Bristol Myers Squibb Co.

BMY (NYSE) | CIK:14272 | United States

Watchdog Report ™
Public company risk analysis

Key Facts

Business address: **New York, New York, United States**
Industry: **Pharmaceutical Preparation Manufacturing** (NAICS 325412)
SEC filer status: **Large Accelerated Filer** as of Jun 2019
Index member: **S&P 500, Russell 1000**
Market Cap: **$74.3b** as of Jul 25, 2019
Annual revenue: **$22.6b** as of Dec 31, 2018

Corporate Governance

CEO: **Giovanni Caforio** since 2015
CFO: **David V. Elkins** — 1st level

Board Chairman: **Giovanni Caforio** since 2017
Audit Committee Chair: **Alan J. Lacy** — 2nd level

Auditor: **Deloitte & Touche LLP** since 2006
Outside Counsel (most recent): **Arnold & Porter Kaye Scholer LLP** — 3rd level

SEC Reviewer: **(unknown)** — 4th level

How to analyze this company's Watchdog Report? Skip to the last page

Information in this report is effective Sep 27, 2019 and is taken from the company's public financial and regulatory filings. Latest filing 10-Q filed 07/25/2019. Over 75 accounting and data analysts scrutinize and review crucial information, footnotes, disclosures, etc., from these filings. Material facts are captured and processed using our proprietary methods which identify key risk factors our readers need to know. Each Watchdog Report represents 30 or more hours of analysis and processing.

Executive compensation data from Shore Group and Intrinio.
Data from Sharadar.
Data from Barchart via Quandl.
Data from Exchange Data International via Quandl.

Sep 27, 2019 | Jan 1, 2018 | Jan 1, 2014
RECENT PERIOD | HISTORICAL PERIOD

10-Q filed on Jul 25, 2019 for period ending Jun 2019

Reporting Irregularities

	RECENT	HISTORICAL
Financial Restatements	✓	✓
Revisions	✓	✓
Out of Period Adjustments	!	✓
Late Filings	✓	✓
Impairments	!	!
Changes in Accounting Estimates	!	✓
Disclosure Controls	✓	✓
Internal Controls	✓	✓
Critical / Key Audit Matters	–	–

Anomalies in the Numbers

	RECENT	HISTORICAL
Benford's Law	✓	✓
Beneish M-Score	✓	✓
Accounting Disclosure Complexity	!	!!

Securities & Exchange Commission Concerns

	RECENT	HISTORICAL
SEC Letters to Management	!	!
Revenue Recognition	!	!
Non-GAAP Measures	✓	✓

Lawsuits

	RECENT	HISTORICAL
Significant Litigation	!!	!!
Class Actions	!!	!!
Securities Law	✓	✓

External Pressures

	RECENT	HISTORICAL
Shareholder Activism	!	✓
Cybersecurity	✓	✓

Management Review

	RECENT	HISTORICAL
CEO Changes	✓	!
CFO Changes	!	✓
Insider Sales	!	!!

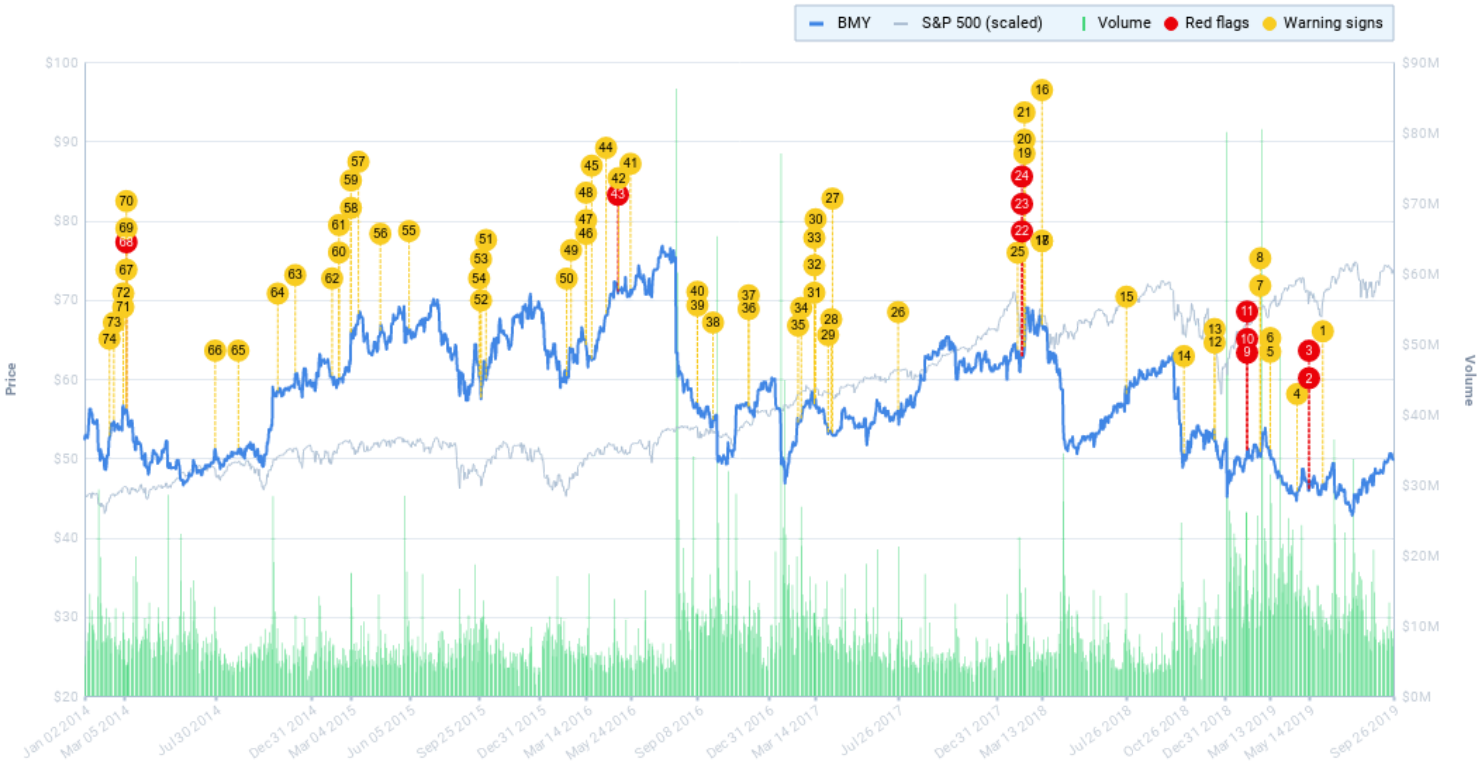
Auditor Assessment

	RECENT	HISTORICAL
Auditor Experience	✓	✓
Auditor Tenure	✓	✓
Audit Fees	✓	✓
Non-Audit Fees	!	!

Overview

Price and Volume History

This graph shows the price and trading history for Bristol Myers Squibb. Warning signs and red flags are marked on the graph according to their disclosure dates.



1. Jun 5, 2019 - Change in CFO
2. May 14, 2019 - Lawsuit: Staley et al v. Gilead Sciences Inc et al
3. May 14, 2019 - Class Actions Lawsuit: Staley et al v. Gilead Sciences Inc et al
4. Apr 25, 2019 - Change in Accounting Estimates
5. Mar 13, 2019 - Insider Sale
6. Mar 13, 2019 - Insider Sale
7. Feb 25, 2019 - Impairment
8. Feb 25, 2019 - Change in Accounting Estimates
9. Feb 4, 2019 - Lawsuit: Gerold v. Celgene Corporation et al
10. Feb 4, 2019 - Class Actions Lawsuit: Gerold v. Celgene Corporation et al
11. Feb 4, 2019 - Securities Law Lawsuit: Gerold v. Celgene Corporation et al
12. Dec 14, 2018 - SEC letters to management
13. Dec 14, 2018 - Revenue Recognition
14. Oct 26, 2018 - Lawsuit: Revitalizing Auto Communities Environmental Response Trust ...
15. Jul 26, 2018 - Out of Period Adjustments
16. Mar 13, 2018 - Insider Sale
17. Mar 13, 2018 - Insider Sale
18. Mar 13, 2018 - Insider Sale
19. Feb 13, 2018 - Impairment
20. Feb 13, 2018 - Impairment
21. Feb 13, 2018 - Impairment
22. Feb 9, 2018 - Lawsuit: Giugno v. Bristol Myers Squibb Company et al
23. Feb 9, 2018 - Class Actions Lawsuit: Giugno v. Bristol Myers Squibb Company et al
24. Feb 9, 2018 - Securities Law Lawsuit: Giugno v. Bristol Myers Squibb Company et al
25. Feb 2, 2018 - Lawsuit: In Re Onglyza Saxagliptin and Kombiglyze Saxagliptin and Metfor...
26. Jul 26, 2017 - Lawsuit: Bristol Myers Squibb Co et al v. EMD Serono Inc et al
27. Apr 12, 2017 - Lawsuit: Bristol Myers Squibb Company et al v. Mylan Pharmaceuticals I...
28. Apr 10, 2017 - Lawsuit: Bristol Myers Squibb Company et al v. Impax Laboratories Inc
29. Apr 5, 2017 - Lawsuit: Bristol Myers Squibb Company et al v. Aurobindo Pharma USA Inc
30. Mar 16, 2017 - Insider Sale
31. Mar 14, 2017 - Insider Sale
32. Mar 14, 2017 - Insider Sale
33. Mar 14, 2017 - Insider Sale
34. Feb 21, 2017 - Impairment
35. Feb 16, 2017 - Lawsuit: In re Eliquis Apixaban Products Liability Litigation
36. Nov 29, 2016 - SEC letters to management

37 Nov 29, 2016 - Revenue Recognition
38 Oct 3, 2016 - Lawsuit: In Re Abilify Aripiprazole Products Liability Litigation
39 Sep 8, 2016 - SEC letters to management
40 Sep 8, 2016 - Revenue Recognition
41 May 24, 2016 - Insider Sale
42 May 5, 2016 - Insider Sale
43 May 4, 2016 - Insider Sale
44 Apr 15, 2016 - Lawsuit: Merck Sharp & Dohme Corp v. Bristol Myers Squibb Co et al
45 Mar 23, 2016 - Insider Sale
46 Mar 14, 2016 - Insider Sale
47 Mar 14, 2016 - Insider Sale
48 Mar 14, 2016 - Insider Sale
49 Feb 19, 2016 - Insider Sale
50 Feb 12, 2016 - Impairment
51 Oct 6, 2015 - Lawsuit: United States of America ex rel John R Borzilleri MD et al v. Abbv...
52 Sep 28, 2015 - SEC letters to management
53 Sep 28, 2015 - Revenue Recognition
54 Sep 25, 2015 - Lawsuit: Dana-Farber Cancer Institute Inc v. Ono Pharmaceutical Co Ltd ...
55 Jun 5, 2015 - SEC letters to management
56 Apr 20, 2015 - Change in CEO
57 Mar 16, 2015 - Insider Sale
58 Mar 4, 2015 - Insider Sale
59 Mar 4, 2015 - Insider Sale
60 Feb 13, 2015 - Impairment
61 Feb 13, 2015 - Impairment
62 Feb 2, 2015 - Insider Sale
63 Dec 5, 2014 - Insider Sale
64 Nov 7, 2014 - Insider Sale
65 Sep 5, 2014 - Lawsuit: Bristol-Myers Squibb Co et al v. Merck & Co Inc
66 Jul 30, 2014 - Insider Sale
67 Mar 10, 2014 - Insider Sale
68 Mar 10, 2014 - Insider Sale
69 Mar 10, 2014 - SEC letters to management
70 Mar 10, 2014 - Revenue Recognition
71 Mar 5, 2014 - Insider Sale
72 Mar 5, 2014 - Insider Sale
73 Feb 18, 2014 - Insider Sale
74 Feb 11, 2014 - Insider Sale

Peer Group

Peer groups are used by companies to benchmark executive compensation and performance. Each company identifies its own peer group. Peer groups vary from company to company.

