

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended **September 30, 2021**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

COMMISSION FILE NUMBER: **001-4802**

BECTON, DICKINSON AND COMPANY

(Exact name of registrant as specified in its charter)

New Jersey

(State or other jurisdiction of incorporation or organization)

1 Becton Drive, Franklin Lakes, New Jersey
(Address of principal executive offices)

22-0760120

(I.R.S. Employer Identification No.)

07417-1880

(Zip code)

Registrant's telephone number, including area code **(201) 847-6800**

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

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on Which Registered</u>
Common stock, par value \$1.00	BDX	New York Stock Exchange
Depository Shares, each representing a 1/20th interest in a share of 6.00% Mandatory Convertible Preferred Stock, Series B	BDXB	New York Stock Exchange
1.000% Notes due December 15, 2022	BDX22A	New York Stock Exchange
1.900% Notes due December 15, 2026	BDX26	New York Stock Exchange
1.401% Notes due May 24, 2023	BDX23A	New York Stock Exchange
3.020% Notes due May 24, 2025	BDX25	New York Stock Exchange
0.632% Notes due June 4, 2023	BDX/23A	New York Stock Exchange
1.208% Notes due June 4, 2026	BDX/26A	New York Stock Exchange
1.213% Notes due February 12, 2036	BDX/36	New York Stock Exchange
0.000% Notes due August 13, 2023	BDX23B	New York Stock Exchange
0.034% Notes due August 13, 2025	BDX25A	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a "large accelerated filer," an "accelerated filer," a "non-accelerated filer," a "smaller reporting company," or an "emerging growth company."

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

As of March 31, 2021, the aggregate market value of the registrant's outstanding common stock held by non-affiliates of the registrant was approximately \$ 70,616,222,365.

As of October 31, 2021, 284,023,582 shares of the registrant's common stock were outstanding.

Documents Incorporated by Reference Portions of the registrant's Proxy Statement for the Annual Meeting of Shareholders to be held January 25, 2022 are incorporated by reference into Part III hereof.

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PART I**Item 1. Business.****General**

Becton, Dickinson and Company (also referred to herein as "BD") was incorporated under the laws of the State of New Jersey in November 1906, as successor to a New York business started in 1897. BD's executive offices are located at 1 Becton Drive, Franklin Lakes, New Jersey 07417-1880, and its telephone number is (201) 847-6800. All references in this Form 10-K to "BD", "the Company", "we", "our" or "us" refer to Becton, Dickinson and Company and its domestic and foreign subsidiaries, unless otherwise indicated by the context.

BD is a global medical technology company engaged in the development, manufacture and sale of a broad range of medical supplies, devices, laboratory equipment and diagnostic products used by healthcare institutions, physicians, life science researchers, clinical laboratories, the pharmaceutical industry and the general public. We provide customer solutions that are focused on improving medication management and patient safety; supporting infection prevention practices; equipping surgical and interventional procedures; improving drug delivery; aiding anesthesiology care; enhancing the diagnosis of infectious diseases and cancers; advancing cellular research and applications; and supporting the management of diabetes.

Business Segments

BD's operations consist of three worldwide business segments: BD Medical, BD Life Sciences and BD Interventional. Information with respect to BD's business segments is included in Note 7 to the consolidated financial statements contained in Item 8. Financial Statements and Supplementary Data, and is incorporated herein by reference.

BD Medical

BD Medical produces a broad array of medical technologies and devices that are used to help improve healthcare delivery in a wide range of settings. The primary customers served by BD Medical are hospitals and clinics; physicians' office practices; consumers and retail pharmacies; governmental and nonprofit public health agencies; pharmaceutical companies; and healthcare workers. BD Medical consists of the following organizational units:

*Organizational Unit**Principal Product Lines*

Medication Delivery
Solutions

Peripheral intravenous ("IV") catheters (conventional, safety); advanced peripheral catheters (guidewire assisted peripherally inserted venous catheters, midline catheters, port access); central lines (peripherally inserted central catheters); acute dialysis catheters; vascular access technology (ultrasonic imaging); vascular care (lock solutions, prefilled flush syringes, disinfecting caps); vascular preparation (skin antiseptics, dressings, securement); needle-free IV connectors and extensions sets; closed-system drug transfer devices; hazardous drug detection; conventional and safety hypodermic syringes and needles, anesthesia needles (spinal, epidural) and trays; enteral syringes; and sharps disposal systems.

Medication Management
Solutions

IV medication safety and infusion therapy delivery systems, including infusion pumps, dedicated disposables, and IV fluids; medication compounding workflow systems; automated medication dispensing; automated supply management systems; medication inventory optimization and tracking systems; and informatics and analytics solutions for enterprise medication management.

Diabetes Care

Syringes, pen needles and other products related to the injection or infusion of insulin and other drugs used in the treatment of diabetes.

Pharmaceutical
Systems

Prefillable drug delivery systems - prefillable syringes, safety, shielding and self-injection systems and support services (combination product testing, technical and regulatory) - provided to pharmaceutical companies for use as containers for injectable pharmaceutical products, which are then placed on the market as drug/device combinations.

BD Life Sciences

BD Life Sciences provides products for the safe collection and transport of diagnostics specimens, and instruments and reagent systems to detect a broad range of infectious diseases, healthcare-associated infections and cancers. In addition, BD Life Sciences produces research and clinical tools that facilitate the study of cells, and the components of cells, to gain a better understanding of normal and disease processes. That information is used to aid the discovery and development of new drugs and vaccines, and to improve the diagnosis and management of diseases. The primary customers served by BD Life Sciences are hospitals, laboratories and clinics; blood banks; healthcare workers; public health agencies; physicians' office practices; retail pharmacies; academic and government institutions; and pharmaceutical and biotechnology companies. With the emergency use authorization approval of the At Home COVID-19 test, BD Life Sciences also serves patients directly. BD Life Sciences consists of the following organizational units:

Organizational Unit***Principal Product Lines***

Integrated Diagnostic Solutions

Integrated systems for specimen collection; safety-engineered blood collection products and systems; automated blood culturing and tuberculosis culturing systems; molecular testing systems for infectious diseases and women's health; microorganism identification and drug susceptibility systems; liquid-based cytology systems and HPV tests for cervical cancer screening; rapid diagnostic assays for testing of respiratory infections; microbiology laboratory automation; and plated media for clinical and industrial applications.

Biosciences

Fluorescence-activated cell sorters and analyzers; antibodies and kits for performing cell analysis; reagent systems for life science research; solutions for high-throughput single-cell gene expression analysis; and clinical oncology, immunological (HIV) and transplantation diagnostic/monitoring reagents and analyzers.

BD Interventional

BD Interventional provides vascular, urology, oncology and surgical specialty products that are intended, with the exception of the V. Mueller™ surgical and laparoscopic instrumentation products, to be used once and then discarded or are either temporarily or permanently implanted. The primary customers served by BD Interventional are hospitals, individual healthcare professionals, extended care facilities, alternate site facilities, and patients via our Homecare business. BD Interventional consists of the following organizational units:

Organizational Unit***Principal Product Lines***

Surgery

Hernia and soft tissue repair, biological grafts, bioresorbable grafts, biosurgery, and other surgical products; BD ChloraPrep™ surgical infection prevention products; and V. Mueller™ surgical and laparoscopic instrumentation products.

Peripheral Intervention

Percutaneous transluminal angioplasty ("PTA") balloon catheters, peripheral vascular stents, self-expanding and balloon-expandable stent grafts, vascular grafts, drug coated balloons, ports, biopsy, chronic dialysis, feeding, inferior vena catheter filters, endovascular fistula creation devices and drainage products, and atherectomy and thrombectomy systems.

Urology and Critical Care

Urine management & measurement devices, urological drainage products, intermittent catheters, kidney stone management devices, Targeted Temperature Management, and fecal management devices.

Divestiture

Advanced Bioprocessing

In October 2018, BD completed the sale of its Life Sciences segment's Advanced Bioprocessing business pursuant to a definitive agreement that was signed in September 2018.

Additional information regarding this divestiture is contained in Note 10 to the consolidated financial statements contained in Item 8. Financial Statements and Supplementary Data, which is incorporated herein by reference.

International Operations

BD's products are manufactured and sold worldwide. For reporting purposes, we organize our operations outside the United States as follows: EMEA (which includes Europe, the Middle East and Africa); Greater Asia (which includes countries in Greater China, Japan, South Asia, Southeast Asia, Korea, and Australia and New Zealand); Latin America (which includes Mexico, Central America, the Caribbean and South America); and Canada. BD has manufacturing operations outside the United States in Bosnia and Herzegovina, Brazil, Canada, China, Dominican Republic, France, Germany, Hungary, India, Ireland, Israel, Italy, Japan, Malaysia, Mexico, the Netherlands, Singapore, Spain, and the United Kingdom. Geographic information with respect to BD's operations is included under the heading "Geographic Information" in Note 7 to the consolidated financial statements included in Item 8. Financial Statements and Supplementary Data.

Foreign economic conditions and exchange rate fluctuations have caused the profitability related to foreign revenues to fluctuate more than the profitability related to domestic revenues. BD believes its activities in some countries outside the United States involve greater risk than its domestic business due to the factors cited herein, as well as the economic environment, local commercial and economic policies and political uncertainties. See further discussion of these risks in Item 1A. Risk Factors.

Distribution

BD's products are marketed and distributed in the United States and internationally through independent distribution channels, and directly to hospitals and other healthcare institutions by BD and independent sales representatives. BD uses acute care, non-acute care, laboratory and drug wholesaler distributors to broadly support our overall disposable product demand from our end user customers in the United States. In international markets, products are distributed either directly or through distributors, with the practice varying by country. Order backlog is not material to BD's business inasmuch as orders for BD products generally are received and filled on a current basis. BD's worldwide sales are not generally seasonal, with the exception of certain medical devices in the Medication Delivery Solutions business unit, and flu diagnostic products in the Integrated Diagnostic Systems business unit, both of which relate to seasonal diseases such as influenza. In order to service its customers, optimize logistics, lower facilities costs and reduce finished goods inventory levels, BD operates consolidated distribution facilities globally.

Raw Materials and Components

BD purchases many different types of raw materials and components, including plastics, glass, metals, textiles, paper products, agricultural products, electronic and mechanical sub-assemblies and various biological, chemical and petrochemical products. BD seeks to ensure continuity of supply by securing multiple options for sourcing. However, there are situations where raw materials and components are only available from one supplier, which are referred to as sole sourced. The use of sole sourced materials and components may be due to sourcing of proprietary and/or patented technology and processes that are intended to provide a unique market differentiation to our product. In other cases, while a raw material or component can be sourced from multiple manufacturers, only one supplier is qualified due to quality assurance, cost or other considerations. In order to provide alternate sources, BD must complete a rigorous qualification process, which most often includes completion of regulatory registration and approval. If clinical trials are not required, this qualification process

can take 3-18 months depending on the criticality of the change. When clinical trials are required, this process may lengthen the qualification phase from one to three years. BD continuously assesses its sole sourced raw materials and components, and maintains business continuity plans with its suppliers. BD's continuity plans may include securing secondary supply with alternate suppliers, qualification of alternate manufacturing facilities, maintaining contingency stock, internal development of supply and establishment of technology escrow accounts. While BD works closely with its suppliers, no assurance can be given that these efforts will be successful, and there may be events that cause supply interruption, reduction or termination that adversely impacts BD's ability to manufacture and sell certain products. See further discussion of the risks related to the supply chain and raw materials in Item 1A. Risk Factors.

Research and Development

BD conducts its research and development ("R&D") activities at its operating units and across global enterprise centers of excellence located in the United States, India, China, Singapore, and Ireland. The majority of BD's R&D activities are conducted in North America. Outside North America, BD has a significant R&D presence in Greater Asia and Europe. BD also collaborates with certain universities, medical centers and other entities on R&D programs and retains individual consultants and partners to support its efforts in specialized fields.

Intellectual Property and Licenses

BD owns significant intellectual property, including patents, patent applications, technology, trade secrets, know-how, copyrights and trademarks in the United States and other countries. BD is also licensed under domestic and foreign patents, patent applications, technology, trade secrets, know-how, copyrights and trademarks owned by others. In the aggregate, these intellectual property assets and licenses are of material importance to BD's business. BD believes, however, that no single patent, technology, trademark, intellectual property asset or license is material in relation to BD's business as a whole, or to any business segment.

Competition

BD operates in the increasingly complex and challenging medical technology marketplace. Technological advances and scientific discoveries have accelerated the pace of change in medical technology, the regulatory environment of medical products is becoming more complex and vigorous, and economic conditions have resulted in a challenging market. Companies of varying sizes compete in the global medical technology field. Some are more specialized than BD with respect to particular markets, and some have greater financial resources than BD. New companies have entered the field, particularly in the areas of molecular diagnostics, safety-engineered devices and in the life sciences, and established companies have diversified their business activities into the medical technology area. Other firms engaged in the distribution of medical technology products have become manufacturers of medical devices and instruments as well. Acquisitions and collaborations by and among companies seeking a competitive advantage also affect the competitive environment. In addition, the entry into the market of low-cost manufacturers has created increased pricing pressures. BD competes in this evolving marketplace on the basis of many factors, including price, quality, innovation, service, reputation, distribution and promotion. The impact of these factors on BD's competitive position varies among BD's various product offerings. In order to remain competitive in the industries in which it operates, BD continues to make investments in R&D, quality management, quality improvement, product innovation and productivity improvement in support of its core strategies. See further discussion of the risks relating to competition in the medical technology industry in Item 1A. Risk Factors.

Third-Party Reimbursement

Reimbursement is an important strategic consideration in the development and marketing of medical technology. Obtaining coverage, coding and payment is critical to the commercial success of a new product or procedure. Difficulty in achieving market access can lead to slow adoption in the marketplace and inadequate payment levels that can continue for months or even years.

A majority of BD's customers rely on third-party payers, including government programs and private health insurance plans, to reimburse some or all of the cost of the procedures, products and services they provide. Vertical integration has created a very concentrated market among commercial third-party payers in the U.S. Global payers are increasingly focused on strategies to control spending on healthcare and reward improvements in quality and patient outcomes.

BD is actively engaged in identifying and communicating value propositions of its products for payer, provider, and patient stakeholders, and it employs various efforts and resources to attempt to positively impact coverage, coding and payment pathways. However, BD has no direct control over payer decision-making with respect to coverage and payment levels for BD products. The manner and level of reimbursement in any given case may depend on the site of care, the procedure(s) performed, the final patient diagnosis, the device(s) and/or drug(s) utilized, the available budget, or a combination of these factors, and coverage and payment levels are determined at each payer's discretion. As BD's product offerings are diverse across a variety of healthcare settings, they are affected to varying degrees by the many payment pathways that impact the decisions of healthcare providers regarding which medical products they purchase and the prices they are willing to pay for those products. Therefore, changes in reimbursement levels or methods may either positively or negatively impact sales of BD products in any given country for any given product.

As government programs expand healthcare coverage for their citizens, they have at the same time sought to control costs by limiting the amount of reimbursement they will pay for particular procedures, products or services. In addition, most payers are seeking price predictability in order to mitigate future exposure to manufacturer price increases. This is coupled with an increase in high deductible private insurance plans, which transfer more pricing exposure and burden directly to the patient.

Many payers both in the U.S. and globally have developed specific payment and delivery mechanisms to support these cost control efforts and to focus on paying for value. These mechanisms include payment reductions, pay for performance measures, quality-based performance payments, restrictive coverage policies, bidding and tender mechanics, studies to compare the effectiveness of therapies and use of technology assessments. These changes, whether the result of legislation, new strategic alliances or market consolidations, have created an increased emphasis on the delivery of more cost-effective and quality-driven healthcare.

For example, as a result of the Patient Protection and Affordable Care Act ("PPACA"), the U.S. has implemented value-based payment methodologies and has created alternative payment models such as bundled payments to continue to drive improved value. We see other governments around the world considering similar bundling reform measures, with the utilization of the Diagnosis Related Group ("DRG") as a payment mechanism to drive toward quality and resource based reimbursement becoming more common in regions outside the U.S.

Regulation

General

BD's operations are global and are affected by complex state, federal and international laws relating to healthcare, environmental protection, antitrust, anti-corruption, marketing, fraud and abuse (including anti-kickback and false claims laws), export control, product safety and efficacy, employment, privacy and other areas.

BD's medical technology products and operations are subject to regulation by the U.S. Food and Drug Administration ("FDA") and various other federal and state agencies, as well as by foreign governmental agencies. These agencies enforce laws and regulations that govern the development, testing, manufacturing, labeling, advertising, marketing and distribution, and market surveillance of BD's medical products. The scope of the activities of these agencies, particularly in the Europe, Japan, and Asia Pacific regions in which BD operates, has been increasing.

BD actively maintains FDA/ISO Quality Systems that establish standards for its product design, manufacturing, and distribution processes. Prior to marketing or selling most of its products, BD must secure approval from the FDA and counterpart non-U.S. regulatory agencies. Following the introduction of a product,

these agencies engage in periodic reviews and inspections of BD's quality systems, as well as product performance and advertising and promotional materials. These regulatory controls, as well as any changes in agency policies, can affect the time and cost associated with the development, introduction and continued availability of new and existing products. Where possible, BD anticipates these factors in its product development and planning processes. These agencies possess the authority to take various administrative and legal actions against BD, such as product recalls, product seizures and other civil and criminal sanctions. BD also undertakes voluntary compliance actions, such as voluntary recalls.

BD also is subject to various federal and state laws, and laws outside the United States, concerning healthcare fraud and abuse (including false claims laws and anti-kickback laws), global anti-corruption, transportation, safety and health, and customs and exports. Many of the agencies enforcing these laws have increased their enforcement activities with respect to medical device manufacturers in recent years. This is part of a general trend toward increased regulation and enforcement activity within and outside the United States.

In addition, as part of PPACA, the federal government has enacted the Sunshine Act provisions requiring BD to publicly report gifts and payments made to physicians and teaching hospitals. Countries outside the United States have enacted similar local laws requiring medical device companies to report transfers of value to health care providers licensed in those countries. Failure to comply with these laws could result in a range of fines, penalties and/or other sanctions.

Consent Decree with FDA

Our infusion pump organizational unit is operating under an amended consent decree entered into by CareFusion with the FDA in 2007. CareFusion's consent decree with the FDA is related to its Alaris™ SE infusion pumps. In February 2009, CareFusion and the FDA amended the consent decree to include all infusion pumps manufactured by or for CareFusion 303, Inc., the organizational unit that manufactures and sells BD Alaris™ infusion pumps in the United States. The amended consent decree does not apply to intravenous administration sets and accessories.

While this BD organizational unit remains subject to the amended consent decree, which includes the requirements of the original consent decree, it has made substantial progress in its compliance efforts. However, we cannot predict the outcome of this matter, and the amended consent decree authorizes the FDA, in the event of any violations in the future, to order us to cease manufacturing and distributing infusion pumps, recall products and take other actions. We may be required to pay damages of \$15,000 per day per violation if we fail to comply with any provision of the amended consent decree, up to \$15 million per year.

We also cannot currently predict whether additional monetary investment will be incurred to resolve this matter or the matter's ultimate impact on our business. We may be obligated to pay more costs in the future because, among other things, the FDA may determine that we are not fully compliant with the amended consent decree and therefore impose penalties under the amended consent decree, and/or we may be subject to future proceedings and litigation relating to the matters addressed in the amended consent decree, including, but not limited to, fines, penalties, other monetary remedies, and expansion of the terms of the amended consent decree. As of September 30, 2021, we do not believe that a loss is probable in connection with the amended consent decree, and accordingly, we have no accruals associated with compliance with the amended consent decree.

We are undertaking certain remediation of our BD Alaris System, and are currently shipping the product in the U.S., only in cases of medical necessity and to remediate recalled software versions. We will not be able to fully resume commercial operations for the BD Alaris System in the U.S. until a 510(k) submission relating to the product has been cleared by the FDA. No assurances can be given as to when or if clearance will be obtained from the FDA.

Following an inspection that began in March 2020 of our Medication Management Systems facility (CareFusion 303, Inc.) in San Diego, California, the FDA issued to BD a Form 483 Notice that contains a number of observations of non-conformance. BD has provided the FDA with its response to the Form 483 and has begun to implement certain corrective actions to address the observations. However, the FDA's review of the items raised in the Form 483 remains ongoing and no assurances can be given regarding further action by

the FDA as a result of the observations, including but not limited to action pursuant to the amended consent decree.

FDA Warning Letter

On January 11, 2018, BD received a Warning Letter from the FDA with respect to our former BD Preamerical Systems ("PAS") unit, citing certain alleged violations of quality system regulations and of law. The Warning Letter states that, until BD resolves the outstanding issues covered by the Warning Letter, the FDA will not clear or approve any premarket submissions for Class III devices to which the non-conformances are reasonably related or grant requests for certificates to foreign governments. BD has worked closely with the FDA and implemented corrective actions to address the quality management system concerns identified in the warning letter. In March 2020, the FDA conducted a subsequent inspection of PAS, which it classified as Voluntary Action Indicated, which means the FDA will not take or recommend any administrative or regulatory action as a result of the unit's response to the observations associated with the quality management concerns in the inspection. BD continues to work with the FDA to generate additional clinical evidence and file 510(k)s as remaining commitments associated with the Warning Letter. The FDA review of these remaining commitments is ongoing and no assurances can be given regarding further action by the FDA as a result of these commitments, including but not limited to action pursuant to the Warning Letter.

Consent Order - Covington, Georgia, USA

On October 28, 2019, BD entered into a consent order with the Environmental Protection Division of the Georgia Department of Natural Resources (the "EPD"), following the filing of a complaint and motion for temporary restraining order by the EPD seeking to enjoin BD from continuing sterilization operations at its Covington, Georgia facility. Under the terms of the consent order, which has been amended two times upon mutual agreement of BD and EPD, BD voluntarily agreed to a number of operational changes at its Covington and Madison, Georgia facilities, as well as at its distribution center in Covington, designed to further reduce ethylene oxide emissions, including but not limited to operating at a reduced capacity. BD does not believe that the consent order will have a material impact on its operations. Violation of the consent order, though, could subject us to additional restrictions on the sterilization operations at our Covington and Madison facilities. BD has business continuity plans in place to mitigate the impact of any additional restrictions on our operations at these facilities, although it is possible that these plans will not be able to fully offset such impact, especially considering the reduced capacity of third-party sterilization service providers and the regulatory timelines associated with transferring sterilization operations for regulated products.

At a broader level, several states have increased the regulatory requirements associated with the use and emission of ethylene oxide, the most frequently used sterilant for medical devices and health care products in the U.S. This increased regulation could require BD or sterilization service providers, including providers used by BD, to temporarily suspend operations to install additional air quality controls, limit the use of ethylene oxide or take other actions, which would further reduce the available capacity of third-party providers to sterilize medical devices and health care products. A few states have filed lawsuits to require additional air quality controls and expand limitations on the use of ethylene oxide at sterilization facilities. In December 2020, the State of New Mexico filed a lawsuit seeking a temporary restraining order and a preliminary and permanent injunction against a major medical device sterilizer, which sterilizes certain of our surgery products, to reduce ethylene oxide emissions associated with their sterilization process. On the federal level, in late 2019, the U.S. Environmental Protection Agency provided notice that it would be conducting rulemaking to reconsider federal regulations applicable to the use and emission of ethylene oxide. If any such proceedings or rulemaking result in the suspension of sterilization operations at BD or at medical device sterilizers used by BD, or otherwise limit the availability of third-party sterilization capacity, this could interrupt or otherwise adversely impact production of certain of our products. BD has business continuity plans in place to mitigate the impact of any such disruptions, although these plans may not be able to fully offset such impact, for the reasons noted above.

For further discussion of risks relating to the regulations to which we are subject, see Item 1A. Risk Factors.

Human Capital Management

At BD, our associates are guided by our Purpose, *advancing the world of health* and The BD WAY, our culture and values. Each empowers our associates to contribute individuality, unique ideas, and experiences to fuel innovation and better patient outcomes. As of September 30, 2021, BD is comprised of approximately 75,000 associates located in over 62 countries. Attracting, developing and retaining talented people in technical, marketing, sales, research and other positions is crucial to executing our strategy and our ability to compete effectively in a highly competitive medical technology industry. Our ability to recruit and retain such talent depends on several factors, including compensation and benefits, talent development and career opportunities, and our unique culture. To that end, we continually invest in our associates in order to be an employer of choice.

Inclusion, Diversity & Equity

We continually engage a workforce that reflects the communities we live and work in and the customers and patients we serve, and that possesses a broad range of thought and experiences which have helped BD achieve our leadership position in the medical technology industry and the global marketplace. A key component of our journey to continually build a better BD is our commitment to global inclusion, diversity and equity ("ID&E"). We believe this commitment allows us to better our understanding of patient and customer needs and develop technologies to meet those needs. Our ID&E efforts have garnered recognitions, including Best Places to Work for Disability and LGBTQ Inclusion, Bloomberg's Gender Equality Index, and Diversity Inc.'s Noteworthy Companies.

While we continue to demonstrate progress in the diverse representation of our workforce, we seek to continuously improve in this area. Each year, we establish annual corporate ID&E goals to improve hiring, development, advancement, and retention of diverse talent, and to advance our culture of inclusion. In addition, our executive leaders serve as sponsors of our nine associate-led resource groups ("ARGs") who are empowered to set strategic goals that drive belonging, allyship, community service and professional development.

Externally, we are building on our existing momentum and remain involved in industry ID&E efforts with the Advanced Medical Technology Association (AdvaMed) to improve diversity in the medical technology industry. We remain committed to support and partner with the United Nation's Open for Business, United Negro College Fund, the Equal Justice Initiative ("EJI") and our BD Helping Build Healthy Communities initiative. Through the BD Helping Build Healthy Communities™ initiative, we committed \$22.6 million to support Direct Relief and the National Association of Community Health Centers in expanding the innovative practices of U.S. community health centers, which collectively serve more than 30 million U.S. patients, the majority of which are in underserved communities. We also built upon our support for the EJI, taking the opportunity to engage our associates in a 21-Day Racial Equity and Social Justice Challenge to bring further awareness and understanding of social and racial justice issues. For each associate that engaged with the challenge, we committed an additional monetary donation to the EJI.

BD 2021 Workforce Diversity Representation

	Gender (Global)	Year-Over-Year Improvement	Race (U.S. Only)	Year-Over-Year Improvement
Executive	30%	+2%	20%	—
Management	40%	+1%	29%	+1%
All associates	49%	—	38%	—

For the above table, we define "executives" as associates in positions of vice president and above. "Management" positions are defined as those in manager, director or equivalent roles. Information regarding race and gender is based on information provided by associates.

Associate Growth and Development

At BD we are accountable for learning and growing every day. Our commitment to continuous improvement helps us to become the best version of ourselves. We invest significant resources to develop talent with the right capabilities to deliver the growth and innovation needed to support our strategy. We have launched an enhanced Strategic Organizational Planning process in order to build the organizational capabilities required in the years to come. We offer associates and their managers a number of tools to help in their personal and professional development, including career development plans, mentoring programs and in-house learning opportunities, including BD University, our in-house continuing education program that follows a "leaders-as-teachers" approach. We also have a deeply-rooted practice of investing in our next generation of leaders and offer associates a number of leadership development programs, including programs dedicated to specific areas, such as finance and technology. This year we have launched several new flagship programs to help our more than 8,000 People Managers to become even more efficient as managers and in the coming years we will continue to roll-out programs that help leaders create work environments that facilitate growth and success. We have, in addition, conducted several virtual programs for our Executive Leaders to support them in their role as company leaders responsible for navigating the pandemic. We believe in and encourage in our associates and leaders a Growth Mindset, a belief that qualities and talents can be developed through dedication and hard work, and have aligned our performance management system to support our culture evolution and increased focus on continuous learning and development.

Associate Engagement

As we work to continuously make an impact on how healthcare is delivered, we believe it is critical that our associates are informed, engaged and have the opportunity to provide feedback. We communicate frequently and transparently with our associates through a variety of communication methods, including video and written communications, town hall meetings, associate surveys and our company intranet, and acknowledge individual contributions to BD through a number of rewards and recognition award programs. We believe these engagement efforts keep associates informed about our strategy, culture and purpose and motivated to do their best work. As a result of the COVID-19 pandemic, we also further strengthened our digital communication and social networking platforms. Our communications throughout the pandemic have kept our associates informed on critical priorities, important actions being taken by management in response to the pandemic, and continued efforts to protect associate health, safety and well-being.

In addition to helping associates stay engaged, we also work to foster and reinforce an inclusive culture where diverse perspectives are valued. This year, our ARGs hosted company-wide dialogues and panel sessions to advance our business and cultural priorities and engage associates on timely topics on racial injustice, immigration, allyship, health care inequity and access, voting rights, mental health and parent-caregiver considerations during a pandemic. We continue to engage in discussions as a company on intersectionality, inclusion and belonging.

We seek ongoing feedback to better understand what we are doing well and how we can improve the associate experience. In addition to encouraging a speak up culture between associates, their managers, and cross functional teams, we conduct employee engagement surveys to provide all associates with an opportunity to share their perspective and we take appropriate action in response.

We also have a long-standing history of associate volunteerism that we believe has had an impact on local and global communities. Through our public-private partnerships and collaborations with non-government organizations, we sponsor volunteer trips and other meaningful volunteer opportunities to help communities around the world. On a local front, associates are encouraged and empowered to serve organizations and causes that are important to them. This includes a matching gift program, paid time off to volunteer, and an award program to give grants to non-profit organizations in honor of associates who engage in exceptional volunteer efforts.

Compensation, Benefits and Well-being

We are committed to rewarding, supporting, and developing the associates who make it possible to deliver on our strategy. To that end, we offer a comprehensive total rewards program aimed at promoting

overall well-being in support of the varying health, home-life and financial needs of our diverse and global associates. Our total rewards packages (which vary by location) include market-competitive pay, broad-based stock grants and bonuses, healthcare benefits, pension and retirement savings plans, paid time off and family leave, flexible work schedules, on-site health and fitness centers, free physicals and flu vaccinations, well-being education and resources, Employee Assistance Programs and other mental health support and resources. Each year we review and implement program enhancements and investments to ensure our benefits are inclusive and representative of the needs of BD associates and their families. Additionally, over the last few years in the U.S., we have increased efforts to mitigate the impact of rising healthcare costs and to offer more affordable benefit options, with a specific focus on affordability for BD associates earning \$50,000 per year or less.

BD is also committed to compensating all associates fairly and equitably for their contributions to company performance. For 2021, we conducted a pay equity assessment for associates in 57 countries to identify and remedy any potential pay disparity issues.

Available Information

BD maintains a website at www.bd.com. BD makes available its Annual Reports on Form 10-K, its Quarterly Reports on Form 10-Q, and its Current Reports on Form 8-K (and amendments to those reports) as soon as reasonably practicable after those reports are electronically filed with, or furnished to, the Securities and Exchange Commission ("SEC"). These filings may be obtained and printed free of charge at www.bd.com/investors.

In addition, the written charters of the Audit Committee; the Compensation and Human Capital Committee; the Corporate Governance and Nominating Committee; the Executive Committee; the Quality and Regulatory Committee; and the Science, Marketing, Innovation and Technology Committee of the Board of Directors, BD's Corporate Governance Principles and its Code of Conduct, are available and may be printed free of charge at BD's website at investors.bd.com/corporate-governance. Printed copies of these materials, this 2021 Annual Report on Form 10-K, and BD's reports and statements filed with, or furnished to, the SEC, may also be obtained, without charge, by contacting the Corporate Secretary, BD, 1 Becton Drive, Franklin Lakes, New Jersey 07417-1880, telephone 201-847-6800. In addition, the SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov.

BD also routinely posts important information for investors on its website at www.bd.com/investors. BD may use this website as a means of disclosing material, non-public information and for complying with its disclosure obligations under Regulation FD adopted by the SEC. Accordingly, investors should monitor the Investor Relations portion of BD's website noted above, in addition to following BD's press releases, SEC filings, and public conference calls and webcasts. Our website and the information contained therein or connected thereto shall not be deemed to be incorporated into this Annual Report.

Forward-Looking Statements

BD and its representatives may from time-to-time make certain forward-looking statements in publicly-released materials, both written and oral, including statements contained in filings with the SEC and in its reports to shareholders. Additional information regarding BD's forward-looking statements is contained in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Item 1A. Risk Factors.

An investment in BD involves a variety of risks and uncertainties. The following describes some of the material risks that could adversely affect BD's business, financial condition, operating results or cash flows. We may also be adversely impacted by other risks not presently known to us or that we currently consider immaterial.

Business, Economic and Industry Risks

We are subject to risks associated with public health threats, including the COVID-19 pandemic, which has had, and may continue to have, a material adverse effect on our business. The nature and extent of future impacts are highly uncertain and unpredictable.

We are subject to risks associated with public health threats, including epidemics and pandemics such as the COVID-19 pandemic. The outbreak of COVID-19 in 2020 and the travel restrictions, quarantines and other actions taken by governments and the private sector to slow the spread of the virus resulted in a global economic slowdown, and caused healthcare systems to divert resources to manage the pandemic. These measures led to unprecedented restrictions on and disruptions in businesses and personal activities. As a result, we experienced significant reductions in the demand for certain of our products due to reductions in elective and non-essential procedures, lower utilization of routine testing and related specimen collection, reduced capital spend by customers and a decrease in research activity due to laboratory closures and reduced clinical testing. Any resurgences in COVID-19 infections or new strains of the virus could result in the imposition of new governmental lockdowns, quarantine requirements or other restrictions to slow the spread of the virus, or the deferral of elective medical procedures, which could weaken demand for certain of our products. These measures could include determinations that our or our suppliers' facilities are not essential businesses that could result in closures or other restrictions that significantly disrupt our operations or those of distributors or suppliers in our supply chain. While COVID-19 case volumes have decreased in the U.S and certain other countries, the global outlook remains uncertain as case counts fluctuate and vaccination rates remain relatively low in many parts of the world. Going forward, medical procedure rates may vary by country based on regional COVID-19 infection and vaccination rates, hospital occupancy and staffing levels, transportation limitations, quarantines and other restrictions, and the emergence of new COVID-19 variants.

