered stockholders. We urge you to use it to let us know your feelings about the company or to bring a particular matter to our attention. If you hold your shares through an intermediary, please feel free to write directly to us.

JAMES D. ROBINSON III Chairman of the Board	JAMES M. CORNELIUS Chief Executive Officer

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345 Park Avenue

New York, New York 10154-0037

NOTICE OF ANNUAL MEETING

OF STOCKHOLDERS

Notice is hereby given that the Annual Meeting of Stockholders will be held at the Hotel duPont, 11th and Market Streets, Wilmington, Delaware, on Tuesday, May 1, 2007, at 10:00 a.m. for the following purposes as set forth in the accompanying Proxy Statement:

- to elect nine directors of the Board of Directors, each for a term of one year;
- to ratify the appointment of Deloitte & Touche LLP as the company s independent registered public accounting firm for 2007;
- to approve the company s 2007 Stock Award and Incentive Plan;
- to approve the company s Senior Executive Performance Incentive Plan;
- to consider three stockholder proposals, if presented at the meeting; and
- to transact such other business as may properly come before the meeting or any adjournments thereof.

Holders of record of our company s common and preferred stock at the close of business on March 5, 2007, will be entitled to vote at the meeting.

By Order of the Board of Directors

SANDRA LEUNG

General Counsel and Secretary

Dated: March 22, 2007

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YOUR VOTE IS IMPORTANT

Regardless of the number of shares you own, your vote is important.

If you do not attend the Annual Meeting to vote in person, your vote will not be counted unless a proxy representing your shares is presented at the meeting.

To ensure that your shares will be voted at the meeting, please vote in one of these ways:

(1) GO TO THE WEBSITE shown on your proxy card and vote via the Internet;

OR

(2) USE THE TOLL-FREE TELEPHONE NUMBER shown on your proxy card (this call is toll-free in the United States);

OR

(3) MARK, SIGN, DATE AND PROMPTLY RETURN the enclosed proxy card in the postage-paid envelope.

If you do attend the Annual Meeting, you may revoke your proxy and vote by ballot.

ELECTRONIC DELIVERY OF PROXY STATEMENT AND ANNUAL REPORT

This Proxy Statement and the 2006 Annual Report are available on Bristol-Myers Squibb s Internet site at www.bms.com. Most stockholders can elect to view future proxy statements and annual reports over the Internet instead of receiving paper copies in the mail.

If you are a stockholder of record, you can choose this option and save Bristol-Myers Squibb the cost of production and mailing these documents by following the instructions provided when you vote over the Internet. If you hold your Bristol-Myers Squibb stock through a bank, broker or other holder of record, please refer to the information provided by that entity for instructions on how to elect to view future proxy statements and annual reports over the Internet.

If you choose to view future proxy statements and annual reports over the Internet, you will receive an e-mail message next year containing the Internet address to access Bristol-Myers Squibb s proxy statement and annual report. Your choice will remain in effect until you tell us otherwise. You do not have to elect Internet access each year. To view, cancel or change your enrollment profile, please go to www.InvestorDelivery.com.

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PROXY STATEMENT

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GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

Why am I receiving these materials?

This Proxy Statement is being sent to all stockholders of record as of the close of business on March 5, 2007 for delivery beginning March 22, 2007 in connection with the solicitation of proxies on behalf of the Board of Directors for use at the Annual Meeting of Stockholders on May 1, 2007. Although the Annual Report and Proxy Statement are being mailed together, the Annual Report should not be deemed to be part of the Proxy Statement.

Who can attend the Annual Meeting?

Only stockholders of Bristol-Myers Squibb as of the record date, March 5, 2007, their authorized representatives and guests of Bristol-Myers Squibb may attend the Annual Meeting. Admission will be by ticket only. A form of government-issued photo identification will be required to enter the meeting. Large bags, backpacks, briefcases, cameras, recording equipment, and other electronic devices will not be permitted in the meeting, and attendees will be subject to security inspections. The Hotel duPont is accessible to disabled persons and, upon request, wireless headsets for hearing amplification will be provided.

How do I receive an admission ticket?

If you are a registered stockholder (your shares are held in your name) and plan to attend the meeting, your Annual Meeting admission ticket can be detached from the top portion of the proxy card.

If you are a beneficial owner (your shares are held in the name of a bank, broker or other holder of record) and plan to attend the meeting, you can obtain an admission ticket in advance by writing to Stockholder Services, Bristol-Myers Squibb Company, 345 Park Avenue, New York, New York 10154. Please be sure to enclose proof of ownership, such as a bank or brokerage account statement. Stockholders who do not obtain tickets in advance may obtain them upon verification of ownership at the Registration Desk on the day of the Annual Meeting.

Tickets may be issued to others at the discretion of the company.

Who is entitled to vote?

All holders of record of our company s $0.10 par value common stock and $2.00 convertible preferred stock at the close of business on March 5, 2007 will be entitled to vote at the 2007 Annual Meeting. Each share is entitled to one vote on each matter properly brought before the meeting.

How do I vote if I am a registered stockholder?

Proxies are solicited to give all stockholders who are entitled to vote on the matters that come before the meeting the opportunity to do so whether or not they attend the meeting in person. If you are a registered holder, you can vote your proxy in one of the following manners:

(i) via Internet;

(ii) by telephone;

(iii) by mail; or

(iv) in person at the Annual Meeting.

Choosing to vote via the Internet or calling the toll-free number listed on the proxy card will save the company expense. In order to vote online or via telephone, have the voting form in hand and either call the number or go to the website indicated on the enclosed form and follow the instructions. If you vote via the Internet or by telephone, please do not return a signed proxy card.

If you choose to vote by mail, mark your proxy card enclosed with the Proxy Statement, date and sign it, and mail it in the postage-paid envelope. If you wish to vote in person, you can vote the proxy in person at the Annual Meeting.

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How do I specify how I want my shares voted?

If you are a registered stockholder, you can specify how you want your shares voted on each proposal by marking the appropriate boxes on the proxy card. Please review the voting instructions on the proxy card and read the entire text of the proposals and the positions of the Board of Directors in the Proxy Statement prior to marking your vote.

If your proxy card is signed and returned without specifying a vote or an abstention on a proposal, it will be voted according to the recommendation of the Board of Directors on that proposal. That recommendation is shown for each proposal on the proxy card.

How do I vote if I am a beneficial stockholder?

If you are a beneficial stockholder, you have the right to direct your broker or nominee on how to vote the shares. You should complete a voting instruction card which your broker or nominee is obligated to provide you. If you wish to vote in person at the meeting, you must first obtain from the record holder a proxy issued in your name.

If you do not direct your broker on how to vote the shares, under the rules of the New York Stock Exchange (NYSE), brokers that have not received voting instructions from their customers ten days prior to the meeting date may vote their customers shares in the brokers discretion on the proposals regarding the election of directors and the ratification of the appointment of the company s independent registered public accounting firm because they are considered discretionary under the NYSE rules.

Under NYSE rules, the approval of the company s 2007 Stock Award and Incentive Plan, the company s Senior Executive Performance Incentive Plan and stockholder proposals are considered non-discretionary items, which means that your broker does not have the discretion to vote your shares on these proposals.

What items will be voted upon at the Annual Meeting?

At the Annual Meeting, the following items will be voted upon:

(i) the election of nine directors to the Board, each for a term of one year;

(ii) ratification of the appointment of the company s independent registered public accounting firm;

(iii) approval of the company s 2007 Stock Award and Incentive Plan;

(iv) approval of the company s Senior Executive Performance Incentive Plan; and

(v) the three stockholder proposals, if presented at the meeting.

Our Board of Directors knows of no other matters that may be brought before the meeting. However, if any other matters are properly presented for action, it is the intention of the named proxies to vote on them according to their best judgment.

What are the Board of Directors voting recommendations?

For the reasons set forth in more detail later in the Proxy Statement, our Board of Directors recommends a vote FOR each director, FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2007, FOR the approval of the company s 2007 Stock Award and Incentive Plan, FOR the approval of the company s Senior Executive Performance Incentive Plan and AGAINST each of the three stockholder proposals.

How many votes are needed to have the proposals pass?

A majority of votes cast at the meeting is required to elect directors. A majority of the votes cast means that the number of shares voted FOR a director must exceed the number of votes cast

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AGAINST that director (with abstentions and broker non-votes not counted as a vote cast with respect to that director) in order for the director to be elected.

The affirmative vote of a majority of the shares present in person or by proxy and entitled to vote on the matter is required for the ratification of the appointment of the independent registered public accounting firm, the approval of the company s 2007 Stock Award and Incentive Plan and Senior Executive Performance Incentive Plan and adoption of each of the three stockholder proposals. In determining whether a proposal has received the requisite number of affirmative votes, abstentions will not be counted and will have the same effect as a vote against the proposal. Broker non-votes will not be counted as shares present and will have no effect on the outcome of the vote or any particular proposal, but may affect the approval of the company s 2007 Stock Award and Incentive Plan and Senior Executive Performance Incentive Plan to the extent that the broker non-votes cause less than a majority of the outstanding shares to be voted on such matters.

How are the votes counted?

In accordance with the laws of the state of Delaware and our Restated Certificate of Incorporation and Bylaws, for the election of directors, the adoption of all management proposals and the adoption of all stockholder proposals, only proxies and ballots indicating votes FOR, AGAINST or ABSTAIN on the proposals or providing the designated proxies with the right to vote in their judgment and discretion on the proposals are counted to determine the number of shares present and entitled to vote; broker non-votes are not counted as shares present and entitled to vote but will be counted for purposes of determining whether enough votes are present to hold the annual meeting.

Can I change my vote after I return the proxy card, or after voting by telephone or electronically?

If you are a stockholder of record, you can revoke your proxy at any time before it is voted at the meeting by taking one of the following three actions:

(i) by giving timely written notice of the revocation to the Secretary of Bristol-Myers Squibb;

(ii) by casting a new vote by telephone or by the Internet; or

(iii) by voting in person at the Annual Meeting.

If you are a beneficial owner of shares, you may submit new voting instructions by contacting your bank, broker or other holder of record. You may also vote in person at the Annual Meeting if you obtain a legal proxy.

All shares that have been properly voted and not revoked will be voted at the Annual Meeting.