Peer Group

Company	Ticker	Market Cap
Johnson & Johnson	JNJ	$345b
Merck & Co., Inc.	MRK	$216b
Pfizer Inc.	PFE	$204b
Novartis Ag	NVS	$200b
GlaxoSmithKline PLC	GSK	$109b
Sanofi	SNY	$107b
Eli Lilly & Co.	LLY	$107b
Amgen Inc.	AMGN	$106b
AbbVie Inc.	ABBV	$96.6b
Bristol Myers Squibb Co.	BMY	$74.3b

Companies Who Named Bristol Myers Squibb as a Peer

Company	Ticker	Market Cap
Johnson & Johnson	JNJ	$345b
UnitedHealth Group Inc.	UNH	$235b
Merck & Co., Inc.	MRK	$216b
Pfizer Inc.	PFE	$204b
Abbott Laboratories	ABT	$154b
Medtronic Plc.	MDT	$145b
Eli Lilly & Co.	LLY	$107b
Amgen Inc.	AMGN	$106b
AbbVie Inc.	ABBV	$96.6b
Bristol Myers Squibb Co.	BMY	$74.3b

Peer Flag Comparison

The return to a company's stock is not the only measure of executive performance. Ethics matter, and growth can quickly reverse and gains evaporate if a company's accounting and financial reporting processes are not fundamentally sound and trustworthy. How does Bristol Myers Squibb's accounting quality compare to its peer group?

	BMY	PEER GROUP	FLAGS	
Reporting Irregularities				
Financial Restatements	✓	9		
Revisions	✓	9		
Out of Period Adjustments	!	8	1	
Impairments	!	3	6	
Changes in Accounting Estimates	!	3	6	
Disclosure Controls	✓	4	5	
Internal Controls	✓	9		
Critical / Key Audit Matters	–	2		2
Anomalies in the Numbers				
Benford's Law	✓	6		
Beneish M-Score	✓	6		
Accounting Disclosure Complexity	!	1	3	5
Securities & Exchange Commission Concerns				
SEC Letters to Management	!		9	
Revenue Recognition	!	5	4	
Non-GAAP Measures	✓	9		

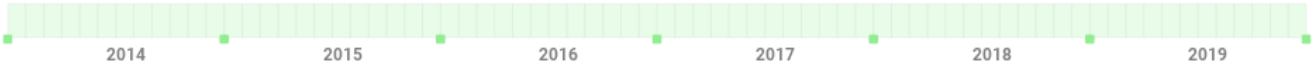
	BMY	PEER GROUP	FLAGS	
Lawsuits				
Significant Litigation	!			9
Class Actions	!			9
Securities Law	!	1		8
External Pressures				
Shareholder Activism	!	9		
Cybersecurity	✓	6	3	
Management Review				
CEO Changes	!	4	2	
CFO Changes	!	1	3	2
Insider Sales	!	3	4	2
Auditor Assessment				
Auditor Experience	✓	9		
Auditor Tenure	✓	5	4	
Audit Fees	✓	3	6	
Non-Audit Fees	!	6	3	

Reporting Irregularities

Financial Restatements & Revisions

A financial restatement or revision is a serious event in the financial life of a company. When previous estimates of revenue, earnings, or equity are significantly lowered, financial restatements can have a dramatic impact on the valuation and projected growth of a company.
Financial restatements are always accompanied by a disclosure that their previous financial reports can no longer be relied upon. A revision is a change to a company's financials that is not accompanied by such a disclosure.

- No Restatements
- No Revisions

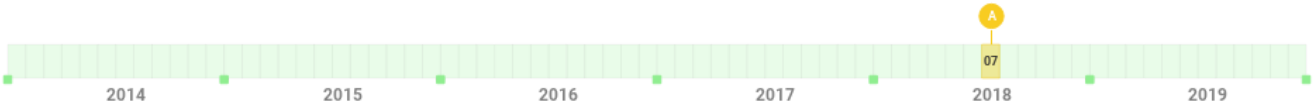


Bristol Myers Squibb has not restated their financials at least since 2014.

Bristol Myers Squibb has not revised their financials at least since 2014.

Out of Period Adjustments

An adjustment or "out-of-period adjustment" is a one-time accounting entry that is intended to correct immaterial errors from previous reporting periods. Adjustments have a one-time impact on earnings when they are reported and indicate the existence accounting errors in previous financial reports. Analysts should pay close attention to the nature and magnitude of adjustments. The frequent use of adjustments may signal deeper issues with a company's accounting and financial reporting.

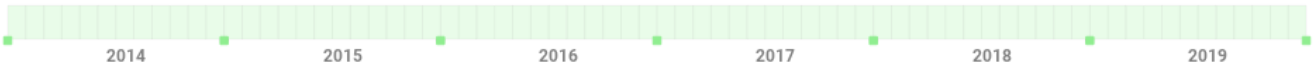


Bristol Myers Squibb made one adjustment to their financials for 04/01/2018 - 06/30/2018 on 07/26/2018. The adjustment had negative effect on their financial condition.

DISCLOSURE	A
07/26/2018 via SEC form 10-Q	
TYPE	Technical
ADJUSTMENT PERIOD	04/01/2018 - 06/30/2018
IMPACT	Negative
CHANGE IN INCOME	$0
CHANGE IN EQUITY	$0
REGULATORY INVESTIGATION	No
BOARD APPROVAL	Not Disclosed

Late Filings

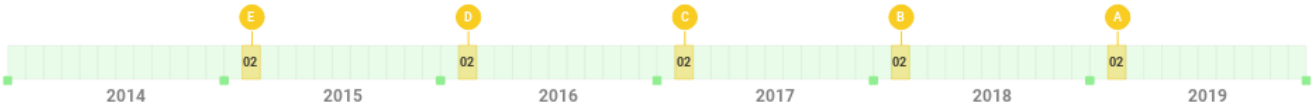
Late filings can be significant warning signs. Why didn't the company file its financial report on time? Late filings may signal an impending financial restatement or deeper problems with a company's accounting processes.



Bristol Myers Squibb has not filed any late financial statements at least since 2014. All financial statements have been filed on or before the appropriate deadline.

Impairments

An impairment is a permanent reduction in the value of an asset.



Bristol Myers Squibb has reported 8 impairments on 5 annual reports since 2014.

A

DISCLOSURE

02/25/2019 on SEC Form 10-K

IMPACT ON PRETAX INCOME

$126m

IMPAIRMENT

1. PPE - Property, plant, equipment

B

DISCLOSURE

02/13/2018 on SEC Form 10-K

IMPACT ON PRETAX INCOME

$301m

IMPAIRMENT

1. Intangible Assets - Other intangible assets (not goodwill)
2. PPE - Property, plant, equipment
3. Intangible Assets - In-process research and development

C

DISCLOSURE

02/21/2017 on SEC Form 10-K

IMPACT ON PRETAX INCOME

$33m

IMPAIRMENT

1. Intangible Assets - Other intangible assets (not goodwill)

D

DISCLOSURE

02/12/2016 on SEC Form 10-K

IMPACT ON PRETAX INCOME

$160m

IMPAIRMENT

1. Intangible Assets - In-process research and development

E

DISCLOSURE

02/13/2015 on SEC Form 10-K

IMPACT ON PRETAX INCOME

$372m

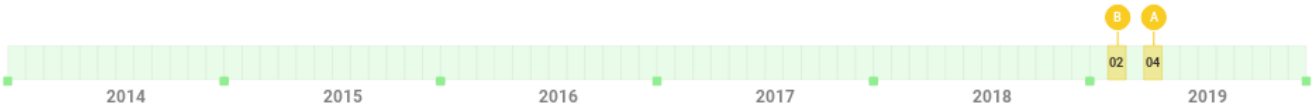
IMPAIRMENT

1. Intangible Assets - Other intangible assets (not goodwill)

2. Intangible Assets - In-process research and development

Changes in Accounting Estimates

Some assets and liabilities require accountants to make assumptions about future performance in order to estimate their value. Occasionally, economic conditions cause these assumptions to be revised, resulting in a change in accounting estimates. A change in accounting estimates can have a significant impact on the bottom line and may be used strategically by management to disguise otherwise weak financial results.
The impact of changes in accounting estimates on pretax income are provided when available. If the impact of changes is measured in terms of net income, it is denoted with an asterisk (*).



Bristol Myers Squibb has reported changes in accounting estimates on 2 reports since 2014.

A

DISCLOSURE DATE

04/25/2019 on SEC Form 10-Q

IMPACT OF THE CHANGE

$78m

DESCRIPTION

Revenue recognition

B

DISCLOSURE DATE

02/25/2019 on SEC Form 10-K

IMPACT OF THE CHANGE

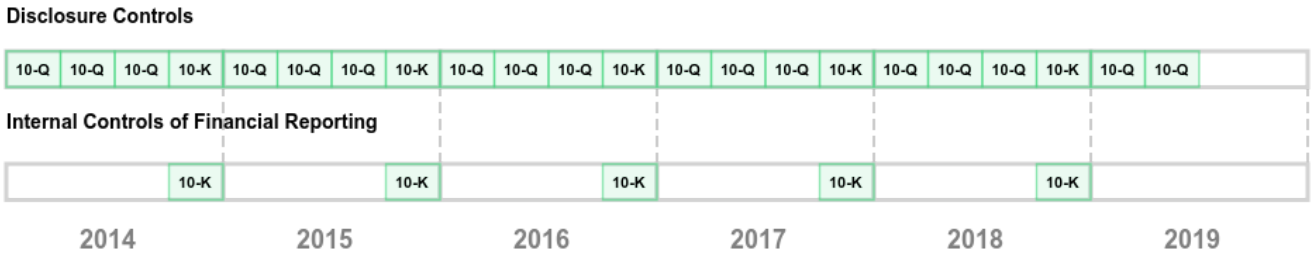
-

DESCRIPTION

Revenue Recognition - contract accounting including percentage-of-completion

Internal and Disclosure Controls

Internal controls are put in place in order to prevent fraud and financial misstatements. A company with ineffective internal controls is said to have a "material weakness." A material weakness is a serious warning sign about a company's accounting quality.



Bristol Myers Squibb has not reported any material weakness at least since 2014.

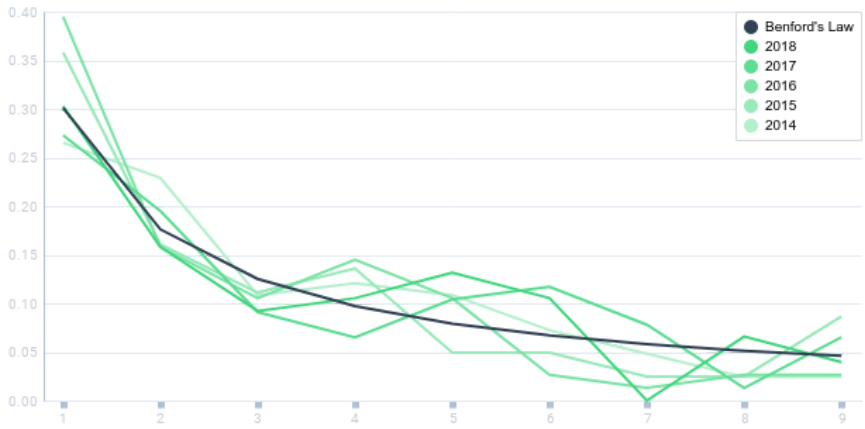
Management attests that the disclosure controls are effective as of 06/30/2019.

The auditor and management attest that internal controls of financial reporting are effective as of 12/31/2018.

Anomalies in the Numbers

Benford's Law

Benford's Law is used to detect financial manipulation and fraud. When financial statements do not follow Benford's Law, there is reason to suspect problems with the accounting or financial reporting process.

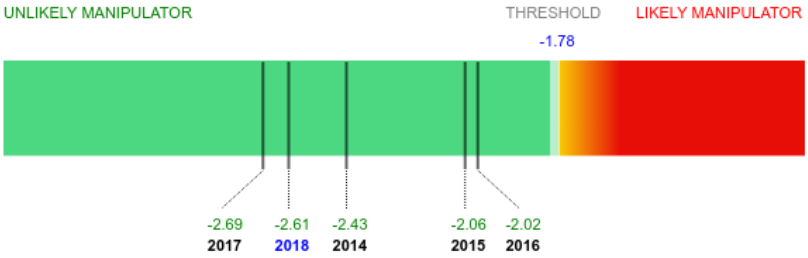


Numbers generated by natural processes conform to Benford's Law.