In addition, the COVID-19 pandemic has impacted our global supply chain network, and we may experience disruptions or delays in shipments of certain materials or components used in our products. We have experienced, and may continue to experience, significant challenges to our global transportation channels and other aspects of the global supply chain network, including to the cost and availability of raw materials and components due to shortages and resulting cost inflation. Any such delays or shortages may result in our inability to meet customer demand for our products and as COVID-19 conditions improve, there may be unpredictable increases in demand for certain of our products, which may pose challenges to our supply chain and could adversely affect our business. While utilization rates for most of our products have largely recovered to pre-pandemic levels, future deferrals of elective medical procedures and/or the imposition of new governmental restrictions due to resurgences in COVID-19 infections or new strains of the virus may weaken demand for certain of our products and/or disrupt our operations. In addition, in response to the pandemic, we developed and launched multiple products for the detection and identification of COVID-19, including tests for our BD Max™ molecular System and BD Veritor™ Plus System, and there are a number of factors, including the rate of vaccination and the availability of competitive products, that could impact the level of demand and pricing for our COVID-19 diagnostics testing.

Additionally, on September 9, 2021, President Biden issued an executive order requiring all employers with U.S. Government contracts to require that their U.S.-based employees, contractors, and certain subcontractors, that work on or in support of U.S. Government contracts, are fully vaccinated as set forth in the executive order, except for any employees with a medical or religious exemption. As a U.S. Government contractor, we are required to comply with the executive order. The implementation of these requirements may result in employee attrition, which could be material as a substantial number of our manufacturing and distribution center employees are based in areas of the country where vaccination rates are below the national average. If we were to lose employees, it may be difficult or very costly in the current competitive labor market

to find and recruit replacement employees, and this could have a material adverse effect on our business, results of operations and financial condition. Furthermore, on September 9, 2021, President Biden announced that he has directed The Department of Labor's Occupational Safety and Health Administration ("OSHA") to develop an Emergency Temporary Standard ("ETS") mandating either the full vaccination or weekly testing of employees for employers with 100 or more employees. On November 4, 2021, OSHA issued the ETS, which requires employers with 100 or more employees to develop, implement and enforce a mandatory COVID-19 vaccination policy, unless they adopt a policy requiring employees to choose to either be vaccinated or undergo regular COVID-19 testing and wear a face covering at work. The ETS and the executive order are effective as of January 4, 2022. On November 12, 2021, the U.S. Court of Appeals for the Fifth Circuit granted a motion to stay OSHA's ETS and ordered that OSHA take no further steps to implement or enforce the ETS until a further court order. Due to the pending litigation, OSHA has suspended activities related to the implementation and enforcement of the ETS pending future developments. It is currently not possible to predict with certainty the impact the executive order or OSHA's ETS will have on our workforce. Additional vaccine mandates may also be implemented in other jurisdictions in which we operate.

The scope and duration of the pandemic, including future resurgences globally, the pace at which government restrictions are lifted or whether additional actions may be taken to contain the virus, the global vaccination rate, the speed and extent to which global markets and utilization rates for our products fully recover from the disruptions caused by the pandemic, and the impact of these factors on our business, financial condition and results of operations, will depend on future developments that are highly uncertain and cannot be predicted with confidence.

To the extent COVID-19 adversely affects our operations and global economic conditions more generally, it may also have the effect of heightening many of the other risks described herein.

A downturn in economic conditions could adversely affect our operations.

Deterioration in the domestic or international economic environment, particularly in emerging markets and countries with government-sponsored healthcare systems, may cause decreased demand for our products and services and increased competition, which could result in lower sales volume and lower prices for our products, longer sales cycles, and slower adoption of new technologies. A weakening of macroeconomic conditions may also adversely affect our suppliers, which could result in interruptions in supply. We have previously experienced delays in collecting government receivables in certain countries in Western Europe due to economic conditions, and we may experience similar delays in the future in these and other countries or regions experiencing financial problems.

The medical technology industry is very competitive.

We are a global company that faces significant competition from a wide range of companies. These include large medical device companies with multiple product lines, some of which may have greater financial and marketing resources than we do, as well as firms that are more specialized than we are with respect to particular markets or product lines. Non-traditional entrants, such as technology companies, are also entering into the healthcare industry, some of which may have greater financial and marketing resources than we do. We face competition across all our product lines and in each market in which our products are sold on the basis of product features, clinical or economic outcomes, product quality, availability, price, services and other factors. Our ability to compete is also impacted by changing customer preferences and requirements, such as increased demand for more environmentally-friendly products and for products incorporating digital capabilities, as well as changes in the ways health care services are delivered (including the transition of more care from acute to non-acute settings and increased focus on chronic disease management). Cost containment efforts by governments and the private sector are also resulting in increased emphasis on products that reduce costs, improve clinical results and expand patient access. Our ability to remain competitive will depend on how well we meet these changing market demands in terms of our product offerings and marketing approaches.

The medical technology industry is also subject to rapid technological change and discovery and frequent product introductions. The development of new or improved products, processes or technologies by other companies (such as needle-free injection technology) that provide better features, pricing, clinical outcomes or

economic value may render our products or proposed products obsolete or less competitive. In some instances, competitors, including pharmaceutical companies, also offer, or are attempting to develop, alternative therapies for disease states that may be delivered without a medical device. Lower cost producers have also created pricing pressure, particularly in developing markets.

The medical technology industry has also experienced a significant amount of consolidation, resulting in companies with greater scale and market presence than BD. Traditional distributors are also manufacturers of medical devices, providing another source of competition. In addition, health care systems and other providers are consolidating, resulting in greater purchasing power for these companies. As a result, competition among medical device suppliers to provide goods and services has increased. Group purchasing organizations and integrated health delivery networks have also served to concentrate purchasing decisions for some customers, which has led to downward pricing pressure for medical device suppliers. Further consolidation in the industry could intensify competition among medical device suppliers and exert additional pressure on the demand for and prices of our products.

We are subject to foreign currency exchange risk.

A substantial amount of our revenues are derived from international operations, and we anticipate that a significant portion of our sales will continue to come from outside the U.S. in the future. The revenues we report with respect to our operations outside the United States may be adversely affected by fluctuations in foreign currency exchange rates. A discussion of the financial impact of exchange rate fluctuations and the ways and extent to which we may attempt to address any impact is contained in Item 7. Management's Discussion of Financial Condition and Results of Operations. Any hedging activities we engage in may only offset a portion of the adverse financial impact resulting from unfavorable changes in foreign currency exchange rates. We cannot predict with any certainty changes in foreign currency exchange rates or the degree to which we can mitigate these risks.

Changes in reimbursement practices of third-party payers or other cost containment measures could affect the demand for our products and the prices at which they are sold.

Our sales depend, in part, on the extent to which healthcare providers and facilities are reimbursed by government authorities (including Medicare, Medicaid and comparable foreign programs) and private insurers for the costs of our products. The coverage policies and reimbursement levels of third-party payers, which can vary among public and private sources and by country, may affect which products customers purchase and the prices they are willing to pay for those products in a particular jurisdiction. Reimbursement rates can also affect the market acceptance rate of new technologies and products. Reforms to reimbursement systems in the United States or abroad, changes in coverage or reimbursement rates by private payers, or adverse decisions relating to our products by administrators of these systems could significantly reduce reimbursement for procedures using our products or result in denial of reimbursement for those products, which would adversely affect customer demand or the price customers are willing to pay for such products. See "Third-Party Reimbursement" under Item 1. Business.

Initiatives to limit the growth of healthcare costs in the U.S. and other countries where we do business may also put pressure on medical device pricing. In the U.S., these include, among others, value-based purchasing and managed care arrangements. Governments in China and other countries are also using various mechanisms to control healthcare expenditures, including increased use of competitive bidding and tenders, and price regulation.

Our future growth is dependent in part upon the development of new products, and there can be no assurance that such products will be developed.

A significant element of our strategy is to increase revenue growth by focusing on innovation and new product development. New product development requires significant investment in R&D, clinical trials and regulatory approvals. The results of our product development efforts may be affected by a number of factors, including our ability to anticipate customer needs, innovate and develop new products and technologies, successfully complete clinical trials, obtain regulatory approvals and reimbursement in the United States and

abroad, manufacture products in a cost-effective manner, obtain appropriate intellectual property protection, and gain and maintain market acceptance of our products. In addition, patents attained by others can preclude or delay our commercialization of a product. There can be no assurance that any products now in development or that we may seek to develop in the future will achieve technological feasibility, obtain regulatory approval or gain market acceptance.

Our international operations subject us to certain business risks.

A substantial amount of our sales come from our operations outside the United States, and we intend to continue to pursue growth opportunities in foreign markets, especially in emerging markets. Our foreign operations subject us to certain risks relating to, among other things, fluctuations in foreign currency exchange (discussed above), local political conditions, general economic conditions such as inflation, deflation, interest rate volatility and credit availability, competition from local companies, increases in trade protectionism, U.S. relations with the governments of the foreign countries in which we operate, foreign regulatory requirements or changes in such requirements, changes in local health care payment systems and health care delivery systems, local product preferences and requirements, longer payment terms for account receivables than we experience in the U.S., difficulty in establishing, staffing and managing foreign operations, changes to international trade agreements and treaties, changes in tax laws, weakening or loss of the protection of intellectual property rights in some countries, and import or export licensing requirements. The success of our operations outside the United States also depends, in part, on our ability to make necessary infrastructure enhancements to, among other things, our production facilities and sales and distribution networks. These and other factors may adversely impact our ability to pursue our growth strategy in these markets.

In addition, our international operations are governed by the U.S. Foreign Corrupt Practices Act and similar anti-corruption laws outside the U.S. Global enforcement of anti-corruption laws has increased substantially in recent years, with more enforcement proceedings by U.S. and foreign governmental agencies and the imposition of significant fines and penalties. While we have implemented policies and procedures to enhance compliance with these laws, our international operations, which often involve customer relationships with foreign governments, create the risk that there may be unauthorized payments or offers of payments made by employees, consultants, sales agents or distributors. Any alleged or actual violations of these laws may subject us to government investigations and significant criminal or civil sanctions and other liabilities, and negatively affect our reputation.

Changes in U.S. policy regarding international trade, including import and export regulation and international trade agreements, could also negatively impact our business. The U.S. has imposed tariffs on steel and aluminum as well as on goods imported from China and certain other countries, which has resulted in retaliatory tariffs by China and other countries. Additional tariffs imposed by the U.S. on a broader range of imports, or further retaliatory trade measures taken by China or other countries in response, could result in an increase in supply chain costs that we may not be able to offset or that otherwise adversely impact our results of operations.

Reductions in customers' research budgets or government funding may adversely affect our business.

We sell products to researchers at pharmaceutical and biotechnology companies, academic institutions, government laboratories and private foundations. Research and development spending of our customers can fluctuate based on spending priorities and general economic conditions. A number of these customers are also dependent for their funding upon grants from U.S. government agencies, such as the U.S. National Institutes of Health ("NIH") and agencies in other countries. The level of government funding of research and development is unpredictable. For instance, there have been instances where NIH grants have been frozen or otherwise unavailable for extended periods. The availability of governmental research funding may be adversely affected by economic conditions and governmental spending reductions. Any reduction or delay in governmental funding could cause our customers to delay or forego purchases of our products.

We need to attract and retain key employees to be competitive.

Our ability to compete effectively depends upon our ability to attract and retain executives and other key employees. Competition for experienced employees, particularly for persons with specialized skills, can be intense. Additionally, we need qualified managers and skilled employees with technical, manufacturing and distribution experience to operate our business successfully. Our ability to recruit and retain such talent will depend on a number of factors, including compensation and benefits, work location and work environment. From time to time there may be shortages of skilled labor, which may make it more difficult for us to attract and retain qualified employees or lead to increased labor costs. If we cannot effectively recruit and retain qualified executives and employees, our business could be adversely affected.

For a further discussion of risks related to the Biden administration vaccine mandates, see the above-referenced Risk Factor, “We are subject to risks associated with public health threats, including the COVID-19 pandemic, which has had, and may continue to have, a material adverse effect on our business. The nature and extent of future impacts are highly uncertain and unpredictable.”

Operational Risks

Breaches of our information systems could have a material adverse effect on our operations.

We rely on information systems to process, transmit, and store electronic information in our day-to-day operations, including sensitive personal or proprietary information. In addition, some of our products include information systems that collect data regarding patients and patient therapy on behalf of our customers and some connect to our systems for maintenance purposes. Our information systems have been subjected to attack via malicious code execution, and cyber- or phishing- attacks, and we have experienced instances of unauthorized access to our systems in the past and expect to be subject to similar cyberattacks in the future. In addition to our own information, in the course of doing business, we sometimes store information with third parties that could be subject to attacks.

Cyberattacks could result in our intellectual property and other confidential information being accessed, destroyed or stolen, which could adversely affect our competitive position in the market. Likewise, we could suffer disruption of our operations and other significant negative consequences, including increased costs for security measures or remediation, diversion of management attention, litigation and damage to our relationships with vendors, business partners and customers. Unauthorized tampering, adulteration or interference with our products may also create issues with product functionality that could result in a loss of data, risk to patient safety, and product recalls or field actions. Cyberattacks could result in unauthorized access to our systems and products, which could also impact our compliance with privacy and other laws and regulations and could result in actions by regulatory bodies or civil litigation. While we will continue to dedicate significant resources to protect against unauthorized access to our systems and products, and work with government authorities and third-party providers to detect and reduce the risk of future cyber incidents, cyberattacks are becoming more sophisticated, frequent and adaptive. There can be no assurances that these protective measures will prevent future attacks that could have a material adverse impact on our business.

Cost volatility could adversely affect our operations.

Our results of operations could be negatively impacted by volatility in the cost of raw materials, components, freight and energy that, in turn, increases the costs of producing and distributing our products. New laws or regulations adopted in response to climate change could also increase energy and transportation costs, as well as the costs of certain raw materials and components. In particular, we purchase supplies of resins, which are oil-based components used in the manufacture of certain products, and any significant increases in resin costs could adversely impact future operating results. Increases in oil prices can also increase our packaging and transportation costs. Recently, the costs of raw materials, transportation, construction, services, and energy necessary for the production and distribution of our products have increased significantly. While we have implemented cost containment measures, selective price increases and taken other actions to offset these inflationary pressures in our supply chain, we may not be able to completely offset all the increases in our operational costs.

A reduction or interruption in the supply of certain raw materials and components could adversely affect our operating results.

We purchase many different types of raw materials and components used in our products. Certain raw materials and components are not available from multiple sources. In addition, for quality assurance, cost-effectiveness and other reasons, certain raw materials and components are purchased from sole suppliers. The price and supply of these materials and components may be impacted or disrupted for reasons beyond our control including supplier shutdowns, transportation delays, inflationary pricing pressures, work stoppages, labor shortages and governmental regulatory actions. We have experienced, and may continue to experience, significant challenges to our global transportation channels and other aspects of the global supply chain network, including to the cost and availability of raw materials and components due to shortages and resulting cost inflation. The U.S. and other governments may enact or use laws and regulations, such as the Defense Production Act or export restrictions, to ensure availability of needed COVID-19 testing and vaccination delivery devices. Any such action may impact our global supply chain network. While we work with suppliers to ensure continuity of supply and service, no assurance can be given that these efforts will be successful. In addition, due to regulatory requirements relating to the qualification of suppliers, we may not be able to establish additional or replacement sources on a timely basis or without excessive cost. The termination, reduction or interruption in supply of these raw materials and components could adversely impact our ability to manufacture and sell certain of our products, which could have an adverse impact on our business, financial condition and results of operations.

Interruption of our manufacturing or sterilization operations could adversely affect our business.

We have manufacturing sites all over the world. In some instances, however, the manufacturing of certain of our product lines is concentrated in one or more of our plants. Interruption to our manufacturing operations resulting from weather or natural disasters, regulatory requirements or issues in our manufacturing process, equipment failure or other factors, could adversely affect our ability to manufacture our products. In some instances, we may not be able to transition manufacturing to other BD sites or a third party to replace the lost production. A significant interruption of our manufacturing operations could result in lost revenues and damage to our relationships with customers.

In addition, many of our products require sterilization prior to sale, and we utilize both BD facilities and third-parties for this process. In some instances, only a few facilities are qualified under applicable regulations to conduct this sterilization. To the extent we or third-parties are unable to sterilize our products, whether due to lack of capacity, regulatory requirements or otherwise, we may be unable to transition sterilization to other sites or modalities in a timely or cost effective manner, or at all, which could have an adverse impact on our operating results.

At a broader level, several states have increased the regulatory requirements associated with the use and emission of ethylene oxide for sterilization. This increased regulation could require BD or sterilization service providers, including providers used by BD, to temporarily suspend operations, limit the use of ethylene oxide or take other actions, which would further reduce the available capacity of third-party providers to sterilize medical devices and health care products. Federal agencies may also regulate the use and emission of ethylene oxide. If any such regulatory actions or rulemaking result in the suspension of sterilization operations at BD or at medical device sterilizers used by BD, or otherwise limit the availability of third-party sterilization capacity, this could interrupt or otherwise adversely impact production of certain of our products. See “Item 1. Business - Regulation” for a discussion of the consent order BD entered into with the Environmental Protection Division of the Georgia Department of Natural Resources.

Our business and operations are subject to risks related to climate change.

The long-term effects of global climate change present risks to our business. Extreme weather or other conditions caused by climate change could adversely impact our supply chain and the availability and cost of raw materials and components required for the operation of our business. Such conditions could also result in physical damage to products, plants and distribution centers, as well as the infrastructure and facilities of

hospitals, medical care facilities and other customers. In addition, regulations intended to limit greenhouse gas emissions, such as taxes on fuel and energy, to mitigate the impacts of climate change may increase, which could increase our operating costs and the costs charged by suppliers. These events could adversely affect our operations and our financial performance.

Legal, Quality and Regulatory Risks

We are subject to lawsuits.

We are or have been a defendant in a number of lawsuits, including, among others, purported class action lawsuits for alleged antitrust violations and violations of federal securities laws, product liability claims (which may involve lawsuits seeking class action status or seeking to establish multi-district litigation proceedings, including pending claims relating to our hernia repair implant products, surgical continence and pelvic organ prolapse products for women and vena cava filter products), and suits alleging patent infringement. We have also been subject to government subpoenas and civil investigative demands seeking information with respect to alleged violations of law, including in connection with federal and/or state healthcare programs (such as Medicare or Medicaid), federal contracting requirements and/or sales and marketing practices. A more detailed description of certain litigation to which we are a party is contained in Note 5 to the consolidated financial statements included in Item 8. Financial Statements and Supplementary Data. We could be subject to additional lawsuits, governmental investigations, subpoenas and civil investigative demands in the future. Any such lawsuits, governmental investigations, subpoenas and civil investigative demands could ultimately have a material adverse effect on our results of operations, financial condition and liquidity, and could distract management from the operations of the business.

Reserves established for estimated losses with respect to legal proceedings do not represent an exact calculation of our actual liability, but instead represent our estimate of the probable loss at the time the reserve is established. Due to the inherent uncertainty of litigation and our underlying loss reserve estimates, additional reserves may be established or current reserves may be significantly increased from time-to-time. Also, in some instances, we are not able to estimate the amount or range of loss that could result from an unfavorable outcome of the litigation to which we are a party. In view of these uncertainties, we could incur charges materially in excess of any currently established accruals and, to the extent available, excess liability insurance. Any such future charges, individually or in the aggregate, could have a material adverse effect on our results of operations, financial condition and/or liquidity.

With respect to certain litigation, we believe that some settlements and judgments, as well as legal defense costs, may be covered in whole or in part under applicable insurance policies with a limited number of insurance companies, or, in some circumstances, indemnification obligations owed to us by other parties. However, amounts recovered under these arrangements may be less than the stated coverage limits or less than otherwise expected and may not be adequate to cover damages and/or costs. In addition, there is no guarantee that insurers or other parties will pay claims or that coverage or indemnity will be otherwise available. Also, for certain product liability claims or lawsuits, BD does not maintain or has limited remaining insurance coverage, and we may not be able to obtain additional insurance on acceptable terms or at all that will provide adequate protection against potential liabilities.

We are subject to extensive regulation.

Our operations are global and are affected by complex state, federal and international laws relating to healthcare, environmental protection, antitrust, anti-corruption, marketing, fraud and abuse (including anti-kickback and false claims laws), export control, product safety and efficacy, employment, privacy and other areas. Violations of these laws can result in criminal or civil sanctions, including substantial fines and, in some cases, exclusion from participation in health care programs such as Medicare and Medicaid. Environmental laws, particularly with respect to climate change and the emission of greenhouse gases, are also becoming more stringent throughout the world, which may increase our costs of operations or necessitate closures of or changes to our manufacturing plants or processes or those of our suppliers, or result in liability to BD. The enactment of

additional laws in the future may increase our compliance costs or otherwise adversely impact our operations and financial performance.

We are subject to extensive regulation by the FDA pursuant to the Federal Food, Drug and Cosmetic Act, by comparable agencies in foreign countries, and by other regulatory agencies and governing bodies. Most of our products must receive clearance or approval from the FDA or counterpart regulatory agencies in other countries before they can be marketed or sold. The process for obtaining marketing approval or clearance may require us to incur significant costs in terms of time and resources, and these costs have been increasing due to increased requirements from the FDA and comparable governing bodies for supporting data for submissions. The regulatory process may also require changes to our products or result in limitations on the indicated uses of our products. Governmental agencies may also impose new requirements regarding registration, including, but not limited to, labeling or prohibited materials that require us to modify or re-register products already on the market or otherwise impact our ability to market our products in those countries.

Following the introduction of a product, these agencies also periodically review our manufacturing processes and product performance. Our failure to comply with the applicable good manufacturing practices, adverse event reporting, and other post market requirements of these agencies could delay or prevent the production, marketing or sale of our products and result in delays or suspensions of regulatory clearances, warning letters or consent decrees, closure of manufacturing sites, import bans, seizures or recalls of products, civil or criminal sanctions and damage to our reputation. More stringent oversight by the FDA and other agencies in recent years has resulted in increased enforcement activity, which increases our compliance risk.

We are operating under a consent decree with the FDA, entered into by CareFusion in 2007 and amended in 2009, that affects our Alaris™ infusion pump business in the United States. We are also currently operating under a warning letter issued by the FDA. For more information regarding the consent decree and warning letter, see “Regulation” under Item 1. Business.

As previously disclosed, we are undertaking certain remediation of our BD Alaris System, and are currently shipping the product in the U.S., only in cases of medical necessity and to remediate recalled software versions. We will not be able to fully resume commercial operations for the BD Alaris System in the U.S. until a 510(k) submission relating to the product has been cleared by the FDA. No assurance can be given as to when or if clearance will be obtained from the FDA.

In addition, the European Union (“EU”) has adopted the EU Medical Device Regulation (the “EU MDR”) and the In Vitro Diagnostic Regulation (the “EU IVDR”), each of which impose stricter requirements for the marketing and sale of medical devices, including in the area of clinical evidence requirements, quality systems and post-market surveillance. Effective May 2021, manufacturers of currently approved medical devices must meet the requirements of the EU MDR for self-certified devices and have until May 2024 to meet the requirements for medical devices with a valid conformity assessment certificate. Manufacturers of in vitro diagnostic medical devices have until May 2022 to meet the EU IVDR. Complying with and maintaining devices under these regulations requires us to incur significant expenditures. Failure to meet these requirements could adversely impact our business in the EU and other regions that tie their product registrations to EU conformity requirements.

We are also subject to complex and frequently changing privacy and data protection laws, rules and regulations in the U.S. as well as in all other regions where BD operates, regarding the collection, use, storage, transfer and other processing of personal information. Any actual or perceived noncompliance with these laws, rules and regulations could result in significant consequences for BD, including, among other things, business interruption, sanctions and significant pecuniary fines, regulatory inquiries and investigations, adverse publicity, loss of competitive advantage and customer trust, as well as privacy litigation and civil lawsuits with damages.

The importance of privacy laws, rules and regulations for the healthcare and med-tech industry is constantly growing, since personal data has become an integral part of doing business in our sector, and the legal climate, norms around data sharing, and the definition of meaningful privacy are evolving and becoming more complex worldwide.

For instance, the European General Data Protection Regulation (the “GDPR”), applicable as of 2018 and still one of the strictest and most comprehensive privacy laws in the world, is being continuously enforced,

and increasingly heavy fines are now being levied on businesses. Fines for noncompliance with the GDPR can amount to up to €20 million or 4% of the total worldwide annual turnover from the preceding financial year (whichever is higher) and may be imposed in conjunction with the exercise of the authority's investigatory and corrective powers. The GDPR's extraterritorial scope makes it applicable to our U.S.-based legal entities whenever our business activities, systems and products process the personal data of EU residents.

Privacy laws, rules and regulations are also rapidly developing in other regions. Several states in the U.S. have introduced dedicated privacy laws (e.g., California and Virginia) or have draft privacy laws in the pipeline, and new privacy and data protection laws have come into effect in relevant countries like China, Brazil, India and South Korea. These laws impact BD businesses to the extent they rely on the use of personal data and pose the challenge of how to cope with a heterogeneous patchwork of laws, rules, regulations and industry standards while maintaining our global reach.

Defects or quality issues associated with our products could adversely affect the results of our operations.

The design, manufacture and marketing of medical devices involve certain inherent risks. Manufacturing or design defects, component failures, unapproved or improper use of our products, or inadequate disclosure of risks or other information relating to the use of our products can lead to injury or other serious adverse events. These events could lead to recalls or safety alerts relating to our products (either voluntary or as required by the FDA or similar governmental authorities in other countries), and could result, in certain cases, in the removal of a product from the market. A recall could result in significant costs and lost sales and customers, enforcement actions and/or investigations by state and federal governments or other enforcement bodies, as well as negative publicity and damage to our reputation that could reduce future demand for our products. Personal injuries relating to the use of our products can also result in significant product liability claims being brought against us. In some circumstances, such adverse events could also cause delays in regulatory approval of new products or the imposition of post-market approval requirements.

Our operations are dependent in part on patents and other intellectual property assets.

Many of our businesses rely on patent, trademark and other intellectual property assets. These intellectual property assets, in the aggregate, are of material importance to our business. We can lose the protection afforded by these intellectual property assets through patent expirations, legal challenges or governmental action. Patents attained by competitors, particularly as patents on our products expire, may also adversely affect our competitive position. In addition, competitors may seek to invalidate patents on our products or claim that our products infringe upon their intellectual property, which could result in a loss of competitive advantage or the payment of significant legal fees, damage awards and past or future royalties, as well as injunctions against future sales of our products. We also operate in countries that do not protect intellectual property rights to the same extent as in the U.S., which could make it easier for competitors to compete with us in those countries. The loss of a significant portion of our portfolio of intellectual property assets may have an adverse effect on our earnings, financial condition or cash flows.

Risks Relating to Our Indebtedness

We may not be able to service all of our indebtedness.

We depend on cash on hand and cash flows from operations to make scheduled debt payments. However, our ability to generate sufficient cash flow from operations of the combined Company and to utilize other methods to make scheduled payments will depend on a range of economic, competitive and business factors, many of which are outside of our control. There can be no assurance that these sources will be adequate. If we are unable to service our indebtedness and fund our operations, we will be forced to reduce or delay capital expenditures, seek additional capital, sell assets or refinance our indebtedness. Any such action may not be successful and we may be unable to service our indebtedness and fund our operations, which could have a material adverse effect on our business, financial condition or results of operations.

The agreements that govern our indebtedness impose restrictions that may affect our ability to operate our businesses.

The agreements that govern our indebtedness contain various affirmative and negative covenants that may, subject to certain significant exceptions, restrict the ability of certain of our subsidiaries to incur debt and the ability of us and certain of our subsidiaries to, among other things, have liens on our property, and/or merge or consolidate with any other person or sell or convey certain of our assets to any one person, engage in certain transactions with affiliates and change the nature of our business. In addition, the agreements also require us to comply with certain financial covenants, including financial ratios. Our ability and the ability of our subsidiaries to comply with these provisions may be affected by events beyond our control. Failure to comply with these covenants could result in an event of default, which, if not cured or waived, could accelerate our repayment obligations and could result in a default and acceleration under other agreements containing cross-default provisions. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations.

Risks Relating to the Proposed Spin-off of the Diabetes Care Business

Risks relating to proposed spin-off.

On May 6, 2021, we announced our intention to spin off our Diabetes Care business as a separate publicly traded company to BD's shareholders. The proposed spin-off is intended to be a tax-free transaction for U.S. federal income tax purposes and is expected to be completed in the first half of calendar year 2022, subject to the satisfaction of customary conditions, including final approval by BD's Board of Directors and the effectiveness of a registration statement on Form 10 filed with the SEC.

Executing the proposed spin-off will require significant time and attention from BD's senior management and employees, which could disrupt BD's ongoing business and adversely affect financial results and results of operations. The proposed spin-off is also complex, and completion of the proposed spin-off and the timing of its completion will be subject to a number of factors and conditions, including the readiness of the new company to operate as an independent public company and finalization of the capital structure of the new company. Unanticipated developments could delay, prevent or otherwise adversely affect the proposed spin-off, including, but not limited to, disruptions in general or financial market conditions, material adverse changes in business or industry conditions, unanticipated costs and potential problems or delays in obtaining various regulatory and tax approvals or clearances. There can be no assurances that BD will be able to complete the proposed spin-off on the terms or on the timeline that was announced, if at all. In addition, if the spin-off is completed, the Company may not be able to achieve the full strategic and financial benefits that are expected to result from the spin-off. Further, there can be no assurance that the combined value of the common stock of the two companies will be equal to or greater than what the value of BD's common stock would have been had the proposed spin-off not occurred.

General Business Risks

We cannot guarantee that any of our strategic acquisitions, investments or alliances will be successful.

We seek to supplement our internal growth through strategic acquisitions, investments and alliances. Such transactions are inherently risky, and the integration of any newly-acquired business requires significant effort and management attention. The success of any acquisition, investment or alliance may be affected by a number of factors, including our ability to properly assess and value the potential business opportunity or to successfully integrate any business we may acquire into our existing business. There can be no assurance that any past or future transaction will be successful.

Natural disasters, war and other events could adversely affect our future revenues and operating income.

Natural disasters, including the impacts of climate change, hurricanes, tornadoes, windstorms, fires, earthquakes and floods and other extreme weather events, global health pandemics, war, terrorism, labor

disruptions and international conflicts, and actions taken by the United States and other governments or by our customers or suppliers in response to such events, could cause significant economic disruption and political and social instability in the United States and areas outside of the United States in which we operate. These events could result in decreased demand for our products, adversely affect our manufacturing and distribution capabilities, or increase the costs for or cause interruptions in the supply of materials from our suppliers.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

BD's executive offices are located in Franklin Lakes, New Jersey. As of September 2021, BD owned or leased 325 facilities throughout the world, comprising approximately 25,018,032 square feet of manufacturing, warehousing, administrative, and research facilities. The U.S. facilities, including those in Puerto Rico, comprise approximately 7,966,863 square feet of owned and 4,501,209 square feet of leased space. The international facilities comprise approximately 9,638,055 square feet of owned and 2,911,904 square feet of leased space. Sales offices and distribution centers included in the total square footage are also located throughout the world.

Operations in each of BD's business segments are conducted at both U.S. and international locations. Particularly in the international marketplace, facilities often serve more than one business segment and are used for multiple purposes, such as administrative/sales, manufacturing and/or warehousing/distribution. BD generally seeks to own its manufacturing facilities, although some are leased.

BD believes that its facilities are of good construction and in good physical condition, are suitable and adequate for the operations conducted at those facilities, and are, with minor exceptions, fully utilized and operating at normal capacity.

The U.S. facilities are located in Alabama, Arizona, California, Connecticut, Florida, Georgia, Illinois, Maryland, Massachusetts, Minnesota, Missouri, Nebraska, New Jersey, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Virginia, Washington D.C., Washington, and Puerto Rico.

The international facilities are as follows:

- *Europe, Middle East, Africa*, which includes facilities in Austria, Belgium, Bosnia, the Czech Republic, Denmark, Egypt, England, Finland, France, Germany, Ghana, Greece, Hungary, Ireland, Israel, Italy, Kenya, Luxembourg, Netherlands, Norway, Pakistan, Poland, Portugal, Russia, Saudi Arabia, South Africa, Spain, Sweden, Switzerland, Turkey, the United Arab Emirates and Zambia.
- *Greater Asia*, which includes facilities in Australia, Bangladesh, China, India, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam.
- *Latin America*, which includes facilities in Argentina, Brazil, Chile, Colombia, the Dominican Republic, Mexico, Peru and Uruguay.
- *Canada*.

Item 3. Legal Proceedings.

Information with respect to certain legal proceedings is included in Note 5 to the consolidated financial statements contained in Item 8. Financial Statements and Supplementary Data, and is incorporated herein by reference.

Item 4. Mine Safety Disclosures.

Not applicable.

Information about our Executive Officers

The following is a list of the executive officers of BD, their ages and all positions and offices held by each of them during the past five years. There is no family relationship between any executive officer or director of BD.