How do I designate my proxy?

If you wish to give your proxy to someone other than the Directors Proxy Committee, you may do so by crossing out the names of all three Proxy Committee members appearing on the proxy card and inserting the name of another person. The signed card must be presented at the meeting by the person you have designated on the proxy card.

Who counts the votes?

Tabulation of proxies and the votes cast at the meeting is conducted by an independent agent and certified to by independent inspectors of election.

Is my vote confidential?

Yes, any information that identifies a stockholder or the particular vote of a stockholder is kept confidential.

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Who will pay for the costs involved in the solicitation of proxies?

Bristol-Myers Squibb will pay all costs of preparing, assembling, printing and distributing the proxy materials. The company has retained Georgeson Shareholder Communications Inc. to assist in soliciting proxies for a fee of $25,000, plus reasonable out-of-pocket expenses. Our employees may solicit proxies on behalf of our Board of Directors through the mail, in person, and by telecommunications. We will, upon request, reimburse brokerage firms and others for their reasonable expenses incurred for forwarding solicitation material to beneficial owners of stock.

What is householding and how does it work?

Householding is a procedure adopted by the company whereby stockholders of record who have the same last name and address and who receive the proxy statement by mail will receive only one copy of the proxy statement. This procedure reduces the cost of printing and postage. If you wish to receive multiple copies of the proxy statement at the same address, or if you are currently receiving multiple copies of the proxy statement at the same address and wish to receive a single copy, you may contact us by writing to Stockholder Services, Bristol-Myers Squibb Company, 345 Park Avenue, New York, New York 10154 or by calling us at (212) 546-3309.

CORPORATE GOVERNANCE AND BOARD MATTERS

Our business is managed under the direction of our Board of Directors pursuant to the Delaware General Corporation Law and our Bylaws. Our Board has responsibility for establishing broad corporate policies and for the overall performance of our company. It is not, however, involved in operating details on a day-to-day basis. Our Board is kept advised of the company s business through regular written reports and analyses and discussions with the Chief Executive Officer and other officers of Bristol-Myers Squibb, by reviewing materials provided to them and by participating in Board and Board committee meetings.

Our Board of Directors adopted Corporate Governance Guidelines in 2002. From time to time, our Board revises the Corporate Governance Guidelines in response to changing regulatory requirements, evolving best practices, and the concerns of our stockholders and other constituents. The Corporate Governance Guidelines may be viewed on the company s website at www.bms.com.

Consistent with these guidelines, the Committee on Directors and Corporate Governance and the Compensation and Management Development Committee have reviewed various corporate governance and executive compensation issues during the past year and made recommendations to our Board. Based on these recommendations, our Board of Directors adopted the following corporate governance initiatives:

Our Board amended our Bylaws and Corporate Governance Guidelines to change the vote standard for the election of directors from a plurality of votes cast to a majority of votes cast in uncontested elections. A majority of the votes cast means that the number of shares voted FOR a director must exceed the number of votes cast AGAINST that director. In contested elections where the number of nominees exceeds the number of directors to be elected, the vote standard will continue to be a plurality of votes cast. The Bylaws were also amended to provide that if a director nominee who currently serves as a director is not elected by a majority vote in an uncontested election, the director shall offer to tender his or her resignation to the Board of Directors. The Committee on Directors and Corporate Governance will make a recommendation to the Board on whether to accept or reject the resignation, or whether other action should be taken. The independent members of the Board will act on the Committee s recommendation at its next regularly scheduled Board meeting which will be held within 60 days from the date of the certification of the election results.

We have agreed to participate in a working group to carefully study the issues raised with respect to stockholders casting an advisory vote on executive compensation. While we believe that such a vote may have merit, we also believe that greater due diligence is necessary to

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address issues that an advisory vote on executive compensation may raise. We believe that our participation in the working group will provide us and our stockholders with a better understanding of what a yes or no vote would mean, how such a vote would affect future executive compensation and how to implement such a proposal in the United States.

Our Board delegated to the Committee on Directors and Corporate Governance the authority to review and approve related party transactions in accordance with the company s related party transaction policy.

Our Board delegated to the Committee on Directors and Corporate Governance oversight of political contributions made by BMS, including annually reviewing the company s political contribution policy.

Our Board amended the Corporate Governance Guidelines to require that the compensation of our Chief Executive Officer be approved by at least three-fourths of the independent directors.

Our Board eliminated the Executive Committee of the Board of Directors.

These changes supplement the corporate governance initiatives previously approved by our Board of Directors which include:

The adoption of a Bylaw amendment requiring that all stockholder rights plans be approved by a minimum of two-thirds of the Board and that such plans must expire one year after Board adoption unless approved by our stockholders.

The disclosure on our website on a semi-annual basis of all political contributions made by our company and by our company-sponsored employee political action committee, to political committees, parties or candidates on both state and federal levels.

The adoption of certain policies relating to executive compensation as more fully described on pages 17 to 28 in our Compensation Discussion and Analysis.

The recommendation that stockholders approve the amendment to the Restated Certificate of Incorporation to effect the elimination of all supermajority vote requirements, except the requirement of a supermajority vote to return to a classified Board structure which was approved by stockholders.

Board s Role in Strategic Planning

Our Board meets regularly to discuss the strategic direction and the issues and opportunities facing our company in light of trends and developments in the pharmaceutical industry. Our Board provides guidance to management regarding our overall strategy and helps to refine our operating plans to effectuate our strategy.

Director Independence

It is the policy of our Board that a substantial majority of its members be independent from management and the Board has adopted independence standards that meet, and in some areas exceed, the listing standards of the New York Stock Exchange. In accordance with our Corporate Governance Guidelines, our Board undertook its annual review of director independence. Our Board considered any and all commercial and charitable relationships of directors, including transactions and relationships between each director or any member of his or her immediate family and Bristol-Myers Squibb and its subsidiaries, which are described more fully below. Following the review, our Board determined, by applying the independence standards which are attached to this Proxy Statement as Annex A, each of our current directors and each of our directors nominated for election at this Annual Meeting is independent of Bristol-Myers Squibb and its management in that none has a direct or indirect material relationship with our company, except for James M. Cornelius. Mr. Cornelius is not considered an independent director because of his employment as Chief Executive Officer of our company.

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The independent directors are Robert E. Allen, Lewis B. Campbell, Vance D. Coffman, Louis J. Freeh, Laurie H. Glimcher, M.D., Michael Grobstein, Leif Johansson, James D. Robinson III, Vicki L. Sato, Ph.D. and R. Sanders Williams, M.D. In addition, all members of the Audit Committee, the Compensation and Management Development Committee and the Committee on Directors and Corporate Governance satisfy the standards of independence applicable to members of such committees established under applicable law and the listing requirements of the New York Stock Exchange. In determining that each director is independent (with the exception of Mr. Cornelius), the Board considered the following relationships under the company s categorical standards (see Annex A).

Messrs. Allen, Campbell, Coffman, Johansson and Robinson, and Drs. Glimcher, Sato and Williams, are or formerly were directors, executive officers or consultants of companies that made payment to, or received payment from, the company for property or services in an amount which did not exceed the greater of $1 million or 2% of such other company s consolidated gross revenues; and

Messrs. Allen, Campbell, Coffman, Freeh, Grobstein, Johansson and Robinson, and Drs. Glimcher, Sato and Williams, are directors, trustees or members of a charitable organization or non-profit organization to which the company, or the Bristol-Myers Squibb Foundation, made discretionary charitable contributions, which, in the aggregate, did not exceed the greater of $1 million or 2% of that organization s consolidated gross revenues.

Meetings of our Board

Our Board meets on a regularly scheduled basis during the year to review significant developments affecting Bristol-Myers Squibb and to act on matters requiring Board approval. It also holds special meetings when an important matter requires Board action between scheduled meetings. Members of senior management regularly attend Board meetings to report on and discuss their areas of responsibility. In 2006, the Board of Directors met sixteen times. The average aggregate attendance of directors at Board and committee meetings was over 94%. No director attended fewer than 75% of the aggregate number of Board and committee meetings during the periods he or she served. In addition, our non-management directors met in Executive Session nine times during 2006 to discuss such topics as our non-management directors determined, including the evaluation of the performance of the Chief Executive Officer. Mr. Allen, as Chair of the Committee on Directors and Corporate Governance and Mr. Robinson, as Chairman of the Board, presided over these sessions.

Annual Meeting of Stockholders

Directors are not required, but are strongly encouraged to attend the Annual Meeting of Stockholders. In 2006, all of the directors attended the Annual Meeting of Stockholders.

Committees of our Board

Our Bylaws specifically provide for an Audit Committee, Compensation and Management Development Committee and the Committee on Directors and Corporate Governance which are composed entirely of independent directors. Our Bylaws also authorize the establishment of additional committees of the Board and, under this authorization, our Board of Directors has established the Science and Technology Committee. Our Board has appointed individuals from among its members to serve on these four committees and each committee operates under a written charter adopted by the Board, as amended from time to time. These charters are published on the company s website at www.bms.com. In September 2006, the Board established a CEO Search Committee to conduct a search for the company s next chief executive officer. The members of the CEO Search Committee are James D. Robinson III (Chair), Robert E. Allen, Lewis B. Campbell, Vance D. Coffman and Laurie H. Glimcher, M.D. In November 2006, the Board established a Securities Issuance Committee to determine and approve the terms and provisions of securities issued by the company in the fourth quarter of 2006. Following the completion of its responsibilities, the Securities Issuance Committee

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was dissolved on December 31, 2006. The members of the Securities Issuance Committee were Vance D. Coffman, James M. Cornelius and James D. Robinson III.

In 2006, the Audit Committee met twelve times, the Compensation and Management Development Committee met eleven times, the Committee on Directors and Corporate Governance met two times and the Science and Technology Committee met once.

As of the date of the Proxy Statement, the table below indicates the members of each Board committee.

Name	Audit	Directors and Corporate Governance	Compensation and Management Development	Science and Technology
R. E. Allen		X*	X	
L. B. Campbell	X	X	X*	
V. D. Coffman	X*	X	X	
J. M. Cornelius				X
L. J. Freeh	X	X		
L. H. Glimcher, M.D.	X	X		X*
M. Grobstein	X			
L. Johansson	X		X	
J. D. Robinson III				
V. L. Sato, Ph.D.				X
R. S. Williams, M.D.				X

* Chair

In addition, James D. Robinson III serves as a member, *ex-officio*, of all Board committees and Elliott Sigal, M.D., Ph.D., our Chief Scientific Officer, is a member of the Science and Technology Committee.