All of Bristol Myers Squibb's financial statements conform to Benford's Law. Bristol Myers Squibb is at low risk for financial manipulation or fraud.

Beneish M-Score

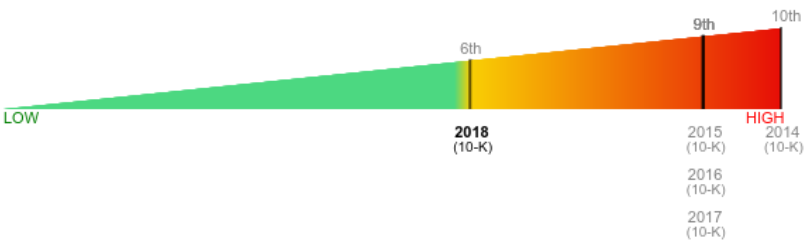
The Beneish M-Score is used to check whether a company has manipulated its financial statements. The M-Score is compared to a threshold to find out what it means. If the M-Score is greater than the threshold, then the company is likely to be a manipulator. However, a high Beneish M-Score is not proof of manipulation.



All Beneish M-Scores are below the threshold. There is no indication from the Beneish M-Score that reported earnings have been manipulated.

Accounting Disclosure Complexity

Companies committed to transparency make their reports easier for investors to understand and compare. By contrast, a high degree of Accounting Disclosure Complexity makes it difficult to measure executive performance and the company's financial health. Accounting Disclosure Complexity may also be used to obfuscate serious accounting problems and other issues.



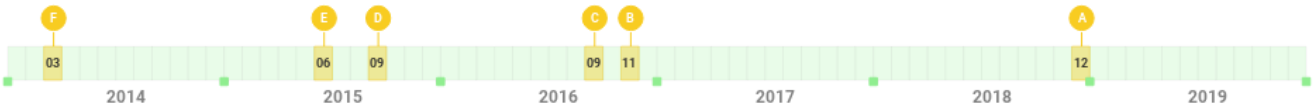
Bristol Myers Squibb's highest level of accounting disclosure complexity was in the 10th decile in 2014. Bristol Myers Squibb's most recent accounting disclosure complexity was in the 6th decile in 2018.

Securities & Exchange Commission Concerns

SEC Letters to Management

Regulators at the Securities and Exchange Commission (SEC) review each company's financial reporting. When the SEC has questions about a company's filing, they will write letters to the company asking for clarification about different accounting issues.

- Revenue Recognition
- Non-GAAP Measures



Bristol Myers Squibb has had 6 conversations with the SEC since 2014.

A	
FROM	
(unknown) (SEC)	
TO	
Giovanni Caforio	
DISSEMINATION DATE	12/14/2018
LETTERS	8
FIRST LETTER	07/03/2018
LAST LETTER	11/15/2018
ISSUES CITED	
Revenue recognition issues	

B	
FROM	
James B Rosenberg (SEC)	
TO	
Charles Bancroft	
DISSEMINATION DATE	11/29/2016
LETTERS	3
FIRST LETTER	10/14/2016
LAST LETTER	10/28/2016
ISSUES CITED	
Revenue recognition issues	
Allowances for bad debts, control over cash, and related accounts receivables issues	

C

FROM

James B Rosenberg (SEC)

TO

Charles Bancroft

DISSEMINATION DATE	09/08/2016
LETTERS	7
FIRST LETTER	04/19/2016
LAST LETTER	08/10/2016

ISSUES CITED

Revenue recognition issues

Asset sales, disposals, divestitures, reorganization issues

Financial derivatives or hedging accounting issues

Gain or loss recognition issues

Questions about fair value measurement and estimates

D

FROM

James B Rosenberg (SEC)

TO

Charles Bancroft

DISSEMINATION DATE	09/28/2015
LETTERS	4
FIRST LETTER	07/09/2015
LAST LETTER	08/28/2015

ISSUES CITED

Revenue recognition issues

Acquisitions, merger, or business combination issues

Pension and related retirement plan issues

Asset sales, disposals, divestitures, reorganization issues

Issues related to consolidation of affiliates, subsidiaries and related parties

E

FROM

Jeffrey P Riedler (SEC)

Daniel Greenspan (SEC)

TO

Lamberto Andreotti

DISSEMINATION DATE	06/05/2015
LETTERS	3
FIRST LETTER	03/18/2015
LAST LETTER	03/24/2015

ISSUES CITED

Questions about company bylaws or articles of incorporation

F

FROM

James B Rosenberg (SEC)

TO

Charles Bancroft

DISSEMINATION DATE	03/10/2014
LETTERS	10
FIRST LETTER	08/09/2013
LAST LETTER	02/07/2014

ISSUES CITED

Revenue recognition issues

Allowances for bad debts, control over cash, and related accounts receivables issues

Questions about fair value measurement and estimates

Research and development accounting and disclosure issues

Debt, quasi-debt, warrants & equity security issues

Lawsuits

Significant Litigation

Is the company involved in any lawsuits? This part of the Report summarizes recent and ongoing litigation that may have a significant impact on your investment.

- **7 Class Actions**
- **2 Securities Lawsuits**

Bristol Myers Squibb was named in 26 significant lawsuits. The most recent lawsuit is "Staley et al v. Gilead Sciences Inc et al" that began on 05/14/2019 and is still pending.

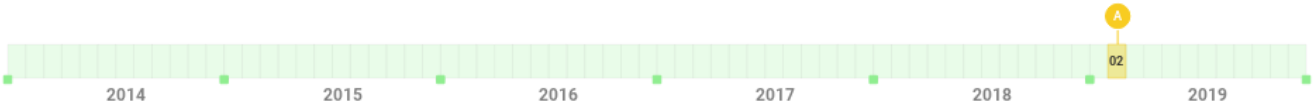
Name	Type	Start Date	End Date	Claim
Staley et al v. Gilead Sciences Inc et al	Class Action, Antitrust & Trade Regulation	05/14/2019	pending	undisclosed
Gerold v. Celgene Corporation et al	Class Action, Securities Law, Mergers & Acquisitions	02/04/2019	04/12/2019	undisclosed
Revitalizing Auto Communities Environmental Response Trust et al v. National Grid USA et al	Environmental Law	10/26/2018	pending	undisclosed
Giugno v. Bristol Myers Squibb Company et al	Securities Law, Class Action	02/09/2018	04/25/2018	undisclosed
In Re Onglyza Saxagliptin and Kombiglyze Saxagliptin and Metformin Products Liability Litigation MDL 2809	Multi District Litigation (MDL), Personal Injury	02/02/2018	pending	undisclosed
Bristol Myers Squibb Co et al v. EMD Serono Inc et al	Patent Law	07/26/2017	02/12/2019	undisclosed
Bristol Myers Squibb Company et al v. Mylan Pharmaceuticals Inc	Patent Law	04/12/2017	12/26/2018	undisclosed
Bristol Myers Squibb Company et al v. Impax Laboratories Inc	Patent Law	04/10/2017	07/02/2018	undisclosed
Bristol Myers Squibb Company et al v. Aurobindo Pharma USA Inc	Patent Law	04/05/2017	pending	undisclosed
In re Eliquis Apixaban Products Liability Litigation	Multi District Litigation (MDL), Personal Injury, Personal Injury - Medical Malpractice	02/16/2017	pending	undisclosed
In Re Abilify Aripiprazole Products Liability Litigation	Product Liability Law, Multi District Litigation (MDL)	10/03/2016	pending	undisclosed
Merck Sharp & Dohme Corp v. Bristol Myers Squibb Co et al	Patent Law	04/15/2016	01/23/2017	undisclosed
United States of America ex rel John R Borzilleri MD et al v. Abbvie Inc et al	Whistleblower (Qui Tam)	10/06/2015	pending	undisclosed
Dana-Farber Cancer Institute Inc v. Ono Pharmaceutical Co Ltd et al	Patent Law	09/25/2015	pending	undisclosed

Name	Type	Start Date	End Date	Claim
Bristol-Myers Squibb Co et al v. Merck & Co Inc	Patent Law	09/05/2014	01/23/2017	undisclosed
Streck v. Bristol Myers Squibb Company	Whistleblower (Qui Tam)	12/24/2013	pending	undisclosed
United States of America v. Bristol Myers Squibb Company et al	Environmental Law	09/27/2013	03/13/2015	undisclosed
In Re Incretin Mimetics Products Liability Litigation	Multi District Litigation (MDL), Health & Health Care Law, Personal Injury	08/26/2013	pending	undisclosed
In Re Plavix Product Liability & Marketing Litigation	Multi District Litigation (MDL), Health & Health Care Law, Personal Injury	02/12/2013	pending	undisclosed
Vertical Analytics LLC v. Bruker AXS Inc et al	Patent Law	09/21/2012	09/09/2014	undisclosed
Gilead Sciences Inc v. Teva Pharmaceuticals USA Inc et al	Patent Law	12/12/2008	02/13/2014	undisclosed
Streck v. Allergan Inc et al	Commerce ICC Rates, etc, Whistleblower (Qui Tam)	10/28/2008	12/23/2016	undisclosed
In Re Prempro Products Liability Litigation	Class Action, Product Liability Law, Multi District Litigation (MDL), Personal Injury	03/07/2003	03/09/2016	undisclosed
Digwamaje et al v. IBM Corporation et al	Class Action, Personal Injury	08/02/2002	08/28/2014	undisclosed
In Re Phenylpropanolamine Products Liability Litigation	Product Liability Law, Class Action, Multi District Litigation (MDL)	08/28/2001	settled	$57.2m
In Re Vitamins Antitrust Litigation	Class Action, Antitrust & Trade Regulation, Product Liability Law, Multi District Litigation (MDL)	05/27/1999	11/02/2015	undisclosed

External Pressures

Shareholder Activism

An activist shareholder uses his ownership stake to influence management and affect the strategy and direction of the company. While these shareholders contribute to oversight and may push for better financial performance or even a change in leadership, they may also pursue social, political, or environmental goals that can adversely affect a company's operations and profitability. Note that activist shareholders identified here may no longer be current shareholders.



Bristol Myers Squibb last reported an activist shareholder as of 02/27/2019. Activist shareholders reported concerns with management on 02/27/2019.

ACTIVE SHAREHOLDER

WELLINGTON MANAGEMENT GROUP LLP

DISCLOSURE

02/27/2019 on SEC Form SC 13D

REASONS

May (or reserves the right to) have discussions with management

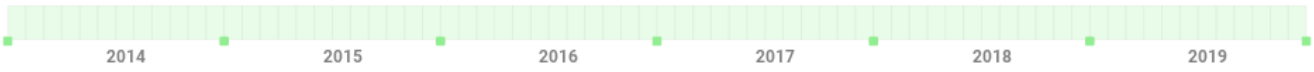
Held discussions with management

Investment purposes

Transaction (Securities, Warrants, Options, Debt, Bonds etc)

Cybersecurity

Cybersecurity is an area of increasing concern for many companies. A breach of confidential personal or financial data brings bad press, customer backlash and loss of goodwill, and substantial exposure to class actions. The SEC issued guidance in 2018 indicating cybersecurity risks should be treated like all other economic and business risks in regard to internal controls, financial reporting, and public disclosures.



Bristol Myers Squibb has not disclosed any data breaches or cybersecurity issues.

Management Review

Management Turnover

Investors should always pay attention to CEO and CFO changes. These two officers are responsible for a company's performance and financial reporting. Why did they depart? There are many possible answers to this question, not all of them good.

Reported CEO Changes

⤵ **Lamberto Andreotti** CEO
Retired effective: 05/05/2015 (8-K/A on 04/20/2015)
Position Change within Company

⤴ **Giovanni Caforio** CEO
Appointed effective: 05/05/2015 (8-K/A on 03/06/2015)
Assuming additional Position(s)

Reported CFO Changes

⤴ **David V. Elkins** Executive VP / CFO
Appointed (8-K on 06/05/2019)
Merger / Acquisition

⤵ **Charles A. Bancroft** CFO / Executive VP Global Business Operations
Resigned (8-K on 06/05/2019)
Position Change within Company

Insider Sales

What are the CEO and CFO doing? Do they have confidence in the company, or are they unloading their shares? A large sale of stock is a big warning sign and may indicate a lack of confidence in the future prospects of the company. These two officers know more about the company than you do, and if they think it is a good time to sell, maybe you should too.