Name	Age	Position
Thomas E. Polen	48	Chairman since April 2021; Chief Executive Officer since January 2020; President since April 2017; Chief Operating Officer from October 2018 to January 2020; and Executive Vice President and President - Medical Segment from October 2014 to April 2017.
Simon D. Campion	50	Executive Vice President and President, Interventional Segment since September 2018; Worldwide President, BD Interventional - Surgery from December 2017 to September 2018; President, Davol (now part of our Surgery business), C.R. Bard, Inc. from July 2015 to December 2017; and prior thereto, Vice President and General Manager, Davol.
Alexandre Conroy	58	Executive Vice President and Chief Integrated Supply Chain Officer since February 2019; Worldwide President, Medication and Procedural Solutions from May 2017 to February 2019; and Executive Vice President and President, Europe, EMA and the Americas from June 2012 to May 2017.
Christopher J. DelOrefice	50	Executive Vice President and Chief Financial Officer since September 2021; Vice President, Investor Relations, Johnson & Johnson from August 2018 to August 2021; Vice President, Finance, North America Hospital Medical Devices, Johnson & Johnson from June 2017 to August 2018; and Vice President, Finance, North America, Johnson & Johnson Consumer, March 2014 to June 2017.
Antoine C. Ezell	52	Executive Vice President, President, North America and Chief Marketing Officer since October 2020; Executive Vice President and Chief Marketing Officer from January 2020 to October 2020; Vice President, Connected Care and Insulins, Eli Lilly and Company from January 2019 to January 2020; and prior thereto, Vice President, Enterprise Capabilities and Solutions, Eli Lilly; Chief Marketing Officer, Elanco Animal Health; and Chief Customer Officer, Eli Lilly.
Roland Goette	59	Executive Vice President and President, EMEA since May 2017; and President, Europe from October 2014 to May 2017.
David Hickey	59	Executive Vice President and President, Life Sciences Segment since January 2021; President, Integrated Diagnostics Solutions from October 2019 to January 2021; and President, Diagnostic Systems from July 2016 to September 2019.
Samrat S. Khichi	54	Executive Vice President, Corporate Development, Public Policy, Regulatory Affairs and General Counsel since September 2021; Executive Vice President, Public Policy, Regulatory Affairs and General Counsel from May 2019 to September 2021; Executive Vice President and General Counsel from December 2017 to May 2019; and Senior Vice President, General Counsel and Corporate Secretary, C.R. Bard, Inc. from July 2014 to December 2017.
Betty D. Larson	45	Executive Vice President and Chief Human Resources Officer since July 2018; Senior Vice President of Human Resources, Interventional Segment from December 2017 to July 2018; and Vice President, Human Resources, Chief Human Resources Officer, C.R. Bard, Inc. from September 2014 to December 2017.
James Lim	57	Executive Vice President and President, Greater Asia since June 2012.
Alberto Mas	60	Executive Vice President and President - Medical Segment since June 2018; Executive Vice President and President - Life Sciences Segment from October 2016 to June 2018; and Worldwide President - Diagnostic Systems from October 2013 to October 2016.
Christopher R. Reidy	64	Executive Vice President and Chief Administrative Officer since September 2021; and Executive Vice President, Chief Financial Officer and Chief Administrative Officer from July 2013 to September 2021.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.*

BD's common stock is listed on the New York Stock Exchange under the symbol "BDX". As of October 31, 2021, there were approximately 11,998 shareholders of record.

The table below sets forth certain information regarding BD's purchases of its common stock during the fiscal quarter ended September 30, 2021.

<u>Period</u>	<u>Total Number of Shares Purchased(1)</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)</u>	<u>Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs (2)</u>
July 1-31, 2021 ⁽³⁾	404,392	\$242.56	403,159	3,730,494
August 1-31, 2021 ⁽⁴⁾	2,515,405	\$251.90	2,515,301	1,215,193
September 1-30, 2021	—	—	—	1,215,193
Total	<u>2,919,797</u>	<u>\$250.61</u>	<u>2,918,460</u>	<u>1,215,193</u>

- (1) Includes shares purchased during the quarter in open market transactions by the trust relating to BD's Deferred Compensation and Retirement Benefit Restoration Plan and 1996 Directors' Deferral Plan.
- (2) The repurchases were made pursuant to the repurchase program authorized by the Board of Directors on September 24, 2013 for 10 million shares, for which there is no expiration date.
- (3) Includes 403,000 shares received upon final settlement of a \$500 million accelerated share repurchase ("ASR") agreement executed in May 2021. The total average price paid per share in the table above reflects the volume weighted average price of BD's shares over the term of the ASR agreement. Additional disclosures regarding our share repurchase transactions are provided in Note 3 to the consolidated financial statements contained in Item 8. Financial Statements and Supplementary Data.
- (4) Includes an initial delivery of 2,515,000 shares of our common stock received upon payment under an ASR agreement of \$750 million which was executed in August 2021. We received an additional 462,000 shares in October 2021 based upon final settlement of the ASR agreement. The total average price paid per share in the table above reflects the volume weighted average price of BD's shares over the term of the ASR agreement.

In November 2021, the Board of Directors authorized BD to repurchase up to an additional 10 million shares of BD common stock, for which there is no expiration date.

Item 6. *(Reserved)*

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following commentary should be read in conjunction with the consolidated financial statements and accompanying notes presented in this report. Within the tables presented throughout this discussion, certain columns may not add due to the use of rounded numbers for disclosure purposes. Percentages and earnings per share amounts presented are calculated from the underlying amounts. References to years throughout this discussion relate to our fiscal years, which end on September 30.

Company Overview

Description of the Company and Business Segments

Becton, Dickinson and Company ("BD") is a global medical technology company engaged in the development, manufacture and sale of a broad range of medical supplies, devices, laboratory equipment and diagnostic products used by healthcare institutions, physicians, life science researchers, clinical laboratories, the pharmaceutical industry and the general public. The Company's organizational structure is based upon three principal business segments, BD Medical ("Medical"), BD Life Sciences ("Life Sciences") and BD Interventional ("Interventional").

BD's products are manufactured and sold worldwide. Our products are marketed in the United States and internationally through independent distribution channels and directly to end-users by BD and independent sales representatives. We organize our operations outside the United States as follows: EMEA (which includes Europe, the Middle East and Africa); Greater Asia (which includes countries in Greater China, Japan, South Asia, Southeast Asia, Korea, Australia and New Zealand); Latin America (which includes Mexico, Central America, the Caribbean and South America); and Canada. We continue to pursue growth opportunities in emerging markets, which include the following geographic regions: Eastern Europe, the Middle East, Africa, Latin America and certain countries within Greater Asia. We are primarily focused on certain countries whose healthcare systems are expanding.

Strategic Objectives

BD remains focused on delivering durable growth and creating shareholder value, while making appropriate investments for the future. BD 2025, our vehicle for value creation, is anchored in three key pillars: grow, simplify and empower. BD's management team aligns our operating model and investments with these key strategic pillars through continuous focus on the following underlying objectives:

Grow

- Developing and maintaining a strong portfolio of leading products and solutions that address significant unmet clinical needs, improve outcomes, and reduce costs;
- Focusing on our core products, services and solutions that deliver greater benefits to patients, healthcare workers and researchers;
- Investing in research and development that leads to and expands category leadership, as well as results in a robust product pipeline;
- Leveraging our global scale to expand our reach in providing access to affordable medical technologies around the world, including emerging markets;
- Supplementing our internal growth through strategic acquisitions in faster growing market segments;
- Driving an efficient capital structure and strong shareholder returns.

Simplify

- Driving operating effectiveness and margin expansion by placing controls on sourcing and transportation costs, as well as by increasing labor productivity and asset efficiencies;
- Focusing on cash management in order to improve balance sheet productivity;
- Working across our supply chain to reduce environmental impacts;

- Creating more resilient operations based on an enterprise-wide renewable energy strategy;
- Reducing complexity across our manufacturing network and rationalizing our product portfolio to optimize architecture, portfolio and business processes;
- Enhancing our quality and risk management systems;
- Simplifying our internal business processes.

Empower

- Fostering a purpose-driven culture with a focus on positive impact to all stakeholders—customers, patients, employees and communities;
- Improving our ability to serve customers and enhance customer experiences through the digitalization of internal processes and go-to-market approaches;
- Cultivating an inclusive work environment that welcomes and celebrates diverse talent and perspectives.

In assessing the outcomes of these strategies as well as BD's financial condition and operating performance, management generally reviews forecast data, monthly actual results, including segment sales, and other similar information. We also consider trends related to certain key financial data, including gross profit margin, selling and administrative expense, investment in research and development, return on invested capital, and cash flows.

BD's Intention to Spin Off Diabetes Care

On May 6, 2021, we announced our intention to spin off our Diabetes Care business as a separate publicly traded company to BD's shareholders. The proposed spin-off is intended to be a tax-free transaction for U.S. federal income tax purposes and is expected to be completed in the first half of calendar year 2022, subject to the satisfaction of customary conditions, including final approval from BD's Board of Directors and the effectiveness of a registration statement on Form 10. The Company believes that as an independent, publicly traded entity, the Diabetes Care business will be positioned to more effectively allocate its capital and operational resources with a dedicated growth strategy. For further discussion of risks relating to the proposed spin-off of our Diabetes Care business, see Item 1A. Risk Factors—Risks Relating to the Proposed Spin-off of the Diabetes Care Business.

COVID-19 Pandemic Impacts and Response

A novel strain of coronavirus disease ("COVID-19") was officially declared a pandemic by the World Health Organization in March 2020 and governments around the world have been implementing various measures to slow and control the ongoing spread of COVID-19. These government measures, as well as a shift in healthcare priorities, resulted in a significant decline in medical procedures in our fiscal year 2020. Demand for our products showed substantial recovery in our fiscal year 2021; however, regional resurgences in COVID-19 infections and the emergence of the Delta variant continued to impact the demand for certain of our products in our fiscal year 2021. Our 2021 revenues reflected a substantial benefit from sales related to COVID-19 diagnostic testing on the BD Veritor™ Plus and BD Max™ Systems. The factors that affected our revenue growth in fiscal year 2021, including those related to the COVID-19 pandemic, are discussed in greater detail further below.

Due to the significant uncertainty that exists relative to the duration and overall impact of the COVID-19 pandemic, our future operating performance, particularly in the short-term, may be subject to volatility. While non-acute utilization rates for most of our products have largely recovered to pre-pandemic levels, resurgences in COVID-19 infections or new strains of the virus may weaken future demand for certain of our products and/or disrupt our operations. We also continue to see challenges posed by the pandemic to global transportation channels and other aspects of our supply chain, including the cost and availability of raw materials, as well as logistical challenges affecting the movement of freight around the globe. The United States and other governments may enact or use laws and regulations, such as the Defense Production Act or export restrictions, to ensure availability of needed COVID-19 testing and vaccination delivery devices. Any such action may impact our global supply chain network.

The impacts of the COVID-19 pandemic on our business, results of operations, financial condition and cash flows is dependent on certain factors including:

- The extent to which resurgences in COVID-19 infections or new strains of the virus, including the Delta variant, result in future deferrals of elective medical procedures and/or the extent to which the imposition of new governmental lockdowns, quarantine requirements or other restrictions may weaken demand for certain of our products and/or disrupt our operations;
- The degree to which demand and pricing for our COVID-19 diagnostics testing solutions continues to be impacted by reduced infection rates, as well as by distribution and utilization of available COVID-19 vaccines and the availability of competitive SARS-CoV-2 diagnostic testing products, which we expect will result in lower COVID-19 testing revenues in future periods;
- The degree to which the pandemic has escalated challenges that existed for global healthcare systems prior to the pandemic, such as staffing shortages, including nursing shortages, and budget constraints;
- The continued momentum of the global economy's recovery from the pandemic and the degree of pressure that a weakened macroeconomic environment would put on future healthcare utilization and the global demand for our products.

We remain focused on partnering with governments, healthcare systems, and healthcare professionals to navigate the COVID-19 pandemic. This focus includes providing access to our SARS-CoV-2 diagnostics tests and injection devices for global vaccination campaigns, as well as supplying products and solutions for ongoing care for patients around the world. We have also remained focused on protecting the health and safety of BD employees while ensuring continued availability of BD's critical medical devices and technologies during these unprecedented times.

Summary of Financial Results

Worldwide revenues in 2021 of \$20.248 billion increased 18.3% from the prior-year period, which primarily reflected an increase in volume, including increases attributable to our core products, of approximately 15.3%. Revenues in 2021 also reflected a favorable impact from foreign currency translation of approximately 2.7%, as well as a favorable impact from price of approximately 0.3%.

Volume in 2021 reflected increased demand for our broad portfolio of products and was driven by the following:

- The Medical segment's revenues in 2021 reflected increased demand in the Medication Delivery Solutions, Pharmaceutical Systems and Diabetes Care units, which was partially offset by a decline in the Medication Management Solutions unit.
- The Life Sciences segment's revenues in 2021 reflected growth in both units. Growth in the Integrated Diagnostic Solutions unit included approximately \$2 billion of revenues driven by COVID-19 diagnostic testing primarily on the BD Veritor™ Plus and BD Max™ Systems.
- Interventional segment revenues in 2021 reflected increased demand in all three units as hospital utilization increased and new product offerings drove higher sales.

We continue to invest in research and development, geographic expansion, and new product programs to drive further revenue and profit growth. We have reinvested over \$200 million of the profits from our sales related to COVID-19 diagnostic testing into our BD 2025 strategy. Our ability to sustain our long-term growth will depend on a number of factors, including our ability to expand our core business (including geographical expansion), develop innovative new products, and continue to improve operating efficiency and organizational effectiveness. As discussed above, current global economic conditions remain relatively volatile due to the COVID-19 pandemic. In addition, an inability to increase or maintain selling prices globally could adversely impact our businesses. Also, we are experiencing challenges related to global transportation channels and supply chains. These challenges have subjected certain of our costs, specifically raw material and freight costs, to inflationary pressures which have unfavorably impacted our gross profit and operating margins. Additional

discussion regarding the impacts of these inflationary pressures on our operating results in 2021 is provided further below.

Our financial position remains strong, with cash flows from operating activities totaling \$4.647 billion in 2021. At September 30, 2021, we had \$2.403 billion in cash and equivalents and short-term investments, including restricted cash. We continued to return value to our shareholders in the form of dividends. During fiscal year 2021, we paid cash dividends of \$1.048 billion, including \$958 million paid to common shareholders and \$90 million paid to preferred shareholders. We also repurchased approximately \$1.750 billion of our common stock during fiscal year 2021.

Each reporting period, we face currency exposure that arises from translating the results of our worldwide operations to the U.S. dollar at exchange rates that fluctuate from the beginning of such period. A weaker U.S. dollar, compared to the prior-year period, resulted in a favorable foreign currency translation impact to our revenues and an unfavorable impact to our expenses during 2021. We evaluate our results of operations on both a reported and a foreign currency-neutral basis, which excludes the impact of fluctuations in foreign currency exchange rates. As exchange rates are an important factor in understanding period-to-period comparisons, we believe the presentation of results on a foreign currency-neutral basis in addition to reported results helps improve investors' ability to understand our operating results and evaluate our performance in comparison to prior periods. Foreign currency-neutral ("FXN") information compares results between periods as if exchange rates had remained constant period-over-period. We use results on a foreign currency-neutral basis as one measure to evaluate our performance. We calculate foreign currency-neutral percentages by converting our current-period local currency financial results using the prior-period foreign currency exchange rates and comparing these adjusted amounts to our current-period results. These results should be considered in addition to, not as a substitute for, results reported in accordance with U.S. generally accepted accounting principles ("GAAP"). Results on a foreign currency-neutral basis, as we present them, may not be comparable to similarly titled measures used by other companies and are not measures of performance presented in accordance with U.S. GAAP.

Results of Operations

Medical Segment

The following summarizes Medical revenues by organizational unit:

(Millions of dollars)	2021 vs. 2020						2020 vs. 2019		
	2021	2020	2019	Total Change	Estimated FX Impact	FXN Change	Total Change	Estimated FX Impact	FXN Change
Medication Delivery Solutions	\$ 4,057	\$ 3,555	\$ 3,848	14.1 %	2.4 %	11.7 %	(7.6)%	(1.4)%	(6.2)%
Medication Management Solutions	2,432	2,454	2,640	(0.9)%	1.4 %	(2.3)%	(7.1)%	(0.5)%	(6.6)%
Diabetes Care	1,160	1,084	1,110	7.0 %	2.2 %	4.8 %	(2.4)%	(1.4)%	(1.0)%
Pharmaceutical Systems	1,829	1,588	1,465	15.2 %	4.1 %	11.1 %	8.4 %	(1.0)%	9.4 %
Total Medical revenues	\$ 9,479	\$ 8,680	\$ 9,064	9.2 %	2.4 %	6.8 %	(4.2)%	(1.0)%	(3.2)%

The Medical segment's revenue growth in 2021 was aided by a favorable comparison to 2020, which was impacted by COVID-19 pandemic-related declines, particularly in the United States and China. These prior-year pandemic-related declines impacted our Medication Delivery Solutions unit, and to a lesser extent, the

Diabetes Care unit. Fiscal year 2021 revenue growth in the Medication Delivery Solutions unit reflected strong demand for our core offerings, including U.S. demand for catheters and vascular care products, as well as strong global demand for syringes resulting from COVID-19 vaccination efforts. In the Medication Management

Solutions unit, lower revenues in 2021 reflected an unfavorable comparison to 2020, which benefited from global pandemic-related infusion pump orders. Growth in the Diabetes Care unit benefited from the timing of sales, slightly better than expected market demand and a favorable comparison to 2020, which was impacted by pandemic-related declines. The Pharmaceutical Systems unit's revenue growth in 2021 reflected continued strong growth that is being driven by demand for our pre-filled devices and is enabled by capacity expansion efforts. Demand for pre-filled devices is being aided by the vial to pre-filled device conversion for biologics, vaccines, and other injectable drugs.

As previously disclosed, we submitted our 510(k) premarket notification to the FDA for the BD Alaris™ System in April 2021. The 510(k) submission is intended to bring the regulatory clearance for the BD Alaris™ System up-to-date, implement new features to address the open recall issues and provide other updates, including a new version of the BD Alaris™ System software that will provide clinical, operational and cybersecurity updates. We are currently shipping the BD Alaris™ System in the United States, only in cases of medical necessity and to remediate recalled software versions. We will not be able to fully resume commercial operations for the BD Alaris System™ in the United States until a 510(k) submission relating to the product has been cleared by the FDA. No assurances can be given as to when or if clearance will be obtained from the FDA.

The Medication Delivery Solutions unit's revenues in 2020 reflected an unfavorable impact relating to the COVID-19 pandemic due to a decline in healthcare utilization, particularly in the United States, China and Europe. As expected, the Medication Delivery Solutions unit's 2020 revenues in China were also unfavorably impacted by a volume-based procurement process which was adopted by several of China's provinces. The Medication Management Solutions unit's revenues in 2020 reflected a hold on U.S. shipments of BD Alaris™ infusion pumps pending compliance with certain 510(k) filing requirements of the FDA. This unfavorable impact was partially offset by international sales of infusion pumps and pandemic-related infusion pump orders placed in the United States with medical necessity certification. Fiscal year 2020 revenues in the Diabetes Care unit were unfavorably impacted by pandemic-related declines in demand and pricing pressures in the United States. The Pharmaceutical Systems unit's revenues in 2020 reflected continued strength in demand for prefillable products.

Medical segment operating income was as follows:

(Millions of dollars)	2021	2020	2019
Medical segment operating income	\$ 2,583	\$ 2,274	\$ 2,824
<i>Segment operating income as % of Medical revenues</i>	<i>27.3 %</i>	<i>26.2 %</i>	<i>31.2 %</i>

As discussed in greater detail below, the Medical segment's operating income in 2021 was driven by higher gross profit margin. Operating income in 2020 was driven by a decline in gross profit margin.

- The Medical segment's higher gross profit margin in 2021 compared with 2020 primarily reflected the following:
 - A favorable comparison to 2020, which was unfavorably impacted by increased levels of manufacturing overhead costs that were recognized in the period because of the COVID-19 pandemic, rather than capitalized within inventory, and \$244 million of net charges recorded in 2020, compared with charges of \$56 million in 2021, for estimated future costs within the Medication Management Solutions unit associated with remediation efforts related to Alaris™ infusion pumps;
 - Lower manufacturing costs resulting from continuous improvement projects which enhanced the efficiency of our operations;

- The unfavorable impacts from foreign currency translation, investments in simplification and other cost saving initiatives, higher raw material and freight costs, as well as product quality remediation expenses.
- The Medical segment's lower gross profit margin in 2020 compared with 2019 primarily reflected the following:
 - Net charges of \$244 million recorded for remediation efforts related to Alaris™ infusion pumps, as noted above;
 - Unfavorable product mix and the increased levels of manufacturing overhead costs that were recognized in the period because of the COVID-19 pandemic and unfavorable product mix driven by the decline of sales in China due to the volume-based procurement process noted above;
 - Charges of \$41 million recorded to write down the carrying value of certain fixed assets, primarily within the Medication Delivery Solutions and Pharmaceutical Systems units;
 - The favorable impact of lower manufacturing costs resulting from continuous improvement projects which enhanced the efficiency of our operations.
- Selling and administrative expense as a percentage of revenues in 2021 was flat compared with 2020, primarily due to the increase in revenues in 2021, partially offset by higher travel and other administrative costs compared with 2020, which benefited from cost containment measures enacted in response to the COVID-19 pandemic. Selling and administrative expense as a percentage of revenues in 2020 was slightly lower compared with 2019 primarily due to lower expenses resulting from cost containment measures.
- Research and development expense as a percentage of revenues was higher in 2021 compared with 2020 which primarily reflects our commitment to research and development through continued reinvestment into our growth initiatives. Research and development expense as a percentage of revenues was higher in 2020 compared with 2019 which reflected the decline in revenues in 2020, as well as our continued commitment to drive innovation with new products and platforms.
- The Medical segment's income in 2019 additionally reflected the estimated cumulative costs of a product recall of \$75 million recorded within *Other operating expense, net*. The recall related to a product component, which generally pre-dated our acquisition of CareFusion in fiscal year 2015, within the Medication Management Solutions unit's infusion systems platform.

Life Sciences Segment

The following summarizes Life Sciences revenues by organizational unit:

(Millions of dollars)	2021 vs. 2020						2020 vs. 2019		
	2021	2020	2019	Total Change	Estimated FX Impact	FXN Change	Total Change	Estimated FX Impact	FXN Change
Integrated Diagnostic Solutions	\$ 5,225	\$ 3,532	\$ 3,106	47.9 %	3.8 %	44.1 %	13.7 %	(1.4)%	15.1 %
Biosciences	1,305	1,143	1,194	14.2 %	3.1 %	11.1 %	(4.3)%	(0.8)%	(3.5)%
Total Life Sciences revenues	\$ 6,530	\$ 4,675	\$ 4,300	39.7 %	3.6 %	36.1 %	8.7 %	(1.2)%	9.9 %

The Life Sciences segment's revenue growth in 2021 primarily reflected a favorable comparison to 2020, which was significantly impacted by pandemic-related declines in both units. Revenue growth in the Integrated Diagnostic Solutions unit was also driven by sales related to COVID-19 diagnostic testing on the BD Veritor™

Plus and BD Max™ Systems. Routine diagnostic testing levels in the Integrated Diagnostic Solutions unit continued to improve over the course of 2021 and the unit benefited from high demand for our specimen management portfolio, automated blood cultures and ID/AST testing solutions. The Biosciences unit's revenue growth in 2021 benefited from strong demand for instruments and reagents as lab utilization returned to normal levels.

The Life Sciences segment's revenues in 2020 were driven by the Integrated Diagnostic Solutions unit's sales, specifically in the fourth quarter, related to COVID-19 diagnostic testing on the BD Veritor™ Plus and BD Max™ Systems. This growth in the Integrated Diagnostic Solutions unit was partially offset by pandemic-related declines in routine diagnostic testing and specimen collections. The Biosciences unit's revenues in 2020 reflected a decline in demand for instruments and reagents as routine research and clinical lab activity slowed due to the COVID-19 pandemic.

Life Sciences segment operating income was as follows:

(Millions of dollars)	2021	2020	2019
Life Sciences segment operating income	\$ 2,391	\$ 1,405	\$ 1,248
<i>Segment operating income as % of Life Sciences revenues</i>	<i>36.6 %</i>	<i>30.0 %</i>	<i>29.0 %</i>

As discussed in greater detail below, the Life Sciences segment's operating income in 2021 reflected improved gross profit margin and operating expense performance. Operating income in 2020 reflected improved operating expense performance, partially offset by a decline in gross profit margin.

- The Life Sciences segment's higher gross profit margin in 2021 compared with 2020 primarily reflected the following:
 - A favorable impact on product mix from the Integrated Diagnostic Solutions unit's sales related to COVID-19 testing and the recovery of demand for other products with higher margins;
 - A favorable comparison to the prior-year period which was unfavorably impacted by increased levels of manufacturing overhead costs that were recognized in the period because of the COVID-19 pandemic, rather than capitalized within inventory;
 - The unfavorable impacts of foreign currency translation and the recognition of approximately \$93 million of excess and obsolete inventory expenses related to COVID-19 testing inventory.
- The Life Sciences segment's lower gross profit margin in fiscal year 2020 compared with 2019 primarily reflected the following:
 - Unfavorable product mix and the increased levels of manufacturing overhead costs that were recognized in the period because of the COVID-19 pandemic;
 - A charge of \$39 million recorded in 2020 to write down the carrying value of certain intangible assets in the Biosciences unit and charges of \$17 million recorded in 2020 to write down fixed assets in the Integrated Diagnostic Solutions unit;
 - The favorable impact on product mix from the Integrated Diagnostic Solutions unit's sales related to COVID-19 testing.
- Selling and administrative expense as a percentage of Life Sciences revenues in 2021 was lower compared with the 2020 primarily due to the increase in revenues in 2021, partially offset by higher travel and other administrative costs compared with 2020, which benefited from cost containment measures enacted in response to the COVID-19 pandemic, as well as higher shipping costs and selling costs in 2021 associated with COVID-19 testing solutions. Selling and administrative expense as a

percentage of Life Sciences revenues in 2020 was lower compared to 2019 primarily due to the increase in revenues that was attributable to COVID-19 testing. Lower selling and administrative expense as a percentage of revenues in 2020 was also driven by cost containment measures and synergies realized from the combination, effective on October 1, 2019, of the former Preanalytical Systems and Diagnostic Systems units to create the Integrated Diagnostic Solutions unit.

- Research and development expense as a percentage of revenues in 2021 was lower compared with 2020, primarily due to the increase in revenues in 2021, partially offset by additional investments in COVID-19 testing solutions. Research and development expense as a percentage of revenues in 2020 was flat compared with 2019 as the increase in revenues that was attributable to COVID-19 testing was largely offset by investments in COVID-19 testing solutions.

Interventional Segment

The following summarizes Interventional revenues by organizational unit:

(Millions of dollars)	2021 vs. 2020						2020 vs. 2019		
	2021	2020	2019	Total Change	Estimated FX Impact	FXN Change	Total Change	Estimated FX Impact	FXN Change
Surgery	\$ 1,296	\$ 1,121	\$ 1,242	15.7 %	1.3 %	14.4 %	(9.7)%	(0.3)%	(9.4)%
Peripheral Intervention	1,711	1,511	1,574	13.2 %	3.0 %	10.2 %	(4.0)%	(0.9)%	(3.1)%
Urology and Critical Care	1,232	1,130	1,110	9.0 %	1.4 %	7.6 %	1.8 %	(0.2)%	2.0 %
Total Interventional revenues	<u>\$ 4,239</u>	<u>\$ 3,762</u>	<u>\$ 3,926</u>	<u>12.7 %</u>	<u>2.0 %</u>	<u>10.7 %</u>	<u>(4.2)%</u>	<u>(0.5)%</u>	<u>(3.7)%</u>

The Interventional segment's revenues in 2021 reflected a favorable comparison to 2020, which was significantly impacted by pandemic-related declines in our Surgery and Peripheral Intervention units. Fiscal year 2021 revenue growth in the Interventional segment was also driven by stronger market demand for the Surgery unit's infection prevention platform and the Peripheral Intervention unit's oncology products. Revenues in the Peripheral Intervention unit additionally benefited from sales attributable to its acquisition of Straub Medical AG, which occurred in the third quarter of fiscal year 2020. Fiscal year 2021 revenue growth in our Surgery and Peripheral Intervention units was unfavorably impacted by regional resurgences in COVID-19 infections and the emergence of the Delta variant. The Urology and Critical Care unit's growth in 2021 showed strong demand for acute urology products and the unit's targeted temperature management portfolio.

The Interventional segment's revenues in 2020, particularly within the Surgery and Peripheral Intervention units, were negatively impacted by decreased demand associated with the deferral of elective medical procedures as a result of the COVID-19 pandemic. Pandemic-related revenue declines in the Urology and Critical Care unit were offset by demand for the unit's home care and targeted temperature management businesses, and PureWick™ system.

Interventional segment operating income was as follows:

(Millions of dollars)	2021	2020	2019
Interventional segment operating income	\$ 933	\$ 724	\$ 903
Segment operating income as % of Interventional revenues	22.0 %	19.2 %	23.0 %

As discussed in greater detail below, the Interventional segment's operating income in 2021 was primarily driven by improved gross profit margin. Operating income in 2020 was driven by a decline in gross profit margin.

- The Interventional segment's higher gross profit margin in 2021 compared with 2020 primarily reflected the following:
 - The recovery of demand for products with higher margins;
 - A favorable comparison to the prior-year period which was unfavorably impacted by increased levels of manufacturing overhead costs that were recognized in the period because of the COVID-19 pandemic, rather than capitalized within inventory.
- The Interventional segment's lower gross profit margin in fiscal year 2020 compared with 2019 primarily reflected unfavorable product mix and the increased levels of manufacturing overhead costs that were recognized in the period because of the COVID-19 pandemic.
- Selling and administrative expense as a percentage of revenues in 2021 was lower compared with 2020 primarily due the recovery of segment revenues. Selling and administrative expense in 2020 was lower compared with 2019 primarily due to lower expenses resulting from cost containment measures.
- Research and development expense as a percentage of revenues was higher in 2021 compared with 2020 which primarily reflects reinvestment into our growth initiatives. Lower research and development expense as a percentage of revenues in 2020 as compared with 2019 primarily reflected the prior-period impact of a \$30 million write-down recorded by the Surgery unit.
- The Interventional segment's lower income in 2020 additionally reflected the expiration in 2019 of a royalty income stream acquired in the Bard transaction.

Geographic Revenues

BD's worldwide revenues by geography were as follows:

(Millions of dollars)				2021 vs. 2020			2020 vs. 2019		
	2021	2020	2019	Total Change	Estimated FX Impact	FXN Change	Total Change	Estimated FX Impact	FXN Change
United States	\$ 10,969	\$ 9,716	\$ 9,730	12.9 %	—	12.9 %	(0.1)%	—	(0.1)%
International	9,279	7,401	7,560	25.4 %	6.2 %	19.2 %	(2.1)%	(2.2)%	0.1 %
Total revenues	\$ 20,248	\$ 17,117	\$ 17,290	18.3 %	2.7 %	15.6 %	(1.0)%	(1.0)%	—%

U.S. revenue growth in 2021 was primarily driven by sales related to COVID-19 diagnostic testing in the Life Sciences segment's Integrated Diagnostic Solutions unit, as noted above. Strong fiscal year 2021 U.S. revenue growth in the Medical segment's Medication Delivery Solutions unit and the Interventional segment's Surgery and Peripheral Intervention units reflected favorable comparisons to prior-year period results, which were impacted by COVID-19 pandemic-related declines, as well as growth attributable to core products. U.S. revenue growth in 2021 also reflected strong demand in the Interventional segment's Urology and Critical Care unit.

U.S. revenues in 2020 were relatively flat compared with 2019 as the Life Sciences segment's Integrated Diagnostic Solutions unit's sales related to COVID-19 diagnostic testing largely offset the declines noted above for the Medical segment's Medication Management Solutions and Medication Delivery Solutions units, as well as for the Interventional segment's Surgery and Peripheral Intervention units.

International revenue growth in 2021 was largely driven by COVID-19 diagnostic testing-related sales in the Life Sciences segment's Integrated Diagnostic Solutions unit, as discussed further above, and by demand in the Medical segment's Pharmaceutical Systems unit. Fiscal year 2021 international revenue growth was also

driven by results in the Medical segment's Medication Delivery Solutions and the Interventional segment's Peripheral Intervention unit due to favorable comparisons to prior-year period results, which were impacted by COVID-19 pandemic-related declines, and growth attributable to core products. Fiscal year 2021 international revenue growth was unfavorably impacted by a decline in the Medical segment's Medication Management Solutions unit, as further discussed above.

International revenues in 2020 were favorably impacted by sales in the Medical segment's Pharmaceutical Systems and Medication Management Solutions units as well as by sales in the Life Sciences segment's Integrated Diagnostic Solutions unit, as discussed further above. International revenues in 2020 were unfavorably impacted by revenue declines in China and Europe for the Medical segment's Medication Delivery Solutions unit, as previously discussed.

Emerging market revenues were as follows:

(Millions of dollars)	2021 vs. 2020						2020 vs. 2019		
	2021	2020	2019	Total Change	Estimated FX Impact	FXN Change	Total Change	Estimated FX Impact	FXN Change
Emerging markets	\$ 2,866	\$ 2,419	\$ 2,710	18.5 %	2.9 %	15.6 %	(10.7)%	(3.6)%	(7.1)%

Revenues in emerging markets in 2021 benefited from a favorable comparison to 2020 which was impacted by COVID-19 pandemic-related declines. Revenues in emerging markets in 2020 were unfavorably impacted by a decline in healthcare utilization as a result of the COVID-19 pandemic. As previously discussed above, fiscal year 2020 revenues in our Medication Delivery Solutions unit were also unfavorably impacted by a volume-based procurement process which was adopted by several of China's provinces. To date, the impact of these procurement initiatives to our revenues in China has been limited to our Medication Delivery Solutions unit.