Audit Committee

The Audit Committee is appointed by and generally acts on behalf of our Board of Directors. The Audit Committee works closely with management as well as our independent registered public accounting firm. The Audit Committee is responsible primarily for overseeing and monitoring the quality of our accounting and auditing practices and is directly responsible for the appointment, compensation and oversight of our independent registered public accounting firm for the purpose of preparing or issuing audit reports and related work regarding our financial statements. The Audit Committee also assists our Board in fulfilling its responsibilities for general oversight of compliance with legal and regulatory requirements, the performance of our internal audit function and business risk assessment and business risk management. Other specific duties and responsibilities include: (i) meeting to review our disclosure controls and procedures, internal controls, periodic filings with the U.S. Securities and Exchange Commission (SEC), earnings releases and earnings guidance; (ii) producing the required Audit Committee Report for inclusion in our Proxy Statement; and (iii) overseeing investigations into complaints concerning financial or accounting matters.

The Audit Committee has the resources and authority appropriate to discharge its responsibilities, including the authority to retain independent legal counsel, accounting or other consultants or experts to advise the Committee. The Committee may also use the services of the company s legal counsel and other advisors to the company.

The Audit Committee Report is contained on page 50.

Our Board of Directors has determined that, in its judgment, James M. Cornelius qualified as an audit committee financial expert under the applicable SEC rules. Mr. Cornelius became CEO of the company in September 2006. In addition, our Board has determined that, in its judgment, Michael Grobstein, who joined the Board in March 2007, qualifies as an audit committee financial expert under the applicable SEC rules. Furthermore, our Board has determined that each current and former chief executive officer presently serving on the Audit Committee may also qualify as audit committee financial experts. Our Board has determined that each member of the Audit Committee is independent as defined by the applicable New York Stock Exchange rules and is financially literate.

Compensation and Management Development Committee

The Compensation and Management Development Committee is responsible primarily for reviewing, approving and reporting to our Board on major compensation and benefits plans, policies and programs of the company; reviewing and evaluating the performance and approving the compensation of executive officers and certain senior management, except for the CEO; and overseeing our management development programs, performance assessment of senior executives and succession planning. Other specific duties and responsibilities include: evaluating the CEO s performance against the approved performance goals and objectives and recommending for approval by three-fourths of our independent directors the CEO s compensation levels based on this evaluation; reviewing and discussing with management the company s Compensation Discussion and Analysis and related disclosures required for inclusion in our Proxy Statement; recommending to the Board whether the Compensation Discussion and Analysis should be included in our Proxy Statement; and producing the Compensation Committee Report required for inclusion in our Proxy Statement.

The Compensation and Management Development Committee has the resources and authority appropriate to discharge its responsibilities, including the authority to retain consultants or experts to advise the Committee.

The Compensation and Management Development Committee Report is contained on page 28.

Committee on Directors and Corporate Governance

The Committee on Directors and Corporate Governance is responsible primarily for identifying individuals qualified to become Board members; recommending that our Board select the director nominees for the next annual meeting of stockholders; and overseeing our Board s annual evaluation of its performance. The Committee on Directors and Corporate Governance is also responsible for identifying best practices and developing and recommending to our Board a set of Corporate Governance Guidelines applicable to the company and for periodically reviewing such guidelines. Other specific duties and responsibilities include: reviewing and recommending annually to our Board of Directors the compensation of non-employee directors; considering questions of potential conflicts of interest of directors and senior management; defining specific categorical standards for director independence; reviewing and approving related party transactions in accordance with the company s related party transaction policies and procedures; and considering matters of corporate social responsibility and matters of significance in areas related to corporate public affairs and our employees and stockholders.

The Committee on Directors and Corporate Governance has the resources and authority appropriate to discharge its responsibilities, including the sole authority to retain, set compensation for, and terminate a search firm to be used to identify director candidates. In addition, the Committee has authority to seek advice and assistance from other experts or consultants.

Science and Technology Committee

The Science and Technology Committee is responsible primarily for periodically reviewing and advising the Board on the company s strategic direction and investment in research and development (R&D) and technology. Such oversight includes all aspects of R&D, as well as internal and external investments. The Committee is also responsible for identifying and discussing significant emerging trends and issues in science and technology and considering their potential impact on BMS.

The Science and Technology Committee has the resources and authority appropriate to discharge its responsibilities. In addition, the Committee has authority to seek advice and assistance from other experts or consultants.

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Criteria for Board Membership

Our Corporate Governance Guidelines contain Board membership criteria that apply to nominees for a position on our Board of Directors. Under these criteria, members of our Board should be persons of diverse backgrounds with broad experience in areas important to the operation of the company such as business, science, medicine, finance/accounting, law, education or government and should possess qualities reflecting integrity, independence, wisdom, an inquiring mind, vision, a proven record of accomplishment and an ability to work with others. Each director must represent the interests of our stockholders.

Identification and Selection of Nominees for our Board

The Committee on Directors and Corporate Governance periodically assesses the appropriate size of our Board, and whether any vacancies on our Board are expected due to retirement or otherwise. In the event that vacancies are anticipated or otherwise arise, the Committee on Directors and Corporate Governance considers candidates for director. Candidates may come to the attention of the Committee on Directors and Corporate Governance through current Board members, professional search firms, management, stockholders or others. The Chair of the Committee on Directors and Corporate Governance, in consultation with the Chairman of the Board and Chief Executive Officer, conducts an initial evaluation of the prospective nominees against the established Board membership criteria discussed above. Additional information relevant to the qualifications of prospective nominees may be requested from third-party search firms, other directors, management or other sources. After this initial evaluation, prospective nominees may be interviewed by telephone or in person by the Chair of the Committee on Directors and Corporate Governance, the Chairman of the Board, the Chief Executive Officer and other directors. After completing this evaluation and interview, the Committee on Directors and Corporate Governance makes a recommendation to the full Board as to the persons who should be nominated by our Board, and the full Board determines the nominees after considering the recommendation and any additional information it may deem appropriate.

Each of Vicki L. Sato, Ph.D., R. Sanders Williams, M.D. and Michael Grobstein was initially identified as a potential candidate for election to our Board of Directors by Egon Zehnder International, a search firm retained by the Committee on Directors and Corporate Governance.

Stockholder Nominations for Director

The Committee on Directors and Corporate Governance considers and evaluates stockholder recommendations of nominees for election to our Board of Directors in the same manner as other director nominees. Stockholder recommendations must be accompanied by a comprehensive written resume of the recommended nominee s business experience and background and a consent in writing signed by the recommended nominee that he or she is willing to be considered as a nominee and, if nominated and elected, he or she will serve as a director. Stockholders should send their written recommendations of nominees accompanied by the required documents to the principal executive offices of the company at: Bristol-Myers Squibb Company, 345 Park Avenue, New York, New York 10154, attention: Secretary.

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ITEM 1 ELECTION OF DIRECTORS

Our Board of Directors has nominated nine current directors, Lewis B. Campbell, James M. Cornelius, Louis J. Freeh, Laurie H. Glimcher, M.D., Michael Grobstein, Leif Johansson, James D. Robinson III, Vicki L. Sato, Ph. D. and R. Sanders Williams, M.D., to serve as directors of Bristol-Myers Squibb. The directors will hold office from election until the 2008 Annual Meeting. If any nominee is unable to serve, proxies will be voted in favor of the remainder of those nominated and may be voted for substitute nominees, unless our Board of Directors provides for a lesser number of directors.

A majority of the votes cast is required to elect directors. A majority of the votes cast means that the number of shares voted FOR a director must exceed the number of votes cast AGAINST that director.

Listed below is certain biographical information of each of the nominees for election including his or her principal occupation and other business affiliations.

Nominees for Directors

LEWIS B. CAMPBELL

Director since 1998

Chairman, President and Chief Executive Officer since February 1999 of Textron Inc., a multi-industry company serving the aircraft, industrial products and components and financial industries. Mr. Campbell is a Director of Dow Jones & Company. Mr. Campbell is a member of The Business Council and The Business Roundtable where he serves on the Security Task Force and the International Trade and Investment Task Force. Age 60.

JAMES M. CORNELIUS

Director since 2005

Chief Executive Officer of our company since September 12, 2006. Mr. Cornelius is Chairman Emeritus of Guidant Corporation, a U.S. cardiac and vascular medical device company. From November 2005 through April 2006, Mr. Cornelius served as the Chairman of the Board and Chief Executive Officer (interim) of Guidant Corporation. He served as Chairman of the Board (Non-Executive) from 2000 until 2005 and Senior Executive and Chairman from 1995 to 2000. From 1983 to 1994, Mr. Cornelius was a Director, a member of the Executive Committee and Chief Financial Officer of Eli Lilly and Company. Mr. Cornelius is a Director of The DIRECTV Group and Given Imaging Ltd. Age 63.

LOUIS J. FREEH

Director since 2005

Mr. Freeh served as Vice Chairman, General Counsel, Corporate Secretary and Ethics Officer to MBNA Corporation, a bank holding company, from 2001 until its acquisition by Bank of America in January 2006. He served as FBI Director from 1993 to 2001 and previously as a U.S. District Judge, Assistant U.S. Attorney and FBI Special Agent. Mr. Freeh is a Director of L-1 Identity Solutions, Inc. Age 57.

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LAURIE H. GLIMCHER, M.D.

Director since 1997

Irene Heinz Given Professor of Immunology at the Harvard School of Public Health and Professor of Medicine at Harvard Medical School since 1991. Dr. Glimcher is a Director of Waters Corporation. She is a Fellow of the American Academy of Arts and Sciences and a member of the National Academy of Sciences and the Institutes of Medicine of the National Academy of Sciences. She sits on the Memorial Sloan-Kettering Cancer Center Board of Scientific Consultants and on the Scientific Advisory Boards of the Burroughs-Wellcome Fund, Center for Blood Research, Health Care Ventures, Inc., Sandler Foundation Fund, and IE Labs Inc. Age 55.