There are significant insider sales from the company's officers.

Here are the significant insider sales for the CEO:

Here are the significant insider sales for the CFO:

Here are the significant insider sales for Bristol Myers Squibb:

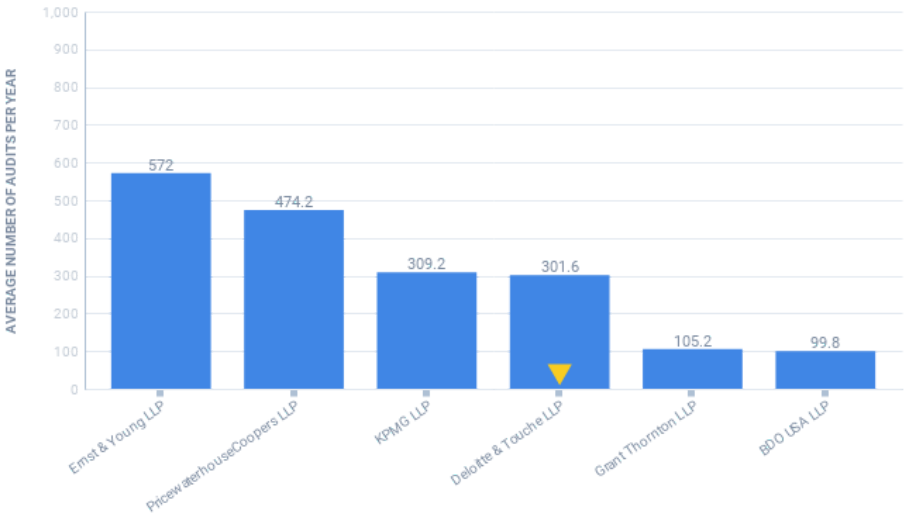
Date	Owner	Title	Shares sold	Value	Holdings	% Sold	
03/13/2019	SCHMUKLER LOUIS S	Pres. Global Mfg. & Supply	12,436.0	$535k	56,963.0	17.9%	
03/13/2019	CAFORIO GIOVANNI	Chairman and CEO	97,896.0	$4.42m	365,199.0	21.1%	
03/13/2018	BANCROFT CHARLES A	EVP & Chief Financial Officer	40,211.0	$2.73m	336,121.0	10.6%	
03/13/2018	SCHMUKLER LOUIS S	Pres. Global Mfg. & Supply	14,690.0	$998k	42,831.0	25.5%	
03/13/2018	CAFORIO GIOVANNI	Chairman and CEO	110,895.0	$7.53m	290,267.0	27.6%	
03/16/2017	SCHMUKLER LOUIS S	Pres. Global Mfg. Supply	15,000.0	$851k	26,483.0	36.1%	
03/14/2017	BANCROFT CHARLES A	EVP Chief Financial Officer	41,667.0	$2.33m	261,369.0	13.7%	
03/14/2017	SCHMUKLER LOUIS S	Pres. Global Mfg. Supply	15,122.0	$843k	41,483.0	26.7%	
03/14/2017	CAFORIO GIOVANNI	Chief Executive Officer	48,323.0	$2.61m	172,418.0	21.8%	
05/24/2016	BANCROFT CHARLES A	EVP Chief Financial Officer	30,201.0	$2.14m	184,694.0	14.0%	
05/05/2016	CAFORIO GIOVANNI	Chief Executive Officer	34,594.0	$2.47m	126,509.0	21.4%	
05/04/2016	SCHMUKLER LOUIS S	Pres. Global Mfg. Supply	22,218.0	$1.6m	21,971.0	50.2%	
03/23/2016	BANCROFT CHARLES A	EVP Chief Financial Officer	36,519.0	$2.37m	214,895.0	14.5%	

Date	Owner	Title	Shares sold	Value	Holdings	% Sold	
03/14/2016	BANCROFT CHARLES A	EVP Chief Financial Officer	36,519.0	$2.37m	221,724.0	14.1%	
03/14/2016	SCHMUKLER LOUIS S	Pres. Global Mfg. Supply	15,269.0	$989k	44,189.0	25.6%	
03/14/2016	CAFORIO GIOVANNI	Chief Executive Officer	33,596.0	$2.17m	110,648.0	23.2%	
02/19/2016	CAFORIO GIOVANNI	Chief Executive Officer	12,040.0	$766k	76,738.0	13.5%	
03/16/2015	SCHMUKLER LOUIS S	Pres. Global Mfg. Supply	12,000.0	$804k	22,218.0	35.0%	
03/04/2015	ANDREOTTI LAMBERTO	Chief Executive Officer	166,566.0	$10.4m	514,839.0	24.4%	
03/04/2015	BANCROFT CHARLES A	EVP Chief Financial Officer	90,439.0	$2.03m	144,434.0	38.5%	
02/02/2015	ANDREOTTI LAMBERTO	Chief Executive Officer	90,246.0	$5.52m	383,063.0	19.0%	
12/05/2014	ANDREOTTI LAMBERTO	Chief Executive Officer	75,000.0	$4.52m	360,809.0	17.2%	
11/07/2014	ANDREOTTI LAMBERTO	Chief Executive Officer	75,000.0	$4.33m	435,809.0	14.6%	
07/30/2014	BANCROFT CHARLES A	EVP Chief Financial Officer	67,621.0	$3.45m	96,564.0	41.1%	
03/10/2014	ANDREOTTI LAMBERTO	Chief Executive Officer	127,454.0	$7.08m	630,783.0	16.8%	
03/10/2014	SCHMUKLER LOUIS S	Pres. Global Mfg. Supply	10,080.0	$562k	8,861.0	53.2%	
03/05/2014	ANDREOTTI LAMBERTO	Chief Executive Officer	264,757.0	$3.29m	709,143.0	27.1%	
03/05/2014	BANCROFT CHARLES A	EVP Chief Financial Officer	61,419.0	$3.29m	152,303.0	28.7%	
02/18/2014	BANCROFT CHARLES A	EVP Chief Financial Officer	52,963.0	$2.88m	77,303.0	40.6%	
02/11/2014	ANDREOTTI LAMBERTO	Chief Executive Officer	86,075.0	$4.53m	500,487.0	14.6%	

Auditor Assessment

Auditor Experience

How much experience does the auditor have in this industry? This graph shows the average number of audits of the largest auditors in this industry in the last five years (based on our population). The current auditor is marked with an arrow.

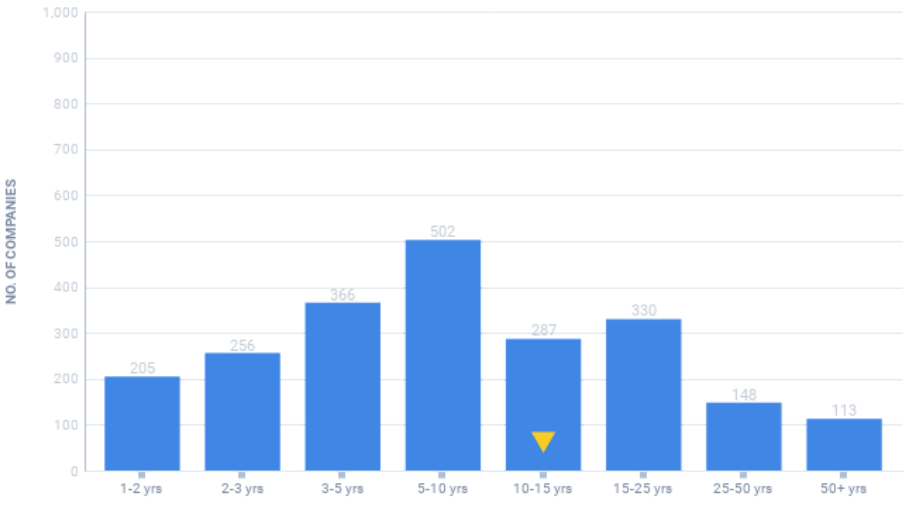


Current auditor is Deloitte & Touche LLP.

Auditors with relatively little industry experience may be more likely to make mistakes. Auditors that do more audits tend to have greater industry expertise.

Auditor Tenure

How long have they had the same auditor? This graph shows a histogram of the number of companies in the industry (from our population) and the corresponding auditor tenure. Current auditor tenure for Bristol Myers Squibb is marked with an arrow.



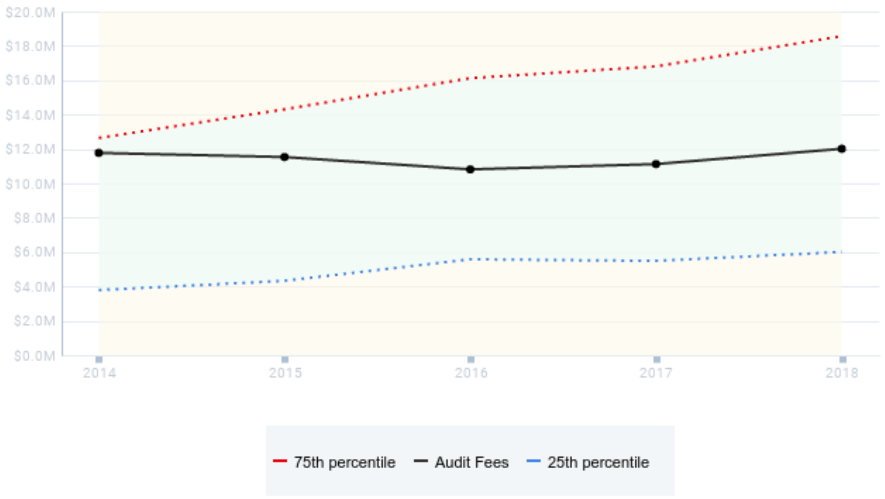
Deloitte & Touche LLP has been Bristol Myers Squibb's auditor for the last 14 years.

Mistakes may be more common in the early years of an auditor's tenure as they gain knowledge of a company's accounting policies and processes. On the other hand, there is some concern that a lengthy tenure may make auditors too "cozy" with the company and reluctant to report on issues or problems.

Auditor Assessment

Audit Fees

Audit fees are fees paid to the auditor for the audit and services related to the audit. This graph compares recent audit fees to the rest of the industry based on audit fee to revenue ratios (or audit fees to asset ratios for financial companies).



MOST RECENT AUDIT FEES

$12m ▲ **8.00%**

AUDIT FEES TO REVENUE RATIO

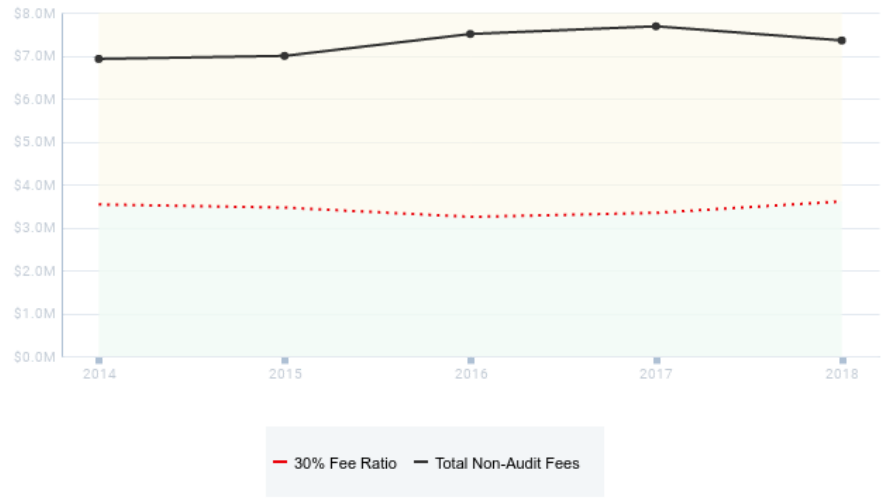
0.05%

Bristol Myers Squibb's audit fees increased by 8.00% from last year. Bristol Myers Squibb's most recent audit fees are in the normal range.

High audit fees create incentives that undermine auditor independence. On the other hand, low audit fees may result in a lower quality audit.

Non-Audit Fees

Non-audit fees are fees paid to the auditor for the services unrelated to the audit.