Specified Items

Reflected in the financial results for 2021, 2020 and 2019 were the following specified items:

(Millions of dollars)	2021	2020	2019
Integration costs ^(a)	\$ 135	\$ 214	\$ 323
Restructuring costs ^(a)	50	95	180
Separation and related costs ^(b)	35	—	—
Purchase accounting adjustments ^(c)	1,406	1,356	1,499
Transaction gain/loss, product and other litigation-related matters ^(d)	272	631	646
Investment gains/losses and asset impairments ^(e)	(46)	100	17
European regulatory initiative-related costs ^(f)	135	106	51
Impacts of debt extinguishment	185	8	54
Hurricane recovery-related impacts	—	—	(24)
Total specified items	2,170	2,510	2,749
Less: tax impact of specified items and tax reform ^(g)	353	395	622
After-tax impact of specified items	\$ 1,818	\$ 2,114	\$ 2,127

(a) Represents integration and restructuring costs recorded in *Acquisitions and other restructurings*, which are further discussed below.

(b) Represents costs recorded to *Other operating expense, net* which were incurred for consulting, legal, tax and other advisory services associated with the planned spin-off of BD's Diabetes Care business.

- (c) Includes amortization and other adjustments related to the purchase accounting for acquisitions impacting identified intangible assets and valuation of fixed assets and debt. BD's amortization expense is primarily recorded in *Cost of products sold*.
- (d) Includes amounts recorded to *Other operating expense, net* which are detailed further below. The amounts in 2021 and 2020 also included net charges related to the estimate of probable future product remediation costs, as further discussed below. Such amounts are recorded within *Cost of products sold*, or in some cases, within *Other (expense) income, net*.
- (e) The amount in 2021 reflected unrealized gains recorded within *Other (expense) income, net* relating to investments. The amount in 2020 and 2019 included total charges of \$98 million, and \$30 million, respectively, recorded in *Cost of products sold* and *Research and development expense* to write down the carrying value of certain assets. The amount in 2019 also included an unrealized gain of \$13 million recorded within *Other (expense) income, net* relating to an investment.
- (f) Represents costs required to develop processes and systems to comply with regulations such as the European Union Medical Device Regulation ("EUMDR") and General Data Protection Regulation ("GDPR"). These costs were recorded in *Cost of products sold* and *Research and development expense*.
- (g) The amount in 2019 included additional tax benefit, net, of \$50 million relating to U.S. tax legislation which is further discussed in Note 16 to the consolidated financial statements contained in Item 8. Financial Statements and Supplementary Data.

Gross Profit Margin

The comparison of gross profit margins in 2021 and 2020 and the comparison of gross profit margins in 2020 and 2019 reflected the following impacts:

	2021	2020
Gross profit margin % prior-year period	44.3 %	47.9 %
Impact of purchase accounting adjustments and other specified items	2.7 %	(2.0)%
Operating performance	0.2 %	(1.5)%
Foreign currency translation	(0.6)%	(0.1)%
Gross profit margin % current-year period	46.6 %	44.3 %

The impacts of other specified items on gross profit margin reflected the following:

- The impacts in 2021 and 2020 includes net charges of \$56 million and \$244 million, respectively, to record estimated future costs within the Medication Management Solutions unit associated with remediation efforts related to BD Alaris™ infusion pumps. Based upon the course of our remediation efforts, our estimate of these future costs may change over time.
- The impact in 2020 also includes \$59 million of charges that were recorded to write down the carrying value of certain fixed assets in the Medical and Life Sciences segments, as discussed further above, and a \$39 million charge to write down the carrying value of certain intangible assets in the Biosciences unit.

Operating performance in 2021 and 2020 primarily reflected the following:

- Favorable product mix in 2021 was driven by the recovery of demand for products with higher margins and the Integrated Diagnostic Solutions unit's COVID-19 testing sales. We re-invested over \$200 million of the profits from these sales into our BD 2025 strategy focus on growth, simplification and empowerment. Unfavorable product mix in 2020 due to pandemic-related declines was partially offset by the Integrated Diagnostic Solutions unit's sales related to COVID-19 testing.
- Operating performance in 2021 benefited from a favorable comparison to 2020 which was unfavorably impacted by increased levels of manufacturing overhead costs that were recognized in the period

because of the COVID-19 pandemic, rather than capitalized within inventory. The higher levels of manufacturing overhead costs incurred in 2020 were driven, to a large extent, by the impact of lower plant utilization in our highly automated manufacturing sites.

- Operating performance in 2021 reflected approximately \$93 million of excess and obsolete inventory expenses related to COVID-19 testing inventory which were recognized by the Integrated Diagnostic Solutions unit.
- Lower manufacturing costs resulting from continuous improvement projects and synergy initiatives favorably impacted operating performance in 2021 and 2020. This favorable impact was largely offset by higher raw material costs in 2021.

Operating Expenses

Operating expenses in 2021, 2020 and 2019 were as follows:

<u>(Millions of dollars)</u>		2021	2020	2019	Increase (decrease) in basis points	
					2021 vs. 2020	2020 vs. 2019
Selling and administrative expense	\$	4,867	\$ 4,325	\$ 4,332		
% of revenues		24.0 %	25.3 %	25.1 %	(130)	20
Research and development expense	\$	1,339	\$ 1,096	\$ 1,062		
% of revenues		6.6 %	6.4 %	6.1 %	20	30
Acquisitions and other restructurings	\$	185	\$ 309	\$ 480		
Other operating expense, net	\$	238	\$ 363	\$ 654		

Selling and administrative

Selling and administrative expense as a percentage of revenues in 2021 was lower compared with 2020 due to the recovery of revenues in 2021. Selling and administrative expense as a percentage of revenues in 2021 was unfavorably impacted by foreign currency translation and higher shipping costs as a result of expedited shipments relating to COVID-19, as well as by higher selling, travel and other administrative costs compared with 2020, which benefited from cost containment measures enacted in response to the COVID-19 pandemic.

Slightly higher selling and administrative expense as a percentage of revenues in 2020 compared with 2019 reflected the decline in revenues in 2020, higher shipping costs as a result of expedited shipments relating to COVID-19, as well as \$25 million of funding for the BD Foundation. These unfavorable impacts were partially offset by lower selling expenses and favorable foreign currency translation. Selling and administrative spending in 2020 reflected a disciplined spending and the achievement of cost synergies resulting from our acquisition of Bard, as well as cost containment measures enacted to mitigate the impact of the COVID-19 pandemic on our results of operations.

Research and development

Research and development expense as a percentage of revenues in 2021 was higher compared with 2020 which reflected our reinvestment of COVID-19 testing-related sales profits into our growth initiatives and additional investments in COVID-19 testing solutions, as further discussed above.

Research and development expense as a percentage of revenues in 2020 was higher compared with 2019 primarily due to investments in compliance with emerging regulations and investments in COVID-19 testing solutions, as further discussed above. Spending in 2021, 2020 and 2019 reflected our continued commitment to

invest in new products and platforms. As further discussed above, expenses in 2019 included certain write-down charges in the Surgery unit.

Acquisitions and other restructurings

Costs relating to acquisitions and other restructurings in 2021 and 2020 included integration costs incurred due to our acquisition of Bard in the first quarter of fiscal year 2018. Costs in 2021 and 2020 additionally included restructuring costs related to simplification and cost saving initiatives. Costs relating to acquisition and other restructurings in 2020 and 2019 also included restructuring costs relating to the Bard acquisition. For further disclosures regarding the costs relating to restructurings, refer to Note 11 to the consolidated financial statements contained in Item 8. Financial Statements and Supplementary Data.

Other operating expense, net

Other operating expense in 2021, 2020 and 2019 included the following items which are further discussed in the Notes to the consolidated financial statements contained in Item 8. Financial Statements and Supplementary Data:

<u>(Millions of dollars)</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Charges to record product liability reserves, including related defense costs (See Note 5)	\$ 361	\$ 378	\$ 914
Gains on sale-leaseback transactions (See Note 17)	(158)	—	—
Separation and related costs ^(a)	35	—	—
Gain recognized on sale of Advanced Bioprocessing business (See Note 10)	—	—	(336)
Charge to record the estimated cost of a product recall in the Medical segment	—	—	75
Other	—	(15)	—
Other operating expense, net	\$ 238	\$ 363	\$ 654

(a) Represents costs incurred for consulting, legal, tax and other advisory services associated with the planned spin-off of BD's Diabetes Care business.

Net Interest Expense

<u>(Millions of dollars)</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Interest expense	\$ (469)	\$ (528)	\$ (639)
Interest income	9	7	12
Net interest expense	\$ (460)	\$ (521)	\$ (627)

Lower interest expense in 2021 and 2020 compared with the prior-year periods reflected debt repayments and lower overall interest rates on debt outstanding during 2021 and 2020. Additional disclosures regarding our financing arrangements and debt instruments are provided in Note 15 to the consolidated financial statements contained in Item 8. Financial Statements and Supplementary Data.

Income Taxes

The income tax rates in 2021, 2020 and 2019 were as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Effective income tax rate	6.7 %	11.3 %	(4.8)%
Impact, in basis points, from specified items and tax reform	(470)	(320)	(1,920)

The effective income tax rate in 2021 reflected the impact of discrete tax items, as well as an impact from specified items in 2021 that was more favorable compared with the benefit associated with specified items in 2020. The impact from specified items in 2020 was less favorable compared with the benefit associated with specified items in 2019. The effective income tax rate in 2019 also reflected a favorable impact relating to the timing of certain discrete items, as well as the recognition of \$50 million of tax benefit recorded for the impacts of U.S. tax legislation that was enacted in December 2017. For further disclosures regarding our accounting for this U.S. tax legislation, refer to Note 16 to the consolidated financial statements contained in Item 8. Financial Statements and Supplementary Data.

Net Income and Diluted Earnings per Share

Net Income and Diluted Earnings per Share in 2021, 2020 and 2019 were as follows:

	2021	2020	2019
Net income (Millions of dollars)	\$ 2,092	\$ 874	\$ 1,233
Diluted Earnings per Share	\$ 6.85	\$ 2.71	\$ 3.94
Unfavorable impact-specified items	\$ (6.22)	\$ (7.49)	\$ (7.74)
Unfavorable impact-foreign currency translation	\$ (0.05)	\$ (0.15)	\$ (0.62)

Financial Instrument Market Risk

We selectively use financial instruments to manage market risk, primarily foreign currency exchange risk and interest rate risk relating to our ongoing business operations. The counterparties to these contracts are highly rated financial institutions. We do not enter into financial instruments for trading or speculative purposes.

Foreign Exchange Risk

BD and its subsidiaries transact business in various foreign currencies throughout Europe, Greater Asia, Canada and Latin America. We face foreign currency exposure from the effect of fluctuating exchange rates on payables and receivables relating to transactions that are denominated in currencies other than our functional currency. These payables and receivables primarily arise from intercompany transactions. We hedge substantially all such exposures, primarily through the use of forward contracts. We have also hedged the currency exposure associated with investments in certain foreign subsidiaries with instruments such as foreign currency-denominated debt and cross-currency swaps, which are designated as net investment hedges, as well as currency exchange contracts. We also face currency exposure that arises from translating the results of our worldwide operations, including sales, to the U.S. dollar at exchange rates that have fluctuated from the beginning of a reporting period. We did not enter into contracts to hedge cash flows against these foreign currency fluctuations in fiscal year 2021 or 2020.

Derivative financial instruments are recorded on our balance sheet at fair value. For foreign currency derivatives, market risk is determined by calculating the impact on fair value of an assumed change in foreign exchange rates relative to the U.S. dollar. Fair values were estimated based upon observable inputs, specifically spot currency rates and foreign currency prices for similar assets and liabilities.

With respect to the foreign currency derivative instruments outstanding at September 30, 2021 and 2020, the impact that changes in the U.S. dollar would have on pre-tax earnings was estimated as follows:

(Millions of dollars)	Increase (decrease)	
	2021	2020
10% appreciation in U.S. dollar	\$ (66)	\$ (52)
10% depreciation in U.S. dollar	\$ 66	\$ 52

These calculations do not reflect the impact of exchange gains or losses on the underlying transactions that would substantially offset the results of the derivative instruments.

Interest Rate Risk

When managing interest rate exposures, we strive to achieve an appropriate balance between fixed and floating rate instruments. We may enter into interest rate swaps to help maintain this balance and manage debt and interest-bearing investments in tandem, since these items have an offsetting impact on interest rate exposure. For interest rate derivative instruments, fair values are measured based upon the present value of expected future cash flows using market-based observable inputs including credit risk and interest rate yield curves. Market risk for these instruments is determined by calculating the impact to fair value of an assumed change in interest rates across all maturities.

The impact that changes in interest rates would have on interest rate derivatives outstanding at September 30, 2021 and 2020, as well as the effect that changes in interest rates would have on our earnings or cash flows over a one-year period, based upon our overall interest rate exposure, were estimated as follows:

(Millions of dollars)	Increase (decrease) to fair value of interest rate derivatives outstanding		Increase (decrease) to earnings or cash flows	
	2021	2020	2021	2020
10% increase in interest rates	\$ 7	\$ 13	\$ —	\$ —
10% decrease in interest rates	\$ (7)	\$ (14)	\$ —	\$ —

Liquidity and Capital Resources

Our strong financial position and cash flow performance have provided us with the capacity to accelerate our innovation pipeline through investments in research and development, as well as through strategic acquisitions. We believe that our available cash and cash equivalents, our ability to generate operating cash flow, and if needed, our access to borrowings from our financing facilities provide us with sufficient liquidity to satisfy our foreseeable operating needs. The following table summarizes our consolidated statement of cash flows in 2021, 2020 and 2019:

(Millions of dollars)	2021	2020	2019
Net cash provided by (used for)			
Operating activities	\$ 4,647	\$ 3,539	\$ 3,330
Investing activities	\$ (1,880)	\$ (1,232)	\$ (741)
Financing activities	\$ (3,306)	\$ 22	\$ (3,223)

Net Cash Flows from Operating Activities

Cash flows from operating activities in 2021 reflected higher net income, which was driven by strong revenue performance, adjusted by a change in operating assets and liabilities that was a net source of cash. This net source of cash primarily reflected higher levels of accounts payable and accrued expenses, partially offset by higher levels of prepaid expenses, inventory and trade receivables. Cash flows from operating activities in 2021 additionally reflected a \$16 million discretionary cash contribution to fund our pension obligation.

Cash flows from operating activities in 2020 reflected net income, adjusted by a change in operating assets and liabilities that was a net source of cash. This net source of cash primarily reflected higher levels of accounts payable and accrued expenses and lower levels of prepaid expenses, partially offset by higher levels of inventory and trade receivables.

Cash flows from operating activities in 2019 reflected net income, adjusted by a change in operating assets and liabilities that was a net use of cash. This net use of cash primarily reflected lower levels of accounts

payable and accrued expenses and higher levels of inventory, partially offset by lower levels of prepaid expenses. The lower levels of accounts payable and accrued expenses were primarily attributable to cash paid related to income taxes and our product liability matters, as well as the timing and amount of interest payments due in the period. Cash flows from operating activities in 2019 additionally reflected \$200 million of discretionary cash contributions to fund our pension obligation.

Net Cash Flows from Investing Activities

Capital expenditures

Our investments in capital expenditures are focused on projects that enhance our cost structure and manufacturing capabilities, and support our strategy of geographic expansion with select investments in growing markets. Capital expenditures of \$1.231 billion, \$810 million and \$957 million in 2021, 2020 and 2019, respectively, primarily related to manufacturing capacity expansions. Details of spending by segment are contained in Note 7 to the consolidated financial statements contained in Item 8. Financial Statements and Supplementary Data.

Acquisitions

Cash outflows for acquisitions in 2021 and 2020 included cash payments relating to various strategic acquisitions we have executed as part of our growth strategy, including our acquisition of Tepha, Inc. in the fourth quarter of 2021 and our acquisition of Straub Medical AG in the third quarter of 2020.

Divestitures

Cash inflows relating to divestitures in 2019 were \$477 million. For further discussion, refer to Note 10 to the consolidated financial statements contained in Item 8. Financial Statements and Supplementary Data.

Net Cash Flows from Financing Activities

Net cash from financing activities in 2021, 2020 and 2019 included the following significant cash flows:

(Millions of dollars)	2021	2020	2019
Cash inflow (outflow)			
Change in credit facility borrowings	\$ —	\$ (485)	\$ 485
Proceeds from long-term debt and term loans	\$ 4,869	\$ 3,389	\$ 2,224
Payments of debt and term loans	\$ (5,112)	\$ (4,664)	\$ (4,744)
Proceeds from issuances of equity securities	\$ —	\$ 2,917	\$ —
Share repurchases	\$ (1,750)	\$ —	\$ —
Dividends paid	\$ (1,048)	\$ (1,026)	\$ (984)

Additional disclosures regarding the equity and debt-related financing activities detailed above are provided in Notes 3 and 15 to the consolidated financial statements contained in Item 8. Financial Statements and Supplementary Data.

Debt-Related Activities

Certain measures relating to our total debt were as follows:

	2021	2020	2019
Total debt (Millions of dollars)	\$ 17,610	\$ 17,931	\$ 19,390
Short-term debt as a percentage of total debt	2.8 %	3.9 %	6.8 %
Weighted average cost of total debt	2.4 %	2.8 %	2.9 %
Total debt as a percentage of total capital (a)	41.0 %	41.3 %	45.6 %

(a) Represents shareholders' equity, net non-current deferred income tax liabilities, and debt.

The decreases in our total debt at September 30, 2021 and September 30, 2020 reflected repayments and redemptions of certain notes, partially offset by issuances of long-term notes in 2021 and 2020. Additional disclosures regarding our debt instruments are provided in Note 15 to the consolidated financial statements contained in Item 8. Financial Statements and Supplementary Data.

Cash and Short-term Investments

At September 30, 2021, total worldwide cash and equivalents and short-term investments, including restricted cash, were \$2.403 billion. These assets were largely held in jurisdictions outside of the United States. We regularly review the amount of cash and short-term investments held outside of the United States and our historical foreign earnings are used to fund foreign investments or meet foreign working capital and property, plant and equipment expenditure needs. To fund cash needs in the United States, we rely on ongoing cash flow from U.S. operations, access to capital markets and remittances from foreign subsidiaries of earnings that are not considered to be permanently reinvested.

Financing Facilities

During the fourth quarter of fiscal year 2021, the Company refinanced its five-year senior unsecured revolving credit facility that was to expire in December 2022, with a new five-year senior unsecured revolving credit facility that will expire in September 2026. The credit facility provides borrowings of up to \$2.75 billion, with separate sub-limits of \$100 million for letters of credit and swingline loans. The expiration date of the credit facility may be extended for up to two additional one year periods, subject to certain restrictions (including the consent of the lenders). The credit facility provides that we may, subject to additional commitments by lenders, request an additional \$500 million of financing, for a maximum aggregate commitment under the credit facility of up to \$3.25 billion. Proceeds from this facility may be used for general corporate purposes. There were no borrowings outstanding under the revolving credit facility at September 30, 2021.

The agreement for our revolving credit facility contains the following financial covenants. We were in compliance with these covenants, as applicable, as of September 30, 2021.

- We are required to have a leverage coverage ratio of no more than:
 - 4.25-to-1 as of the last day of each fiscal quarter following the closing of the credit facility; or
 - 4.75-to-1 for the four full fiscal quarters following the consummation of a material acquisition.

We also have informal lines of credit outside the United States. We may, from time to time, access the commercial paper market as we manage working capital over the normal course of our business activities. We had no commercial paper borrowings outstanding as of September 30, 2021. Also, over the normal course of our business activities, we transfer certain trade receivable assets to third parties under factoring agreements. Additional disclosures regarding sales of trade receivable assets are provided in Note 14 to the consolidated financial statements contained in Item 8. Financial Statements and Supplementary Data.

Access to Capital and Credit Ratings

Our corporate credit ratings with the rating agencies Standard & Poor's Ratings Services ("S&P"), Moody's Investor Service ("Moody's") and Fitch Ratings ("Fitch") were as follows at September 30, 2021:

	S&P	Moody's	Fitch
Ratings:			
Senior Unsecured Debt	BBB	Baa3	BBB-
Commercial Paper	A-2	P-3	
Outlook	Stable	Positive	Positive

In January 2021, S&P affirmed our September 30, 2020 ratings and revised the agency's outlook on our ratings to Stable from Negative. Also in January 2021, Moody's upgraded our senior unsecured rating to Baa3 from Ba1, as well as our commercial paper rating to P-3 from NP. Moody's also affirmed its positive outlook on our ratings. In May 2021, Fitch affirmed our September 30, 2020 rating and revised its outlook on our ratings from Stable to Positive.

Lower corporate debt ratings and downgrades of our corporate credit ratings or other credit ratings may increase our cost of borrowing. We believe that given our debt ratings, our financial management policies, our ability to generate cash flow and the non-cyclical, geographically diversified nature of our businesses, we would have access to additional short-term and long-term capital should the need arise. A rating reflects only the view of a rating agency and is not a recommendation to buy, sell or hold securities. Ratings can be revised upward or downward at any time by a rating agency if such rating agency decides that circumstances warrant such a change.

Contractual Obligations

In the normal course of business, we enter into contracts and commitments that obligate us to make payments in the future. Information regarding our obligations under purchase, debt and lease arrangements are provided in Notes 5, 15 and 17, respectively, to the consolidated financial statements contained in Item 8. Financial Statements and Supplementary Data.

Critical Accounting Policies

The following discussion supplements the descriptions of our accounting policies contained in Note 1 to the consolidated financial statements contained in Item 8. Financial Statements and Supplementary Data. The preparation of the consolidated financial statements requires management to use estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Some of those judgments can be subjective and complex and, consequently, actual results could differ from those estimates. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. For any given estimate or assumption made by management, it is possible that other people applying reasonable judgment to the same facts and circumstances could develop different estimates. Actual results that differ from management's estimates could have an unfavorable effect on our consolidated financial statements. Management believes the following critical accounting policies reflect the more significant judgments and estimates used in the preparation of the consolidated financial statements:

Revenue Recognition

Our revenues are primarily recognized when the customer obtains control of the product sold, which is generally upon shipment or delivery, depending on the delivery terms specified in the sales agreement.

Revenues associated with certain instruments and equipment for which installation is complex, and therefore significantly affects the customer's ability to use and benefit from the product, are recognized when customer acceptance of these installed products has been confirmed. For certain service arrangements, including extended warranty and software maintenance contracts, revenue is recognized ratably over the contract term. The majority of revenues relating to extended warranty contracts associated with certain instruments and equipment is generally recognized within a few years whereas deferred revenue relating to software maintenance contracts is generally recognized over a longer period.

Our agreements with customers within certain organizational units including Medication Management Solutions, Integrated Diagnostic Solutions and Biosciences, contain multiple performance obligations including both products and certain services noted above. Determining whether products and services are considered distinct performance obligations that should be accounted for separately may require judgment. The transaction price for these agreements is allocated to each performance obligation based upon its relative standalone selling price. Standalone selling price is the amount at which we would sell a promised good or service separately to a customer. We generally estimate standalone selling prices using list prices and a consideration of typical discounts offered to customers. The use of alternative estimates could result in a different amount of revenue deferral.

Our gross revenues are subject to a variety of deductions, which include rebates and sales discounts. These deductions represent estimates of the related obligations and judgment is required when determining the impact on gross revenues for a reporting period. Additional factors considered in the estimate of our rebate liability include the quantification of inventory that is either in stock at or in transit to our distributors, as well as the estimated lag time between the sale of product and the payment of corresponding rebates.

Impairment of Assets

Goodwill assets are subject to impairment reviews at least annually, or whenever indicators of impairment arise. Intangible assets with finite lives, including developed technology, and other long-lived assets, are periodically reviewed for impairment when impairment indicators are present.

We assess goodwill for impairment at the reporting unit level, which is defined as an operating segment or one level below an operating segment, referred to as a component. Our reporting units generally represent one level below reporting segments. Our review of goodwill for each reporting unit compares the fair value of the reporting unit, estimated using an income approach, with its carrying value. Our annual goodwill impairment test performed on July 1, 2021 did not result in any impairment charges, as the fair value of each reporting unit exceeded its carrying value.

We generally use the income approach to derive the fair value for impairment assessments. This approach calculates fair value by estimating future cash flows attributable to the assets and then discounting these cash flows to a present value using a risk-adjusted discount rate. We selected this method because we believe the income approach most appropriately measures the value of our income producing assets. This approach requires significant management judgment with respect to future volume, revenue and expense growth rates, changes in working capital use, appropriate discount rates, terminal values and other assumptions and estimates. The estimates and assumptions used are consistent with BD's business plans. The use of alternative estimates and assumptions could increase or decrease the estimated fair value of the asset. Actual results may differ from management's estimates.

Income Taxes

BD maintains valuation allowances where it is more likely than not that all or a portion of a deferred tax asset will not be realized. Changes in valuation allowances are included in our tax provision in the period of change. In determining whether a valuation allowance is warranted, management evaluates factors such as prior earnings history, expected future earnings, carry back and carry forward periods, and tax strategies that could potentially enhance the likelihood of realization of a deferred tax asset.

BD conducts business and files tax returns in numerous countries and currently has tax audits in progress in a number of tax jurisdictions. In evaluating the exposure associated with various tax filing positions, we

record accruals for uncertain tax positions based on the technical support for the positions, our past audit experience with similar situations, and the potential interest and penalties related to the matters. BD's effective tax rate in any given period could be impacted if, upon resolution with taxing authorities, we prevailed in positions for which reserves have been established, or we were required to pay amounts in excess of established reserves.

We have reviewed our needs in the United States for possible repatriation of undistributed earnings of our foreign subsidiaries and we continue to invest foreign subsidiaries earnings outside of the United States to fund foreign investments or meet foreign working capital and property, plant and equipment expenditure needs. As a result, we are permanently reinvested with respect to all of our historical foreign earnings as of September 30, 2021. Additional disclosures regarding our accounting for income taxes are provided in Note 16 to the consolidated financial statements contained in Item 8. Financial Statements and Supplementary Data.

Contingencies

We are involved, both as a plaintiff and a defendant, in various legal proceedings that arise in the ordinary course of business, including, without limitation, product liability and environmental matters, as further discussed in Note 5 to the consolidated financial statements contained in Item 8. Financial Statements and Supplementary Data. We assess the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable losses. We establish accruals to the extent probable future losses are estimable (in the case of environmental matters, without considering possible third-party recoveries). A determination of the amount of accruals for these contingencies is made after careful analysis of each individual matter. When appropriate, the accrual is developed with the consultation of outside counsel and, as in the case of certain mass tort litigation, the expertise of an actuarial specialist regarding the nature, timing and extent of each matter. The accruals may change in the future due to new developments in each matter or changes in our litigation strategy. We record expected recoveries from product liability insurance carriers or other parties when realization of recovery is deemed probable.

Given the uncertain nature of litigation generally, we are not able in all cases to estimate the amount or range of loss that could result from an unfavorable outcome of the litigation to which we are a party. In view of these uncertainties, we could incur charges in excess of any currently established accruals and, to the extent available, liability insurance. In the opinion of management, any such future charges, individually or in the aggregate, could have a material adverse effect on BD's consolidated results of operations and consolidated net cash flows.

Benefit Plans

We have significant net pension and other postretirement and postemployment benefit obligations that are measured using actuarial valuations which include assumptions for the discount rate and the expected return on plan assets. These assumptions have a significant effect on the amounts reported. In addition to the analysis below, see Note 9 to the consolidated financial statements contained in Item 8. Financial Statements and Supplementary Data for additional discussion.

The discount rate is selected each year based on investment grade bonds and other factors as of the measurement date (September 30). Specifically for the U.S. pension plan, we will use a discount rate of 2.89% for 2022, which was based on an actuarially-determined, company-specific yield curve to measure liabilities as of the measurement date. To calculate the pension expense in 2022, we will apply the individual spot rates along the yield curve that correspond with the timing of each future cash outflow for benefit payments in order to calculate interest cost and service cost. Additional disclosures regarding the method to be used in calculating the interest cost and service cost components of pension expense for 2022 are provided in Note 9 to the consolidated financial statements contained in Item 8. Financial Statements and Supplementary Data. The expected long-term rate of return on plan assets assumption, although reviewed each year, changes less frequently due to the long-term nature of the assumption. This assumption does not impact the measurement of assets or liabilities as of the measurement date; rather, it is used only in the calculation of pension expense. To determine the expected long-term rate of return on pension plan assets, we consider many factors, including our historical assumptions compared with actual results; benchmark data; expected returns on various plan asset

classes, as well as current and expected asset allocations. We will use a long-term expected rate of return on plan assets assumption of 6.25% for the U.S. pension plan in 2022. We believe our discount rate and expected long-term rate of return on plan assets assumptions are appropriate based upon the above factors.

Sensitivity to changes in key assumptions for our U.S. pension and other postretirement and postemployment plans are as follows:

- Discount rate — A change of plus (minus) 25 basis points, with other assumptions held constant, would have an estimated \$6 million favorable (unfavorable) impact on the total U.S. net pension and other postretirement and postemployment benefit plan costs. This estimate assumes no change in the shape or steepness of the company-specific yield curve used to plot the individual spot rates that will be applied to the future cash outflows for future benefit payments in order to calculate interest and service cost.
- Expected return on plan assets — A change of plus (minus) 25 basis points, with other assumptions held constant, would have an estimated \$5 million favorable (unfavorable) impact on U.S. pension plan costs.

Cautionary Statement Regarding Forward-Looking Statements

This report includes forward-looking statements within the meaning of the federal securities laws. BD and its representatives may also, from time to time, make certain forward-looking statements in publicly released materials, both written and oral, including statements contained in filings with the Securities and Exchange Commission, press releases, and our reports to shareholders. Forward-looking statements may be identified by the use of words such as “plan,” “expect,” “believe,” “intend,” “will,” “may,” “anticipate,” “estimate” and other words of similar meaning in conjunction with, among other things, discussions of future operations and financial performance (including volume growth, pricing, sales and earnings per share growth, and cash flows) and statements regarding our strategy for growth, future product development, regulatory approvals, competitive position and expenditures. All statements that address our future operating performance or events or developments that we expect or anticipate will occur in the future are forward-looking statements.

Forward-looking statements are, and will be, based on management’s then-current views and assumptions regarding future events, developments and operating performance, and speak only as of their dates. Investors should realize that if underlying assumptions prove inaccurate, or risks or uncertainties materialize, actual results could vary materially from our expectations and projections. Investors are therefore cautioned not to place undue reliance on any forward-looking statements. Furthermore, we undertake no obligation to update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events and developments or otherwise, except as required by applicable law or regulations.

The following are some important factors that could cause our actual results to differ from our expectations in any forward-looking statements. For further discussion of certain of these factors, see Item 1A. Risk Factors in this report.

- Any impact of the COVID-19 pandemic on our business, including, without limitation, decreases in the demand for our products or disruptions to our operations or our supply chain, and factors such as the rate of vaccination, the rate of infections and competitive factors could impact the demand and pricing for our COVID-19 diagnostics testing.
- Weakness in the global economy and financial markets, which could increase the cost of operating our business, weaken demand for our products and services, negatively impact the prices we can charge for our products and services, or impair our ability to produce our products.
- The risks associated with the proposed spin-off of our Diabetes Care business, including factors that could delay, prevent or otherwise adversely affect the completion, timing or terms of the spin-off, our ability to realize the expected benefits of the spin-off, or the qualification of the spin-off as a tax-free transaction for U.S. federal income tax purposes.

- Competitive factors that could adversely affect our operations, including new product introductions and technologies (for example, new forms of drug delivery) by our current or future competitors, consolidation or strategic alliances among healthcare companies, distributors and/or payers of healthcare to improve their competitive position or develop new models for the delivery of healthcare, increased pricing pressure due to the impact of low-cost manufacturers, patents attained by competitors (particularly as patents on our products expire), new entrants into our markets and changes in the practice of medicine.
- Risks relating to our overall level of indebtedness, including our ability to service our debt and refinance our indebtedness, which is dependent upon the capital markets and our overall financial condition at such time.
- The adverse financial impact resulting from unfavorable changes in foreign currency exchange rates.
- Regional, national and foreign economic factors, including inflation, deflation and fluctuations in interest rates, and their potential effect on our operating performance.
- Our ability to achieve our projected level or mix of product sales, as our earnings forecasts are based on projected sales volumes and pricing of many product types, some of which are more profitable than others.
- Changes in reimbursement practices of governments or third-party payers, or adverse decisions relating to our products by such payers, which could reduce demand for our products or the price we can charge for such products.
- Cost containment efforts in the U.S. or in other countries in which we do business, such as alternative payment reform and increased use of competitive bidding and tenders, including, without limitation, any expansion of the volume-based procurement process in China.
- Changes in the domestic and foreign healthcare industry or in medical practices that result in a reduction in procedures using our products or increased pricing pressures, including cost reduction measures instituted by and the continued consolidation among healthcare providers.
- The impact of changes in U.S. federal laws and policies that could affect fiscal and tax policies, healthcare and international trade, including import and export regulation and international trade agreements. In particular, tariffs or other trade barriers imposed by the U.S. or other countries could adversely impact our supply chain costs or otherwise adversely impact our results of operations.
- Increases in operating costs, including fluctuations in the cost and availability of oil-based resins and other raw materials, as well as certain components, used in our products, including any disruptions in the global supply chain of raw materials and components, inflationary pricing pressure, labor shortages or increased labor costs, the ability to maintain favorable supplier and service arrangements and relationships (particularly with respect to sole-source suppliers and sterilization services), and the potential adverse effects of any disruption in the availability of such items and services.
- Security breaches of our information systems or our products, which could impair our ability to conduct business, result in the loss of BD trade secrets or otherwise compromise sensitive information of BD or its customers, suppliers and other business partners, or of customers' patients, including sensitive personal data, or result in product efficacy or safety concerns for certain of our products, and result in actions by regulatory bodies or civil litigation.
- Difficulties inherent in product development, including the potential inability to successfully continue technological innovation, successfully complete clinical trials, obtain and maintain regulatory approvals and registrations in the United States and abroad, obtain intellectual property protection for our products, obtain coverage and adequate reimbursement for new products, or gain and maintain market approval of products, as well as the possibility of infringement claims by competitors with respect to patents or other intellectual property rights, all of which can preclude or delay commercialization of a product. Delays in

obtaining necessary approvals or clearances from the FDA or other regulatory agencies or changes in the regulatory process may also delay product launches and increase development costs.