MICHAEL GROBSTEIN

Director since 2007

Retired Vice Chairman of Ernst & Young LLP, an independent registered public accounting firm. Mr. Grobstein worked with Ernst & Young from 1964 to 1998, and was admitted as a partner in 1975. He served as a Vice Chairman-International Operations from 1993 to 1998, as Vice Chairman-Planning, Marketing and Industry Services from 1987 to 1993, and Vice Chairman-Accounting and Auditing Services from 1984 to 1987. He is a Director of Given Imaging Ltd. He serves on the Board of Trustees and Executive Committee of the Central Park Conservancy and on the Board of Directors of New Yorkers for Parks. Age 64.

LEIF JOHANSSON

Director since 1998

President of AB Volvo, an automotive company, and Chief Executive Officer of the Volvo Group, a global leading manufacturer of trucks, buses and construction equipment, drive systems for marine and industrial applications, aerospace components and services, since 1997. Prior to joining Volvo, he was with Electrolux, an international appliance company, for 17 years where he served as President and Chief Executive Officer for six years. He is a member of the Board of Svenska Cellulosa Aktiebolaget SCA in Sweden, The Confederation of Swedish Enterprise, Royal Swedish Academy of Engineering Sciences, the Association of Swedish Engineering Industries, ACEA and ACEA CV. He is also a member of the European Business Roundtable of Industrialists. Age 55.

JAMES D. ROBINSON III

Director since 1976

Chairman of the Board of our company since June 2005. Co-founder and General Partner of RRE Ventures, a private information technology venture investment firm, since 1994. He previously served as Chairman and Chief Executive Officer of American Express Company, a financial services company, from 1977 to 1993. Mr. Robinson is a Director of Novell, Inc., The Coca-Cola Company and First Data Corporation. Mr. Robinson is a member of The Business Council, the Council on Foreign Relations and the Committee for Economic Development. He is Honorary Chairman of Memorial Sloan-Kettering Cancer Center and an Honorary Trustee of The Brookings Institution. Age 71.

VICKI L. SATO, PH.D.

Director since 2006

Professor of Management Practice at the Harvard Business School and Professor of the Practice in the Department of Molecular and Cell Biology at Harvard University since July 2006. In December 2005, Dr. Sato became a business advisor to Atlas Venture, a global venture capital firm. In May 2005, Dr. Sato retired as President of Vertex Pharmaceuticals Incorporated a global biotechnology company, where she was responsible for research and development, business and corporate development, commercial operations, legal, and finance. Dr. Sato also served as Chief Scientific Officer, Senior Vice President of Research and Development, and Chair of the Scientific Advisory Board at Vertex before being named President in 2000. Prior to joining Vertex, Dr. Sato was Vice President of Research at Biogen, Inc. and served on the Biogen Scientific Board. She is a Director of PerkinElmer Corporation, Infinity Pharmaceuticals and Alnylam Pharmaceuticals. Age 58.

R. SANDERS WILLIAMS, M.D.

Director since 2006

Senior Vice Chancellor for Academic Affairs at Duke University Medical Center since 2007 and Dean of Duke University School of Medicine since 2001. Dr. Williams joined the Duke faculty in 1980 as an assistant professor of medicine, physiology and cell biology. He was a visiting professor of biochemistry medicine at Oxford University in 1984-1985 and returned to Duke from 1986 to 1990. In 1990, he joined the University of Texas Southwestern Medical Center as a professor, chief of cardiology, and director of the Ryburn Center for Molecular Cardiology. Dr. Williams serves on the Director s Advisory Committee of the National Institutes of Health and the Board of External Advisors to the National Heart, Lung and Blood Institute. He is also a member of the Institutes of Medicine of the National Academy of Sciences and a fellow of the American Association for the Advancement of Science. Age 58.

Communications with our Board of Directors

The Committee on Directors and Corporate Governance has created a process by which an interested party may communicate directly with our non-management directors. Any interested party wishing to contact a non-management director may do so in writing by sending a letter to: [Name of Director], c/o Secretary, Bristol-Myers Squibb Company, 345 Park Avenue, New York, New York 10154.

Any matter relating to our financial statements, accounting practices or internal controls should be addressed to the Chair of the Audit Committee. All other matters should be addressed to the Chair of the Committee on Directors and Corporate Governance. Our Corporate Secretary reviews all correspondence and regularly forwards to our Board a summary of all such correspondence and copies of all correspondence that, in the opinion of our Corporate Secretary, deals with the functions of our Board or its committees, or that our Corporate Secretary otherwise determines requires Board attention. Directors may at any time review a log of the correspondence we receive that is addressed to members of the Board and request copies of any such correspondence.

Codes of Conduct

Our Board of Directors has adopted the Standards of Business Conduct and Ethics that sets forth important company policies and procedures in conducting our business in a legal, ethical and responsible manner. These standards are applicable to all of our employees, including the Chief Executive Officer, the Chief Financial Officer and the Controller. In addition, the Audit Committee has adopted the Code of Ethics for Senior Financial Officers that supplements the Standards of Business

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Conduct and Ethics by providing more specific requirements and guidance on certain topics. The Code of Ethics for Senior Financial Officers applies to the Chief Executive Officer, the Chief Financial Officer, the Controller, the Treasurer and the heads of major operating units. Our Board has also adopted the Code of Business Conduct and Ethics for Directors that applies to all directors and sets forth guidance with respect to recognizing and handling areas of ethical issues. The Standards of Business Conduct and Ethics, the Code of Ethics for Senior Financial Officers and the Code of Business Conduct and Ethics for Directors are available on our website at www.bms.com. We will post any material amendments to, or waivers from, our Code of Ethics for Senior Financial Officers and Code of Business Conduct and Ethics for Directors on our website within two days following the date of such amendment or waiver.

Employees are required to report any conduct they believe in good faith to be an actual or apparent violation of our Codes of Conduct. In addition, as required under the Sarbanes-Oxley Act of 2002, the Audit Committee has established procedures to receive, retain and treat complaints received regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by company employees of concerns regarding questionable accounting or auditing matters.

Related Party Transactions

The Board has adopted a written policy for the review and approval of transactions involving the company and related parties, such as directors, executive officers and their immediate family members. The policy covers any transaction or series of transactions (each, an interested transaction) in which the amount involved exceeds $120,000, the company is a participant, and a related party has a direct or indirect material interest (other than solely as a result of being a director or less than 10 percent beneficial owner of another entity). All interested transactions are subject to approval or ratification in accordance with the following procedures:

- Management will be responsible for determining whether a transaction is an interested transaction requiring review under the policy, in which case the transaction shall be disclosed to the Committee on Directors and Corporate Governance.

- The Committee on Directors and Corporate Governance shall review the relevant facts and circumstances, including, among other things, whether the interested transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or ordinary circumstances and the related party s interest in the transaction.

- If it is impractical or undesirable to wait until a Committee meeting to consummate an interested transaction, the Chair of the Committee in consultation with the General Counsel may review and approve the transaction, which approval must be ratified by the Committee at its next meeting.

- In the event the company becomes aware of an interested transaction that has not been approved, the Committee shall evaluate all options available to the company, including ratification, revision or termination of such transaction and take such course of action as the Committee deems appropriate under the circumstances.

- No director shall participate in any discussion or approval of an interested transaction of which he or she is a related party.

- If an interested transaction is ongoing, the Committee may establish guidelines for management to follow in its ongoing dealings with the related party and shall review and assess such ongoing relationships on at least an annual basis.

- Certain types of interested transactions are deemed to be pre-approved or ratified by the Committee, as applicable, including the employment of executive officers, director compensation, certain transactions with other companies or charitable contributions, transactions where all shareholders receive proportional benefits, transactions involving competitive bids, regulated transactions and certain banking-related services.

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The Committee on Directors and Corporate Governance has approved a related party transaction on the Officers and Directors Indemnification Trust One. The Officers and Directors Indemnification Trust One was formed on October 20, 2005 pursuant to the settlement agreement among Bristol-Myers Squibb Company, our directors and officers, and our D&O insurers. The trust was formed to fund, under certain conditions, the payment of any settlement of judgment costs, including any award of attorneys fees to counsel for plaintiffs, incurred by or on behalf of certain of our current and former directors and officers in any derivative lawsuit brought on behalf of Bristol-Myers Squibb for which a claim for coverage under the policies released in the settlement could have been made. Insurance proceeds received in the settlement in the amount of $38.5 million have been deposited into this trust. If the trust has not already been terminated pursuant to the Trust Agreement, it will terminate five years from the effective date of the Agreement. Bristol-Myers Squibb is the residual beneficiary of the trust and will therefore receive any trust property that remains in the trust upon its termination.

Availability of Corporate Governance Documents

Our Corporate Governance Guidelines (including the standards of director independence), Standards of Business Conduct and Ethics, Code of Ethics for Senior Financial Officers, Code of Business Conduct and Ethics for Directors, additional policies and guidelines, committee charters for the Audit Committee, Committee on Directors and Corporate Governance, Compensation and Management Development Committee and the Science and Technology Committee, links to Reports of Insider Transactions and listings of our Board of Directors and Management Council are available on our corporate governance webpage at www.bms.com/aboutbms/corporate_governance/data and are available to any interested party who requests them by writing to: Secretary, Bristol-Myers Squibb Company, 345 Park Avenue, New York, New York 10154.