MOST RECENT NON-AUDIT FEES

$7.35m ▼ **-4.29%**

NON-AUDIT FEES TO AUDIT FEES RATIO

61.20%

Bristol Myers Squibb's most recent non-audit fees are relatively high.

Relatively high non-audit fees create incentives that undermine the auditor's objectivity and are often used as a proxy measure of auditor independence.

Appendix

Appendix A. SEC Letters to Management

A **Conversation disseminated on 12/14/2018**

FROM: (unknown) (SEC) **TO:** Giovanni Caforio

8 LETTERS

ISSUES CITED	LETTERS	RELATED FILINGS
■ Revenue recognition issues	dated 07/03/2018	10-Q 07/26/2018
	dated 07/10/2018	10-Q 04/26/2018
	dated 07/26/2018	10-K 02/13/2018
	dated 08/23/2018	
	dated 09/06/2018	
	dated 09/24/2018	
	dated 11/13/2018	
	dated 11/15/2018	

B **Conversation disseminated on 11/29/2016**

FROM: James B Rosenberg (SEC) **TO:** Charles Bancroft

3 LETTERS

ISSUES CITED	LETTERS	RELATED FILINGS
■ Revenue recognition issues	dated 10/14/2016	10-Q 07/28/2016
■ Allowances for bad debts, control over cash, and related accounts receivables issues	dated 10/27/2016	
	dated 10/28/2016	

C **Conversation disseminated on 09/08/2016**

FROM: James B Rosenberg (SEC) **TO:** Charles Bancroft

7 LETTERS

ISSUES CITED	LETTERS	RELATED FILINGS
■ Revenue recognition issues	dated 04/19/2016	10-K 02/12/2016
■ Asset sales, disposals, divestitures, reorganization issues	dated 04/20/2016	
■ Financial derivatives or hedging accounting issues	dated 05/17/2016	
■ Gain or loss recognition issues	dated 06/20/2016	
■ Questions about fair value measurement and estimates	dated 06/29/2016	
■ Research and development accounting and disclosure issues	dated 07/14/2016	
	dated 08/10/2016	

D **Conversation disseminated on 09/28/2015**

FROM: James B Rosenberg (SEC) **TO:** Charles Bancroft

4 LETTERS

ISSUES CITED	LETTERS	RELATED FILINGS
■ Revenue recognition issues	dated 07/09/2015	10-K 02/13/2015
■ Acquisitions, merger, or business combination issues	dated 07/16/2015	
■ Pension and related retirement plan issues	dated 08/07/2015	
■ Asset sales, disposals, divestitures, reorganization issues	dated 08/28/2015	
■ Issues related to consolidation of affiliates, subsidiaries and related parties		
■ Questions about fair value measurement and estimates		

E **Conversation disseminated on 06/05/2015**

FROM: Jeffrey P Riedler (SEC) **TO:** Lamberto Andreotti
Daniel Greenspan (SEC)

3 LETTERS

ISSUES CITED	LETTERS	RELATED FILINGS
■ Questions about company bylaws or articles of incorporation	dated 03/18/2015	PRE 14A 03/12/2015
	dated 03/19/2015	
	dated 03/24/2015	

F **Conversation disseminated on 03/10/2014**

FROM: James B Rosenberg (SEC) **TO:** Charles Bancroft

10 LETTERS

ISSUES CITED	LETTERS
■ Revenue recognition issues	dated 08/09/2013
■ Allowances for bad debts, control over cash, and related accounts receivables issues	dated 08/13/2013
	dated 09/09/2013
■ Questions about fair value measurement and estimates	dated 10/04/2013
■ Research and development accounting and disclosure issues	dated 10/21/2013
■ Debt, quasi-debt, warrants & equity security issues	dated 11/04/2013
■ Lease and leasehold obligations and receipts reporting issues	dated 12/06/2013
	dated 12/12/2013
	dated 01/07/2014
	dated 02/07/2014

Appendix B. Significant Litigation

Staley et al v. Gilead Sciences Inc et al
Case began on 05/14/2019

Gilead Sciences Inc. (along with JT, Bristol-Myers Squibb Company and Johnson & Johnson, Inc.) have been named as defendants in a class action lawsuit filed in 2019 related to various drugs used to treat HIV, including drugs used in combination antiretroviral therapy. Plaintiffs allege that Gilead (and the other defendants) engaged in various conduct to restrain competition in violation of federal and state antitrust laws and state consumer protection laws. The lawsuit, a consolidated action pending in the United States District Court for the Northern District of California, seeks to bring claims on behalf of a nationwide class of end-payor purchasers. Plaintiffs seek damages, permanent injunctive relief, and other relief.

Gerold v. Celgene Corporation et al
Case began on 02/04/2019

The plaintiffs allege that defendants violated Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 (Exchange Act), 15 U.S.C. §§ 78n(a), 78t(a) respectively, and United States Securities and Exchange Commission (SEC) Rule 14a-9, 17 C.F.R. § 240.14a-9, in connection with the acquisition of Celgene by Bristol-Myers Squibb Company. According to the complaint, defendants filed a materially incomplete and misleading Form S-4 Registration Statement with the SEC, with the purpose of convincing stockholders to vote in favor of the transaction. Specifically, the Proxy allegedly contained materially incomplete and misleading information concerning: (a) the valuation analyses prepared by the Company's financial advisors, J. P. Morgan Securities LLC (JPM) and Citigroup Global Markets, Inc. (Citi), in support of their fairness opinion and (b) the potential conflicts of interest faced by the Board during the sales process leading up to the Proposed Transaction. Plaintiff entered a Notice of Dismissal on April 12, 2019. Following the announcement of the Company's planned acquisition of Celgene, thirteen complaints were filed by Celgene shareholders in the U.S. District Court for the District of Delaware, U.S. District Court for the District of New Jersey, the U.S. District Court for the Southern District of New York and the Court of Chancery of the State of Delaware seeking to enjoin the Company's planned acquisition of Celgene. The complaints in these actions name as defendants Celgene and the members of Celgene's Board of Directors. Five of these complaints also name the Company and Burgundy Merger Sub, Inc., a wholly-owned subsidiary of the Company that was formed solely for the purpose of completing the pending acquisition of Celgene and will be merged with and into Celgene upon the completion of the acquisition, as defendants. Of the complaints naming the Company as a defendant, four are styled as putative class actions. The plaintiffs allege violations of various federal securities laws and breaches of fiduciary duties in connection with the acquisition of Celgene by the Company. Two of these complaints were voluntarily dismissed in April 2019.

Revitalizing Auto Communities Environmental Response Trust et al v. National Grid USA et al
Case began on 10/26/2018

On October 26, 2018, Revitalizing Auto Communities Environmental Response Trust (RACER Trust) and RACER Properties LLC filed a complaint in the United States District Court for the Northern District of New York against Libbey's wholly-owned subsidiaries Syracuse China Company and Libbey Glass Inc. (collectively, SCC) and more than 30 other companies. RACER Properties LLC is the owner of a former GM manufacturing facility located in Onondaga County, New York, and the RACER Trust, established pursuant to a 2010 Environmental Response Trust Consent Decree and Settlement Agreement approved by the U.S. Bankruptcy Court (the "2010 Trust Consent Decree"), was created to clean up and reposition for development certain properties owned by the former GM. The complaint alleges that SCC and the other defendants are jointly and severally liable, along with the plaintiffs, for the remediation of polychlorinated biphenyls (PCBs) and certain other hazardous substances in soils and sediments in Upper Ley Creek between Town Line Road and the Route 11 Bridge in Onondaga County, New York (the Upper Ley Creek sub-site). The Upper Ley Creek sub-site is located immediately upstream of the Lower Ley Creek sub-site.

Giugno v. Bristol Myers Squibb Company et al
Case began on 02/09/2018

In February 2018, Bristol Myers Squibb Company became aware of a putative class action complaint, Joseph Giugno v. Bristol-Myers Squibb Co., et al. that was filed in the U.S. District for the Northern District of California against Bristol Myers, Bristol Myers' Chief Executive Officer, Giovanni Caforio, Bristol Myers' Chief Financial Officer, Charles A. Bancroft and certain former and current executives of Bristol Myers. On August 5, 2016, Bristol Myers announced that its CheckMate-026 trial investigating the use of Opdivo (nivolumab) as monotherapy had failed because it did not meet its primary endpoint of progression-free survival. The complaint alleges violations of securities laws for Bristol Myers' disclosures related to the CheckMate -026 clinical trial in lung cancer. Specifically, Defendants failed to disclose: that Bristol-Myers' CheckMate-026 trial was more likely to fail than Defendants were representing; that Bristol Myers' CheckMate-026 trial failed more severely than Bristol-Myers indicated it did in Bristol-Myers' August 5, 2016 announcements and disclosures; and that, as a result of the foregoing, Defendants' statements about Bristol-Myers' business, operations, and prospects, were materially false and/or misleading and/or lacked a reasonable basis. The case was voluntarily dismissed on April 25, 2018.

In Re Onglyza Saxagliptin and Kombiglyze Saxagliptin and Metformin Products Liability Litigation MDL 2809
Case began on 02/02/2018

Bristol Myers Squibb Company Inc. and AstraZeneca are co-defendants in product liability litigation related to Onglyza. This is an action for damages relating to the Defendants design, manufacture, sale, marketing, advertising, promotion, labeling, packaging, and distribution of their drug Saxagliptin. Plaintiff, Audrey Gore, individually and as administrator of the estate of Ophelia Dubose, deceased, by and through Plaintiffs attorneys, Sanders Phillips Grossman, LLC, brings this action for injuries suffered by Ophelia Dubose as a result of being prescribed and ingesting the defective and unreasonably dangerous prescription drug(s) Onglyza and/or Kombiglyze XR. Therefore, the Plaintiffs assert claims, including claims for wrongful death, as a result of heart failure or other cardiovascular injuries they allege were caused by their use of Onglyza. A significant majority of these claims are pending in federal courts. In February 2018, the Judicial Panel on Multidistrict Litigation ordered all federal cases to be transferred to an MDL in the United States District Court for the Eastern District of Kentucky. As part of Bristol Myers Squibbs global diabetes business divestiture, Bristol Myers Squibb sold Onglyza to AstraZeneca in February 2014 and any potential liability with respect to Onglyza is expected to be shared with AstraZeneca. As of March 2019, claims are pending in state and federal court on behalf of approximately 275 individuals who allege they ingested the product and suffered an injury.

Bristol Myers Squibb Co et al v. EMD Serono Inc et al
Case began on 07/26/2017

In July 2017, BMS, E.R. Squibb & Sons LLC, Ono Pharmaceutical Co. Ltd., and Tasuku Honjo brought a patent-infringement action in the U.S. District Court for the District of Delaware against Pfizer, Merck KGaA, and EMD Serono, alleging that Bavencio (avelumab) infringes one patent relating to methods for treating tumors with anti-PD-L1 antibodies, which expires in 2023. On February 6, 2019, Plaintiffs filed a Stipulation of Dismissal.

Bristol Myers Squibb Company et al v. Mylan Pharmaceuticals Inc
Case began on 04/12/2017

In April 2017, Bristol-Myers Squibb Company and Pfizer, Inc. initiated patent lawsuits under the Hatch-Waxman Act against all generic filers in the U.S. District Court for the District of Delaware and the U.S. District Court for the District of West Virginia, asserting that each of the generic companies proposed products would infringe each of the patent(s) that each generic filer challenged. Some generic filers challenged only the 2031 patent, some challenged both the 2031 and 2023 patent, and one generic company challenged all three patents. In August 2017, the U.S. Patent and Trademark Office granted patent term restoration to the composition of matter patent, thereby restoring the term of the Eliquis composition of matter patent, which is the Companys basis for projected LOE, from February 2023 to November 2026. The Company has settled lawsuits with a number of aNDA filers through March 2019. The settlements do not affect the Companys projected LOE for Eliquis. A trial with the remaining aNDA filers is scheduled for October 2019 in the U.S. District Court for the District of Delaware.