- The impact of business combinations or divestitures, including any volatility in earnings relating to acquisition-related costs, and our ability to successfully integrate any business we may acquire.
- Our ability to penetrate or expand our operations in emerging markets, which depends on local economic and political conditions, and how well we are able to make necessary infrastructure enhancements to production facilities and distribution networks.
- Conditions in international markets, including social and political conditions, civil unrest, terrorist activity, governmental changes, restrictions on the ability to transfer capital across borders, tariffs and other protectionist measures, difficulties in protecting and enforcing our intellectual property rights and governmental expropriation of assets. Our international operations also increase our compliance risks, including risks under the Foreign Corrupt Practices Act and other anti-corruption laws, as well as regulatory and privacy laws.
- Deficit reduction efforts or other actions that reduce the availability of government funding for healthcare and research, which could weaken demand for our products and result in additional pricing pressures, as well as create potential collection risks associated with such sales.
- Fluctuations in university or U.S. and international governmental funding and policies for life sciences research.
- Fluctuations in the demand for products we sell to pharmaceutical companies that are used to manufacture, or are sold with, the products of such companies, as a result of funding constraints, consolidation or otherwise.
- The effects of climate change, weather, regulatory or other events that adversely impact our supply chain, including our ability to manufacture our products (particularly where production of a product line or sterilization operations are concentrated in one or more plants), source materials or components or services from suppliers (including sole-source suppliers) that are needed for such manufacturing (including sterilization), or provide products to our customers, including events that impact key distributors.
- Natural disasters, including the impacts of climate change, hurricanes, tornadoes, windstorms, fires, earthquakes and floods and other extreme weather events, global health pandemics, war, terrorism, labor disruptions and international conflicts that could cause significant economic disruption and political and social instability, resulting in decreased demand for our products, or adversely affecting our manufacturing and distribution capabilities or causing interruptions in our supply chain.
- Pending and potential future litigation or other proceedings asserting, and/or investigations concerning and/or subpoenas and requests seeking information with respect to, alleged violations of law (including in connection with federal and/or state healthcare programs (such as Medicare or Medicaid) and/or sales and marketing practices (such as investigative subpoenas and the civil investigative demands received by BD)), potential anti-corruption and related internal control violations under the Foreign Corrupt Practices Act, antitrust claims, securities law claims, product liability (which may involve lawsuits seeking class action status or seeking to establish multi-district litigation proceedings, including pending claims relating to our hernia repair implant products, surgical continence products for women and vena cava filter products), claims with respect to environmental matters, data privacy breaches and patent infringement, and the availability or collectability of insurance relating to any such claims.
- New or changing laws and regulations affecting our domestic and foreign operations, or changes in enforcement practices, including laws relating to trade, monetary and fiscal policies, taxation (including tax reforms that could adversely impact multinational corporations), sales practices, environmental protection, price controls, and licensing and regulatory requirements for new products and products in the post-marketing phase. In particular, the U.S. and other countries may impose new requirements

regarding registration, labeling or prohibited materials that may require us to re-register products already on the market or otherwise impact our ability to market our products. Environmental laws, particularly with respect to the emission of greenhouse gases, are also becoming more stringent throughout the world, which may increase our costs of operations or necessitate changes in our manufacturing plants or processes or those of our suppliers, or result in liability to BD.

- Product efficacy or safety concerns regarding our products resulting in product holds or recalls, regulatory action on the part of the FDA or foreign counterparts (including restrictions on future product clearances and civil penalties), declining sales and product liability claims, and damage to our reputation. As a result of the CareFusion acquisition, our U.S. infusion pump business is operating under a Consent Decree with the FDA. The Consent Decree authorizes the FDA, in the event of any violations in the future, to order our U.S. infusion pump business to cease manufacturing and distributing products, recall products or take other actions, and order the payment of significant monetary damages if the business subject to the decree fails to comply with any provision of the Consent Decree. We are undertaking certain remediation of our BD Alaris™ System, and are currently shipping the product in the U.S., only in cases of medical necessity and to remediate recalled software versions. We will not be able to fully resume commercial operations for the BD Alaris System in the U.S. until a 510(k) submission relating to the product has been cleared by the FDA. No assurances can be given as to when or if clearance will be obtained from the FDA.
- The effect of adverse media exposure or other publicity regarding BD's business or operations, including the effect on BD's reputation or demand for its products.
- The effect of market fluctuations on the value of assets in BD's pension plans and on actuarial interest rate and asset return assumptions, which could require BD to make additional contributions to the plans or increase our pension plan expense.
- Our ability to obtain the anticipated benefits of restructuring programs, if any, that we may undertake.
- Issuance of new or revised accounting standards by the FASB or the SEC.

The foregoing list sets forth many, but not all, of the factors that could impact our ability to achieve results described in any forward-looking statements. Investors should understand that it is not possible to predict or identify all such factors and should not consider this list to be a complete statement of all potential risks and uncertainties.

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk.*

The information required by this item is included in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, and in Notes 1, 14 and 15 to the consolidated financial statements contained in Item 8. Financial Statements and Supplementary Data, and is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data.

Reports of Management

Management's Responsibilities

The following financial statements have been prepared by management in conformity with U.S. generally accepted accounting principles and include, where required, amounts based on the best estimates and judgments of management. The integrity and objectivity of data in the financial statements and elsewhere in this Annual Report are the responsibility of management.

In fulfilling its responsibilities for the integrity of the data presented and to safeguard the Company's assets, management employs a system of internal accounting controls designed to provide reasonable assurance, at appropriate cost, that the Company's assets are protected and that transactions are appropriately authorized, recorded and summarized. This system of control is supported by the selection of qualified personnel, by organizational assignments that provide appropriate delegation of authority and division of responsibilities, and by the dissemination of written policies and procedures. This control structure is further reinforced by a program of internal audits, including a policy that requires responsive action by management.

The Board of Directors monitors the internal control system, including internal accounting and financial reporting controls, through its Audit Committee, which consists of eight independent Directors. The Audit Committee meets periodically with the independent registered public accounting firm, the internal auditors and management to review the work of each and to satisfy itself that they are properly discharging their responsibilities. The independent registered public accounting firm and the internal auditors have full and free access to the Audit Committee and meet with its members, with and without management present, to discuss the scope and results of their audits including internal control, auditing and financial reporting matters.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Act of 1934, as amended. Management conducted an assessment of the effectiveness of internal control over financial reporting based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework).

Based on the Company's assessment of the effectiveness of internal control over financial reporting and the criteria noted above, management concluded that internal control over financial reporting was effective as of September 30, 2021.

The financial statements and internal control over financial reporting have been audited by Ernst & Young LLP, an independent registered public accounting firm. Ernst & Young's reports with respect to fairness of the presentation of the financial statements, and the effectiveness of internal control over financial reporting, are included herein.

/s/ Thomas E. Polen

Thomas E. Polen

Chairman, Chief Executive Officer and President

/s/ Christopher J. DelOrefice

Christopher J. DelOrefice

Executive Vice President and Chief Financial Officer

/s/ Thomas J. Spoerel

Thomas J. Spoerel

Senior Vice President, Controller and Chief Accounting Officer

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of
Becton, Dickinson and Company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Becton, Dickinson and Company (the Company) as of September 30, 2021 and 2020, the related consolidated statements of income, comprehensive income and cash flows for each of the three years in the period ended September 30, 2021, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at September 30, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of September 30, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated November 24, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

Critical Audit Matters

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

	Estimation of Product Liability Reserves
<i>Description of the Matter</i>	<p>As described in Note 5 to the consolidated financial statements, the Company is a defendant in various product liability matters in which the plaintiffs allege a wide variety of claims associated with the use of certain Company devices. At September 30, 2021, the Company's product liability reserves totaled approximately \$2.5 billion. The Company engaged an actuarial specialist to perform an analysis to estimate the outstanding liability for indemnity costs related to claims arising from these product liability matters. The methods used by the Company to estimate these reserves are based on reported claims, historical settlement amounts, and stage of litigation, among other items.</p> <p>Auditing management's estimate of certain of the Company's product liability reserves and the related disclosure was challenging due to the significant judgment required to determine the methods used to estimate the amount of unreported product liability claims and the indemnity costs and the key assumptions utilized in those methods given the stages of these matters and the amount of claims history.</p>
<i>How We Addressed the Matter in Our Audit</i>	<p>We obtained an understanding, evaluated the design and tested the operating effectiveness of the controls over the Company's evaluation of the product liability reserves. For example, we tested controls over management's review of the methods, significant assumptions and the underlying data used by the actuary to estimate the product liability reserves.</p> <p>To evaluate management's estimate of the product liability reserves, our audit procedures included, among others, testing the completeness and accuracy of the underlying data used by management's actuarial specialist to estimate the amount of unreported claims and the indemnity cost. For example, we compared filed and settled claims data to legal letters obtained from external counsel, and, on a sample basis, compared settlement amounts to the underlying agreements. In addition, we involved our actuarial specialists to assist us in evaluating the methods used to estimate the unreported claims and the indemnity cost used in the calculation of the product liability reserves. We have also assessed the adequacy of the Company's disclosures in relation to these matters.</p>

Income taxes — Uncertain tax positions

Description of the Matter

As discussed in Notes 1 and 16 of the consolidated financial statements, the Company has recorded a liability of \$447 million related to uncertain tax positions as of September 30, 2021. The Company conducts business in numerous countries and is therefore subject to income taxes in multiple jurisdictions, which impacts the provision for income taxes. Due to the multinational operations of the Company, changes in global income tax laws and regulations result in complexity in the accounting for and monitoring of income taxes including the provision for uncertain tax positions.

Auditing the completeness of management's identification of uncertain tax positions involved complex analysis and auditor judgment related to the evaluation of the income tax consequences of significant transactions, including internal restructurings, and changes in income tax laws and regulations in various jurisdictions, which is often subject to interpretation.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's income tax provision process, such as controls over management's identification and assessment of changes to tax laws, regulations and income tax positions to account for uncertain tax positions, including management's review of the related tax technical analyses.

We performed audit procedures, among others, to evaluate the Company's assumptions used to develop its uncertain tax positions and related unrecognized income tax benefit amounts by jurisdiction. We obtained an understanding of the Company's legal structure through our review of organizational charts and related legal documents. We further considered the income tax consequences of significant transactions, including internal restructurings, and assessed management's interpretation of those changes under the relevant jurisdiction's tax law. Due to the complexity of income tax laws and regulations, we involved our tax subject matter professionals to assess the Company's interpretation of and compliance with tax laws and regulations in these jurisdictions, as well as to identify changes in tax laws and regulations. We also involved our tax subject matter professionals to evaluate the technical merits of the Company's accounting for its tax positions, including assessing the Company's correspondence with the relevant tax authorities and evaluating third-party advice obtained by the Company. We also evaluated the Company's income tax disclosures included in Note 16 to the consolidated financial statements in relation to these matters.

	Goodwill impairment — Interventional segment
<i>Description of the Matter</i>	<p>At September 30, 2021, the Company’s goodwill assigned to the Interventional segment was \$12.8 billion. As discussed in Note 1 of the consolidated financial statements, goodwill is tested for impairment at least annually at the reporting unit level using quantitative models.</p> <p>Auditing management’s annual goodwill impairment test was complex and highly judgmental due to the significant estimation required in determining the fair value of the reporting units. In particular, the fair value estimates were sensitive to significant assumptions such as the revenue growth rate and discount rate, which are affected by expectations about future market or economic conditions.</p>
<i>How We Addressed the Matter in Our Audit</i>	<p>We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company’s goodwill impairment review process. For example, we tested controls over management’s review of the inputs and assumptions to the goodwill impairment analysis.</p> <p>To test the estimated fair value of the Company’s reporting units, our audit procedures included, among others, assessing fair value methodology, evaluating the prospective financial information used by the Company in its valuation analysis and involving our valuation specialists to assist in testing the significant assumptions discussed above. We compared the significant assumptions used by management to current industry and economic trends, historical financial results, and other relevant factors that would affect the significant assumptions. We assessed the historical accuracy of management’s estimates and performed sensitivity analyses of significant assumptions to evaluate the changes in the fair value of the reporting units. In addition, we tested the reconciliation of the fair value of the reporting units to the market capitalization of the Company.</p>

/s/ ERNST & YOUNG LLP

We have served as the Company's auditor since 1959.

New York, New York

November 24, 2021

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of
Becton, Dickinson and Company

Opinion on Internal Control Over Financial Reporting

We have audited Becton, Dickinson and Company's internal control over financial reporting as of September 30, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). In our opinion, Becton, Dickinson and Company (the Company) maintained, in all material respects, effective internal control over financial reporting as of September 30, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of September 30, 2021 and 2020, the related consolidated statements of income, comprehensive income and cash flows for each of the three years in the period ended September 30, 2021, and the related notes and our report dated November 24, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ ERNST & YOUNG LLP

New York, New York
November 24, 2021

Consolidated Statements of Income
Becton, Dickinson and Company
Years Ended September 30

Millions of dollars, except per share amounts	2021	2020	2019
Revenues	\$ 20,248	\$ 17,117	\$ 17,290
Cost of products sold	10,821	9,540	9,002
Selling and administrative expense	4,867	4,325	4,332
Research and development expense	1,339	1,096	1,062
Acquisitions and other restructurings	185	309	480
Other operating expense, net	238	363	654
Total Operating Costs and Expenses	17,449	15,633	15,530
Operating Income	2,799	1,484	1,760
Interest expense	(469)	(528)	(639)
Interest income	9	7	12
Other (expense) income, net	(97)	23	43
Income Before Income Taxes	2,242	985	1,176
Income tax provision (benefit)	150	111	(57)
Net Income	2,092	874	1,233
Preferred stock dividends	(90)	(107)	(152)
Net income applicable to common shareholders	\$ 2,002	\$ 767	\$ 1,082
Basic Earnings per Share	\$ 6.92	\$ 2.75	\$ 4.01
Diluted Earnings per Share	\$ 6.85	\$ 2.71	\$ 3.94

Amounts may not add due to rounding.
See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income
Becton, Dickinson and Company
Years Ended September 30

Millions of dollars	2021	2020	2019
Net Income	\$ 2,092	\$ 874	\$ 1,233
Other Comprehensive Income (Loss), Net of Tax			
Foreign currency translation adjustments	124	(161)	(93)
Defined benefit pension and postretirement plans	255	(35)	(275)
Cash flow hedges	81	(67)	(6)
Other Comprehensive Income (Loss), Net of Tax	460	(265)	(374)
Comprehensive Income	\$ 2,552	\$ 609	\$ 859

Amounts may not add due to rounding.
See notes to consolidated financial statements.

Consolidated Balance Sheets
Becton, Dickinson and Company
September 30

Millions of dollars, except per share amounts and numbers of shares	2021	2020
Assets		
Current Assets		
Cash and equivalents	\$ 2,283	\$ 2,825
Restricted cash	109	92
Short-term investments	12	20
Trade receivables, net	2,497	2,398
Inventories	2,866	2,743
Prepaid expenses and other	1,072	891
Total Current Assets	8,838	8,969
Property, Plant and Equipment, Net	6,393	5,923
Goodwill	23,901	23,620
Developed Technology, Net	9,417	10,146
Customer Relationships, Net	2,818	3,107
Other Intangibles, Net	548	560
Other Assets	1,952	1,687
Total Assets	\$ 53,866	\$ 54,012
Liabilities and Shareholders' Equity		
Current Liabilities		
Short-term debt	\$ 500	\$ 707
Accounts payable	1,793	1,355
Accrued expenses	2,943	2,638
Salaries, wages and related items	1,214	993
Income taxes	176	144
Total Current Liabilities	6,626	5,836
Long-Term Debt	17,110	17,224
Long-Term Employee Benefit Obligations	1,228	1,435
Deferred Income Taxes and Other Liabilities	5,225	5,753
Commitments and Contingencies (See Note 5)		
Shareholders' Equity		
Preferred stock	2	2
Common stock — \$1 par value: authorized — 640,000,000 shares; issued — 364,639,901 shares in 2021 and 2020.	365	365
Capital in excess of par value	19,272	19,270
Retained earnings	13,826	12,791
Deferred compensation	23	23
Common stock in treasury — at cost — 80,163,949 shares in 2021 and 74,622,657 shares in 2020.	(7,723)	(6,138)
Accumulated other comprehensive loss	(2,088)	(2,548)
Total Shareholders' Equity	23,677	23,765
Total Liabilities and Shareholders' Equity	\$ 53,866	\$ 54,012

Amounts may not add due to rounding.
See notes to consolidated financial statements.

Consolidated Statements of Cash Flows
Becton, Dickinson and Company
Years Ended September 30

Millions of dollars	2021	2020	2019
Operating Activities			
Net income	\$ 2,092	\$ 874	\$ 1,233
Adjustments to net income to derive net cash provided by operating activities:			
Depreciation and amortization	2,273	2,154	2,253
Share-based compensation	237	244	261
Deferred income taxes	(304)	(302)	(381)
Change in operating assets and liabilities:			
Trade receivables, net	(95)	(48)	(51)
Inventories	(104)	(125)	(149)
Prepaid expenses and other	(186)	81	299
Accounts payable, income taxes and other liabilities	687	205	(470)
Pension obligation	71	95	(123)
Excess tax benefits from payments under share-based compensation plans	15	52	55
Gain on sale of business	—	—	(336)
Product liability-related charges	361	378	914
Other, net	(400)	(68)	(177)
Net Cash Provided by Operating Activities	4,647	3,539	3,330
Investing Activities			
Capital expenditures	(1,231)	(810)	(957)
Acquisitions, net of cash acquired	(508)	(164)	—
Proceeds from divestitures, net	—	—	477
Other, net	(142)	(257)	(261)
Net Cash Used for Investing Activities	(1,880)	(1,232)	(741)
Financing Activities			
Change in credit facility borrowings	—	(485)	485
Proceeds from long-term debt and term loans	4,869	3,389	2,224
Payments of debt and term loans	(5,112)	(4,664)	(4,744)
Proceeds from issuance of equity securities	—	2,917	—
Repurchase of common stock	(1,750)	—	—
Dividends paid	(1,048)	(1,026)	(984)
Other, net	(265)	(109)	(205)
Net Cash (Used for) Provided by Financing Activities	(3,306)	22	(3,223)
Effect of exchange rate changes on cash and equivalents and restricted cash	15	(3)	(12)
Net (Decrease) Increase in Cash and Equivalents and Restricted Cash	(525)	2,326	(646)
Opening Cash and Equivalents and Restricted Cash	2,917	590	1,236
Closing Cash and Equivalents and Restricted Cash	\$ 2,392	\$ 2,917	\$ 590

Amounts may not add due to rounding.

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements
Becton, Dickinson and Company
Millions of dollars, except per share amounts or as otherwise specified

Note 1 — Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Consolidated Financial Statements and Notes to Consolidated Financial Statements of Becton, Dickinson and Company (the "Company" or "BD") have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). Within the financial statements and tables presented, certain columns and rows may not add due to the use of rounded numbers for disclosure purposes. Percentages and earnings per share amounts presented are calculated from the underlying amounts. Our fiscal year ends on September 30.

Principles of Consolidation

The consolidated financial statements include the Company's accounts and those of its majority-owned subsidiaries after the elimination of intercompany transactions. The Company has no material interests in variable interest entities.

Cash Equivalents

Cash equivalents consist of all highly liquid investments with a maturity of three months or less at time of purchase.

Restricted Cash

Restricted cash consists of cash restricted from withdrawal and usage and largely represents funds that are restricted for certain product liability matters assumed in the acquisition of C.R. Bard, Inc. ("Bard"), which are further discussed in Note 5.

Trade Receivables

The Company grants credit to customers in the normal course of business and the resulting trade receivables are stated at their net realizable value. The allowance for doubtful accounts represents the Company's estimate of expected credit losses relating to trade receivables and is determined based on historical experience, current conditions, reasonable and supportable forecasts and other specific account data. Amounts are written off against the allowances for doubtful accounts when the Company determines that a customer account is uncollectable.

Inventories

Inventories are stated at the lower of approximate cost or net realizable value determined on the first-in, first-out basis.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are principally provided on the straight-line basis over estimated useful lives, which range from 20 to 45 years for buildings, four to 13 years for machinery and equipment and one to 20 years for leasehold improvements. Depreciation and amortization expense was \$731 million, \$646 million and \$633 million in fiscal years 2021, 2020 and 2019, respectively.

Notes to Consolidated Financial Statements — (Continued)
Becton, Dickinson and Company

Goodwill and Other Intangible Assets

The Company's unamortized intangible assets include goodwill which arise from acquisitions of businesses. The Company currently reviews goodwill for impairment using quantitative models. Goodwill is reviewed at least annually for impairment at the reporting unit level, which is defined as an operating segment or one level below an operating segment, referred to as a component. The Company's reporting units generally represent one level below reporting segments. The Company's review of goodwill for each reporting unit compares the fair value of the reporting unit, estimated using an income approach, with its carrying value. The annual impairment review performed on July 1, 2021 indicated that all identified reporting units' fair values exceeded their respective carrying values.

Amortized intangible assets include developed technology assets which arise from acquisitions. These assets represent acquired intellectual property that is already technologically feasible upon the acquisition date or acquired in-process research and development assets that are completed subsequent to acquisition. Developed technology assets are generally amortized over periods ranging from 15 to 20 years, using the straight-line method. Customer relationship assets are generally amortized over periods ranging from 10 to 15 years, using the straight-line method. Other intangibles with finite useful lives, which include patents, are amortized over periods principally ranging from one to 40 years, using the straight-line method. Finite-lived intangible assets, including developed technology assets, are periodically reviewed when impairment indicators are present to assess recoverability from future operations using undiscounted cash flows. The carrying values of these finite-lived assets are compared to the undiscounted cash flows they are expected to generate and an impairment loss is recognized in operating results to the extent any finite-lived intangible asset's carrying value exceeds its calculated fair value.

Foreign Currency Translation

Generally, foreign subsidiaries' functional currency is the local currency of operations and the net assets of foreign operations are translated into U.S. dollars using current exchange rates. The U.S. dollar results that arise from such translation, as well as exchange gains and losses on intercompany balances of a long-term investment nature, are included in the foreign currency translation adjustments in *Accumulated other comprehensive income (loss)*.

Revenue Recognition

The Company recognizes revenue from product sales when the customer obtains control of the product, which is generally upon shipment or delivery, depending on the delivery terms specified in the sales agreement. Revenues associated with certain instruments and equipment for which installation is complex, and therefore significantly affects the customer's ability to use and benefit from the product, are recognized upon customer acceptance of these installed products. Revenue for certain service arrangements, including extended warranty and software maintenance contracts, is recognized ratably over the contract term. When arrangements include multiple performance obligations, the total transaction price of the contract is allocated to each performance obligation based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. Variable consideration such as rebates, sales discounts and sales returns are estimated and treated as a reduction of revenue in the same period the related revenue is recognized. These estimates are based on contractual terms, historical practices, and current trends, and are adjusted as new information becomes available. Revenues exclude any taxes that the Company collects from customers and remits to tax authorities.

Equipment lease transactions with customers are evaluated and classified as either operating or sales-type leases. Generally, these arrangements are accounted for as operating leases and therefore, revenue is recognized at the contracted rate over the rental period defined within the customer agreement.

Additional disclosures regarding the Company's accounting for revenue recognition are provided in Note 6.

Notes to Consolidated Financial Statements — (Continued)
Becton, Dickinson and Company

Shipping and Handling Costs

The Company considers its shipping and handling costs to be contract fulfillment costs and records them within *Selling and administrative expense*. Shipping expense was \$656 million, \$551 million and \$511 million in 2021, 2020 and 2019, respectively.

Contingencies

The Company establishes accruals for future losses which are both probable and can be reasonably estimated (and in the case of environmental matters, without considering possible third-party recoveries). Additional disclosures regarding the Company's accounting for contingencies are provided in Note 5.

Derivative Financial Instruments

All derivatives are recorded in the balance sheet at fair value and changes in fair value are recognized currently in earnings unless specific hedge accounting criteria are met. Any deferred gains or losses associated with derivative instruments are recognized in income in the period in which the underlying hedged transaction is recognized. The cash flows related to the Company's derivative instruments designated as net investment hedges are reported as investing activities in the consolidated statements of cash flows. Cash flows for all other derivatives, including undesignated hedges, are classified in the same line item as the cash flows of the related hedged item, which is generally within operating or financing activities. Additional disclosures regarding the Company's accounting for derivative instruments are provided in Note 13.

Income Taxes

The Company has reviewed its needs in the United States for possible repatriation of undistributed earnings of its foreign subsidiaries and continues to invest foreign subsidiaries earnings outside of the United States to fund foreign investments or meet foreign working capital and property, plant and equipment expenditure needs. As a result, the Company is permanently reinvested with respect to all of its historical foreign earnings as of September 30, 2021. Deferred taxes are not provided on undistributed earnings of foreign subsidiaries that are indefinitely reinvested. The determination of the amount of the unrecognized deferred tax liability related to the undistributed earnings is not practicable because of the complexities associated with its hypothetical calculation.

The Company conducts business and files tax returns in numerous countries and currently has tax audits in progress in a number of tax jurisdictions. In evaluating the exposure associated with various tax filing positions, the Company records accruals for uncertain tax positions based on the technical support for the positions, past audit experience with similar situations, and the potential interest and penalties related to the matters.

The Company maintains valuation allowances where it is more likely than not that all or a portion of a deferred tax asset will not be realized. Changes in valuation allowances are included in the tax provision in the period of change. In determining whether a valuation allowance is warranted, management evaluates factors such as prior earnings history, expected future earnings, carryback and carryforward periods and tax strategies that could potentially enhance the likelihood of the realization of a deferred tax asset. Additional disclosures regarding the Company's accounting for income taxes are provided in Note 16.

Earnings per Share

Basic earnings per share are computed by dividing income available to common stockholders by the weighted average number of common shares outstanding. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. In computing diluted earnings per share, only potential common shares that are dilutive (i.e., those that reduce earnings per share or increase loss per share) are included in the calculation.

Notes to Consolidated Financial Statements — (Continued)
Becton, Dickinson and Company

Fair Value Measurements

A fair value hierarchy is applied to prioritize inputs used in measuring fair value. The three levels of inputs used to measure fair value are detailed below. Additional disclosures regarding the Company's fair value measurements are provided in Notes 9 and 14.

Level 1 — Inputs to the valuation methodology which represent unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 — Inputs to the valuation methodology which include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability.

Level 3 — Inputs to the valuation methodology which are unobservable and significant to the fair value measurement.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates or assumptions affect reported assets, liabilities, revenues and expenses as reflected in the consolidated financial statements. Actual results could differ from these estimates.

BD's Intention to Spin Off Diabetes Care

On May 6, 2021, the Company announced its intention to spin off its Diabetes Care business as a separate publicly traded company to BD's shareholders. The proposed spin-off is intended to be a tax-free transaction for U.S. federal income tax purposes and is expected to be completed in the first half of calendar year 2022, subject to the satisfaction of customary conditions, including final approval from BD's Board of Directors and the effectiveness of a registration statement on Form 10.

Note 2 — Accounting Changes

New Accounting Principles Adopted

In June 2016, the Financial Accounting Standards Board ("FASB") issued a new accounting standard which requires earlier recognition of credit losses on loans and other financial instruments held by entities, including trade receivables. The new standard requires entities to measure all expected credit losses for financial assets held at each reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The Company's adoption of this accounting standard on October 1, 2020, using the modified retrospective method, did not have a material impact on the Company's consolidated financial statements.

On October 1, 2020, the Company retrospectively adopted an accounting standard update which added, removed and clarified disclosure requirements relating to defined benefit plans and other postretirement plans. The Company's adoption of this update on October 1, 2020 did not materially impact its disclosures. See Note 9 for the Company's defined pension plan and other benefit plan disclosures.

In July 2018, the FASB issued accounting standard update ("ASU") ASU 2018-09, "Codification Improvements", which, among other items, amended an illustrative example of a fair value hierarchy disclosure to indicate that a certain type of investment should not always be considered to be eligible to use the net asset value ("NAV") per share practical expedient. Also, it further clarified that an entity should evaluate whether a readily determinable fair value exists or whether its investments qualify for the NAV practical expedient. The Company early adopted this standard in the fourth quarter of fiscal year 2020 on a prospective basis, which is reflected in the fair value hierarchy classification of pension assets in Note 9, but does not change the fair value measurements of the investments.

In August 2018, the FASB issued a new accounting standard to align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for

Notes to Consolidated Financial Statements — (Continued)
Becton, Dickinson and Company

capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). The Company early adopted this standard as of April 1, 2020 on a prospective basis. The adoption of this standard did not materially impact the Company's consolidated financial statements.

In February 2016, the FASB issued a new lease accounting standard which requires lessees to recognize lease assets and lease liabilities on the balance sheet, as well as expanded disclosures regarding leasing arrangements. The Company adopted this standard on October 1, 2019, and elected certain practical expedients permitted under the transition guidance, including a transition method which allows application of the new standard at its adoption date, rather than at the earliest comparative period presented in the financial statements. The Company also elected not to perform any reassessments relative to its expired and existing leases upon its adoption of the new requirements. The Company's adoption of this standard did not materially impact its consolidated financial statements. Additional disclosures regarding the Company's lease arrangements are provided in Note 17.

On October 1, 2018, the Company adopted Accounting Standards Codification Topic 606, "Revenue from Contracts with Customers" ("ASC 606") using the modified retrospective method. Under ASC 606, revenue is recognized upon the transfer of control of goods or services to customers and reflects the amount of consideration to which a reporting entity expects to be entitled in exchange for those goods or services. The Company assessed the impact of this new standard on its consolidated financial statements based upon a review of contracts that were not completed as of October 1, 2018. This accounting standard adoption, which is further discussed in Note 6, did not materially impact any line items of the Company's consolidated income statements and balance sheet.

On October 1, 2018, the Company retrospectively adopted an accounting standard update which requires all components of net periodic pension and postretirement benefit costs to be disaggregated from the service cost component and to be presented on the income statement outside a subtotal of income from operations, if one is presented. Upon the Company's adoption of the accounting standard update, which did not have a material impact on its consolidated financial statements, all components of the Company's net periodic pension and postretirement benefit costs, aside from service cost, are recorded to *Other (expense) income, net* on its consolidated income statements for all periods presented.

On October 1, 2018, the Company adopted an accounting standard update which requires that the income tax effects of intercompany sales or transfers of assets, except those involving inventory, be recognized in the income statement as income tax expense (or benefit) in the period that the sale or transfer occurs. The Company adopted this accounting standard update, which did not have a material impact on its consolidated financial statements, using the modified retrospective method.

Notes to Consolidated Financial Statements — (Continued)
Becton, Dickinson and Company

Note 3 — Shareholders' Equity

Changes in certain components of shareholders' equity were as follows:

(Millions of dollars)	Common Stock Issued at Par Value	Capital in Excess of Par Value	Retained Earnings	Deferred Compensation	Treasury Stock	
					Shares (in thousands)	Amount
Balance at September 30, 2018	\$ 347	\$ 16,179	\$ 12,596	\$ 22	(78,463)	\$ (6,243)
Net income	—	—	1,233	—	—	—
Cash dividends:						
Common (\$3.08 per share)	—	—	(832)	—	—	—
Preferred	—	—	(152)	—	—	—
Common stock issued for share-based compensation and other plans, net	—	(170)	(1)	1	2,155	53
Share-based compensation	—	261	—	—	—	—
Common stock held in trusts, net (a)	—	—	—	—	48	—
Effect of change in accounting principle (see Note 2)	—	—	68	—	—	—
Balance at September 30, 2019	\$ 347	\$ 16,270	\$ 12,913	\$ 23	(76,260)	\$ (6,190)
Net income	—	—	874	—	—	—
Cash dividends:						
Common (\$3.16 per share)	—	—	(888)	—	—	—
Preferred	—	—	(107)	—	—	—
Common stock issued for:						
Preferred shares converted to common shares	12	(9)	—	—	—	—
Public equity offerings	6	2,909	—	—	—	—
Share-based compensation and other plans, net	—	(143)	—	—	1,597	52
Share-based compensation	—	244	—	—	—	—
Common stock held in trusts, net (a)	—	—	—	—	41	—
Balance at September 30, 2020	\$ 365	\$ 19,270	\$ 12,791	\$ 23	(74,623)	\$ (6,138)
Net income	—	—	2,092	—	—	—
Cash dividends:						
Common (\$3.32 per share)	—	—	(958)	—	—	—
Preferred	—	—	(90)	—	—	—
Common stock issued for share-based compensation and other plans, net	—	(85)	—	—	1,068	15
Share-based compensation	—	237	—	—	—	—
Common stock held in trusts, net (a)	—	—	—	—	33	—
Repurchase of common stock	—	(150)	—	—	(6,643)	(1,600)
Effect of change in accounting principle (see Note 2)	—	—	(9)	—	—	—
Balance at September 30, 2021	\$ 365	\$ 19,272	\$ 13,826	\$ 23	(80,164)	\$ (7,723)

- (a) Common stock held in trusts represents rabbi trusts in connection with deferred compensation under the Company's employee salary and bonus deferral plan and directors' deferral plan.