Compensation of Directors

Director Compensation Table

The following table sets forth information regarding the compensation earned by our directors in 2006:

Name	Fees Earned or Paid in Cash(1)	Stock Awards(2)	Option Awards(3)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings(4)	All Other Compensation(5)	Total
R. E. Allen	$ 121,000	$ 45,900	$ 12,766	$ 7,866	$ 4,237	$ 191,769
L. B. Campbell	$ 121,000	$ 45,900	$ 12,766			$ 179,666
V. D. Coffman	$ 139,000	$ 45,900	$ 12,766			$ 197,666
J. M. Cornelius(6)	$ 75,376	$ 45,900	$ 12,766			$ 134,042
L. J. Freeh	$ 129,000	$ 45,900	$ 8,194			$ 183,094
L. H. Glimcher, M.D.	$ 124,041	$ 45,900	$ 12,766			$ 182,707
L. Johansson	$ 117,000	$ 45,900	$ 12,766			$ 175,666
J. D. Robinson III(7)	$ 441,000	$ 586,411	$ 12,766	$ 9,840	$ 4,598	$ 1,054,615
V. L. Sato, Ph.D.(8)	$ 41,289	$				$ 41,289
R. S. Williams, M.D.(9)	$ 25,751	$				$ 25,751
L. V. Gerstner, Jr.(10)	$ 21,000	$ 45,900	$ 4,572	$ 3,461		$ 74,933
L. W. Sullivan, M.D.(10)	$ 31,000	$ 45,900	$ 4,572	$ 6,393		$ 87,865

(1) Includes the annual retainer (pro-rated for partial-year service), committee chair retainers (pro-rated for partial-year service) and meeting fees. For Mr. Freeh, amount includes additional cash compensation of $24,000 ($6,000 per month for four months) for Mr. Freeh s service as Board Liaison on Legal Matters that commenced in September 2006. For Dr. Glimcher, amount includes additional compensation of $12,000 in meeting fees for four full-day sessions ($3,000 per day) with the Pharmaceutical Research Institute during the process of establishing the Science and Technology Committee, which she currently chairs.

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All or a portion of compensation may be deferred until retirement or a date specified by the director, at the election of the director. The directors deferred the following amounts in 2006 and are included in the figures above:

Name	Amount Deferred
R. E. Allen	$ 121,000
L. B. Campbell	$ 121,000
V. D. Coffman	$ 139,000
J. M. Cornelius	$ 31,376
L. J. Freeh	$ 11,250
L. H. Glimcher, M.D.	$ 45,000
J. D. Robinson III	$ 45,000
V. L. Sato, Ph.D.	$ 5,322
R. S. Williams, M.D.	$ 12,876
L. W. Sullivan, M.D.	$ 6,200

(2) Each of the directors received a grant of 2,000 deferred share units on February 1, 2006 with a fair market value on the day of grant of $22.95. The full value of this award is included. In addition, the company recognized expense for Mr. Robinson s restricted stock units of $540,511 in 2006. The number and market value of all deferred share units held by each of these directors as of December 31, 2006 (based upon the fair market value on December 29, 2006 of $26.27) was as follows. In some cases, these figures include deferred cash compensation: Mr. Allen (108,687 and $2,855,204); Mr. Campbell (26,904 and $706,756); Mr. Coffman (47,119 and $1,237,818); Mr. Cornelius (4,238 and $111,338); Mr. Freeh (2,661 and $69,894); Dr. Glimcher (23,019 and $604,722); Mr. Johansson (12,999 and $341,488); Mr. Robinson (26,901 and $706,691); Dr. Sato (209 and $5,497); Dr. Williams (496 and $13,032); Mr. Gerstner (36,811 and $967,013); and Dr. Sullivan (23,772 and $624,479).

(3) On May 2, 2006, these directors received a grant of 2,500 stock options with a grant price equal to the fair market value on the grant date of $24.96 (with the exception of Dr. Sato and Dr. Williams who joined the Board after the grant date, and Mr. Gerstner and Dr. Sullivan who retired on the grant date). These stock options will become exercisable in four equal installments commencing on the earlier of the first anniversary of the date of the grant or the date of the next Annual Meeting and continuing similarly for the three years thereafter. These options have a fair value upon grant of $12,291 based on number of shares, grant price and a Black-Scholes ratio of .1970. The number and intrinsic value of all stock options held by each of these directors as of December 31, 2006 was (based upon the fair market value on December 29, 2006 of $26.27): Mr. Allen (31,853 and $7,410); Mr. Campbell (23,439 and $7,410); Mr. Coffman (27,646 and $7,410); Mr. Cornelius (5,000 and $3,325); Mr. Freeh (2,500 and $3,275); Mr. Gerstner (29,353 and $4,135); Dr. Glimcher (27,646 and $7,410); Mr. Johansson (23,439 and $7,410); Mr. Robinson (31,853 and $7,410); and Dr. Sullivan (29,353 and $4,135).

Stock option values are based on the following assumptions:

Grant Date	Expected Term (years)	Volatility	Risk-Free Rate	Dividend Yield	Black-Scholes Ratio	Award Recipient
05/03/2005	7	29.1%	4.4%	4.6%	0.2160	All except Mr. Freeh, Dr. Sato and Dr. Williams
05/03/2006	6	26.4%	4.9%	4.7%	0.1970	All except Mr. Gerstner, Dr. Sato, Dr. Sullivan and Dr. Williams

(4) The company s defined benefit pension plan for directors was eliminated in 1996. Benefits were frozen at that time. Mr. Allen, Mr. Gerstner, Mr. Robinson and Dr. Sullivan participated in the plan. The reported change in value is the result of changes in

interest rates and the retirement plan mortality table.

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(5) All Other Compensation was in the form of premiums paid on life insurance policies which partially fund the Directors Charitable Contribution Program. The policies provide for a $1 million death benefit. Upon the death of a director, Bristol-Myers Squibb donates one-half of the $1 million benefit to one or more qualifying charitable organizations designated by the director. The remaining one-half of the benefit is contributed to the Bristol-Myers Squibb Foundation, Inc. for distribution according to the Foundation s program for charitable contributions. Individual directors derive no financial benefit from this program since the tax benefit of all charitable deductions relating to the contributions accrue solely to Bristol-Myers Squibb. The only current directors that are covered by this program are Mr. Allen and Mr. Robinson.

(6) Mr. Cornelius became Interim CEO of the company effective September 12, 2006. He did not receive any compensation as a director after that date.

(7) Mr. Robinson receives an annual retainer of $360,000 for services as Chairman of the Board. On June 15, 2005, upon assuming his role as Chairman of the Board, Mr. Robinson received 40,000 restricted stock units, payable in cash, which will vest 50% on the 2007 annual meeting date and 50% on the 2008 annual meeting date. Dividends are reinvested on these units. As of December 31, 2006, in addition to deferred share units indicated in footnote (2), he held 42,919 restricted stock units with a value of $1,127,494 based on the fair market value on December 29, 2006 of $26.27.

(8) Dr. Sato joined the Board on July 11, 2006.

(9) Dr. Williams joined the Board on September 11, 2006.

(10) Mr. Gerstner and Dr. Sullivan retired from the Board on May 2, 2006.

Director Compensation Program

Each year the Committee on Directors and Corporate Governance reviews our directors compensation practices and compares them against the practices of our peer group and several general industry companies. The components of our directors compensation for 2006 were as follows:

Cash Compensation

In 2006, our non-management directors received an annual retainer of $45,000. Non-management directors received an additional fee of $2,000 for attending each Board meeting, Board Committee meeting, and the Annual Meeting of Stockholders. In addition, the Chairs of the Audit Committee, the Compensation and Management Development Committee, the Committee on Directors and Corporate Governance and the Science and Technology Committee received an annual fee of $10,000. We require that 25% of the annual retainer be deferred and credited to a deferred compensation account, the value of which is determined by the value of our common stock, until a non-management director has attained ownership of 5,000 BMS shares or share units.

Deferral Program

A non-management director may elect to defer payment of all or part of the cash compensation received as a director under our company s 1987 Deferred Compensation Plan for Non-Employee Directors. The election to defer is made in the preceding calendar year in which the compensation is earned. Deferred funds may be credited to a 6-month United States Treasury Bill equivalent fund, a fund based on the return on the company s invested cash or a fund based on the return on our common stock or to two or three of the funds. Deferred portions are payable in a lump sum or in a maximum of ten annual installments. Payments under the Plan begin when a participant ceases to be a director or at a future date previously specified by the director.

Under the 1987 Deferred Compensation Plan for Non-Employee Directors, all non-management directors received an annual award of 2,000 deferred common share units on February 1, 2006, the value of which is determined by the value of our common stock.

Stock Compensation

Under our 2000 Non-Employee Directors Stock Option Plan, each non-management director received on the date of our Annual Meeting, an option to purchase 2,500 shares of our common stock, provided the director was elected to the Board of Directors on the date of the Annual Meeting. The price of the option was

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the fair market price of our common stock on the date the option was granted. Each option becomes exercisable in four equal installments commencing on the earlier of the first anniversary of the date of the grant or the date of the next Annual Meeting and continuing similarly for the three years thereafter. The options also become fully exercisable upon retirement from the Board after one year of service following the grant date. In 2006, options for a total of 17,500 shares were granted under the plan, consisting of options for 2,500 shares granted to each of the seven non-management directors serving at the time of the 2006 Annual Meeting.

2007 Director Compensation

In January 2007, the full Board determined that the non-management directors 2007 compensation shall be as follows:

- Annual retainer of $55,000;

- Annual fee of $15,000 for the chairs of the Audit Committee, the Compensation and Management Development Committee, the Committee on Directors and Corporate Governance and the Science and Technology Committee;

- A per meeting fee for attending each Board meeting, Board Committee meeting, and the Annual Meeting of Stockholders of $2,000; and

- An annual award of 3,500 deferred share units under the 1987 Deferred Compensation Plan for Non-Employee Directors.

Stock option grants to non-management directors have been eliminated. The Committee believes the total director compensation package we offer continues to be competitive with the compensation offered by other companies, and appropriately aligns the interests of directors to stockholders by ensuring directors have a proprietary stake in our company.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

Bristol-Myers Squibb Company is a worldwide pharmaceutical and related health care products company whose mission is to extend and enhance human life by providing the highest quality pharmaceutical and related health care products. The company is engaged in the discovery, development, licensing, manufacturing, marketing, distribution and sale of pharmaceuticals and related health care products. The company operates in a highly complex business environment and believes that a competitive compensation program is an important tool to help attract, retain and reward the talented employees needed to achieve its mission and deliver value to stockholders.

Management Changes

In 2006, the company underwent several senior management changes. Effective September 12, 2006, Peter R. Dolan ceased to serve as Chief Executive Officer of the company and was terminated without cause on October 31, 2006. James M. Cornelius was named Interim Chief Executive Officer effective September 12, 2006. Prior to this appointment, Mr. Cornelius was a non-management member of the Board of Directors and currently remains a Director. Richard K. Willard ceased to serve as Senior Vice President and General Counsel effective September 12, 2006 and was terminated without cause on September 28, 2006. In November of 2006, Andrew R. J. Bonfield and Elliott Sigal, M.D., Ph.D., were promoted to Executive Vice Presidents of the company. These changes formed the basis for several significant compensation decisions in 2006 as explained in this Compensation Discussion and Analysis.