Bristol Myers Squibb Company et al v. Impax Laboratories Inc
Case began on 04/10/2017

On April 10, 2017, Bristol-Myers Squibb Company and Pfizer Inc. filed suit against Impax Laboratories in the United States District Court for the District of Delaware alleging patent infringement based on the filing of Bristol-Myers' ANDA related to Apixaban Tablets, 2.5 mg and 5 mg, generic to Eliquis®. On September 22, 2017, the parties jointly filed a proposed schedule with the Court, proposing that Impax Laboratories case and a number of related cases be consolidated. On November 3, 2017, the Court consolidated the related cases and set the case schedule. This case was consolidated into Bristol Myers Squibb Company et al v. Aurobindo Pharma USA Inc, 1:17-cv-00374-LPS in the Federal District Court of Delaware. All claims and counterclaims, defenses, motions and petitions asserted in this Action are dismissed without prejudice;and each party shall bear its own costs and attorneys' fees with respect to the matters dismissed. The parties agreed that all claims and counterclaims, defenses, motions and petitions asserted in this action are dismissed without prejudice. Each party shall bear its own costs and attorney's fees with respect to the matter dismissed.

Bristol Myers Squibb Company et al v. Aurobindo Pharma USA Inc
Case began on 04/05/2017

This is an action for patent infringement arising under the patent laws of the United States, Title 35, United States Code, against Defendant Aurobindo Pharma USA Inc. (Aurobindo). This action relates to Abbreviated New Drug Application (ANDA) No. 210026 filed by Aurobindo with the U.S. Food and Drug Administration. On October 18, 2018, the district court in BMS granted Mylans motion to dismiss for improper venue in that case.

In re Eliquis Apixaban Products Liability Litigation
Case began on 02/16/2017

A number of individual and multi-plaintiff lawsuits have been filed against Pfizer Inc. and Bristol-Myers Squibb Company in various federal and state courts pursuant to which plaintiffs seek to recover for personal injuries, including wrongful death, due to bleeding as a result of the alleged ingestion of Eliquis. Plaintiffs seek compensatory and punitive damages. In February 2017, the federal actions were transferred for coordinated pre-trial proceedings to a Multi-District Litigation (In Re: Eliquis (Apixaban) Products Liability Litigation MDL-2754) in the U.S. District Court for the Southern District of New York. In July 2017, the District Court dismissed substantially all of the actions that were pending in the Multi-District Litigation. In August 2017, certain plaintiffs appealed the District Court's dismissal to the U.S. Court of Appeals for the Second Circuit. Additional cases continue to be transferred to the Multi-District Litigation. As of April 2019, no claims remain pending in the MDL in the U.S District Court for the Southern District of New York or in state court. One case remains pending in Canada. Over 200 cases have been dismissed with prejudice in the MDL. The claims of 23 plaintiffs were appealed to the Second Circuit Court of Appeals which, in March 2019, affirmed the MDL's dismissals. There were several additional appeals that were stayed pending the outcome of the Second Circuit's decision. These stays have been lifted.

In Re Abilify Aripiprazole Products Liability Litigation
Case began on 10/03/2016

Bristol Myers and Otsuka are co-defendants in product liability litigation related to Abilify. Plaintiffs allege Abilify caused them to engage in compulsive gambling and other impulse control disorders. There have been over 2,000 cases filed in state and federal courts and additional cases are pending in Canada. The Judicial Panel on Multidistrict Litigation consolidated the federal court cases for pretrial purposes in the United States District Court for the Northern District of Florida. On February 15, 2019, the Company and Otsuka entered into a master settlement agreement establishing a proposed settlement program to resolve all Abilify compulsivity claims filed as of January 28, 2019 in the MDL as well as the various state courts, including California and New Jersey.

Merck Sharp & Dohme Corp v. Bristol Myers Squibb Co et al
Case began on 04/15/2016

In April 2016, Merck filed an action in New Jersey federal court seeking a declaratory judgment that U.S. Patent Nos. 8,777,105 (the '105 patent) and 9,084,776 (the '776 patent), which are based on the Korman patent filing, are invalid and not infringed by Keytruda*. The parties have dismissed in this case in its entirety with prejudice pursuant to Federal Rule of Civil Procedure 41(a)(1)(A)(ii), and without costs or attorneys' fees to either party.

United States of America ex rel John R Borzilleri MD et al v. Abbvie Inc et al
Case began on 10/06/2015

In April 2018, a lawsuit was unsealed in the US District Court for the Southern District of New York, alleging violations of the False Claims Act and 29 state-law analogs by Sanofi US and other manufacturer and pharmacy benefit manager (PBM) defendants. The complaint had first been filed on October 6, 2015. It was unsealed after the federal and state governments declined to intervene. The Relator, John R. Borzilleri, M.D., avers that the Manufacturer Defendants have made fraudulent overpayments of "Bona Fide Service Fees" (BFSFs) far in excess of legally-required "Fair Market Value" (FMV) to the PBM Defendants, as part of a nationwide systemic collusive price-inflation scheme in the Medicare Part D program. Driven by the fraudulent BFSF scheme, the Manufacturer and PBM Defendants are knowingly utilizing fraudulently-inflated Average Wholesale Prices ("AWP") for the Manufacturer Defendant drugs as the basis for "negotiated prices" submitted for payment to the Centers for Medicare & Medicaid (CMS) in Prescription Drug Event ("PDE") reports. The relator believes that both the Manufacturer and PBM Defendants are in clear violation of the False Claims Act and Anti-Kickback Statute. In October 2018, the defendants moved to dismiss the complaint. In December 2018, the United States separately moved to dismiss the complaint, over the relator's objections.

Dana-Farber Cancer Institute Inc v. Ono Pharmaceutical Co Ltd et al
Case began on 09/25/2015

In September 2015, Dana-Farber Cancer Institute filed a complaint in Massachusetts Federal Court seeking to correct the investorship on up to five related U.S. patents directed to methods of treating cancer using PD-1 and PD-L1 antibodies. Specifically, Dana-Farber is seeking to add two scientists as investors to these patents. Three of these patents (the ' 474, '999 and '994 patents) are currently subject to patent infringement proceedings filed by Bristol-Myers Squibb Company and Ono Pharmaceuticals against Merck in Delaware Federal Court. In October 2017, Pfizer was allowed to intervene in this case alleging that one of the scientists identified by Dana-Farber was employed by a company eventually acquired by Pfizer during the relevant period. In February 2019, the Company settled the lawsuit with Pfizer. A bench trial in the lawsuit with Dana-Farber began on February 4, 2019.

Bristol-Myers Squibb Co et al v. Merck & Co Inc
Case began on 09/05/2014

Plaintiffs, Bristol-Myers Squibb Co. and Ono Pharmaceutical Co., Ltd., filed a complaint for a declaratory judgment and other relief for patent infringement against Defendant Merck & Co. Inc. The Plaintiffs allege that Merck's marketing of "Keytruda" infringed on the Plaintiffs breakthrough cancer treatment involving the creation of antibodies to destroy cancer cells, also known as Patent No. 8,728,474 (the '474 patent). The parties in this case have been dismissed in their entirety with prejudice pursuant to Federal Rule of Civil Procedure 41(a)(l)(A)(ii), and without costs or attorneys' fees to either party. The U.S. PTO have determined that patent '474 is owned by Ono Pharmaceutical Co.

Streck v. Bristol Myers Squibb Company
Case began on 12/24/2013

On October 12, 2017, in relation to the investigation described above under subheading - Letter from the U.S. Department of Justice Civil Division and the U.S. Attorney's Office for the Eastern District of Pennsylvania, an underlying qui tam complaint asserting claims under the federal and certain state False Claims Acts was unsealed in the Eastern District of Pennsylvania, after the United States and the states on whose behalf claims were asserted declined to intervene in the case. The complaint alleged that Valeant Pharmaceuticals International Inc. and other manufacturers failed to accurately account for service fees in its calculation of Average Manufacturer Prices reported to the federal government, and as a result underpaid Medicaid rebates. On January 10, 2018, the Relator in this matter filed a voluntary dismissal in this matter, dismissing Valeant Pharmaceuticals International and two of the other defendants, on a without prejudice basis. The United States and the states on whose behalf claims were asserted have consented to the voluntary dismissal. The dismissal remains subject to approval of the Court.

United States of America v. Bristol Myers Squibb Company et al
Case began on 09/27/2013

On September 30, 2013, the DOJ filed a complaint against Albéa Americas (a subsidiary of Twist Beauty) and certain other third parties as defendants in a CERCLA cost recovery lawsuit, United States v. Bristol-Myers Squibb Company et al, Civil Action No. 3:13-cv-05798-PGS-TJB. The complaint also includes an in rem cause of action seeking to enforce the federal environmental lien against the Washington Facility. On May 7, 2013, the EPA notified Albéa Americas that EPA sampling indicated the presence of trichloroethylene ("TCE") vapors in the facility which appear to have migrated from the subsurface into the facility; in response, Albéa Americas and EPA undertook extensive indoor air quality sampling and mitigation measures with respect to the vapor conditions, and are now in the process of monitoring the indoor air to ensure the ongoing effectiveness of the measures that have been taken to address the vapor conditions. Pursuant to the July 2, 2010 agreement by which Albéa Americas acquired Rio Tinto's beauty packing business, Rio Tinto and PPPI agreed to perform all remedial action required at the Washington Facility and to indemnify Albéa Americas for losses or claims Albéa Americas may incur associated with historical environmental conditions at the Washington Facility and the Pohatcong Valley Superfund Site. Accordingly, Albéa Americas has tendered these matters including the EPA claim, the DOJ lawsuit, and TCE vapor conditions to Rio Tinto and PPPI for indemnification pursuant to that agreement, and they have responded that they accept these matters for indemnification and would assume Albéa Americas' defense in the lawsuit. The DOJ lawsuit has been stayed pending settlement negotiations between DOJ and PPPI. The parties have reached an agreement in principle to settle the DOJ lawsuit and are in the process of negotiating a consent decree to document the terms of the settlement. Under the settlement terms, PPPI would pay EPA's response costs and implement the remedial action for and conduct all operation and maintenance of remedial systems installed in connection with the Pohatcong Valley Superfund Site. Due to the indemnity, Albéa's primary obligation under the consent decree should be limited to providing access to the Washington Facility as necessary for the remedial work and to implementing and maintaining institutional controls placed on the property that are required by EPA.

In Re Incretin Mimetics Products Liability Litigation

Case began on 08/26/2013

Merck is a defendant in product liability lawsuits in the United States involving Januvia and/or Janumet. As of June 30, 2019, Merck is aware of approximately 1,350 product users alleging that Januvia and/or Janumet caused the development of pancreatic cancer and other injuries. These complaints were filed in several different state and federal courts, with the majority filed in the U.S. District Court for the Southern District of California. Amylin, a former subsidiary of Bristol Myers, and Lilly are co-defendants in product liability litigation related to Byetta. To date, there are over 500 separate lawsuits pending on behalf of approximately 2,000 active plaintiffs (including pending settlements), which include injury plaintiffs as well as claims by spouses and/or other beneficiaries, in various courts in the U.S. The majority of these cases have been brought by individuals who allege personal injury sustained after using Byetta, primarily pancreatic cancer, and, in some cases, claiming alleged wrongful death. The majority of cases are pending in Federal Court in San Diego in an MDL or in a coordinated proceeding in California Superior Court in Los Angeles (JCCP). Most of the claims were filed in a consolidated multidistrict litigation proceeding in the U.S. District Court for the Southern District of California called In re Incretin-Based Therapies Products Liability Litigation (MDL). The MDL includes federal lawsuits alleging pancreatic cancer due to use of the following medicines: Januvia, Janumet, Byetta and Victoza, the latter two of which are products manufactured by other pharmaceutical companies. The majority of claims not filed in the MDL were filed in the Superior Court of California, County of Los Angeles (California State Court). In November 2015, the MDL and California State Court - in separate opinions - granted summary judgment to defendants on grounds of preemption. On November 9, 2015, the Court issued an order granting Defendants Merck Sharp and Dohme, Amylin Pharmaceuticals, Eli Lilly and Company, and Novo Noridsk motion for summary judgment on the affirmative defense of preemption and denied Plaintiffs cross motion for summary judgment. In accordance with that order, the Court hereby instructs the Clerk of Court to enter judgment in the above and related and member cases alleging claims of pancreatic cancer against Defendants in favor of Defendants and against Plaintiffs. For the purposes of appeal, Case No. 13-md-2452 will remain administratively open to permit the filing of new claims. The plaintiffs appealed those rulings. In November 2017, the U.S. Court of Appeals for the Ninth Circuit reversed the U.S. District Court s grant of summary judgment based on that court's discovery rulings and remanded the cases for further proceedings. In November 2017, the U.S. Court of Appeals for the Ninth Circuit vacated the judgment and remanded for further discovery, which is ongoing. In November 2018, the California state appellate court reversed and remanded on similar grounds. As of December 31, 2018, eight product users have claims pending against Merck in state courts other than California, including Illinois. In June 2017, the Illinois trial court denied Merck s motion for summary judgment based on federal preemption. Merck appealed, and the Illinois appellate court affirmed in December 2018. Merck filed a petition for leave to appeal to the Illinois Supreme Court in February 2019.