Notes to Consolidated Financial Statements — (Continued)
Becton, Dickinson and Company

Share Repurchases

In fiscal year 2021, the Company executed two accelerated share repurchase agreements and accounted for each agreement as two transactions upon prepayment: (1) the initial delivery of shares was recorded as an increase to *Common stock in treasury* to recognize the acquisition of common stock acquired in a treasury stock transaction, and (2) the remaining amount of shares was recorded as a decrease to *Capital in excess of par value* to recognize a net share-settled forward sale contract indexed to the Company's own common stock. The impacts of these accelerated share repurchase transactions were as follows:

Execution Date	Settlement Date	Aggregate Common Stock Repurchased (millions of dollars)	Initial Shares Delivered (in thousands)	Additional Shares Delivered at Settlement (in thousands) (a)	Total Shares Delivered (in thousands)
Q3 2021	Q4 2021	\$ 500	1,658	403	2,062
Q4 2021	Q1 2022	750	2,515	462	2,977

(a) Upon final settlement of each repurchase agreement and the forward sale contract, the Company's receipt of additional shares was recorded as an increase to *Common stock in treasury* and an offsetting increase to *Capital in excess of par value*. The final settlement for the fourth quarter transaction amounted to \$150 million.

The Company also repurchased approximately 2.066 million shares of its common stock during fiscal year 2021 through open market repurchases, which were recorded as a \$500 million increase to *Common stock in treasury*.

The share repurchases discussed above were made pursuant to the repurchase program authorized by the Board of Directors on September 24, 2013 for 10 million shares, for which there is no expiration date. In November 2021, the Board of Directors authorized the Company to repurchase up to an additional 10 million shares of BD common stock, for which there is no expiration date.

Common and Preferred Stock Conversions and Offerings

In accordance with their terms, the Company's 2.475 million mandatory convertible preferred shares that were issued in May 2017 in connection with the Company's acquisition of Bard were converted into 11.703 million shares of BD common stock on the mandatory conversion date of May 1, 2020.

Also in May 2020, the Company completed registered public offerings of equity securities including:

- 6.250 million shares of the Company's common stock for net proceeds of \$1.459 billion (gross proceeds of \$1.500 billion).
- 1.500 million shares of the Company's mandatory convertible preferred stock (ownership is held in the form of depositary shares, each representing a 1/20th interest in a share of preferred stock) for net proceeds of \$1.459 billion (gross proceeds of \$1.500 billion). If and when declared, dividends on the mandatory convertible preferred stock will be payable on a cumulative basis at an annual rate of 6.00% on the liquidation preference of \$1,000 per preferred share (\$50 per depositary share). The shares of preferred stock are convertible to a minimum of 5.2 million and up to a maximum of 6.2 million shares of Company common stock at an exchange ratio, based on the market price of the Company's common stock at the date of conversion, and no later than the mandatory conversion date of June 1, 2023.

Notes to Consolidated Financial Statements — (Continued)
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The components and changes of *Accumulated other comprehensive income (loss)* were as follows:

(Millions of dollars)	Total	Foreign Currency Translation	Benefit Plans	Cash Flow Hedges
Balance at September 30, 2018	\$ (1,909)	\$ (1,162)	\$ (729)	\$ (17)
Other comprehensive loss before reclassifications, net of taxes	(427)	(93)	(325)	(9)
Amounts reclassified into income, net of taxes	52	—	49	3
Balance at September 30, 2019	\$ (2,283)	\$ (1,256)	\$ (1,005)	\$ (23)
Other comprehensive loss before reclassifications, net of taxes	(338)	(161)	(101)	(76)
Amounts reclassified into income, net of taxes	74	—	66	8
Balance at September 30, 2020	\$ (2,548)	\$ (1,416)	\$ (1,040)	\$ (91)
Other comprehensive income before reclassifications, net of taxes	383	124	187	72
Amounts reclassified into income, net of taxes	77	—	68	9
Balance at September 30, 2021	<u>\$ (2,088)</u>	<u>\$ (1,292)</u>	<u>\$ (784)</u>	<u>\$ (10)</u>

The amount of foreign currency translation recognized in other comprehensive income during the years ended September 30, 2021, 2020 and 2019 included net gains (losses) relating to net investment hedges, as further discussed in Note 13. Other comprehensive income relating to benefit plans during the year ended September 30, 2021 included a net gain of \$24 million recognized as a result of the Company's remeasurement, as of October 31, 2020, of the legacy Bard U.S. defined pension benefit plan upon its merger with the BD defined benefit cash balance pension plan in the first quarter of fiscal year 2021. The amounts recognized in other comprehensive income relating to cash flow hedges in 2021 and 2020 related to forward starting interest rate swaps. Additional disclosures regarding the Company's derivatives are provided in Note 13.

The tax impacts for amounts recognized in other comprehensive income before reclassifications were as follows:

(Millions of dollars)	2021	2020	2019
Benefit Plans			
Income tax (provision) benefit for net gains (losses) recorded in other comprehensive income	<u>\$ (42)</u>	<u>\$ 30</u>	<u>\$ 91</u>

The tax impacts for cash flow hedges recognized in other comprehensive income before reclassifications in 2021, 2020 and 2019 were immaterial to the Company's consolidated financial results. The tax impacts for reclassifications out of *Accumulated other comprehensive income (loss)* relating to benefit plans and cash flow hedges in 2021, 2020 and 2019 were also immaterial to the Company's consolidated financial results.

Note 4 — Earnings per Share

The weighted average common shares used in the computations of basic and diluted earnings per share (shares in thousands) for the years ended September 30 were as follows:

	2021	2020	2019
Average common shares outstanding	289,288	278,971	269,943
Dilutive share equivalents from share-based plans (a) (b)	2,801	3,431	4,832
Average common and common equivalent shares outstanding — assuming dilution	<u>292,089</u>	<u>282,402</u>	<u>274,775</u>

Notes to Consolidated Financial Statements — (Continued)
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- (a) In 2021, 2020 and 2019, dilutive share equivalents associated with mandatory convertible preferred stock of 6 million, 9 million and 12 million, respectively, were excluded from the diluted shares outstanding calculation because the result would have been antidilutive. The issuance of the convertible preferred stock is further discussed in Note 3.
- (b) In both 2021 and 2020, 1 million of certain share-based compensation awards were excluded from the diluted earnings per share calculation as the exercise prices of these awards were greater than the average market price of the Company's common shares. In 2019, no such awards were excluded from the diluted earnings per share calculation. Additional disclosures regarding the Company's share-based compensation are provided in Note 8.

Note 5 — Commitments and Contingencies

Commitments

The Company has certain future purchase commitments entered in the normal course of business to meet operational and capital requirements. As of September 30, 2021, these commitments aggregated to approximately \$1.670 billion and will be expended over the next several years.

Contingencies

Given the uncertain nature of litigation generally, the Company is not able, in all cases, to estimate the amount or range of loss that could result from an unfavorable outcome of the litigation in which the Company is a party. With respect to putative class action lawsuits in the United States and certain of the Canadian lawsuits described below relating to product liability matters, the Company is unable to estimate a range of reasonably possible losses for the following reasons: (i) all or certain of the proceedings are in early stages; (ii) the Company has not received and reviewed complete information regarding all or certain of the plaintiffs and their medical conditions; and/or (iii) there are significant factual issues to be resolved. In addition, there is uncertainty as to the likelihood of a class being certified or the ultimate size of any class. With respect to the civil investigative demands ("CIDs") served by the Department of Justice, discussed below, the Company is unable to estimate a range of reasonably possible losses for the following reasons: (i) all or certain of the proceedings are in early stages; and/or (ii) there are significant factual and legal issues to be resolved.

In view of the uncertainties discussed below, the Company could incur charges in excess of any currently established accruals and, to the extent available, liability insurance. In the opinion of management, any such future charges, individually or in the aggregate, could have a material adverse effect on the Company's consolidated results of operations and consolidated cash flows.

Product Liability Matters

The Company believes that certain settlements and judgments, as well as legal defense costs, may be covered under indemnification obligations from other parties, which if disputed, the Company intends to vigorously contest. Amounts recovered under the Company's product liability indemnification arrangements may be less than otherwise expected and may not be adequate to cover damages and/or costs relating to claims. In addition, there is no guarantee that other parties will pay claims or that indemnity will be otherwise available.

Hernia Product Claims

As of September 30, 2021, the Company is defending approximately 25,030 product liability claims involving the Company's line of hernia repair devices (collectively, the "Hernia Product Claims"). The majority of those claims are currently pending in a coordinated proceeding in Rhode Island State Court and in a federal multi-district litigation ("MDL") established in the Southern District of Ohio, but claims are also pending in other state and/or federal court jurisdictions. In addition, those claims include multiple putative class actions in Canada. Generally, the Hernia Product Claims seek damages for personal injury allegedly resulting from use of the products. From time to time, the Company engages in resolution discussions with plaintiffs' law firms regarding certain of the Hernia Product Claims, but the Company also intends to vigorously defend Hernia Product Claims that do not settle, including through litigation. The first bellwether trial in the hernia

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MDL began in August 2021, resulting in a complete defense verdict. Trials are scheduled into fiscal year 2022 in various state and/or federal courts, including one trial currently scheduled for January 2022 in the MDL. The Company expects additional trials of Hernia Product Claims to take place over the next 12 months. The Company cannot give any assurances that the resolution of the Hernia Product Claims that have not settled, including asserted and unasserted claims and the putative class action lawsuits, will not have a material adverse effect on the Company's business, results of operations, financial condition and/or liquidity.

Women's Health Product Claims

As of September 30, 2021, the Company is defending approximately 405 product liability claims involving the Company's line of pelvic mesh devices. The majority of those claims are currently pending in various federal court jurisdictions, and a coordinated proceeding in New Jersey State Court, but claims are also pending in other state court jurisdictions. In addition, those claims include putative class actions filed in the United States. Not included in the figures above are approximately 830 filed and unfilled claims that have been asserted or threatened against the Company but lack sufficient information to determine whether a pelvic mesh device of the Company is actually at issue.

The claims identified above also include products manufactured by both the Company and two subsidiaries of Medtronic plc (as successor in interest to Covidien plc) ("Medtronic"), each a supplier of the Company. Medtronic has an obligation to defend and indemnify the Company with respect to any product defect liability relating to products its subsidiaries had manufactured. In July 2015, the Company reached an agreement with Medtronic in which Medtronic agreed to take responsibility for pursuing settlement of certain of the Women's Health Product Claims that relate to products distributed by the Company under supply agreements with Medtronic. In June 2017, the Company amended the agreement with Medtronic to transfer responsibility for settlement of additional Women's Health Product Claims to Medtronic on terms similar to the July 2015 agreement, including with respect to the obligation to make payments to Medtronic toward these potential settlements. As of September 30, 2021, the Company has paid Medtronic \$161 million toward these potential settlements. The Company also may, in its sole discretion, transfer responsibility for settlement of additional Women's Health Product Claims to Medtronic on similar terms. The agreements do not resolve the dispute between the Company and Medtronic with respect to Women's Health Product Claims that do not settle, if any. The foregoing lawsuits, unfilled claims, putative class actions, and other claims, together with claims that have settled or are the subject of agreements or agreements in principle to settle, are referred to collectively as the "Women's Health Product Claims." The Women's Health Product Claims generally seek damages for personal injury allegedly resulting from use of the products.

As of September 30, 2021, the Company has reached agreements or agreements in principle with various plaintiffs' law firms to settle their respective inventories of cases totaling approximately 15,295 of the Women's Health Product Claims. The Company believes that these Women's Health Product Claims are not the subject of Medtronic's indemnification obligation. These settlement agreements and agreements in principle include unfilled and previously unknown claims held by various plaintiffs' law firms, which are not included in the approximate number of lawsuits set forth in the first paragraph of this section. Each agreement is subject to certain conditions, including requirements for participation in the proposed settlements by a certain minimum number of plaintiffs. The Company continues to engage in discussions with other plaintiffs' law firms regarding potential resolution of unsettled Women's Health Product Claims, which may include additional inventory settlements.

A trial in the New Jersey coordinated proceeding began in March 2018, and in April 2018 a jury entered a verdict against the Company in the total amount of \$8 million (\$33 million compensatory; \$35 million punitive). In March 2021, the Appellate Division of the New Jersey Superior Court vacated the verdict and ordered a new trial. Plaintiffs have sought appeal of the reversal to the New Jersey Supreme Court and the Company has cross-appealed on a separate issue; the court has advised it will consider the appeal and cross-appeal. Additional trials of Women's Health Product Claims may take place over the next 12 months, which could potentially include consolidated trials.

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During the course of engaging in settlement discussions with plaintiffs' law firms, the Company has learned, and may in future periods learn, additional information regarding these and other unfiled claims, or other lawsuits, which could materially impact the Company's estimate of the number of claims or lawsuits against the Company.

Filter Product Claims

As of September 30, 2021, the Company is defending approximately 275 product liability claims involving the Company's line of inferior vena cava ("IVC") filters (collectively, the "Filter Product Claims"). The majority of those claims were previously pending in an MDL in the United States District Court for the District of Arizona, but those MDL claims either have been, or are in the process of being, remanded to various federal jurisdictions. Filter Product Claims are also pending in various state court jurisdictions, including a coordinated proceeding in Arizona State Court. In addition, those claims include putative class actions filed in the United States and Canada. The Filter Product Claims generally seek damages for personal injury allegedly resulting from use of the products. The Company has limited information regarding the nature and quantity of certain of the Filter Product Claims. The Company continues to receive claims and lawsuits and may in future periods learn additional information regarding other unfiled or unknown claims, or other lawsuits, which could materially impact the Company's estimate of the number of claims or lawsuits against the Company. On May 31, 2019, the MDL Court ceased accepting direct filings or transfers into the Filter Product Claims MDL and, as noted above, remands for non-settled cases have begun. Federal and state court trials are scheduled over the next 12 months. As of September 30, 2021, the Company entered into settlement agreements and/or settlement agreements in principle for approximately 9,505 cases.

In most product liability litigations (like those described above), plaintiffs allege a wide variety of claims, ranging from allegations of serious injury caused by the products to efforts to obtain compensation notwithstanding the absence of any injury. In many of these cases, the Company has not yet received and reviewed complete information regarding the plaintiffs and their medical conditions and, consequently, is unable to fully evaluate the claims. The Company expects that it will receive and review additional information regarding any remaining unsettled product liability matters.

Other Legal Matters

The Company is a potentially responsible party to a number of federal administrative proceedings in the United States brought under the Comprehensive Environment Response, Compensation and Liability Act, also known as "Superfund," and similar state laws. The affected sites are in varying stages of development. In some instances, the remedy has been completed, while in others, environmental studies are underway or commencing. For several sites, there are other potentially responsible parties that may be jointly or severally liable to pay all or part of cleanup costs. While it is not feasible to predict the outcome of these proceedings, based upon the Company's experience, current information and applicable law, the Company does not expect these proceedings to have a material adverse effect on its financial condition and/or liquidity.

On February 27, 2020, a putative class action captioned *Kabak v. Becton, Dickinson and Company, et al.*, Civ. No. 2:20-cv-02155 (SRC) (CLW), now captioned *Industriens Pensionsforsikring v. Becton, Dickinson and Company, et al.*, was filed in the U.S. District Court for the District of New Jersey against the Company and certain of its officers. The complaint, which purports to be brought on behalf of all persons (other than defendants) who purchased or otherwise acquired the Company's common stock from November 5, 2019 through February 5, 2020, asserts claims for purported violations of Sections 10 and 20 of the Securities Exchange Act of 1934 and Securities and Exchange Commission ("SEC") Rule 10b-5 promulgated thereunder, and seeks, among other things, damages and costs. The complaint alleges that defendants concealed material information regarding Alaris™ infusion pumps, including that (1) certain pumps exhibited software errors, (2) the Company was investing in remediation efforts as opposed to other enhancements and (3) the Company was thus reasonably likely to recall certain pumps and/or experience regulatory delays. These alleged omissions, the complaint asserts, rendered certain public statements about the Company's business, operations and prospects false or misleading, causing investors to purchase stock at an inflated price. The plaintiff filed a second amended complaint to add certain additional factual allegations on February 3, 2021, which the Company

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moved to dismiss on March 19, 2021. The motion to dismiss was granted and the second amended complaint was dismissed in its entirety on September 15, 2021. The court's order, however, gave plaintiff forty-five days to replead, which it did on October 29, 2021. The Company believes the allegations are without merit and intends to defend itself vigorously.

On November 2, 2020, a civil action captioned Jankowski v. Forlenza, et al., Civ. No. 2:20-cv-15474, was filed in the U.S. District Court for the District of New Jersey by a shareholder, Ronald Jankowski, derivatively on behalf of the Company, against its individual directors and certain of its officers. The complaint seeks recovery for breach of fiduciary duties by directors and various officers; violations of the Securities Exchange Act of 1934; and insider trading. In general, the complaint alleges, among other things, that various directors and/or officers (1) caused the Company to issue purportedly misleading statements and SEC filings regarding AlarisTM infusion pumps, (2) issued a misleading proxy statement, (3) engaged in improper insider trading and (4) caused or contributed to various violations of the Securities Exchange Act of 1934, including sections 10(b), 14(a) and 21D. The complaint seeks damages, including restitution and disgorgement of profits, and an injunction requiring the Company to undertake remedial measures with respect to certain corporate governance and internal procedures. A second derivative action, Schranz v. Polen, et al., Civ. No. 2:21-cv-01081, was filed on January 24, 2021 in the U.S. District Court for the District of New Jersey and the two actions were consolidated. In March 2021, the Company received letters from two additional shareholders which, in general, mirrored the allegations in the Jankowski and Schranz consolidated actions, and demanded, among other things, that the Board of Directors pursue civil action against members of management for claimed breaches of fiduciary duties. Consistent with New Jersey law, the Board appointed a special committee to review the allegations and demands in the derivative actions and demand letters. Following an investigation, the special committee determined that no action was warranted, and rejected the shareholders' demands. The special committee's determination has been communicated to counsel for the shareholders. Should the shareholders continue to pursue their claims in court, the Company will take appropriate steps to seek dismissal of the complaints.

In February 2021, the Company received a subpoena from the Enforcement Division of the SEC requesting information from the Company relating to, among other things, AlarisTM infusion pumps. The Company is cooperating with the SEC and responding to these requests. The Company cannot anticipate the timing, scope, outcome or possible impact of the investigation, financial or otherwise.

In April 2019, the Department of Justice served the Company and CareFusion with CIDs seeking information regarding certain of CareFusion's contracts with the Department of Veteran's Affairs for certain products, including AlarisTM and PyxisTM devices, in connection with a civil investigation of possible violations of the False Claims Act, and the government recently expanded the investigation to include several additional contracts. The government has made several requests for documents and interviews or depositions of Company personnel. The Company is cooperating with the government and responding to these requests.

In September 2021, the Company received a CID related to an inquiry initiated by the Northern District of Georgia in 2018. The requests concern sales and marketing practices with respect to certain aspects of the Company's urology business. The government has made requests for documents and has interviewed employees. The inquiry is ongoing and the Company is cooperating with the government and responding to its requests.

In September 2021, the Company was served with a complaint from the New Mexico Attorney General, alleging violations of the state's consumer protection laws in connection with the sales and marketing of its IVC filters. The Company is preparing its initial response and intends to vigorously defend itself in the litigation. As the case is in its early stages, the Company cannot anticipate the timing, scope, outcome or possible impact at present.

The Company cannot predict the outcome of these matters, nor can it predict whether any outcome will have a material adverse effect on the Company's business, results of operations, financial condition and/or liquidity. Accordingly, the Company has made no provisions for these other legal matters in its consolidated results of operations.

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In July 2021, the Company became aware of lawsuits that had been filed against it in state and federal court in Georgia. The suits were filed by plaintiffs who reside near Company facilities in Covington, GA, where ethylene oxide (“EtO”) sterilization activities take place and currently number approximately 160. The claims allege a variety of injuries, including but not limited to multiple types of cancer, allegedly attributable to exposure to EtO in the ambient air. The Company has meritorious defenses and intends to defend itself vigorously.

The Company is also involved both as a plaintiff and a defendant in other legal proceedings and claims that arise in the ordinary course of business. The Company believes that it has meritorious defenses to these suits pending against the Company and is engaged in a vigorous defense of each of these matters.

Litigation Accruals

The Company regularly monitors and evaluates the status of product liability and other legal matters, and may, from time-to-time, engage in settlement and mediation discussions taking into consideration developments in the matters and the risks and uncertainties surrounding litigation. These discussions could result in settlements of one or more of these claims at any time.

During fiscal years 2021, 2020, and 2019, the Company recorded pre-tax charges to *Other operating expense, net*, of approximately \$361 million, \$378 million, and \$914 million, respectively, related to certain of the product liability matters discussed above under the heading “Product Liability Matters,” including the related legal defense costs. The Company recorded these charges based on additional information obtained during fiscal years 2021 and 2020 including but not limited to: the nature and quantity of unfiled and filed claims and the continued rate of claims being filed in certain product liability matters; the status of certain settlement discussions with plaintiffs’ counsel; the allegations and documentation supporting or refuting such allegations; publicly available information regarding similar medical device mass tort settlements; historical information regarding other product liability settlements involving the Company and the stage of litigation.

Accruals for the Company’s product liability claims which are discussed above, as well as the related legal defense costs, amounted to approximately \$2.5 billion at September 30, 2021 and 2020. These accruals, which are generally long-term in nature, are largely recorded within *Deferred Income Taxes and Other Liabilities* on the Company’s consolidated balance sheets. As of September 30, 2021 and 2020, the Company had \$106 million and \$92 million, respectively, in qualified settlement funds (“QSFs”), subject to certain settlement conditions, for certain product liability matters. Payments to QSFs are recorded as a component of *Restricted cash*. The Company’s expected recoveries related to product liability claims and related legal defense costs were approximately \$93 million and \$139 million at September 30, 2021 and 2020, respectively. The expected recoveries at September 30, 2021 related entirely to the Company’s agreements with Medtronic related to certain Women’s Health Product Claims. A substantial amount of the expected recoveries at September 30, 2020 related to the Company’s agreements with Medtronic related to certain Women’s Health Product Claims. The expected recoveries at September 30, 2021 related to the indemnification obligation are not in dispute with respect to claims that Medtronic settles pursuant to the agreements.

Note 6 — Revenues

As previously discussed in Note 2, the Company adopted ASC 606 in fiscal year 2019 using the modified retrospective method. The Company sells a broad range of medical supplies, devices, laboratory equipment and diagnostic products which are distributed through independent distribution channels and directly by BD through sales representatives. End-users of the Company’s products include healthcare institutions, physicians, life science researchers, clinical laboratories, the pharmaceutical industry and the general public.

Timing of Revenue Recognition

The Company’s revenues are primarily recognized when the customer obtains control of the product sold, which is generally upon shipment or delivery, depending on the delivery terms specified in the sales agreement. Revenues associated with certain instruments and equipment for which installation is complex, and therefore

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significantly affects the customer's ability to use and benefit from the product, are recognized when customer acceptance of these installed products has been confirmed. For certain service arrangements, including extended warranty and software maintenance contracts, revenue is recognized ratably over the contract term. The majority of revenues relating to extended warranty contracts associated with certain instruments and equipment is generally recognized within a few years whereas deferred revenue relating to software maintenance contracts is generally recognized over a longer period.

Measurement of Revenues

The Company acts as the principal in substantially all of its customer arrangements and as such, generally records revenues on a gross basis. Revenues exclude any taxes that the Company collects from customers and remits to tax authorities. The Company considers its shipping and handling costs to be costs of contract fulfillment and has made the accounting policy election to record these costs within *Selling and administrative expense*.

Payment terms extended to the Company's customers are based upon commercially reasonable terms for the markets in which the Company's products are sold. Because the Company generally expects to receive payment within one year or less from when control of a product is transferred to the customer, the Company does not generally adjust its revenues for the effects of a financing component. The Company's allowance for doubtful accounts reflects the current estimate of credit losses expected to be incurred over the life of its trade receivables. Such estimated credit losses are determined based on historical loss experiences, customer-specific credit risk, and reasonable and supportable forward-looking information, such as country or regional risks that are not captured in the historical loss information. Amounts are written off against the allowances for doubtful accounts when the Company determines that a customer account is uncollectable. The allowance for doubtful accounts for trade receivables is not material to the Company's consolidated financial results.

The Company's gross revenues are subject to a variety of deductions which are recorded in the same period that the underlying revenues are recognized. Such variable consideration includes rebates, sales discounts and sales returns. Because these deductions represent estimates of the related obligations, judgment is required when determining the impact of these revenue deductions on gross revenues for a reporting period. Rebates provided by the Company are based upon prices determined under the Company's agreements with its end-user customers. Additional factors considered in the estimate of the Company's rebate liability include the quantification of inventory that is either in stock at or in transit to the Company's distributors, as well as the estimated lag time between the sale of product and the payment of corresponding rebates. The Company's rebate liability at September 30, 2021 and 2020 was \$576 million and \$526 million, respectively. The impact of other forms of variable consideration, including sales discounts and sales returns, is not material to the Company's revenues. Additional disclosures relating to sales discounts and sales returns are provided in Note 18.

The Company's agreements with customers within certain organizational units including Medication Management Solutions, Integrated Diagnostic Solutions and Biosciences, contain multiple performance obligations including both products and certain services noted above. The transaction price for these agreements is allocated to each performance obligation based upon its relative standalone selling price. Standalone selling price is the amount at which the Company would sell a promised good or service separately to a customer. The Company generally estimates standalone selling prices using its list prices and a consideration of typical discounts offered to customers.

Effects of Revenue Arrangements on Consolidated Balance Sheets

Due to the nature of the majority of the Company's products and services, the Company typically does not incur costs to fulfill a contract in advance of providing the customer with goods or services. Capitalized contract costs associated with the costs to fulfill contracts for certain products in the Medication Management Solutions organizational unit are immaterial to the Company's consolidated balance sheets. The Company's costs to obtain contracts are comprised of sales commissions which are paid to the Company's employees or third party agents. The majority of the sales commissions incurred by the Company relate to revenue that is

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recognized over a period that is less than one year and as such, the Company has elected a practical expedient provided under ASC 606 to record the majority of its expense associated with sales commissions as it is incurred. Commissions relating to revenues recognized over a period longer than one year are recorded as assets which are amortized over the period over which the revenues underlying the commissions are recognized. Capitalized contract costs related to such commissions are immaterial to the Company's consolidated balance sheets.

The Company records contract liabilities for unearned revenue that is allocable to performance obligations, such as extended warranty and software maintenance contracts, which are performed over time as discussed further above. These contract liabilities are immaterial to the Company's consolidated financial results. The Company's liability for product warranties provided under its agreements with customers is not material to its consolidated balance sheets.

Remaining Performance Obligations

The Company's obligations relative to service contracts, which are further discussed above, and pending installations of equipment, primarily in the Company's Medication Management Solutions unit, represent unsatisfied performance obligations of the Company. The revenues under existing contracts with original expected durations of more than one year, which are attributable to products and/or services that have not yet been installed or provided, are estimated to be approximately \$2.1 billion at September 30, 2021. The Company expects to recognize the majority of this revenue over the next three years.

Within the Company's Medication Management Solutions, Medication Delivery Solutions, Integrated Diagnostic Solutions, and Biosciences units, some contracts also contain minimum purchase commitments of reagents or other consumables and the future sales of these consumables represent additional unsatisfied performance obligations of the Company. The revenue attributable to the unsatisfied minimum purchase commitment-related performance obligations, for contracts with original expected durations of more than one year, is estimated to be approximately \$2.5 billion at September 30, 2021. This revenue will be recognized over the customer relationship periods.

Disaggregation of Revenues

A disaggregation of the Company's revenues by segment, organizational unit and geographic region is provided in Note 7.

Note 7 — Segment Data

The Company's organizational structure is based upon three worldwide business segments: BD Medical ("Medical"), BD Life Sciences ("Life Sciences") and BD Interventional ("Interventional"). The Company's segments are strategic businesses that are managed separately because each one develops, manufactures and markets distinct products and services.

Medical

Medical produces a broad array of medical technologies and devices that are used to help improve healthcare delivery in a wide range of settings. The primary customers served by Medical are hospitals and clinics; physicians' office practices; consumers and retail pharmacies; governmental and nonprofit public health agencies; pharmaceutical companies; and healthcare workers. Medical consists of the following organizational units: Medication Delivery Solutions; Medication Management Solutions; Diabetes Care; Pharmaceutical Systems.

Life Sciences

Life Sciences provides products for the safe collection and transport of diagnostics specimens, and instruments and reagent systems to detect a broad range of infectious diseases, healthcare-associated infections and cancers. In addition, Life Sciences produces research and clinical tools that facilitate the study of cells, and

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the components of cells, to gain a better understanding of normal and disease processes. That information is used to aid the discovery and development of new drugs and vaccines, and to improve the diagnosis and management of diseases. The primary customers served by Life Sciences are hospitals, laboratories and clinics; blood banks; healthcare workers; public health agencies; physicians' office practices; retail pharmacies; academic and government institutions; and pharmaceutical and biotechnology companies. With the emergency use authorization approval of the BD Veritor™ At-Home COVID-19 Test, Life Sciences also serves patients directly. Life Sciences consists of the following organizational units: Integrated Diagnostic Solutions and Biosciences.

Interventional

Interventional provides vascular, urology, oncology and surgical specialty products that are intended, with the exception of the V. Mueller™ surgical and laparoscopic instrumentation products, to be used once and then discarded or are either temporarily or permanently implanted. The primary customers served by Interventional are hospitals, individual healthcare professionals, extended care facilities, alternate site facilities and patients via the segment's Homecare business. Interventional consists of the following organizational units: Surgery; Peripheral Intervention; Urology and Critical Care.

Additional Segment Information

Distribution of products is primarily through independent distribution channels, and directly to end-users by BD and independent sales representatives. No customer accounted for 10% or more of revenues in any of the three years presented.

Segment disclosures are on a performance basis consistent with internal management reporting. The Company evaluates performance of its business segments and allocates resources to them primarily based upon operating income, which represents revenues reduced by product costs and operating expenses. The Company's chief operating decision maker does not receive any asset information by business segment and, as such, the Company does not report asset information by business segment.

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Financial information for the Company's segments is detailed below. The Company has no material intersegment revenues.

(Millions of dollars)	2021			2020			2019		
	United States	International	Total	United States	International	Total	United States	International	Total
Medical									
Medication Delivery Solutions	\$ 2,246	\$ 1,812	\$ 4,057	\$ 1,972	\$ 1,583	\$ 3,555	\$ 2,037	\$ 1,811	\$ 3,848
Medication Management Solutions	1,863	570	2,432	1,865	589	2,454	2,115	525	2,640
Diabetes Care	606	554	1,160	562	522	1,084	573	538	1,110
Pharmaceutical Systems	428	1,401	1,829	404	1,184	1,588	392	1,073	1,465
Total segment revenues	\$ 5,142	\$ 4,336	\$ 9,479	\$ 4,802	\$ 3,878	\$ 8,680	\$ 5,116	\$ 3,947	\$ 9,064
Life Sciences									
Integrated Diagnostic Solutions	\$ 2,477	\$ 2,748	\$ 5,225	\$ 1,872	\$ 1,659	\$ 3,532	\$ 1,446	\$ 1,659	\$ 3,106
Biosciences	503	802	1,305	465	678	1,143	485	709	1,194
Total segment revenues	\$ 2,980	\$ 3,550	\$ 6,530	\$ 2,337	\$ 2,337	\$ 4,675	\$ 1,931	\$ 2,368	\$ 4,300
Interventional									
Surgery	\$ 1,023	\$ 274	\$ 1,296	\$ 891	\$ 230	\$ 1,121	\$ 977	\$ 264	\$ 1,242
Peripheral Intervention	931	780	1,711	871	640	1,511	917	657	1,574
Urology and Critical Care	894	338	1,232	815	315	1,130	787	323	1,110
Total segment revenues	\$ 2,847	\$ 1,392	\$ 4,239	\$ 2,577	\$ 1,186	\$ 3,762	\$ 2,682	\$ 1,244	\$ 3,926
Total Company revenues	\$ 10,969	\$ 9,279	\$ 20,248	\$ 9,716	\$ 7,401	\$ 17,117	\$ 9,730	\$ 7,560	\$ 17,290

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(Millions of dollars)	2021	2020	2019
Income Before Income Taxes			
Medical (a) (b) (c)	\$ 2,583	\$ 2,274	\$ 2,824
Life Sciences (d)	2,391	1,405	1,248
Interventional (e)	933	724	903
Total Segment Operating Income	5,907	4,403	4,976
Acquisitions and other restructurings	(185)	(309)	(480)
Unallocated other operating expense, net (f)	(238)	(363)	(579)
Net interest expense	(460)	(521)	(627)
Other unallocated items (g)	(2,783)	(2,224)	(2,115)
Total Income Before Income Taxes	\$ 2,242	\$ 985	\$ 1,176
Capital Expenditures			
Medical	\$ 777	\$ 477	\$ 577
Life Sciences	297	192	230
Interventional	125	119	120
Corporate and All Other	32	22	30
Total Capital Expenditures	\$ 1,231	\$ 810	\$ 957
Depreciation and Amortization			
Medical	\$ 1,140	\$ 1,104	\$ 1,073
Life Sciences	352	286	284
Interventional	769	750	881
Corporate and All Other	12	14	14
Total Depreciation and Amortization	\$ 2,273	\$ 2,154	\$ 2,253

- (a) The amounts in 2021 and 2020 include charges of \$56 million and \$244 million, respectively, recorded to *Cost of products sold*, related to the estimate of costs associated with remediation efforts for BD Alaris™ infusion pumps in the Medication Management Solutions unit
- (b) The amount in 2020 included \$41 million of charges to *Cost of products sold* to write down the value of fixed assets primarily in the Medication Delivery Solutions and Pharmaceutical Systems units.
- (c) The amount in 2019 included \$75 million of estimated remediation costs recorded to *Other operating expense, net* relating to a recall of a product component, which generally pre-dated the Company's acquisition of CareFusion in fiscal year 2015, within the Medication Management Solutions unit's infusion systems platform.
- (d) The amount in 2020 included charges of \$57 million recorded to *Cost of products sold* to write down the carrying value of certain intangible and other assets in the Biosciences and Integrated Diagnostic Solutions units.
- (e) The amount in 2019 included a charge of \$30 million recorded to *Research and development expense* to write down the carrying value of certain intangible assets in the Surgery unit.
- (f) The amounts in 2021, 2020 and 2019 include pre-tax charges of \$361 million, \$378 million and \$914 million, respectively, related to certain product liability matters, which is further discussed in Note 5. The amount in 2021 also includes gains of \$158 million on sale-leaseback transactions, which are further discussed in Note 17, and \$35 million of costs incurred for consulting, legal, tax and other advisory services associated with the planned spin-off of BD's Diabetes Care business. The 2019 amount also included the pre-tax gain recognized on the Company's sale of its Advanced Bioprocessing business of approximately \$336 million, which is further discussed in Note 10.