Executive Compensation Philosophy

Bristol-Myers Squibb s executive compensation program is based on a philosophy of pay-for-performance. When setting compensation levels and determining individual awards, consideration is

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given to performance against financial objectives and operational objectives consistent with the company s business strategy and total stockholder return. Consideration is also given to an executive s demonstration of the values and behaviors defined in the Bristol-Myers Squibb Pledge and Core BMS Behaviors. The Pledge can be found in the About Us section of the Bristol-Myers Squibb website (www.bms.com). All elements of executive compensation are reviewed both separately and in the aggregate to ensure that the amount and type of compensation is within appropriate competitive parameters and the program design encourages the creation of long-term stockholder value.

Another important aspect of the company s compensation program is to adopt policies which reflect a commitment to good corporate governance practices. This is reflected in the policies that are described in greater detail in the section below entitled Corporate Policies Covering Executive Compensation.

Compensation and Management Development Committee

The Compensation and Management Development Committee (Committee) is composed entirely of independent directors and is responsible for overseeing and reviewing the compensation program for the Named Executive Officers as well as other executives and members of senior management. In addition to overseeing the company s compensation philosophy and strategy, the Committee, together with the full Board, is responsible for annually reviewing and evaluating the executive compensation program and approving corporate goals and objectives related to Chief Executive Officer compensation. The Committee is also responsible for reviewing and approving, based on the CEO s recommendations, the actual compensation paid to other Named Executive Officers as well as other executives and members of senior management. The Committees of Our Board section discusses the duties and responsibilities of the Committee in more detail.

Compensation Consultant

Since October of 2002, the Committee has retained Mercer Human Resource Consulting as its compensation consultant. Mercer is retained by and reports directly to the Committee and provides assistance in evaluating the company s executive compensation program and policies, and, where appropriate, assists with the redesign and enhancement of elements of the program. Mercer attends most of the Committee s meetings.

The company may retain other Mercer consultants for human resource and benefits services in the U.S. and abroad. For these services, the company engages the consulting firm that is best suited to assist the company with such work. The Committee reviews annually the overall fees incurred by the Committee and by management for consulting services provided by Mercer and does not believe Mercer s provision of services to management affects in any way the advice Mercer provides to the Committee on executive compensation matters. The Committee is satisfied that Mercer follows rigorous guidelines and practices to guard against any conflict and ensure the objectivity of their advice. There is no overlap between the members of the consulting team giving advice to the Committee and those involved with other work for the company. There is also no overlap between the members of company management who are working with the Committee and those doing other work with Mercer.

Role of Company Management

The Chair of the Committee works directly with Mercer to formulate recommendations for the CEO s compensation. The Committee then recommends the CEO s compensation to the independent directors of the Board for approval. The CEO makes recommendations to the Committee concerning the compensation of other Named Executive Officers. In addition, the CEO and CFO are involved in setting the performance goals for the annual and long-term incentive plans, subject to Committee approval. The Senior Vice President of Human Resources works closely with management, Mercer, and the Committee to provide to the Committee the appropriate information to make its decisions and to communicate those decisions to management for implementation. The Committee meets at least two times per year without management present.

Benchmarking Process and Compensation Strategy

The executive compensation program seeks to provide overall compensation, when targeted levels of performance are achieved, at the median of the pay levels provided by a designated peer group of U.S.

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companies. These companies are among those used to measure the company s performance in the five- year performance graph and are identified below. The five-year performance graph is available in the Form 10-K for fiscal year-end December 31, 2006 filed on February 26, 2007. The executive compensation program is designed to provide value to the executive based on the extent to which individual performance, company performance versus annual budgeted financial targets, company longer-term financial performance and total return to stockholders meet, exceed or fall short of expectations. As designed, incentive payments can exceed target levels only if performance expectations are exceeded and will be less than targeted levels if goals fall below expectations. The company believes this approach, with its emphasis on long-term compensation, serves to focus the efforts of the company s executives on the attainment of sustained long-term growth and profitability for the benefit of the company and its long-term stockholders.

Peer Group

Each year, Mercer conducts a review of the compensation for the Named Executive Officers using compensation information compiled from the proxy statement disclosures of a peer group of pharmaceutical companies. The total direct compensation of the Named Executive Officers is targeted at the median of this group. The peer group consists of the following companies: Abbott Laboratories, Amgen, Eli Lilly, Johnson & Johnson, Merck, Pfizer, Schering-Plough and Wyeth.

Non-U.S. companies have historically been excluded from the compensation review because the compensation information for these companies is not as readily available. These companies, however, are participants in a pharmaceutical industry survey which the company uses to supplement the information gathered as part of the proxy statement compensation review.

The company believes this peer group is appropriate given the unique nature of the pharmaceutical industry. These firms represent the company s primary competitors for executive talent and operate in a similarly-complex regulatory and research-driven environment.

Accordingly, in March 2006, when compensation decisions were made regarding base salary adjustments, annual incentive awards, stock option grants, restricted stock awards, and target long-term incentive awards, the company reviewed detailed information concerning the levels of executive pay among the peer group and among several similarly-sized companies in general industry.

Performance Management System

The company s performance management system involves an annual review of executives, including the Named Executive Officers, which measures individual performance over the course of the previous year against preset financial and operational objectives. The system assists in ensuring that each executive s compensation is tied to the financial and operational performance of the company as well as the executive s demonstration of the Core BMS Behaviors and the values embodied in the BMS Pledge.

Individual financial and operational objectives are determined at the beginning of each year and reviewed in the case of the CEO, by the Committee, and in the case of other Named Executive Officers, by the CEO. Performance against these objectives is documented and assessed at the end of the year. In addition to financial and operational performance objectives, equal weight is given to the individual s demonstration of the Core BMS Behaviors and the values embodied in the BMS Pledge.

Each executive receives ratings for both Results and Behaviors . At the time the CEO makes executive compensation decisions for Committee review, he reviews individual performance as documented by the ratings to ensure each Named Executive Officer s compensation recommendations are appropriately linked to performance against their objectives and their demonstration of the Core BMS behaviors. This evaluation recognizes the impact that each individual has on supporting the company s business strategy.

When reviewing compensation recommendations, the Committee considers performance evaluations, market data and peer company performance to ensure awards are appropriately aligned with an individual s contribution to the company and with competitive benchmarks.

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Components of Compensation

Bristol-Myers Squibb uses the following pay components in its executive compensation program:

- Base Salary
- Annual Incentive
- Long-Term Incentives
  - Long-Term Performance Share Plan
  - Stock Options
  - Restricted Stock
- Retirement Plans
- Savings Plans
- Deferred Compensation Plans
- Severance Plan
- Change in Control Arrangements
- Perquisites

The following explains the factors considered in setting the individual components for 2006 compensation of certain Named Executive Officers. This discussion does not pertain to Mr. Cornelius and Mr. Dolan, whose individual arrangements are discussed separately following this section.

Base Salary (26% of total compensation on average) Base salaries are set to reward an individual s sustained performance and reflect compensation commensurate with his/her current position and work experience. A Named Executive Officer s base salary is determined by an assessment of his/her continued performance against his/her individual job responsibilities including, where appropriate, the impact of such performance on the company s business results, market pay for the position, current salary in relation to the salary range designated for the job, experience and mastery, potential for advancement and the executive s demonstration of the values and behaviors outlined in the BMS Pledge and Core BMS Behaviors. In addition, the Results and Behaviors ratings under the performance management system are key determinants of the size of the executive s merit increase, if any. Base salaries are typically reviewed annually in March and at other times throughout the year if there is a change in job responsibilities. Each of the Named Executive Officers received a merit increase in April based on an assessment of their individual performance and their relative market position. These increases were within the guidelines established for all employees and averaged 4.3%. In December, Mr. Bonfield and Dr. Sigal received base salary increases to recognize their promotions to Executive Vice President and to address their relatively low compensation versus the market for comparable positions. Additionally, Mr. Andreotti received a base salary increase to address his total cash compensation competitive position. These increases averaged 11% and brought the total compensation levels of these executives to the market median of peer companies. Mr. Dolan did not receive a base salary increase in 2006.

Annual Incentives (24% of total compensation on average) Annual incentive awards are designed to reward the Named Executive Officers for achieving short-term financial and operational goals and to reward their individual performance. Payments under the company s annual incentive plan, the Performance Incentive Plan, are tied to the company s achievement against pre-established annual operating pre-tax earnings targets, thereby forming a direct link between the compensation of these individuals and the company s financial performance. An individual Named Executive Officer s annual incentive award opportunity is a percentage of his/her base salary as determined by the individual s job level.

If the company s annual operating pre-tax earnings do not reach a prescribed minimum threshold level, no award payments are made. Achievement of the pre-tax earnings threshold enables the

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opportunity for payment of annual incentive awards, not to exceed maximum levels approved in advance by the Committee. The Committee, in turn, exercises negative discretion to determine each Named Executive Officer s actual incentive award payment based on the criteria described below.

A Named Executive Officer s actual award is based 50% on the company s actual performance against the annual operating pre-tax earnings objectives as reviewed by the Board of Directors and 50% on individual performance as described in the Performance Management System section. Additionally, a Named Executive Officer s annual incentive award payment is modified based on the extent to which the executive meets certain diversity objectives.

The company believes this approach to determining incentive award payments balances the need to consider overall company performance, individual results specific to an executive s functional responsibility, and the individual s ability to achieve results while also demonstrating the Core BMS Behaviors. The recommended payments are reviewed and approved by the Committee at the meeting which typically takes place on the first Tuesday in March. Incentive award payments, if any, are made on March 15th or the preceding business day if March 15th falls on a weekend or holiday.

In March of 2006, the Committee approved a 2006 threshold level of performance for operating pre-tax earnings excluding special items and minority interests of $2,334 million. Actual 2006 operating pre-tax earnings excluding special items and minority interests were $2,669 million, thereby funding the annual incentive pool for senior executives. Actual annual incentives paid to the Named Executive Officers were based upon an assessment of their individual performance against their objectives as well as the level to which actual pre-tax operating earnings performance exceeded the threshold. Following are details of the 2006 payments.