In Re Plavix Product Liability & Marketing Litigation

Case began on 02/12/2013

Bristol-Myers Squibb ("Bristol") and certain affiliates of Sanofi are defendants in a number of individual lawsuits in various state and federal courts claiming personal injury damage allegedly sustained after using Plavix. Currently, over 5,300 claims involving injury plaintiffs as well as claims by spouses and/or other beneficiaries, are filed in state and federal courts in various states including California, New Jersey, Delaware and New York. In February 2013, the Judicial Panel on Multidistrict Litigation granted Bristol and Sanofi s motion to establish a multidistrict litigation to coordinate Federal pretrial proceedings in Plavix product liability and related cases in New Jersey Federal Court. In June 2016, the United States declined to intervene in the action. As of December 31, 2018, 20 Plavix product liability actions involving 91 total plaintiffs (67 of whom are ingesting plaintiffs) were currently pending, all venued in the Plavix Multidistrict Litigation (MDL) in the U.S. District Court for the District of New Jersey.

Vertical Analytics LLC v. Bruker AXS Inc et al

Case began on 09/21/2012

On September 21, 2012, Vertical Analytics LLC filed an action in the U.S. District Court for the District of Delaware against Bruker AXS Inc. ("Bruker AXS"). The complaint, which claims unspecified damages and injunctive relief, alleges that Bruker AXS infringes, induces infringement, or contributes to the infringement of certain U.S. patents related to X-ray diffraction analysis held by Vertical Analytics LLC. Bruker AXS filed its response to the complaint in November 2012 and has asserted various defenses. Discovery commenced in January 2013. During the fourth quarter of 2013, the Bruker Corp, the Company, entered into a settlement agreement with Vertical Analytics LLC to resolve all claims. The settlement amount was recorded in the fourth quarter of 2013 and was immaterial to the consolidated financial statements of the Company.

Gilead Sciences Inc v. Teva Pharmaceuticals USA Inc et al
Case began on 12/12/2008

In November 2008, Gilead received notice that Teva Pharmaceuticals (Teva) submitted an abbreviated new drug application (ANDA) to the U.S. Food and Drug Administration (FDA) requesting permission to manufacture and market a generic version of Truvada. In the notice, Teva alleges that two of the patents associated with emtricitabine, U.S. Patent Numbers 6,642,245 and 6,703,396, owned by Emory University and licensed exclusively to us, are invalid, unenforceable and/or will not be infringed by Teva s manufacture, use or sale of a generic version of Truvada. In December 2008, Gilead Sciences filed a lawsuit in U.S. District Court in New York against Teva for infringement of the two emtricitabine patents. In March 2009, we received notice that Teva Pharmaceuticals submitted an ANDA to the FDA requesting permission to manufacture and market a generic version of Atripla. In the notice, Teva alleges that the same two emtricitabine patents are invalid, unenforceable and/or will not be infringed by Teva s manufacture, use or sale of a generic version of Atripla.

Streck v. Allergan Inc et al
Case began on 10/28/2008

On September 6, 2011, Biogen Idec and several other pharmaceutical companies were served with a complaint originally filed under seal on October 28, 2008 in the United States District Court for the Eastern District of Pennsylvania by Ronald Streck (the relator) on behalf of himself and the United States, and the states of New Jersey, California, Rhode Island, Michigan, Montana, Wisconsin, Massachusetts, Tennessee, Oklahoma, Texas, Indiana, New Hampshire, North Carolina, Florida, Georgia, New Mexico, Illinois, New York, Virginia, Delaware, Hawaii, Louisiana, Connecticut, and Nevada, (collectively the States), and the District of Columbia, alleging violations of the False Claims Act, 31 U.S.C. § 3729 et seq. and state and District of Columbia statutory counterparts. In May 2011, the United States notified the court that it was not intervening at that time as to one defendant, and was declining to intervene as to all other defendants, including Biogen Idec; the District of Columbia notified the court that it was not intervening at that time; and the states notified the court that they were declining to intervene as to all defendants. The complaint was subsequently unsealed and served, and then amended. The amended complaint alleges that Biogen Idec and other defendants underreport Average Manufacturer Price information to the Centers for Medicare and Medicaid Services, thereby causing Biogen Idec and other defendants to underpay rebates under the Medicaid Drug Rebate Program. The relator alleges that the underreporting has occurred because Biogen Idec and other defendants improperly consider various payments or price concessions that they made to drug wholesalers to be discounts under applicable federal law. On December 23, 2016, the court ordered that pursuant to Fed. R. Civ. P. 41 and the terms of the settlement agreement, all claims in this action against Gensyme are dismissed with prejudice as to relator and without prejudice as to the United States and the named State Plaintiffs, the Court retains jurisdiction of this civil action as to relator's share of the proceeds under 31 U.S.C. 3730(d) and its state false claims act analogs.

In Re Prempro Products Liability Litigation

Case began on 03/07/2003

The litigation against Wyeth (the Company) alleging injury as a result of the plaintiffs use of one or more of the Company s hormone or estrogen therapy products, including PREMPRO or PREMARIN, is described in the Company s 2006 Financial Report as incorporated in its 2006 Annual Report on Form 10-K and the Company s Quarterly Reports on Form 10-Q for the quarters ended March 31, 2007 and June 30, 2007. As of September 30, 2007, the Company was defending approximately 5,300 actions brought on behalf of approximately 7,900 women in various federal and state courts throughout the United States (including, in particular, the United States District Court for the Eastern District of Arkansas and the Pennsylvania Court of Common Pleas, Philadelphia County) for personal injuries, including claims for breast cancer, stroke, ovarian cancer and heart disease, allegedly resulting from their use of PREMPRO or PREMARIN. On January 29, 2007, a jury in the Pennsylvania Court of Common Pleas, Philadelphia County, hearing the case of Daniel, et al. v. Wyeth Pharmaceuticals, Inc., et al., No. 2004-06-002368, returned a verdict in favor of the plaintiffs, finding that plaintiff had developed breast cancer as a result of her use of PREMPRO and awarding a total of $1.5 million in compensatory damages. Although the Daniel jury also found that the Company s conduct warranted the imposition of punitive damages, the court subsequently entered judgment notwithstanding the verdict in favor of the Company on the punitive damages claim, finding that the evidence did not support punitive damages. Judgment was entered on behalf of the plaintiffs on the compensatory award. On August 24, 2007, the court vacated the compensatory damage judgment against Wyeth and ordered a new trial on the ground that plaintiffs had knowingly introduced at trial the deposition testimony of one of their experts that the expert had recanted prior to trial. Plaintiffs are appealing the vacatur of the judgment and the order for a new trial, as well as the judgment in the Company s favor on the punitive damages claim. On September 24, 2007, the Pennsylvania Court of Common Pleas, Philadelphia County, entered an order in Coleman, et al. v. Wyeth Pharmaceuticals, Inc., et al., No. 2004-06-020384, granting the Company s motion for summary judgment on statute of limitations grounds and dismissing the case. The court found that plaintiff was on notice of a possible connection between her breast cancer and her use of hormone therapy at the time of the diagnosis of the breast cancer in 2000 and that plaintiff was under a duty to investigate as of that date. The court rejected plaintiff s argument that she was not on notice of a potential claim, and that her cause of action did not begin to accrue, until the termination of the Women s Health Initiative study in July 2002. On October 10, 2007, in Rowatt, et al. v. Wyeth, et al., No. CV04-01699, Second District Court, Washoe County, NV, a case in which three plaintiffs alleged that they had developed breast cancer as a result of their use of PREMARIN and/or PREMPRO, the jury returned a verdict in favor of the plaintiffs, awarding a total of $134.5 million in compensatory damages. On October 12, 2007, the court determined that the jury had erroneously included damages of a punitive nature in its compensatory verdict and permitted the jury to re-deliberate on the compensatory award. The jury returned a new compensatory verdict in favor of the plaintiffs that totaled approximately $35.0 million. Following a brief evidentiary/argument phase, the jury was then instructed to deliberate for a third time on October 15, 2007 on the question of punitive damages. It did so, returning a verdict for plaintiffs totaling $99.0 million in punitive damages. The Company has filed motions for post-trial relief. If no relief is granted, the Company plans to file an appeal from the judgment to the Nevada Supreme Court. The Company believes that it has strong arguments for reversal or reduction of the awards on appeal due to the significant number of legal errors made during the trial and in the charge to the jury and due to a lack of evidence to support aspects of the verdict. The appeal process is expected to take between two and two-and-one-half years. Nevada law requires the posting of a bond in the full amount of the verdict during the pendency of the appeal, if requested by the plaintiff. To date, plaintiffs have not made such a request. On October 22, 2007, the Minnesota District Court, Hennepin County, granted summary judgment in favor of the Company, dismissing all of the claims in Zandi v. Wyeth, et al., No. 27-CV-06-6744, which was set for trial in early 2008. The court found that plaintiff had offered no evidence that her hormone therapy use had caused her breast cancer other than the opinions of two experts whose testimony the court had excluded in a prior opinion. The prior opinion had excluded the testimony of those experts on the grounds, among others, that the experts were not qualified to opine that hormone therapy caused plaintiff s breast cancer, that the epidemiological evidence proffered by plaintiff through the experts was not sufficient to identify hormone therapy as the specific cause of breast cancer in plaintiff, and that plaintiff had not provided any evidence of a method generally accepted in the scientific community by which an expert could determine the cause of breast cancer in a particular individual. Of the 24 hormone therapy cases alleging breast cancer that have been resolved after being set for trial, 20 have now been resolved in the Company s favor (by voluntary dismissal by the plaintiffs, summary judgment, defense verdict or judgment for the Company notwithstanding the verdict), several of which are being appealed by the plaintiff. Of the remaining four cases, two such cases have been settled, one resulted in a plaintiffs verdict that was vacated by the court and a new trial ordered (which plaintiff has appealed) (Daniel), and one resulted in a plaintiffs verdict that currently is being challenged by the Company (Rowatt). Additional cases have been dismissed by plaintiffs before a trial setting. Trials of additional hormone therapy cases are scheduled through the remainder of 2007 and into 2008.

Digwamaje et al v. IBM Corporation et al

Case began on 08/02/2002

Digwamaje et al. v. Bank of America et al. is a purported class action lawsuit that names HP and numerous other multinational corporations as defendants. It was filed on September 27, 2002 in United States District Court for the Southern District of New York on behalf of current and former South African citizens and their survivors who suffered violence and oppression under the apartheid regime. The lawsuit alleges that HP and other companies helped perpetuate, profited from, and otherwise aided and abetted the apartheid regime during the period from 1948-1994 by selling products and services to agencies of the South African government. Claims are based on the Alien Tort Claims Act, the Torture Victims Protection Act, the Racketeer Influenced and Corrupt Organizations Act and state law. The complaint seeks, among other things, an accounting, the creation of a historic commission, compensatory damages in excess of $200 billion, punitive damages in excess of $200 billion, costs and attorneys' fees. On November 29, 2004, the court dismissed with prejudice the plaintiffs' complaint. In May 2005, the plaintiffs filed an amended notice of appeal in the United States Court of Appeals for the Second Circuit. This case was finally dismissed on August 28, 2014.