Notes to Consolidated Financial Statements — (Continued)
Becton, Dickinson and Company

(g) Primarily comprised of foreign exchange, certain general and administrative expenses and share-based compensation expense.

Geographic Information

The countries in which the Company has local revenue-generating operations have been combined into the following geographic areas: the United States (including Puerto Rico); EMEA (which includes Europe, the Middle East and Africa); Greater Asia (which includes countries in Greater China, Japan, South Asia, Southeast Asia, Korea, and Australia and New Zealand); and Other, which is comprised of Latin America (which includes Mexico, Central America, the Caribbean and South America) and Canada.

Revenues to unaffiliated customers are generally based upon the source of the product shipment. Long-lived assets, which include net property, plant and equipment, are based upon physical location.

(Millions of dollars)	2021	2020	2019
Revenues			
United States	\$ 10,969	\$ 9,716	\$ 9,730
EMEA (a)	4,751	3,928	3,837
Greater Asia	3,272	2,568	2,726
Other (a)	1,255	905	997
	<u>\$ 20,248</u>	<u>\$ 17,117</u>	<u>\$ 17,290</u>
Long-Lived Assets			
United States	\$ 36,037	\$ 36,468	\$ 37,053
EMEA (a)	6,004	5,890	5,519
Greater Asia	1,662	1,521	1,328
Other (a)	860	753	824
Corporate	465	411	377
	<u>\$ 45,029</u>	<u>\$ 45,043</u>	<u>\$ 45,101</u>

(a) The amounts in fiscal years 2020 and 2019 reflect the reclassifications of \$448 million and \$478 million, respectively, of revenues and \$55 million and \$37 million, respectively, of long-lived assets in the Middle East and Africa.

Note 8 — Share-Based Compensation

The Company grants share-based awards under the 2004 Employee and Director Equity-Based Compensation Plan ("2004 Plan"), which provides long-term incentive compensation to employees and directors consisting of: stock appreciation rights ("SARs"), performance-based restricted stock units, time-vested restricted stock units and other stock awards.

Notes to Consolidated Financial Statements — (Continued)
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The fair value of share-based payments is recognized as compensation expense in net income. BD estimates forfeitures based on experience at the time of grant and adjusts expense to reflect actual forfeitures. The amounts and location of compensation cost relating to share-based payments included in the consolidated statements of income is as follows:

(Millions of dollars)	2021	2020	2019
Cost of products sold	\$ 43	\$ 40	\$ 37
Selling and administrative expense	158	150	145
Research and development expense	36	34	32
Acquisitions and other restructurings	1	20	50
	<u>\$ 238</u>	<u>\$ 245</u>	<u>\$ 265</u>
Tax benefit associated with share-based compensation costs recognized	<u>\$ 55</u>	<u>\$ 57</u>	<u>\$ 62</u>

Upon the Company's acquisition of Bard in 2018, certain pre-acquisition equity awards of Bard were converted into either BD SARs or BD restricted stock awards, as applicable. These awards have substantially the same terms and conditions as the converted Bard awards immediately prior to the acquisition date. Compensation expense of \$16 million and \$40 million associated with these replacement awards was recorded in *Acquisitions and other restructurings* in 2020 and 2019, respectively.

Stock Appreciation Rights

SARs represent the right to receive, upon exercise, shares of common stock having a value equal to the difference between the market price of common stock on the date of exercise and the exercise price on the date of grant. SARs generally vest over a period of four years and have a term of ten years. The fair value of awards was estimated on the date of grant using a lattice-based binomial option valuation model and these valuations were largely based upon the following weighted-average assumptions:

	2021	2020	2019
Risk-free interest rate	0.68%	1.69%	3.05%
Expected volatility	23.0%	19.0%	18.0%
Expected dividend yield	1.46%	1.24%	1.27%
Expected life	7.4 years	7.4 years	7.2 years
Fair value derived	\$44.38	\$48.82	\$51.86

Expected volatility is based upon historical volatility for the Company's common stock and other factors. The expected life of SARs granted is derived from the output of the lattice-based model, using assumed exercise rates based on historical exercise and termination patterns, and represents the period of time that SARs granted are expected to be outstanding. The risk-free interest rate used is based upon the published U.S. Treasury yield curve in effect at the time of grant for instruments with a similar life. The dividend yield is based upon the most recently declared quarterly dividend as of the grant date. The Company issued 0.4 million shares during 2021 to satisfy the SARs exercised.

Notes to Consolidated Financial Statements — (Continued)
Becton, Dickinson and Company

A summary of SARs outstanding as of September 30, 2021 and changes during the year then ended is as follows:

	SARs (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (Millions of dollars)
Balance at October 1	6,337	\$ 167.17		
Granted	1,097	227.83		
Exercised	(842)	128.13		
Forfeited, canceled or expired	(297)	237.47		
Balance at September 30	6,295	\$ 179.64	5.51	\$ 424
Vested and expected to vest at September 30	6,113	\$ 177.94	5.42	\$ 421
Exercisable at September 30	4,471	\$ 156.28	4.31	\$ 403

A summary of SARs exercised during 2021, 2020 and 2019 is as follows:

(Millions of dollars)	2021	2020	2019
Total intrinsic value of SARs exercised	\$ 102	\$ 212	\$ 260
Total fair value of SARs vested	\$ 39	\$ 46	\$ 66

Performance-Based and Time-Vested Restricted Stock Units

Performance-based restricted stock units cliff vest three years after the date of grant. These units are tied to the Company's performance against pre-established targets over a performance period of three years. The performance measures for fiscal years 2021 and 2020 were average annual currency-neutral revenue growth and average annual return on invested capital, with the combined factor subject to adjustment based on the Company's relative total shareholder return (measures the Company's stock performance during the performance period against that of peer companies). For fiscal year 2019, the performance measures were relative total shareholder return and average annual return on invested capital. Under the Company's long-term incentive program, the actual payout under these awards may vary from zero to 200% of an employee's target payout, based on the Company's actual performance over the performance period of three years. In fiscal years 2021 and 2020, the Company also issued additional performance-based time-vested units to certain key executives, which cliff vest three years after the date of grant and are tied to the Company's performance against average annual growth in the Company's Adjusted EPS over a performance period of three years. No shares will be issuable if the performance targets have not been met. The fair value is based on the market price of the Company's stock on the date of grant. Compensation cost initially recognized assumes that the target payout level will be achieved and is adjusted for subsequent changes in the expected outcome of performance-related conditions. For units for which the performance conditions are modified after the date of grant, any incremental increase in the fair value of the modified units, over the original units, is recorded as compensation expense on the date of the modification for vested units, or over the remaining performance period for units not yet vested.

Time-vested restricted stock unit awards vest on a graded basis over a period of three years, except for certain key executives of the Company, including the executive officers, for which such units generally vest one year following the employee's retirement. The related share-based compensation expense is recorded over the requisite service period, which is the vesting period or is based on retirement eligibility. The fair value of all time-vested restricted stock units is based on the market value of the Company's stock on the date of grant.

Notes to Consolidated Financial Statements — (Continued)
Becton, Dickinson and Company

A summary of restricted stock units outstanding as of September 30, 2021 and changes during the year then ended is as follows:

	Performance-Based		Time-Vested	
	Stock Units (in thousands)	Weighted Average Grant Date Fair Value	Stock Units (in thousands)	Weighted Average Grant Date Fair Value
Balance at October 1	962	\$ 244.42	1,697	\$ 226.01
Granted	406	216.39	881	223.60
Distributed	(39)	252.57	(601)	231.44
Forfeited or canceled	(373)	245.86	(421)	231.29
Balance at September 30	957	(a) \$ 231.63	1,556	\$ 221.11
Expected to vest at September 30	339	(b) \$ 227.92	1,478	\$ 220.60

(a) Based on 200% of target payout for performance based restricted units and 100% of the performance based time-vested units.

(b) Net of expected forfeited units and units in excess of the expected performance payout of 63 thousand and 555 thousand shares, respectively.

The weighted average grant date fair value of restricted stock units granted during the years 2021, 2020 and 2019 are as follows:

	Performance-Based			Time-Vested		
	2021	2020	2019	2021	2020	2019
Weighted average grant date fair value of units granted	\$ 216.39	\$ 245.06	\$ 237.55	\$ 223.60	\$ 249.94	\$ 235.50

The total fair value of stock units vested during 2021, 2020 and 2019 was as follows:

(Millions of dollars)	Performance-Based			Time-Vested		
	2021	2020	2019	2021	2020	2019
Total fair value of units vested	\$ 16	\$ 27	\$ 33	\$ 203	\$ 211	\$ 254

At September 30, 2021, the weighted average remaining vesting term of performance-based and time vested restricted stock units is 1.27 and 0.89 years, respectively.

Unrecognized Compensation Expense and Other Stock Plans

The amount of unrecognized compensation expense for all non-vested share-based awards as of September 30, 2021, is approximately \$247 million, which is expected to be recognized over a weighted-average remaining life of approximately 1.94 years. At September 30, 2021, 8.6 million shares were authorized for future grants under the 2004 Plan. The Company has a policy of satisfying share-based payments through either open market purchases or shares held in treasury. At September 30, 2021, the Company has sufficient shares held in treasury to satisfy these payments.

As of September 30, 2021, 93 thousand shares were held in trust relative to a Director's Deferral plan, which provides a means to defer director compensation, from time to time, on a deferred stock or cash basis. Also as of September 30, 2021, 259 thousand shares were issuable under a Deferred Compensation Plan that allows certain highly-compensated employees, including executive officers, to defer salary, annual incentive awards and certain equity-based compensation.

Notes to Consolidated Financial Statements — (Continued)
Becton, Dickinson and Company

Note 9 — Benefit Plans

The Company has defined benefit pension plans covering certain employees in the United States and certain international locations. Postretirement healthcare and life insurance benefits provided to qualifying domestic retirees as well as other postretirement benefit plans in international countries are not material. The measurement date used for the Company's employee benefit plans is September 30.

As a result of the Company's conclusion to merge the legacy Bard pension plan into the BD defined benefit cash balance pension plan, the assets and liabilities of the legacy Bard U.S. defined pension benefit plan were remeasured as of October 31, 2020. Amendments to this plan were approved and communicated to affected employees in the first quarter of fiscal year 2021. The legacy Bard U.S. pension plan has been frozen to prevent new participants since January 1, 2011.

Effective January 1, 2018, the legacy BD U.S. pension plan was frozen to limit the participation of employees who are hired or re-hired by the Company, or who transfer employment to the Company, on or after January 1, 2018.

Net pension cost for the years ended September 30 included the following components:

(Millions of dollars)	Pension Plans		
	2021	2020	2019
Service cost	\$ 150	\$ 153	\$ 134
Interest cost	71	84	107
Expected return on plan assets	(174)	(188)	(180)
Amortization of prior service credit	(16)	(13)	(13)
Amortization of loss	97	97	78
Curtailment/settlement loss	9	4	10
Net pension cost	<u>\$ 137</u>	<u>\$ 137</u>	<u>\$ 135</u>
Net pension cost included in the preceding table that is attributable to international plans	<u>\$ 41</u>	<u>\$ 41</u>	<u>\$ 32</u>

The amounts provided above for amortization of prior service credit and amortization of loss represent the reclassifications of prior service credits and net actuarial losses that were recognized in *Accumulated other comprehensive income (loss)* in prior periods. The settlement losses recorded in 2021, 2020 and 2019 included lump sum benefit payments associated with certain plans. The Company recognizes pension settlements when payments from the plan exceed the sum of service and interest cost components of net periodic pension cost associated with the plan for the fiscal year. A curtailment loss in 2021, related to freezing a pension plan in Europe, was recorded when the loss was probable and estimable.

All components of the Company's net periodic pension and postretirement benefit costs, aside from service cost, are recorded to *Other (expense) income, net* on its consolidated statements of income.

Notes to Consolidated Financial Statements — (Continued)
Becton, Dickinson and Company

The change in benefit obligation, change in fair value of pension plan assets, funded status and amounts recognized in the Consolidated Balance Sheets for these plans were as follows:

(Millions of dollars)	Pension Plans	
	2021	2020
Change in benefit obligation:		
Beginning obligation	\$ 3,953	\$ 3,731
Service cost	150	153
Interest cost	71	84
Plan amendments	(30)	—
Benefits paid	(156)	(186)
Impact of acquisitions	—	10
Actuarial (gain) loss	(69)	104
Curtailments/settlements	(49)	(17)
Other, includes translation	19	74
Benefit obligation at September 30	<u>\$ 3,889</u>	<u>\$ 3,953</u>
Change in fair value of plan assets:		
Beginning fair value	\$ 3,045	\$ 2,926
Actual return on plan assets	317	222
Employer contribution	66	42
Benefits paid	(156)	(186)
Impact of acquisitions	—	7
Settlements	(55)	(17)
Other, includes translation	5	51
Plan assets at September 30	<u>\$ 3,222</u>	<u>\$ 3,045</u>
Funded Status at September 30:		
Unfunded benefit obligation	<u>\$ (667)</u>	<u>\$ (908)</u>
Amounts recognized in the Consolidated Balance Sheets at September 30:		
Other	\$ 29	\$ 16
Salaries, wages and related items	(29)	(23)
Long-term Employee Benefit Obligations	(667)	(901)
Net amount recognized	<u>\$ (667)</u>	<u>\$ (908)</u>
Amounts recognized in Accumulated other comprehensive income (loss) before income taxes at September 30:		
Prior service credit	\$ 41	\$ 31
Net actuarial loss	(972)	(1,281)
Net amount recognized	<u>\$ (931)</u>	<u>\$ (1,250)</u>

International pension plan assets at fair value included in the preceding table were \$.033 billion and \$935 million at September 30, 2021 and 2020, respectively. The international pension plan projected benefit obligations were \$1.320 billion and \$1.321 billion at September 30, 2021 and 2020, respectively.

Notes to Consolidated Financial Statements — (Continued)
Becton, Dickinson and Company

The benefit obligation associated with postretirement healthcare and life insurance plans provided to qualifying domestic retirees, which was largely recorded to *Long-Term Employee Benefit Obligations*, was \$138 million and \$148 million at September 30, 2021 and 2020, respectively.

Pension plans with accumulated benefit obligations in excess of plan assets and plans with projected benefit obligations in excess of plan assets consist of the following at September 30:

(Millions of dollars)	Accumulated Benefit Obligation Exceeds the Fair Value of Plan Assets		Projected Benefit Obligation Exceeds the Fair Value of Plan Assets	
	2021	2020	2021	2020
Projected benefit obligation			\$ 3,475	\$ 3,920
Accumulated benefit obligation	\$ 3,309	\$ 3,703		
Fair value of plan assets	\$ 2,712	\$ 2,936	\$ 2,780	\$ 2,996

The weighted average assumptions used in determining pension plan information were as follows:

	2021	2020	2019
Net Cost			
Discount rate:			
U.S. plans (a)	2.80 %	3.21 %	4.26 %
International plans	1.44	1.39	2.30
Expected return on plan assets:			
U.S. plans	6.25	7.25	7.25
International plans	4.92	5.05	4.98
Rate of compensation increase:			
U.S. plans	4.30	4.29	4.29
International plans	2.20	2.35	2.36
Cash balance plan interest crediting rate:			
U.S. plans	4.00	4.00	4.00
International plans	1.95	1.97	1.84
Benefit Obligation			
Discount rate:			
U.S. plans	2.89	2.80	3.21
International plans	1.75	1.44	1.39
Rate of compensation increase:			
U.S. plans	4.31	4.30	4.29
International plans	2.63	2.20	2.35
Cash balance plan interest crediting rate:			
U.S. plans	4.00	4.00	4.00
International plans	2.02	1.95	1.97

- (a) The Company calculated the service and interest components utilizing an approach that discounts the individual expected cash flows using the applicable spot rates derived from the yield curve over the projected cash flow period.

Notes to Consolidated Financial Statements — (Continued)
Becton, Dickinson and Company

Expected Rate of Return on Plan Assets

The expected rate of return on plan assets is based upon expectations of long-term average rates of return to be achieved by the underlying investment portfolios. In establishing this assumption, the Company considers many factors, including historical assumptions compared with actual results; benchmark data; expected returns on various plan asset classes, as well as current and expected asset allocations.

Expected Funding

The Company's funding policy for its defined benefit pension plans is to contribute amounts sufficient to meet legal funding requirements, plus any additional amounts that may be appropriate considering the funded status of the plans, tax consequences, the cash flow generated by the Company and other factors. The Company made discretionary contributions to its BD U.S. pension plan of \$16 million during fiscal year 2021 and \$134 million in October 2021. The Company did not make any required contributions in 2021 and does not anticipate any significant required contributions to its pension plans in 2022.

Expected benefit payments are as follows:

(Millions of dollars)	Pension Plans
2022	\$ 242
2023	174
2024	178
2025	189
2026	206
2027-2031	1,113

Expected benefit payments associated with postretirement healthcare plans are immaterial to the Company's consolidated financial results.

Investments

The Company's primary objective is to achieve returns sufficient to meet future benefit obligations. It seeks to generate above market returns by investing in more volatile asset classes such as equities while at the same time controlling risk through diversification in non-correlated asset classes and through allocations to more stable asset classes like fixed income.

U.S. Plans

The Company's U.S. pension plans comprise 68% of total benefit plan investments, based on September 30, 2021 market values, and have a target asset mix of 45% fixed income, 23% diversifying investments and 32% equities. This mix was established based on an analysis of projected benefit payments and estimates of long-term returns, volatilities and correlations for various asset classes. The asset allocations to diversifying investments include high-yield bonds, hedge funds, real estate, infrastructure, leveraged loans and emerging markets bonds.

The actual portfolio investment mix may, from time to time, deviate from the established target mix due to various factors such as normal market fluctuations, the reliance on estimates in connection with the determination of allocations and normal portfolio activity such as additions and withdrawals. Rebalancing of the asset portfolio on a quarterly basis is required to address any allocations that deviate from the established target allocations in excess of defined allowable ranges. The target allocations are subject to periodic review, including a review of the asset portfolio's performance, by the named fiduciary of the plans. Any tactical deviations from the established asset mix require the approval of the named fiduciary.

The U.S. plans may enter into both exchange traded and non-exchange traded derivative transactions in order to manage interest rate exposure, volatility, term structure of interest rates, and sector and currency

Notes to Consolidated Financial Statements — (Continued)
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exposures within the fixed income portfolios. The Company has established minimum credit quality standards for counterparties in such transactions.

The following table provides the fair value measurements of U.S. plan assets, as well as the measurement techniques and inputs utilized to measure fair value of these assets, at September 30, 2021 and 2020. The categorization of fund investments is based upon the categorization of these funds' underlying assets.

(Millions of dollars)	Basis of fair value measurement (See Note 1)									
	Total U.S. Plan Asset Balances		Investments Measured at Net Asset Value (a)		Level 1		Level 2		Level 3	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Fixed Income:										
Corporate bonds	\$ 679	\$ 656	\$ —	\$ —	\$ 297	\$ 273	\$ 382	\$ 383	\$ —	\$ —
Government and agency-U.S.	184	95	—	—	162	74	22	21	—	—
Government and agency-Foreign	46	40	—	—	—	—	46	40	—	—
Other fixed income	141	141	—	—	—	—	141	141	—	—
Equity securities	686	737	43	43	643	694	—	—	—	—
Cash and cash equivalents	168	147	—	—	168	147	—	—	—	—
Other	286	291	152	151	135	141	—	—	—	—
Fair value of plan assets	<u>\$ 2,189</u>	<u>\$ 2,108</u>	<u>\$ 195</u>	<u>\$ 193</u>	<u>\$ 1,405</u>	<u>\$ 1,330</u>	<u>\$ 590</u>	<u>\$ 584</u>	<u>\$ —</u>	<u>\$ —</u>

- (a) As per applicable disclosure requirements, certain investments that were measured at net asset value per share or its equivalent have not been categorized within the fair value hierarchy. Values of such assets are based on the corroborated net asset value provided by the fund administrator.

Fixed Income Securities

U.S. pension plan assets categorized above as fixed income securities include fund investments comprised of corporate and government and agency investments. Investments in corporate bonds are diversified across industry and sector and consist of investment-grade, as well as high-yield debt instruments. U.S. government investments consist of obligations of the U.S. Treasury, other U.S. government agencies, state governments and local municipalities. Assets categorized as foreign government and agency debt securities included investments in developed and emerging markets.

The values of fixed income investments classified within Level 1 are based on the closing price reported on the major market on which the investments are traded. A portion of the fixed income instruments classified within Level 2 are valued based upon estimated prices from independent vendors' pricing models and these prices are derived from market observable sources including: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers and other market-related data.

Equity Securities

U.S. pension plan assets categorized as equity securities consist of fund investments in publicly-traded U.S. and non-U.S. equity securities. In order to achieve appropriate diversification, these portfolios are invested across market sectors, investment styles, capitalization weights and geographic regions. The values of equity securities classified within Level 1 are based on the closing price reported on the major market on which the

Notes to Consolidated Financial Statements — (Continued)
Becton, Dickinson and Company

investments are traded or have a readily determinable fair value based on published prices obtained from fund managers which represent the price at which the instruments can be redeemed at period end. The U.S. pension plan has no future funding commitments associated with these investments and has the right to redeem them upon one day's notice, at any time and without restriction.

Cash and Cash Equivalents

A portion of the U.S. plans' assets consists of investments in cash and cash equivalents, primarily to accommodate liquidity requirements relating to trade settlement and benefit payment activity, and the values of these assets are based upon quoted market prices.

Other Securities

Other U.S. pension plan assets include fund investments comprised of hedge funds. The values of such instruments classified within Level 1 are based on the closing price reported on the major market on which the investments are traded.

International Plans

International plan assets comprise 32% of the Company's total benefit plan assets, based on market value at September 30, 2021. Such plans have local independent fiduciary committees, with responsibility for development and oversight of investment policy, including asset allocation decisions. In making such decisions, consideration is given to local regulations, investment practices and funding rules.

The following table provides the fair value measurements of international plan assets, as well as the measurement techniques and inputs utilized to measure fair value of these assets, at September 30, 2021 and 2020.

(Millions of dollars)	Total International Plan Asset Balances		Investments Measured at Net Asset Value		Basis of fair value measurement (See Note 1)					
					Level 1		Level 2		Level 3 (a)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Fixed Income:										
Corporate bonds	\$ 55	\$ 34	\$ —	\$ —	\$ 37	\$ 15	\$ 18	\$ 19	\$ —	\$ —
Government and agency-U.S.	13	3	—	—	10	—	3	3	—	—
Government and agency- Foreign	264	212	—	—	249	115	15	97	—	—
Other fixed income	121	102	—	—	72	63	49	39	—	—
Equity securities	297	335	—	—	297	335	—	—	—	—
Cash and cash equivalents	14	12	—	—	14	12	—	—	—	—
Real estate	44	34	—	—	2	—	31	24	11	10
Insurance contracts	118	131	—	—	—	—	—	—	118	131
Other	107	72	—	—	84	70	8	1	15	—
Fair value of plan assets	<u>\$ 1,033</u>	<u>\$ 935</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 765</u>	<u>\$ 611</u>	<u>\$ 124</u>	<u>\$ 183</u>	<u>\$ 145</u>	<u>\$ 141</u>

Notes to Consolidated Financial Statements — (Continued)
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- (a) Changes in the fair value of international pension assets measured using Level 3 inputs for the years ended September 30, 2021 and 2020 were immaterial.

Fixed Income Securities

Fixed income investments held by international pension plans include corporate, U.S. government and non-U.S. government securities. The values of fixed income securities classified within Level 1 are based on the closing price reported on the major market on which the investments are traded. Values of investments classified within Level 2 are based upon estimated prices from independent vendors' pricing models and these prices are derived from market observable sources.

Equity Securities

Equity securities included in the international plan assets consist of publicly-traded U.S. and non-U.S. equity securities. The values of equity securities classified within Level 1 are based on the closing price reported on the major market on which the investments are traded or have a readily determinable fair value based on published prices obtained from fund managers which represent the price at which the instruments can be redeemed at period end. The international plans holding these securities have no future funding commitments associated with these investments and has the right to redeem them upon one day's notice, at any time and without restriction.

Other Securities

The international plans hold a portion of assets in cash and cash equivalents, in order to accommodate liquidity requirements and the values are based upon quoted market prices. Real estate investments consist of investments in funds holding an interest in real properties and the corresponding values represent the estimated fair value based on the fair value of the underlying investment value or cost, adjusted for any accumulated earnings or losses. The values of insurance contracts approximately represent cash surrender value. Other investments include fund investments for which values are based upon either quoted market prices or market observable sources.

Defined Contribution Plans

The cost of voluntary defined contribution plans which provide for a Company match or contribution was \$153 million in 2021, \$111 million in 2020 and \$126 million in 2019. As a short term measure to preserve cash and reduce costs, the Company's matching contributions were temporarily suspended effective May 1, 2020 and matching contributions were reinstated in October 2020.

Note 10 — Divestitures

In October 2018, the Company completed the sale of its Life Sciences segment's Advanced Bioprocessing business. The Company recognized a pre-tax gain on the sale of approximately \$336 million which was recorded as a component of *Other operating expense, net* in fiscal year 2019.

Notes to Consolidated Financial Statements — (Continued)
Becton, Dickinson and Company

Note 11 — Business Restructuring Charges

In connection with the Company's 2018 acquisition of Bard, and simplification and other cost saving initiatives, the Company incurred restructuring costs which were largely recorded within *Acquisitions and other restructurings* on its consolidated statements of income. The simplification and other costs saving initiatives are focused on reducing complexity, enhancing product quality, refining customer experience, and improving cost efficiency across all of the Company's segments. Restructuring liability activity in 2021, 2020 and 2019 was as follows:

(Millions of dollars)	Employee Termination		Other		Total	
	Bard	Other Initiatives (a)	Bard (b)	Other Initiatives (a)	Bard	Other Initiatives (a)
Balance at September 30, 2018	\$ 33	\$ 23	\$ —	\$ 4	\$ 33	\$ 27
Charged to expense	23	29	95	33	118	62
Cash payments	(34)	(21)	(5)	(31)	(39)	(52)
Non-cash settlements	—	—	(89)	(3)	(89)	(3)
Balance at September 30, 2019	\$ 22	\$ 31	\$ 1	\$ 3	\$ 23	\$ 34
Charged to expense	7	13	42	33	49	46
Cash payments	(14)	(27)	(18)	(31)	(32)	(58)
Non-cash settlements	—	—	(24)	(2)	(24)	(2)
Balance at September 30, 2020	\$ 15	\$ 17	\$ 1	\$ 3	\$ 16	\$ 20
Charged to expense	1	13	2	34	3	47
Cash payments	(5)	(26)	(2)	(29)	(7)	(55)
Non-cash settlements	—	—	—	(4)	—	(4)
Other adjustments	(1)	—	—	—	(1)	—
Balance at September 30, 2021	<u>\$ 10</u>	<u>\$ 4</u>	<u>\$ 1</u>	<u>\$ 4</u>	<u>\$ 11</u>	<u>\$ 8</u>

(a) Restructuring costs in 2021, 2020 and 2019 included expenses primarily related to simplification and other cost saving initiatives.

(b) Expenses in 2020 and 2019 largely represented the costs associated with the conversion of certain pre-acquisition equity awards of Bard which, to encourage post-acquisition employee retention, were converted to BD equity awards with substantially the same terms and conditions as were applicable under such Bard awards immediately prior to the acquisition date.

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Note 12 — Intangible Assets

Intangible assets at September 30 consisted of:

(Millions of dollars)	2021			2020		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
<i>Amortized intangible assets</i>						
Developed technology	\$ 14,399	\$ (4,983)	\$ 9,417	\$ 14,105	\$ (3,959)	\$ 10,146
Customer relationships	4,658	(1,839)	2,818	4,616	(1,509)	3,107
Product rights	123	(83)	40	119	(73)	46
Trademarks	409	(137)	271	408	(120)	288
Patents and other	533	(342)	191	500	(320)	180
Amortized intangible assets	<u>\$ 20,122</u>	<u>\$ (7,385)</u>	<u>\$ 12,737</u>	<u>\$ 19,748</u>	<u>\$ (5,981)</u>	<u>\$ 13,767</u>
<i>Unamortized intangible assets</i>						
Acquired in-process research and development	\$ 44			\$ 44		
Trademarks	2			2		
Unamortized intangible assets	<u>\$ 46</u>			<u>\$ 46</u>		

Intangible amortization expense was \$1.403 billion, \$1.384 billion and \$1.497 billion in 2021, 2020 and 2019, respectively. The estimated aggregate amortization expense for the fiscal years ending September 30, 2022 to 2026 are as follows: 2022 — \$1.399 billion; 2023 — \$1.386 billion; 2024 — \$1.384 billion; 2025 — \$1.383 billion; 2026 — \$1.357 billion.

The following is a reconciliation of goodwill by business segment:

(Millions of dollars)	Medical	Life Sciences	Interventional	Total
Goodwill as of September 30, 2019	\$ 9,989	\$ 772	\$ 12,615	\$ 23,376
Acquisitions (a)	10	58	49	117
Purchase price allocation adjustments	—	1	4	5
Currency translation	44	7	71	122
Goodwill as of September 30, 2020	\$ 10,044	\$ 837	\$ 12,739	\$ 23,620
Acquisitions (a)	193	—	72	264
Purchase price allocation adjustments	4	—	1	6
Currency translation	15	(1)	(2)	12
Goodwill as of September 30, 2021	<u>\$ 10,255</u>	<u>\$ 836</u>	<u>\$ 12,810</u>	<u>\$ 23,901</u>

(a) Represents goodwill recognized relative to certain acquisitions which were not material individually or in the aggregate.

Note 13 — Derivative Instruments and Hedging Activities

The Company uses derivative instruments to mitigate certain exposures. The Company does not enter into derivative financial instruments for trading or speculative purposes. The effects these derivative instruments and hedged items had on the Company's balance sheets and the fair values of the derivatives outstanding at September 30, 2021 and 2020 were not material. The effects on the Company's financial performance and cash flows are provided below.

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Foreign Currency Risks and Related Strategies

The Company has foreign currency exposures throughout Europe, Greater Asia, Canada and Latin America. Transactional currency exposures that arise from entering into transactions, generally on an intercompany basis, in non-hyperinflationary countries that are denominated in currencies other than the functional currency are mitigated primarily through the use of forward contracts. In order to mitigate foreign currency exposure relating to its investments in certain foreign subsidiaries, the Company has hedged the currency risk associated with those investments with certain instruments such as foreign currency-denominated debt and cross-currency swaps, which are designated as net investment hedges, as well as currency exchange contracts.

The notional amounts of the Company's foreign currency-related derivative instruments as of September 30, 2021 and 2020 were as follows:

(Millions of dollars)	Hedge Designation	2021	2020
Foreign exchange contracts (a)	Undesignated	\$ 2,735	\$ 2,519
Foreign currency-denominated debt (b)	Net investment hedges	2,543	1,522
Cross-currency swaps (c)	Net investment hedges	1,958	2,971

- (a) Represent hedges of transactional foreign exchange exposures resulting primarily from intercompany payables and receivables. Gains and losses on these instruments are recognized immediately in income. These gains and losses are largely offset by gains and losses on the underlying hedged items, as well as the hedging costs associated with the derivative instruments. Net amounts recognized in *Other (expense) income, net*, during the years ending September 30, 2021, 2020 and 2019 are detailed in Note 18.
- (b) Represents foreign currency-denominated long-term notes outstanding which were effective as economic hedges of net investments in certain of the Company's foreign subsidiaries.
- (c) Represents cross-currency swaps which were effective as economic hedges of net investments in certain of the Company's foreign subsidiaries.