Name	Target Annual Incentive	Actual Annual Incentive	% of Target
Mr. Andreotti	$ 1,109,324	$ 1,104,887	99.6%
Mr. Bonfield	$ 743,514	$ 740,540	99.6%
Dr. Sigal	$ 670,270	$ 734,616	109.6%
Mr. Bear	$ 279,660	$ 292,524	104.6%
Mr. Hooper	$ 432,600	$ 465,045	107.5%

The portion of annual incentive tied to financial performance (50%) for the executives above ranged from 84.2% to 100% of target and the portion tied to individual performance (50%) ranged from 115% to 135% of target.

These amounts are included in the Summary Compensation Table in the Non-Equity Incentive Plan Compensation column.

Long-Term Incentives (50% of total compensation on average) Long-term incentives are designed to tie executive interests to the interests of stockholders. The company offers three long-term award vehicles, each of which serves a different purpose. The Long-Term Performance Award Program, a performance share program, rewards the achievement of internal financial goals with a linkage to stock price given the award is denominated in shares. Stock options are used to reward executives for the creation of long-term stockholder value. Service-based restricted stock is used to help the company in its efforts to retain key talent.

The long-term incentive program is also designed to reward individual performance. To further enhance the link between executive pay and the company s performance against its business strategy, the size of each Named Executive Officer s stock option grant and restricted stock award is determined in large part based on the Committee s assessment of the executive s performance against objectives that drive the company s business strategy and demonstration of behaviors consistent with the BMS Pledge and the Core BMS Behaviors under the performance management system. The ultimate value of the long-term awards is driven by stock price which provides a direct link to the creation of stockholder value.

<u>Long-Term Performance Award:</u> *(15% of total compensation on average and 30% of total long-term incentive compensation on average)* This award, which is delivered in the form of a target number of performance shares, is based on a three-year performance cycle. For 2006-2008, the awards are

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based 50% on cumulative earnings per share and 50% on cumulative sales, with the ultimate payout modified by the company s total stockholder return versus a pharmaceutical industry peer group. If pre-established threshold target levels are not achieved for the performance period, no payment will be made under the Long-Term Performance Award (as was the case for the 2001-2003 and 2002-2004 performance periods). The performance measures that are used reflect the company s desire to grow by increasing sales and profits and by creating stockholder value.

A long-term performance award was granted in 2004 which covered the three-year performance period 2004-2006. The award was based 50% on cumulative earnings per share and 50% on sales over the performance period and was adjusted by a total stockholder return multiplier. Based on actual performance during the performance period, the award was paid at 33.3% of target.

The target level of performance for cumulative earnings per share during the three-year period was $4.68. Actual cumulative earnings per share during the period were $4.25. Although actual performance was 91% of target, the threshold level of performance was not met and therefore the payout for this portion of the award was 0%.

The target level of performance for cumulative sales during the performance period was $58,932 billion. Actual cumulative sales during the period were $56,501 billion, or 96% of target which resulted in a payout of 74.1% for this portion of the award.

The award was further adjusted based on the company s total stockholder return ranking over the performance period compared to the peer group. Based on a rank of 10 out of 12, the final award payout was reduced by 10%.

In March 2006, the Committee approved three-year cumulative earnings per share and sales targets for the 2006-2008 Long-Term Performance Awards. At the time targets were set, the company believed that the targeted levels of performance were challenging but achievable and reflected anticipated business conditions and changes to the company s drug portfolio over the performance period. Minimum performance of 92% of target on either the earnings per share or sales portion of the award is necessary for a threshold payout of 45% for that portion of the award. Maximum performance of 110% of target would result in a payout of 220% for that portion of the award. Additionally, final payout is adjusted by up to +/- 15% based on the company s total stockholder return versus the peer group. Performance under this plan is currently tracking below target.

Restricted Stock: *(17% of total compensation on average and 34% of total long-term incentive compensation on average)* The company grants service-based restricted stock awards to assist in retaining key talent. Annual grants of restricted stock vest one-third per year at the end of the third, fourth, and fifth anniversaries following the date of grant. Below the senior management level, annual restricted stock awards vest 25% per year over four years.

For 2006, the company shifted a portion of the dollar value previously allocated to restricted stock to stock options and Long-Term Performance Awards in order to further reinforce its pay for performance philosophy.

Stock Options: *(18% of total compensation on average and 36% of total long-term incentive compensation on average)* Beginning in 2005, the company introduced performance-based exercise thresholds for annual stock option grants to the Named Executive Officers and other senior executives. To satisfy the exercise threshold, the company s common stock will need to close at a price of at least 15% above the option exercise price for seven consecutive trading days. Although the options will vest according to the normal vesting schedule (currently 25% a year over four years), an executive may not exercise the options unless and until the exercise threshold is satisfied. Therefore, the executive will not realize any value related to these options until the stock price appreciates at least 15%. This threshold provides a strong link between the value realized by the executive and the creation of value for the stockholders.

The use of stock option exercise thresholds, combined with the increased emphasis placed on Long-Term Performance Awards in recent years, ensured that approximately 66% of senior executive long-term incentives granted in 2006 were tied to specific performance criteria.

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In addition to the annual awards in March, certain Named Executive Officers received special stock option awards in December of 2006 as shown in the Grant of Plan Based Awards Table. These awards have a longer vesting schedule than the annual awards: they will vest one-third at the end of the third, fourth, and fifth anniversaries following the date of grant. As is the case with the annual stock option awards, these awards carry a 15% exercise price threshold as described above. These awards were granted for retention purposes during the search for the next CEO. Unlike annual option awards, these special awards are not forfeited in the event of involuntary termination within the first year following the grant date.

Timing of Equity Awards

Annual Long-Term Performance Awards, restricted stock awards, and stock option grants are typically made on the first Tuesday in March to coincide with meetings of the Committee and the full Board of Directors. Consistent timing of equity awards is a good corporate governance practice that eliminates situations where the choice of a grant date would result in a preferential grant price. In 2006, the Committee approved a new Equity Grant Policy covering all equity grants. Details of this policy can be found in the Equity Grant Policy section below.

Program Changes for 2007

Based on a review conducted by Mercer in November of 2006, several changes to the compensation program are being implemented in 2007 for reasons noted below.

Annual Incentives

Beginning in 2007, the financial portion of the annual incentive plan will be based on performance against targeted non-GAAP earnings per share. This measure is commonly used in annual incentive plans and more closely aligns annual incentive payouts with the creation of stockholder value. In addition, annual incentive targets are being increased for senior executives, including the Named Executive Officers by 10 percentage points. Market data had indicated that target annual incentives and total cash compensation were below competitive levels.

Long-Term Incentives

Long-term incentive target values are being increased by 50% for the EVP level and by 25% for other executives of the company. These increases in target value position total compensation closer to the company s market median pay philosophy.

Prior to December 1, 2006, the company granted restricted stock in the U.S. and restricted stock units outside the U.S. As of December 1, 2006, the company adopted a practice of prospectively granting restricted stock units in the U.S. as well. This change was adopted for ease of administration.

Reduction in Time-Based Restricted Stock Awards

In 2007, the company will shift toward a greater reliance on stock options and performance shares such that time-based restricted stock will now only represent approximately 15% of the target long-term program design and 9% of total compensation for Named Executive Officers.

Long-Term Performance Award Program Design

The company has modified the design of the Long-Term Performance Award Program for the 2007-2009 performance period given recent changes and events, and subsequent uncertainty at the company during the search for a new CEO. The Committee will approve annual earnings per share and sales targets at the beginning of each of the three years of the cycle with final payout made at the end of the three-year performance period. Under the previous program design, three-year earnings per share and sales targets were set at the beginning of the three-year performance period. This change provides for a better link between performance and payout because it eliminates the need to project performance beyond one year. This closer line of sight will help to avoid situations where unforeseen events lead to performance targets which are either overstated or understated and do not appropriately support the company s pay-for-performance philosophy. The three-year total stockholder return modifier has also been eliminated because it would not have been compliant with relevant tax

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provisions under the new plan design. Given that Long-Term Performance Awards are denominated and paid in shares, however, a strong link to stockholder return exists within the plan design even without the total stockholder return modifier. Additionally, the company s entire long-term incentive program is stock-based, thus providing further ties to stockholder return.

Tax and Accounting Implications of Executive Compensation Program

The majority of the compensation paid to the Named Executive Officers is considered performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code and is, therefore, fully deductible by the company for federal income tax purposes. In addition, the long-term incentive compensation awarded to the Named Executive Officers is based on a fixed value at grant and therefore is not subject to variable accounting treatment under SFAS 123(R). The company views preserving tax deductibility as an important objective, but not the sole objective, in establishing executive compensation. In specific instances the company has and in the future will authorize compensation arrangements that are not fully tax deductible but which promote other important objectives of the company.

Post-Employment Benefits

The company offers certain plans which provide compensation and benefits to employees who have terminated employment with the company. These plans are reviewed periodically to ensure that they are consistent with competitive practice. The plans offered by the company are common within the company s peer group and enhance its ability to attract and retain key talent.

Defined Benefit Pension Plans

The company s defined benefit plans provide income for employees following retirement. The Retirement Income Plan is a tax-qualified plan, as defined under IRS regulations, and the Benefit Equalization Plan Retirement Plan is a non-qualified plan that provides pension benefits above those allowed under the limits for tax-qualified plans. All U.S. employees who are not participants in a pension plan through a collective bargaining agreement are eligible for the Retirement Income Plan if they work at least 1,000 hours per year. Employees who participate in the Performance Incentive Plan or whose pay or benefits exceed the IRS qualified plan limits are eligible for the Benefit Equalization Plan Retirement Plan. The Summary Compensation Table reflects the annual increase in the actuarial value of these benefits. Current accrued benefits for each of the Named Executive Officers are provided in the Pension Benefit Table.