In Re Phenylpropanolamine Products Liability Litigation

Case began on 08/28/2001

In November 2000, Wyeth withdrew from the market those formulations of its Dimetapp and Robitussin cough/cold products that contained the ingredient phenylpropanolamine (PPA) at the request of the U.S. Food and Drug Administration (FDA) and announced that it would no longer ship products containing PPA to its retailers. The FDA□s request followed the reports of a study that raised a possible association between PPA-containing products and the risk of hemorrhagic stroke. Wyeth is currently a named defendant in approximately 256 individual PPA lawsuits on behalf of approximately 406 plaintiffs in federal and state courts throughout the United States seeking damages for alleged personal injuries. In addition, there is one putative economic damage class action, which also contains personal injury allegations as to the class, pending in the Ontario Superior Court of Justice in Canada. In every instance to date in which class certification has been decided in a PPA case, certification has been denied. Twenty PPA cases involving Wyeth are scheduled for trial in 2006. According to the Class Action Complaint, Defendants Novartis Corporation, Novartis Consumer Health, Inc. and Novartis Pharmaceuticals Corporation have manufactured, promoted, marketed, and sold products containing PPA directly to consumers and has made representations regarding the use and safety of their products, and misrepresentations or omissions regarding the risks of their products. Through their representations, misrepresentations and omissions, Defendants failed to properly advise consumers of the known risks of PPA ingestion. Accordingly, consumers purchased Defendants' PPA Products unaware they were purchasing unsafe and unusable drugs which exposed them to risk of stroke, life-threatening heart problems and other adverse medical conditions. As a consequence, Plaintiffs suffered pecuniary losses, including but not limited to the purchase price of PPA Products sold by Defendant. In addition, a significant number of Class members still face the risks of stroke and death associated with PPA ingestion, due to the inadequate warnings and inadequate withdrawal program instituted on or about November 6, 2000. In late 2000, Bayer voluntarily discontinued marketing over-the-counter cough and cold remedies containing the decongestant phenylpropanolamine (PPA) in the United States in response to a recommendation from the FDA that manufacturers voluntarily discontinue marketing products containing PPA. The FDA issued this recommendation after one epidemiological study suggested a possible association between PPA and hemorrhagic stroke. As of February 12, 2007, 79 lawsuits remained pending in U.S. federal and state courts against Bayer. To date, three state cases have proceeded to trial. Two have resulted in defense verdicts for Bayer. In one case, the plaintiff was awarded damages of U.S. $400,000. This case was settled in July 2005 while on appeal. Bayer believes it has meritorious defenses in these actions and intends to continue to defend itself vigorously. As of February 12, 2007, Bayer had settled 383 cases resulting in payments of approximately U.S. $57.2 million, without acknowledging any liability. Bayer will continue, on a voluntary basis and without concession of liability, to offer fair compensation to people who suffered hemorrhagic stroke while taking a Bayer product containing PPA. Bayer recorded a charge to the operating result in the total amount of ₤62 million in 2005. In 2006, this amount was reduced by ₤15 million due to an anticipated reduction in future PPA-related litigation charges. Such charges were for settlements already concluded or expected to be concluded, and defense costs which exceed the amount of existing insurance coverage. Given the number and nature of the outstanding cases, management believes this matter no longer involves a material risk to Bayer and, absent a significant adverse development, will no longer report on its status. As of December 31, 2006, Baxter International, Inc. has been named as a defendant, along with others, in approximately 125 lawsuits filed in various state and U.S. federal courts, seeking damages, injunctive relief and medical monitoring for claimants alleged to have contracted autism or attention deficit disorders as a result of exposure to vaccines for childhood diseases containing the preservative, thimerosal. These vaccines were formerly manufactured and sold by North American Vaccine, Inc., which was acquired by Baxter in June 2000, as well as by other companies. Biovail along with a number of other defendants has been named in two complaints ¡ª one in the Superior Court of the State of California for the County of Los Angeles (January 4, 2002) and the other in the United States District Court or the Western District of Washington at Seattle (October 23, 2003) ¡ª alleging personal injuries arising from plaintiffs' use of Dura-Vent, a product containing phenylpropanolamine and formerly marketed by BPI. The California case has been dismissed without prejudice. The Company has never been served with a complaint in the second case nor has there been any other form of activity in this action as it relates to the Company. For these reasons, the Company filed a motion seeking to be dismissed from the action, which the Court granted on August 28, 2006. KV Pharmaceutical Company previously distributed several pharmaceutical products that contained phenylpropanolamine, or PPA, and that were discontinued in 2000 and 2001. The Company is presently named a defendant in a product liability lawsuit in federal court in Mississippi involving PPA. The suit originated out of a case, Virginia Madison, et al. v. Bayer Corporation, et al. The original suit was filed in December 2002, but was not served on KV until February 2003. The case was originally filed in the Circuit Court of Hinds County, Mississippi, and was removed to the Federal District Court for the Southern District of Mississippi by then co-defendant Bayer Corporation. The case has been transferred to a Judicial Panel on Multi-District Litigation for PPA claims sitting in the Western District of Washington. The claims against the Company have been segregated into a lawsuit brought by Johnny Fulcher individually and on behalf of the wrongful death beneficiaries of Linda Fulcher, deceased, against the Company. It alleges bodily injury, wrongful death, economic injury, punitive damages, loss of consortium and/or loss of services from the use of the Company's distributed pharmaceuticals containing PPA that have since been discontinued and/or reformulated to exclude PPA. In May 2004, the case was dismissed with prejudice by the Federal District Court for the Western District of Washington for a failure to timely file an individual complaint as required by certain court orders. The plaintiff filed a request for reconsideration which was opposed and subsequently denied by the Court in June 2004. In July 2004, the plaintiff filed a notice of appeal of the dismissal. The Company has opposed this appeal. The Court, having considered the status report and final recommendation of Plaintiffs Common Benefit Fund Committee filed on June 12, 2017, it was ordered that Hiram B Carey, III be authorized and designated as signatory on the Common Benefit bank account and empowered to distribute all funds in the account

In Re Vitamins Antitrust Litigation

Case began on 05/27/1999

Since 1999, sanofi-aventis, some of its subsidiaries in its former animal nutrition business, and other vitamin manufacturers have been defendants in a number of class actions and individual lawsuits in U.S. courts relating to alleged anticompetitive practices in the market for bulk vitamins. Sanofi-aventis has settled all claims brought by direct purchasers of the relevant vitamin products and the majority of actions brought on behalf of indirect purchasers. A lawsuit filed on behalf of a putative class of non-U.S. ¡°direct purchasers¡± was dismissed by the District Court, which concluded that the non-U.S. plaintiffs were unable to sustain their case in the U.S. Courts. Review by the Court of Appeals for the District of Columbia and by the U.S. Supreme Court upheld the district Court¡¯s conclusion that plaintiffs are unable to sustain their case in the U.S. Courts. Plaintiffs sought yet another review by the U.S. Supreme Court, which was refused in January 2006, ending the non-U.S. direct purchaser suit. In February 2006, sanofi-aventis and API learned that they had been named together with several other companies in a complaint filed by the Attorney General of Mississippi on the grounds of state antitrust law. Aventis Animal Nutrition and five of the other major settling defendants entered into a judgment-sharing agreement, pursuant to which they agreed to allocate any judgment at trial among themselves according to the actual sales made by each of them. Regarding the same matter, civil litigation against sanofi-aventis and some of its subsidiaries is pending in the U.K. claiming damages; similar litigation in Canada and Australia has been settled. Investigations by antitrust authorities are pending in Brazil. In connection with the sale of its animal nutrition business to CVC Capital Partners, sanofi-aventis retains liability arising out of these antitrust issues.

About Watchdog Research, Inc.

Watchdog Research, Inc. is an independent research provider and publisher of Watchdog Reports. Watchdog Reports identify red flags, issues, and other anomalies in financial reporting. Our reports contain warning signs, red flags, material disclosures, and peer analysis for use in valuation, risk analysis, due diligence research, and idea generation.

Watchdog Reports are designed to assist investment professionals fulfill their fiduciary or suitability obligations and to help investors, executives, board members, regulators and educators learn what they need to know about publicly traded companies.

The company is headquartered in Naples, FL. Watchdog Research, Inc. utilizes over 75 specialists and analysts to provide accurate and timely information to our readers.

Our management team is:

CEO: Brian Lawe. Brian has been part of the corporate staff at The New York Times Company and IBM. He has created and operated several technology companies including MyStoreCredit, OnPage Ideas and HelloCampus. He holds an MBA from Harvard Business School and a BBA from Texas Christian University. He and his wife have four children and live in the Naples, FL area. One son is deployed with the US Marine Corps in Afghanistan.

CTO: Radu Cugut. Radu has led the award-winning technology team that developed the Watchdog Report and services. He, his wife and son split their time between his home in Naples, FL and his home in Timisoara, Romania where he oversees five talented development professionals. Radu has a bachelors in Computer Science and a masters in Banking and Financial Information Systems, both from the West University of Timisoara.

Chief Content Officer: Joseph Burke, Ph.D. is responsible for the content development, analysis, and quality control for the Watchdog Report. He also edits the blog and directs our custom research. Joseph worked previously as a professor of economics at Ave Maria University. He received his Ph.D. from the University of Wisconsin-Madison and resides with his family in the Naples area.

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How to analyze a company's Watchdog Report

If you walk into a doctor's office complaining about a pain in your left shoulder, your doctor's training kicks-in and he will immediately begin assessing your age and physical appearance, checking your vital signs and asking you a very specific series of questions about your symptoms. After just a few brief moments of assessing you, the doctor will either begin life-saving intervention or simply hand you an ice pack for your sore arm after a workout.

Like that doctor, we assume you are reading our Watchdog Report because you want to quickly assess the health of the company you are analyzing. You want to know if the company is undergoing any major problems or is simply displaying minor issues. Here is how to get your answer:

BEFORE YOU START

Make sure you have a basic understanding of the company. Know its market cap, the size of its revenues, profits and assets and liabilities. Review any major news related to the financials of the company and its management team.

STEP 1 — 10 SEC

Scan down the right side of the first page of the company's report, paying attention to the 'RECENT' column to find the latest yellow and red flags.

STEP 2 — 2 SEC

When you see a red or yellow flag, click the title next to the flag and you will instantly jump to that section of the company's report.

STEP 3 — 60 SEC

Read that section's headline, the timeline and review the specific issue highlighted for the company's red or yellow flag.

STEP 4 — 3 MIN

Each section will usually have a link to the original filing or legal summary for the issue. Click that link. If it takes you to a SEC Edgar page, review the original filing. **HINT:** Use your browser's "find" button to search for a key word or number related to the issue as shown on the Watchdog Report.

STEP 5 — 15 SEC

Review the stock price movement chart on page two of the report. If you check the report online, you can adjust the timeline to a narrow time. The stock movement chart will overlay each of the red and yellow flags to stock price changes. Make note of those red and yellow flags around major stock price declines. These issues are worth reviewing in detail.

STEP 6 — 1 MIN

Before continuing, it is worth comparing the company to its peers. Go to the third page of the report and compare the red and yellow flags for the company (first column) to the number of companies with red and yellow flags from your company's peer group. Is the company an outlier with a red or yellow flag in an area that other peers have only green? If so, the outlying issues are also worth reviewing in detail.

STEP 7 — 5 MIN

Repeat steps 2-4 for each red or yellow flag. At the end of this process, you'll have a good idea of the core issues the company has reported.

STEP 8 — 5 MIN

Now comes the creative, but hard part. Like a doctor trying to understand what might be wrong with a patient, you must now use your judgment, past knowledge and the insights you gathered in the prior steps to develop your own view of how serious the issues are facing the company.

If you see a consistent pattern of delays, accounting irregularities, management turnover, legal troubles, the company is clearly in trouble. Use the peer group analysis step above to see why your company may be different than its peers. Think of the various issues as connected. It seems passé but a bad management team is going to be bad in multiple ways. The challenge is to find the thread that runs through all the issues to understand any management failures.

When you find a pattern of unusual accounting moves, it is almost always tied to management protecting their own interests over investors. You should also consider what particular forces in the industry are affecting the company more than its peers. If you can assess that, try to think about how a company's management might "adjust" the financial disclosures to mask the weakness. It helps to think like a detective here. Everyone is entitled to a presumption of innocence, but if management was trying to hide something, how might they go about doing so?

This step is where we leave you with our 6,000+ Watchdog Reports. Good luck with your analysis!