Savings Plans

The company s savings plans allow employees to defer a portion of their base salary and to receive matching contributions from the company to supplement their income in retirement. The Savings and Investment Program is a tax-qualified 401(k) plan, as defined under IRS regulations, and the Benefit Equalization Plan Savings Plan is a non-qualified deferred compensation plan that allows employees to defer a portion of their base salary and to receive matching contributions from the company in excess of the contributions allowed under the Savings and Investment Program. The savings plans are designed to allow employees to accumulate savings for retirement on a tax-advantaged basis. All U.S. employees who are not participants in a savings plan through a collective bargaining agreement are eligible for the Savings and Investment Program if they work at least 1,000 hours per year. Employees who participate in the Performance Incentive Plan or whose pay or benefits exceed the IRS qualified plan limits are eligible for the Benefit Equalization Plan Savings Plan. The Summary Compensation Table reflects company contributions to these plans during 2006. The Non-Qualified Deferred Compensation Table provides more detail on the Benefits Equalization Savings Plan.

Annual Incentive Deferral Plan

The company maintains a non-qualified deferred compensation program which is available to all executives of the company including the Named Executive Officers. The program provides a benefit to

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eligible employees by allowing them to defer taxes on earned compensation. This is a common program within the company s competitive peer group. Under the program, executives are permitted to defer up to 100% of their annual cash incentive awards into two funds: a Bristol-Myers Squibb common stock unit fund and a U.S. Treasury Bill fund. The company does not pay above-market interest rates on these investments. Upon retirement or termination, the employee is eligible to receive the deferred amounts based on a previously selected payout schedule. The Committee may approve accelerated distributions in the event of an unforeseeable emergency. In 2006, none of the Named Executive Officers deferred their annual incentive award payments. The Non-Qualified Deferred Compensation Table provides more detail on this program for those Named Executive Officers who have participated in the plan.

Severance Plan

In 2006, the Committee approved the Bristol-Myers Squibb Senior Executive Severance Plan. This plan covers approximately 15 executives including the Named Executive Officers, except for Mr. Cornelius who is not eligible for severance and Mr. Andreotti who is covered under a separate arrangement discussed in more detail in the Post-Termination Benefits section. The plan was designed to help retain the senior executive team during a time of transition and a search for the next CEO. Under the company s broad-based U.S. severance program, which is based on tenure, many senior executives did not have severance protection that was competitive with the market or equitable relative to other BMS company executives. The new plan is designed to provide the same competitive level of protection to all senior executives regardless of tenure. The company believes that providing consistent, competitive levels of severance protection to senior executives helps minimize distraction during a time of uncertainty and helps to retain key employees with short service. The value of this benefit is shown in the Post-Termination Benefits section.

Change in Control Arrangements

The company has entered into change in control agreements with certain executives including the Named Executive Officers. (Mr. Cornelius is covered by a separate arrangement.) These agreements are intended to provide for continuity of management in the event of a change in control of the company. These agreements require a double-trigger before any payments are made to an executive. This means that payments are only made in the event of a change in control and subsequent involuntary termination without cause by the company or termination for good reason by the employee within three years after a change in control.

Consistent with competitive practice, if payments made to a covered officer are subject to excise tax as excess parachute payments by the Internal Revenue Code, the company will gross up the compensation to fully offset the excise taxes. However, if the payment does not exceed the excise tax threshold by more than 10%, the company will reduce the payment so that no portion of the payment is subject to excise tax and no gross-up would be made. The company believes that this is a best practice relating to change in control arrangements.

During 2006, the company revised the agreements to ensure compliance with recent changes in the tax laws and the establishment of a new Board policy limiting cash severance to 2.99 times base salary and annual incentive award. For 2007, the definition of a change in control was revised in order to bring it more in line with competitive practice and to ensure that a change in control is not inadvertently triggered under the plan. Specifically, the revisions entail increasing the beneficial ownership threshold and reducing the combined voting power maximum. The agreements were also revised to limit annual and long-term performance award payouts to target levels. Prior to revising the agreements, the Committee reviewed the benefits provided under these agreements to ensure they met the company s needs and were within competitive parameters with the assistance of its consultant. The Committee will continue to conduct such reviews on an annual basis to ensure the agreements fundamentally conform to applicable company policies and competitive practices. The value of this benefit is provided in the Post- Termination Benefits section.

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Perquisites

The company provides a number of personal benefits to the Named Executive Officers, including personal air travel on company aircraft, a company car, physical examinations, financial counseling and tax preparation. These benefits help the company attract and retain senior level executives and are reviewed periodically to ensure that they are competitive with industry norms. Each of these perquisites is subject to dollar limits. The company did not provide tax gross-ups related to these perquisites in 2006, except for limited tax gross-ups provided to Mr. Cornelius as described below. Additionally, there is a limit on the number of flight hours the executive may use for personal air travel. The aggregate incremental cost to the company of providing these benefits is provided in a supplemental table which accompanies the Summary Compensation Table. The company also makes available other perquisites and benefits to the Named Executive Officers which do not result in incremental cost to the company such as personal travel on company aircraft for family members (subject to seat availability) and tickets to certain cultural and sporting events.

Compensation of the Interim CEO

Effective September 12, 2006, the Board of Directors appointed James M. Cornelius as Interim CEO of the company. As previously disclosed on a Form 8-K filed on November 3, 2006, the Board of Directors of the company, upon the recommendation of the Committee, approved the compensation to be provided to Mr. Cornelius in connection with his appointment as CEO of the company serving on an interim basis. The details of this arrangement are summarized below:

Mr. Cornelius receives an annual base salary of $1,250,000 to be paid in arrears on a bi-weekly basis in accordance with the company s standard payroll practices.

Mr. Cornelius will receive an annual target bonus of 170% of his base salary for up to fifteen (15) months (from September 30, 2006 until December 31, 2007).

He is guaranteed six (6) months of bonus at target if he continues to serve as CEO until the earlier of (i) March 31, 2007 and (ii) the date on which a successor CEO commences employment with the company. In addition, Mr. Cornelius will receive the guaranteed bonus if his employment is terminated prior to March 31, 2007 (i) by the company without Cause (as defined in the Cornelius Agreement, (ii) due to death or Disability (as defined in the 2002 Stock Incentive Plan) or (iii) in the event of a qualified termination of employment following a Change in Control (as defined in the company s Executive Performance Incentive Plan. The guaranteed portion of his bonus will be paid at the same time as 2007 bonuses are scheduled to be paid under the company s Executive Performance Incentive Plan.

The remaining nine (9) months of bonus are subject to the terms of the Executive Performance Incentive Plan, including the achievement of certain performance criteria. Such bonus, if earned, will be prorated based on the portion of the nine-month period from March 31, 2007 until December 31, 2007 that Mr. Cornelius was employed as CEO of the company and will become payable if Mr. Cornelius (i) is employed as CEO of the company on December 31, 2007, (ii) is terminated without Cause prior to December 31, 2007 or (iii) voluntarily resigns upon commencement of employment of a successor CEO. Upon death or Disability during the period from June 15, 2007 through December 31, 2007, Mr. Cornelius will receive such bonus, if earned, as if he had been employed as CEO of the company through December 31, 2007.

Under the 2002 Stock Incentive Plan, Mr. Cornelius received, on November 1, 2006, an option to purchase 360,000 shares of company common stock. One-half of the option will vest on the earlier of (i) March 31, 2007 and (ii) the date on which a successor CEO commences employment with the company, provided Mr. Cornelius was employed as CEO of the company on March 31, 2007 or immediately prior to the commencement of a successor CEO, as the case may be. An additional 1/12 will vest at the end of each additional full month of continued employment as CEO after March 31, 2007. If Mr. Cornelius employment terminates prior to the full vesting of the option, the

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Committee, in its sole discretion, will accelerate all or a portion of the remaining unvested options based upon evaluation of the performance of Mr. Cornelius and the company during his service as CEO. The option is subject to the standard stock appreciation requirements of the stock option grants made to other senior executives of the company. Mr. Cornelius will have the remainder of the term to exercise any vested portion of the option.

Mr. Cornelius will have use of a leased apartment in New York City having a monthly cost of $25,500 plus utilities and, for security reasons, the use of the company aircraft for all travel (subject to maximum cost limitations with regard to personal and commuting use) and the use of a car and driver. Use of the aircraft and car and driver will be grossed up for income tax purposes, but the use of the apartment will not be grossed up.

Mr. Cornelius will be entitled to the following benefits upon a change in control of the company and the termination of his employment: (i) pro-rata payment of the higher of target and projected bonus, (ii) full vesting of options and (iii) a gross up on the excise tax imposed under Section 4999 of the Internal Revenue Code of 1986, as amended, subject to cutback in certain circumstances.

Corporate Policies Covering Executive Compensation

Share Ownership and Retention Guidelines

In order to preserve the link between the interests of the Named Executive Officers and those of stockholders and to ensure good corporate governance, executives are expected to use the shares obtained on the exercise of their stock options, after satisfying the cost of exercise and taxes, to establish a significant level of direct ownership. The company continues to maintain longstanding share ownership expectations for its executives when exercising stock option awards. These share ownership guidelines for Named Executive Officers were revised slightly in 2006 to be consistent with competitive practice by permitting executives to sell shares after share ownership guidelines have been satisfied. Under these guidelines, the CEO must retain shares with a value of eight times his base salary prior to selling any of the net shares obtained upon exercise. The other Named Executive Officers must retain shares with a value of five times their base salary prior to selling any of the net shares obtained upon exercise. Even after these ownership thresholds are satisfied, executives must retain 75% of all net shares obtained as a result of subsequent option exercises for at least two years. These same share retention guidelines apply to restricted stock and restricted stock unit awards.

Recoupment of Compensation

The company maintains clawback provisions relating to stock option, restricted stock and long-term performance awards. Under these clawback provisions, executives that violate non-competition or non-solicitation agreements, or otherwise act in a manner detrimental to the company s interests, forfeit any outstanding awards as of the date such violation is discovered and have to return any gains realized in the twelve months prior to the violation. These provisions serve to protect the company s intellectual property and human capital, and help ensure that executives act in the best interest of the company and its stockholders.

In 2005, the Board adopted a policy wherein the Board will seek reimbursement of annual incentives paid to an executive if such executive engaged in misconduct that caused or partially caused a restatement of financial results. In such an event, the company will seek to claw back the executive s entire annual incentive for the relevant period, plus a reasonable rate of interest. This policy may be viewed on the company s website at www.bms.com.

Equity Grant Policy

In 2006, the Committee approved a policy covering equity grants to all employees. Following is the relevant protocol for the Named Executive Officers.

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Approval of Awards