Net gains or losses relating to the net investment hedges, which are attributable to changes in the foreign currencies to U.S. dollar spot exchange rates, are recorded as accumulated foreign currency translation in *Other comprehensive income (loss)*. Upon the termination of a net investment hedge, any net gain or loss included in *Accumulated other comprehensive income (loss)* relative to the investment hedge remains until the foreign subsidiary investment is disposed of or is substantially liquidated.

Net gains (losses) recorded to *Accumulated other comprehensive income (loss)* relating to the Company's net investment hedges as of September 30, 2021, 2020 and 2019 were as follows:

(Millions of dollars)	2021	2020	2019
Foreign currency-denominated debt	\$ 32	\$ (106)	\$ 138
Cross-currency swaps (a)	(21)	(109)	73
Foreign currency forward contract (b)	—	—	(9)

- (a) The amount in 2021 includes a loss of \$35 million recognized on terminated cross-currency swaps.
- (b) The amount in 2019 represented a loss recognized on a forward contract which was entered into and terminated in fiscal year 2019.

Interest Rate Risks and Related Strategies

The Company uses a mix of fixed and variable rate debt, which is further discussed in Note 15, to manage its interest rate exposure, and periodically uses interest rate swaps to manage such exposures. Under these interest rate swaps, the Company exchanges, at specified intervals, the difference between fixed and floating

Notes to Consolidated Financial Statements — (Continued)
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interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated as either cash flow or fair value hedges.

Changes in the fair value of the interest rate swaps designated as cash flow hedges (i.e., hedging the exposure to variability in expected future cash flows that is attributable to a particular risk) are recorded in *Other comprehensive income (loss)*. If interest rate derivatives designated as cash flow hedges are terminated, the balance in *Accumulated other comprehensive income (loss)* attributable to those derivatives is reclassified into earnings over the remaining life of the hedged debt. The net realized loss related to terminated interest rate swaps expected to be reclassified and recorded in *Interest expense* within the next 12 months is \$1 million, net of tax. The amounts reclassified from accumulated other comprehensive income relating to cash flow hedges during 2021, 2020 and 2019 were not material to the Company's consolidated financial results.

The Company recorded net after-tax gains (losses) of \$72 million and \$(75) million in *Other comprehensive income (loss)* relating to interest rate-related cash flow hedges during the years ended September 30, 2021 and 2020, respectively. The amounts recognized in other comprehensive income relating to interest rate hedges during the year ended 2019 were immaterial.

For interest rate swaps designated as fair value hedges (i.e., hedges against the exposure to changes in the fair value of an asset or a liability or an identified portion thereof that is attributable to a particular risk), changes in the fair value of the interest rate swaps offset changes in the fair value of the fixed rate debt due to changes in market interest rates. The amounts recorded during the years ended September 30, 2021 and 2020 for changes in the fair value of these hedges were immaterial to the Company's consolidated financial results.

The notional amounts of the Company's interest rate-related derivative instruments as of September 30, 2021 and 2020 were as follows:

(Millions of dollars)	Hedge Designation	2021	2020
Interest rate swaps (a)	Fair value hedges	\$ 700	\$ 375
Forward starting interest rate swaps (b)	Cash flow hedges	1,000	1,500

(a) Represents fixed-to-floating interest rate swap agreements the Company entered into to convert the interest payments on certain long-term notes from the fixed rate to a floating interest rate based on LIBOR. In fiscal year 2021, certain interest rate swaps were terminated at an immaterial net gain, concurrently with the redemption of the 3.125% notes due November 8, 2021.

(b) Represents interest rate derivatives entered into to mitigate exposure to interest rate risk related to future debt issuances. Concurrently with the issuance of senior unsecured U.S. notes in the second quarter of fiscal year 2021, the notional amount of \$500 million of the Company's outstanding forward starting interest rate swaps were terminated at an immaterial net loss.

Other Risk Exposures

The Company purchases resins, which are oil-based components used in the manufacture of certain products. Significant increases in world oil prices that lead to increases in resin purchase costs could impact future operating results. From time to time, the Company has managed price risks associated with these commodity purchases through commodity derivative forward contracts. The Company had no outstanding commodity derivative forward contracts at September 30, 2021 and 2020.

Note 14 — Financial Instruments and Fair Value Measurements

The following reconciles cash and equivalents and restricted cash reported within the Company's consolidated balance sheets at September 30, 2021 and 2020 to the total of these amounts shown on the Company's consolidated statements of cash flows:

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Becton, Dickinson and Company

(Millions of dollars)	2021	2020
Cash and equivalents	\$ 2,283	\$ 2,825
Restricted cash	109	92
Cash and equivalents and restricted cash	\$ 2,392	\$ 2,917

The fair values of the Company's financial instruments are as follows:

(Millions of dollars)	Basis of fair value measurement (See Note 1)	2021	2020
Institutional money market accounts and ultra-short bond fund (a)	Level 1	\$ 200	\$ 1,549
Current portion of long-term debt (b)	Level 2	503	702
Long-term debt (b)	Level 2	18,537	18,970

(a) These financial instruments are recorded within *Cash and equivalents* on the consolidated balance sheets. The institutional money market accounts permit daily redemption. Remaining cash and equivalents, excluding restricted cash, were \$2.083 billion and \$1.276 billion at September 30, 2021 and 2020, respectively.

(b) Long-term debt is recorded at amortized cost. The fair value of long-term debt is measured based upon quoted prices in active markets for similar instruments

Short-term investments are held to their maturities and are carried at cost, which approximates fair value. The short-term investments consist of instruments with maturities greater than three months and less than one year. All other instruments measured by the Company at fair value, including derivatives and contingent consideration liabilities, are immaterial to the Company's consolidated balance sheets.

Nonrecurring Fair Value Measurements

In fiscal year 2021, the Company recorded charges to *Cost of products sold* of \$49 million to write down the carrying value of certain fixed assets. In fiscal year 2020, the Company recorded charges to *Cost of products sold* of \$57 million to write down the carrying values of certain intangible and other assets in the Biosciences and Integrated Diagnostic Solutions units, and \$41 million to write down the value of fixed assets primarily in the Medication Delivery Solutions and Pharmaceutical Systems units. In fiscal year 2019, the Company recorded a charge to *Research and development expense* of \$30 million to write down the carrying values of certain intangible assets in the Surgery unit. The amounts recognized in 2021, 2020 and 2019 were recorded to adjust the carrying amount of assets to the assets' fair values, which were estimated, based upon a market participant's perspective, using Level 3 inputs, including values estimated using the income approach.

Concentration of Credit Risk

The Company maintains cash deposits in excess of government-provided insurance limits. Such cash deposits are exposed to loss in the event of nonperformance by financial institutions. Substantially all of the Company's trade receivables are due from public and private entities involved in the healthcare industry. Due to the large size and diversity of the Company's customer base, concentrations of credit risk with respect to trade receivables are limited. The Company does not normally require collateral. The Company is exposed to credit loss in the event of nonperformance by financial institutions with which it conducts business. However, this loss is limited to the amounts, if any, by which the obligations of the counterparty to the financial instrument contract exceed the obligations of the Company. The Company also minimizes exposure to credit risk by dealing with a diversified group of major financial institutions.

The Company continually evaluates its accounts receivables for potential collection risks particularly those resulting from sales to government-owned or government-supported healthcare facilities in certain countries as payment may be dependent upon the financial stability and creditworthiness of those countries' national economies. The Company continually evaluates all governmental receivables for potential collection risks associated with the availability of government funding and reimbursement practices. The Company

Notes to Consolidated Financial Statements — (Continued)
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believes the current reserves related to all governmental receivables are adequate and that this concentration of credit risk will not have a material adverse impact on its financial position or liquidity.

Transfers of trade receivables

Over the normal course of its business activities, the Company transfers certain trade receivable assets to third parties under factoring agreements. Per the terms of these agreements, the Company surrenders control over its trade receivables upon transfer. Accordingly, the Company accounts for the transfers as sales of trade receivables by recognizing an increase to *Cash and equivalents* and a decrease to *Trade receivables, net* when proceeds from the transactions are received. The costs incurred by the Company in connection with factoring activities were not material to its consolidated financial results. The amounts transferred and yet to be remitted under factoring arrangements in 2021 and 2020 are provided below. The Company's transfers of trade receivables during fiscal year 2019 were not material to its consolidated financial results.

(Millions of dollars)	2021	2020
Trade receivables transferred to third parties under factoring arrangements	\$ 1,302	\$ 2,163
Amounts yet to be collected and remitted to the third parties	130	256

Note 15 — Debt

Short-term debt

The carrying value of *Short-term debt*, net of unamortized debt issuance costs, at September 30 consisted of:

(Millions of dollars)	2021	2020
Current portion of long-term debt		
0.174% Notes due June 4, 2021 (a)	\$ —	\$ 701
Floating Rate Notes due June 6, 2022	500	—
Other	—	5
Total short-term debt	<u>\$ 500</u>	<u>\$ 707</u>

(a) All of the aggregate principal amount outstanding was retired during 2021, as further discussed below.

The weighted average interest rates for short-term debt were 1.15% and 0.20% at September 30, 2021 and 2020, respectively.

Notes to Consolidated Financial Statements — (Continued)
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Long-term debt

The carrying value of *Long-Term Debt*, net of unamortized debt issuance costs, at September 30 consisted of:

(Millions of dollars)		2021	2020
3.125% Notes due November 8, 2021	(a)	\$ —	\$ 1,008
2.894% Notes due June 6, 2022	(a)	—	1,797
Floating Rate Notes due June 6, 2022		—	499
1.000% Notes due December 15, 2022		579	584
3.300% Notes due March 1, 2023	(a)	—	295
1.401% Notes due May 24, 2023		347	350
0.632% Notes due June 4, 2023		926	933
0.000% Notes due August 13, 2023	(b)	463	—
3.875% Notes due May 15, 2024	(a)	146	180
3.363% Notes due June 6, 2024	(a)	994	1,742
3.734% Notes due December 15, 2024	(a)	873	1,370
3.020% Notes due May 24, 2025		336	320
0.034% Notes due August 13, 2025	(b)	577	—
1.208% Notes due June 4, 2026		693	699
6.700% Notes due December 1, 2026		168	172
1.900% Notes due December 15, 2026		577	582
3.700% Notes due June 6, 2027		1,716	1,715
7.000% Debentures due August 1, 2027		174	175
6.700% Debentures due August 1, 2028		173	174
0.334% Notes due August 13, 2028	(b)	1,037	—
2.823% Notes due May 20, 2030		744	743
1.957% Notes due February 11, 2031	(b)	992	—
1.213% Notes due February 12, 2036	(b)	690	—
6.000% Notes due May 15, 2039		246	246
5.000% Notes due November 12, 2040		124	124
1.336% Notes due August 13, 2041	(b)	1,034	—
4.875% Notes due May 15, 2044		246	247
4.685% Notes due December 15, 2044		1,033	1,044
4.669% Notes due June 6, 2047		1,481	1,485
3.794% Notes due May 20, 2050		742	742
Total Long-Term Debt		\$ 17,110	\$ 17,224

(a) All or a portion of the aggregate principal amount outstanding was retired during 2021, as further discussed below.

(b) Represents notes issued during 2021, as further discussed below.

The aggregate annual maturities of *Long-Term Debt* including interest during the fiscal years ending September 30, 2022 to 2026 are as follows: 2022 — \$33 million; 2023 — \$2.749 billion; 2024 — \$1.559 billion; 2025 — \$2.164 billion; 2026 — \$1.053 billion.

Notes to Consolidated Financial Statements — (Continued)
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Other current credit facilities

During the fourth quarter of fiscal year 2021, the Company refinanced its five-year senior unsecured revolving credit facility that was to expire in December 2022, with a new five-year senior unsecured revolving credit facility that will expire in September 2026. The credit facility provides borrowings of up to \$2.75 billion, with separate sub-limits of \$100 million for letters of credit and swingline loans. The expiration date of the credit facility may be extended for up to two additional one year periods, subject to certain restrictions (including the consent of the lenders). The credit facility provides that the Company may, subject to additional commitments by lenders, request an additional \$500 million of financing, for a maximum aggregate commitment under the credit facility of up to \$3.25 billion. Proceeds from this facility may be used for general corporate purposes. There were no borrowings outstanding under the Company's revolving credit facilities as of September 30, 2021 and 2020. In addition, the Company has informal lines of credit outside of the United States.

The Company had no commercial paper borrowings outstanding as of September 30, 2021.

Debt issuances

The Company issued the following U.S. dollar-denominated debt during fiscal years 2021 and 2020:

Interest rate and maturity	Period issued	Amount issued (millions of dollars)	Use of proceeds
1.957% notes due February 11, 2031	Second quarter 2021	\$ 1,000	Retirement of 3.125% notes due November 8, 2021
2.823% notes due May 20, 2030	Third quarter 2020	750	Retirements of 2.404% notes due June 5, 2020 and 3.250% notes due November 12, 2020
3.794% notes due May 20, 2050	Third quarter 2020	750	Retirements of 2.404% notes due June 5, 2020 and 3.250% notes due November 12, 2020

The Company issued the following Euro-denominated debt during fiscal year 2021:

Interest rate and maturity	Period issued	Amount issued (millions of Euros)	Amount issued (millions of dollars)	Use of proceeds
0.000% notes due August 13, 2023	Fourth quarter 2021	€ 400	\$ 470	Fourth quarter 2021 retirements detailed below
0.034% notes due August 13, 2025	Fourth quarter 2021	500	587	Fourth quarter 2021 retirements detailed below

Also in fiscal year 2021, Becton Dickinson Euro Finance S.à r.l., a private limited liability company (société à responsabilité limitée), which is an indirect, wholly-owned finance subsidiary of the Company, issued Euro-denominated notes, listed below, which are fully and unconditionally guaranteed on a senior unsecured basis by the Company. No other of the Company's subsidiaries provide any guarantees with respect to these notes. The indenture covenants included a limitation on liens and a restriction on sale and leasebacks, change of control and consolidation, merger and sale of assets covenants. These covenants are subject to a number of exceptions, limitations and qualifications. The indenture does not restrict the Company, Becton Dickinson Euro Finance S.à r.l., or any other of the Company's subsidiaries from incurring additional debt or other liabilities, including additional senior debt. Additionally, the indenture does not restrict Becton Dickinson Euro Finance S.à r.l. and the Company from granting security interests over its assets. The notes issued by Becton Dickinson Euro Finance S.à r.l. included the following:

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Interest rate and maturity	Period issued	Amount issued (millions of Euros)	Amount issued (millions of dollars)	Use of proceeds
0.334% notes due August 13, 2028	Fourth quarter 2021	€ 900	\$ 1,055	Fourth quarter 2021 retirements detailed below
1.336% notes due August 13, 2041	Fourth quarter 2021	900	1,055	Fourth quarter 2021 retirements detailed below
1.213% notes due February 12, 2036	Second quarter 2021	600	728	Retirement of 0.174% notes due June 4, 2021

Debt retirements

The Company's retirements of debt in fiscal year 2021 included the following:

Principal, interest rate and maturity	Period of retirement	(millions of dollars)		
		Carrying value	Market price of retirement (a)	Loss recognized to <i>Other (expense) income, net</i> (b)
\$1.535 billion of 2.894% notes due June 6, 2022	Fourth quarter 2021	\$ 1,534	\$ 1,566	\$ 32
\$294 million of 3.300% notes due March 1, 2023	Fourth quarter 2021	295	307	12
\$33 million of 3.875% notes due May 15, 2024	Fourth quarter 2021	33	35	2
\$500 million of 3.734% notes due December 15, 2024	Fourth quarter 2021	499	546	48
\$752 million of 3.363% notes due June 6, 2024	Fourth quarter 2021	750	808	58
\$1.0 billion of 3.125% notes due November 8, 2021	Second quarter 2021	1,005	1,019	14
600 million Euros (\$728 million) of 0.174% notes due June 4, 2021	Second quarter 2021	728	730	1
\$265 million of 2.894% notes due June 6, 2022	First quarter 2021	265	275	10

(a) Included accrued interest, related premiums, fees and expenses.

(b) All debt retirements in fiscal year 2021 were accounted for as early debt extinguishments.

The Company's retirements of debt in fiscal year 2020 included the following:

Principal, interest rate and maturity	Period of retirement	(millions of dollars)		
		Carrying value	Market price of retirement (a)	Loss recognized to <i>Other (expense) income, net</i>
\$200 million of 3.250% notes due November 12, 2020 and \$750 million of floating rate notes due December 29, 2020 (b)	Fourth quarter 2020	\$ 950	\$ 951	\$ 1
\$1.0 billion of 2.404% notes due June 5, 2020	Third quarter 2020	1,000	1,000	—
\$500 million of 3.250% notes due November 12, 2020 (b)	Third quarter 2020	500	506	6

(a) Included accrued interest, related premiums, fees and expenses.

(b) Debt retirement was accounted for as an early debt extinguishment.

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In March 2020, the Company entered into a 364-day senior unsecured term loan facility with borrowing capacity available of \$2.0 billion. During the third quarter of fiscal year 2020, the Company repaid \$1.9 billion of borrowings outstanding under this term loan with cash on hand and terminated the facility.

Capitalized interest

The Company capitalizes interest costs as a component of the cost of construction in progress. A summary of interest costs and payments for the years ended September 30 is as follows:

(Millions of dollars)	2021	2020	2019
Charged to operations	\$ 469	\$ 528	\$ 639
Capitalized	44	43	44
Total interest costs	\$ 512	\$ 571	\$ 683
Interest paid, net of amounts capitalized	\$ 474	\$ 515	\$ 658

Note 16 — Income Taxes

Provision for Income Taxes

The provision (benefit) for income taxes the years ended September 30 consisted of:

(Millions of dollars)	2021	2020	2019
Current:			
Federal	\$ 102	\$ (50)	\$ 235
State and local, including Puerto Rico	46	47	41
Foreign	290	400	300
	\$ 438	\$ 397	\$ 576
Deferred:			
Domestic	\$ (286)	\$ (184)	\$ (577)
Foreign	(2)	(101)	(56)
	(288)	(286)	(633)
Income tax provision (benefit)	\$ 150	\$ 111	\$ (57)

The components of *Income Before Income Taxes* for the years ended September 30 consisted of:

(Millions of dollars)	2021	2020	2019
Domestic, including Puerto Rico	\$ 133	\$ (489)	\$ 799
Foreign	2,109	1,474	377
Income Before Income Taxes	\$ 2,242	\$ 985	\$ 1,176

U.S. tax legislation, commonly referred to as the Tax Cuts and Jobs Act (the "Act"), was enacted on December 22, 2017. The Act reduced the U.S. federal corporate tax rate from 35% to 21%, required companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred, and created new taxes on certain foreign-sourced earnings. The Act subjects a U.S. shareholder to tax on global intangible low-taxed income ("GILTI") earned by certain foreign subsidiaries. The Company has elected to account for its GILTI tax due as a period expense in the year the tax is incurred.

During fiscal year 2019, the Company finalized its accounting for the income tax effects of the Act and recognized additional tax benefit of \$50 million in 2019 as a result of this legislation within *Income tax provision (benefit)*. During fiscal year 2019, the Company also changed its assertion with respect to historical unremitted foreign earnings, which resulted in a total tax benefit of \$138 million, of which \$67 million is related to the tax legislation benefit previously recorded, and is included as a component of *Income tax provision (benefit)* in fiscal 2019. The Company asserts indefinite reinvestment for all historical unremitted foreign earnings as of September 30, 2021.

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Unrecognized Tax Benefits

The table below summarizes the gross amounts of unrecognized tax benefits without regard to reduction in tax liabilities or additions to deferred tax assets and liabilities if such unrecognized tax benefits were settled. The Company believes it is reasonably possible that the amount of unrecognized benefits will change due to one or more of the following events in the next twelve months: expiring statutes, audit activity, tax payments, other activity, or final decisions in matters that are the subject of controversy in various taxing jurisdictions in which we operate.

(Millions of dollars)	2021	2020	2019
Balance at October 1	\$ 620	\$ 577	\$ 601
Increase due to acquisitions	2	1	3
Increase due to current year tax positions	23	35	11
Increase due to prior year tax positions	6	76	6
Decreases due to prior year tax positions	(4)	(49)	(39)
Decrease due to settlements with tax authorities	(183)	(4)	—
Decrease due to lapse of statute of limitations	(100)	(16)	(5)
Balance at September 30	<u>\$ 364</u>	<u>\$ 620</u>	<u>\$ 577</u>
Unrecognized tax benefits that would affect the effective tax rate if recognized	<u>\$ 447</u>	<u>\$ 719</u>	<u>\$ 624</u>

Upon the Company's acquisition of CareFusion in 2015, the Company became a party to a tax matters agreement with Cardinal Health resulting from Cardinal Health's spin-off of CareFusion in fiscal year 2010. Under the tax matters agreement, the Company is obligated to indemnify Cardinal Health for certain tax exposures and transaction taxes prior to CareFusion's spin-off from Cardinal Health. The indemnification payable is approximately \$119 million at September 30, 2021 and is included in *Deferred Income Taxes and Other Liabilities* on the consolidated balance sheet.

The following were included for the years ended September 30 as a component of *Income tax provision (benefit)* on the consolidated statements of income.

(Millions of dollars)	2021	2020	2019
Interest and penalties associated with unrecognized tax benefits	\$ 5	\$ 1	\$ 26

The Company conducts business and files tax returns in numerous countries and currently has tax audits in progress in a number of tax jurisdictions. The IRS has completed its audit for the BD legacy fiscal year 2014, BD combined company fiscal years 2015 and 2017 and CareFusion legacy fiscal years 2010 through short period 2015. With regard to Bard, all examinations have been completed through calendar year 2014, and calendar years 2015 through short period 2017 are currently under examination by the IRS. For the other major tax jurisdictions where the Company conducts business, tax years are generally open after 2012.

Notes to Consolidated Financial Statements — (Continued)
Becton, Dickinson and Company

Deferred Income Taxes

Deferred income taxes at September 30 consisted of:

(Millions of dollars)	2021		2020	
	Assets	Liabilities	Assets	Liabilities
Compensation and benefits	\$ 527	\$ —	\$ 554	\$ —
Property and equipment	—	410	—	361
Intangibles	—	2,160	—	2,408
Loss and credit carryforwards	2,107	—	1,900	—
Product recall and liability reserves	191	—	241	—
Other	555	123	501	137
	3,379	2,693	3,196	2,906
Valuation allowance	(2,036)	—	(1,820)	—
Net (a)	\$ 1,343	\$ 2,693	\$ 1,376	\$ 2,906

(a) Net deferred tax assets are included in *Other Assets* and net deferred tax liabilities are included in *Deferred Income Taxes and Other Liabilities* on the consolidated balance sheets.

Deferred tax assets and liabilities are netted on the balance sheet by separate tax jurisdictions. Deferred taxes have not been provided on undistributed earnings of foreign subsidiaries as of September 30, 2021 since the determination of the total amount of unrecognized deferred tax liability is not practicable.

Generally, deferred tax assets have been established as a result of net operating losses and credit carryforwards with expiration dates from 2022 to an unlimited expiration date. Valuation allowances have been established as a result of an evaluation of the uncertainty associated with the realization of certain deferred tax assets on these losses and credit carryforwards. The valuation allowance at September 30, 2021 is primarily the result of foreign losses due to the Company's global re-organization of its foreign entities and these generally have no expiration date. Valuation allowances are also maintained with respect to deferred tax assets for certain federal and state carryforwards that may not be realized and that principally expire in 2022.

Tax Rate Reconciliation

A reconciliation of the federal statutory tax rate to the Company's effective income tax rate was as follows:

	2021	2020	2019
Federal statutory tax rate	21.0 %	21.0 %	21.0 %
U.S. tax legislation (see discussion above)	—	—	(4.3)
State and local income taxes, net of federal tax benefit	(1.9)	(1.9)	0.1
Foreign income tax at rates other than 21%	(8.1)	(14.8)	(6.6)
Effect of foreign operations	(0.1)	19.1	(5.5)
Effect of Research Credits and FDII/Domestic Production Activities	(1.6)	(5.0)	(3.3)
Effect of share-based compensation	0.1	(4.5)	(3.9)
Effect of gain on divestitures	—	(4.5)	(2.0)
Effect of valuation allowance release	(1.7)	—	—
Other, net	(1.0)	1.9	(0.3)
Effective income tax rate	6.7 %	11.3 %	(4.8)%

The fluctuations in the Company's reported tax rates are primarily due to the geographical mix of income attributable to foreign countries that have income tax rates that vary from the U.S. tax rate, and to the Act, the effects of which were recorded in fiscal year 2019.

Notes to Consolidated Financial Statements — (Continued)
Becton, Dickinson and Company

Tax Holidays and Payments

The approximate tax impacts related to tax holidays in various countries in which the Company does business are provided below. The tax holidays expire at various dates through 2028. The Company's income tax payments, net of refunds are also provided below.

(Millions of dollars, except per share amounts)	2021	2020	2019
Tax impact related to tax holidays	\$ 248	\$ 136	\$ (43)
Impact of tax holiday on diluted earnings per share	0.85	0.48	(0.16)
Income tax payments, net of refunds	670	518	536

Note 17 — Leases

The Company leases real estate, vehicles and other equipment which are used in the Company's manufacturing, administrative and research and development activities. The Company identifies a contract that contains a lease as one which conveys a right, either explicitly or implicitly, to control the use of an identified asset in exchange for consideration. The Company's lease arrangements are generally classified as operating leases. These arrangements have remaining terms ranging from less than one year to approximately 25 years and the weighted-average remaining lease term of the Company's leases is approximately 6.9 years. An option to renew or terminate the current term of a lease arrangement is included in the lease term if the Company is reasonably certain to exercise that option.

The Company does not recognize a right-of-use asset and lease liability for short-term leases, which have terms of 12 months or less, on its consolidated balance sheet. For the longer-term lease arrangements that are recognized on the Company's consolidated balance sheet, the right-of-use asset and lease liability is initially measured at the commencement date based upon the present value of the lease payments due under the lease. These payments represent the combination of the fixed lease and fixed non-lease components that are due under the arrangement. The costs associated with the Company's short-term leases, as well as variable costs relating to the Company's lease arrangements, are not material to its consolidated financial results.

The implicit interest rates of the Company's lease arrangements are generally not readily determinable and as such, the Company applies an incremental borrowing rate, which is established based upon the information available at the lease commencement date, to determine the present value of lease payments due under an arrangement. The weighted-average incremental borrowing rate that has been applied to measure the Company's lease liabilities is 2.2%.

The Company's lease costs recorded in its consolidated statements of income for the years ended September 30, 2021 and 2020 were \$32 million and \$131 million, respectively, under the new lease accounting standard. Rental expense for all operating leases amounted to \$169 million in 2019 under the previous accounting standard. Cash payments arising from the Company's lease arrangements are reflected on its consolidated statement of cash flows as outflows used for operating activities. The right-of-use assets and lease liabilities recognized on the Company's consolidated balance sheet as of September 30, 2021 and 2020 were as follows:

(Millions of dollars)	2021	2020
Right-of-use assets recorded in <i>Other Assets</i>	\$ 446	\$ 418
Current lease liabilities recorded in <i>Accrued expenses</i>	126	106
Non-current lease liabilities recorded in <i>Deferred Income Taxes and Other Liabilities</i>	344	336

Notes to Consolidated Financial Statements — (Continued)
Becton, Dickinson and Company

The Company's payments due under its operating leases are as follows:

(Millions of dollars)	
2022	\$ 134
2023	96
2024	63
2025	45
2026	37
Thereafter	140
Total payments due	515
Less: imputed interest	45
Total	\$ 470

Sale-Leaseback Transactions

During fiscal year 2021, the Company sold certain properties and concurrently entered into operating lease arrangements for each property, which met the requirements for sale-leaseback accounting. The Company recorded gross proceeds of \$225 million related to the transactions and pre-tax gains of \$158 million were recorded in *Other operating expense*. The lease agreements have initial lease terms between two and three years and include options for the Company to extend the leases for an additional six-to-twelve months.

Note 18 — Supplemental Financial Information

Other Income (Expense), Net

(Millions of dollars)	2021	2020	2019
Other investment gains, net (a)	\$ 57	\$ 13	\$ 18
Deferred compensation	43	24	6
Net pension and postretirement benefit cost (b)	(1)	7	(2)
Losses on undesignated foreign exchange derivatives, net	(13)	(17)	(23)
Losses on debt extinguishment (c)	(178)	(8)	(59)
Product related matters	(2)	(9)	—
Royalty and licensing income (d)	—	17	64
Hurricane-related insurance proceeds	—	—	35
Other	(3)	(3)	4
Other (expense) income, net	\$ (97)	\$ 23	\$ 43

- (a) The amounts include gains (losses) recognized on changes to the fair value of certain equity investments. The amount in 2020 also includes a gain on the sale of an equity investment.
- (b) Represents all components of the Company's net periodic pension and postretirement benefit costs, aside from service cost.
- (c) Represents losses recognized upon the extinguishment of certain senior notes, as further discussed in Note 15.
- (d) The amount in 2020 primarily represents licensing income. The amount in 2019 primarily represents the royalty income stream acquired in the Bard transaction, net of non-cash purchase accounting amortization. The royalty income stream was previously reported by Bard as revenues.

Trade Receivables, Net

The amounts recognized in 2021, 2020 and 2019 relating to allowances for doubtful accounts and cash discounts, which are netted against trade receivables, are provided in the following table:

Notes to Consolidated Financial Statements — (Continued)
Becton, Dickinson and Company

(Millions of dollars)	Allowance for Doubtful Accounts	Allowance for Cash Discounts	Total
Balance at September 30, 2018	\$ 75	\$ 12	\$ 86
Additions charged to costs and expenses	31	94	125
Deductions and other	(31) (a)	(92)	(123)
Balance at September 30, 2019	\$ 75	\$ 13	\$ 88
Additions charged to costs and expenses	40	39	78
Deductions and other	(35) (a)	(38)	(73)
Balance at September 30, 2020	\$ 80	\$ 14	\$ 94
Additions charged to costs and expenses	18	99	118
Deductions and other	(22) (a)	(92)	(114)
Balance at September 30, 2021	\$ 76	\$ 21	\$ 97

(a) Accounts written off.

Inventories

Inventories at September 30 consisted of:

(Millions of dollars)	2021	2020
Materials	\$ 641	\$ 602
Work in process	402	335
Finished products	1,823	1,806
	\$ 2,866	\$ 2,743

Property, Plant and Equipment, Net

Property, Plant and Equipment, Net at September 30 consisted of:

(Millions of dollars)	2021	2020
Land	\$ 137	\$ 166
Buildings	3,264	3,082
Machinery, equipment and fixtures	9,301	8,454
Leasehold improvements	241	216
	12,942	11,919
Less accumulated depreciation and amortization	6,549	5,996
	\$ 6,393	\$ 5,923

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

An evaluation was conducted by BD's management, with the participation of BD's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of BD's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of September 30, 2021. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were, as of the end of the period covered by this report, effective and designed to ensure that material information relating to BD and its consolidated subsidiaries would be made known to them by others within these entities. There were no changes in our internal control over financial reporting during the fiscal quarter ended September 30, 2021 identified in

connection with the above-referenced evaluation that have materially affected, or are reasonably likely to materially affect, BD's internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting and the Report of Independent Registered Public Accounting Firm are contained in Item 8. Financial Statements and Supplementary Data, and are incorporated herein by reference.

Item 9B. *Other Information.*

Not applicable.

Item 9C. *Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.*

Not applicable.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance.*

The information relating to BD's directors and nominees for director required by this item will be contained under the caption "Proposal 1: Election of Directors" in a definitive proxy statement involving the election of directors, which the registrant will file with the SEC not later than 120 days after September 30, 2021 (the "2022 Proxy Statement"), and such information is incorporated herein by reference. Information relating to the Audit Committee of the BD Board of Directors required by this item will be contained under the caption "The Board and committees of the Board - Audit Committee", and information regarding BD's code of ethics required by this item will be contained under the heading "The Board and committees of the Board - ESG - Code of Conduct", in BD's 2022 Proxy statement, and such information is incorporated herein by reference.

The information relating to executive officers required by this item is included herein in Part I under the caption "Information about our Executive Officers."

Certain other information required by this item will be contained under the caption "Ownership of BD Common Stock" in BD's 2022 Proxy Statement, and such information is incorporated herein by reference.

Item 11. *Executive Compensation.*

The information required by this item will be contained under the captions "Executive Compensation," "Report of the Compensation and Human Capital Committee," "Compensation of Named Executive Officers", "Non-management director compensation," and "CEO Pay Ratio" in BD's 2022 Proxy Statement, and such information is incorporated herein by reference.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.*

The information required by this item will be contained under the caption "Ownership of BD Common Stock" in BD's 2022 Proxy Statement, and such information is incorporated herein by reference.

Item 13. *Certain Relationships and Related Transactions, and Director Independence.*

The information required by this item will be contained under the caption "The Board and committees of the Board - Related persons transactions" in BD's 2022 Proxy Statement, and such information is incorporated herein by reference.

Item 14. *Principal Accounting Fees and Services.*

The information required by this item will be contained under the caption “Proposal 2. Ratification of Selection of Independent Registered Public Accounting Firm” in BD’s 2022 Proxy Statement, and such information is incorporated herein by reference.

PART IV

Item 15. *Exhibits, Financial Statement Schedules.*

(a)(1) *Financial Statements*

The following consolidated financial statements of BD are included in Item 8 of this report:

- Reports of Independent Registered Public Accounting Firm
- Consolidated Statements of Income — Years ended September 30, 2021, 2020 and 2019
- Consolidated Statements of Comprehensive Income — Years ended September 30, 2021, 2020 and 2019
- Consolidated Balance Sheets — September 30, 2021 and 2020
- Consolidated Statements of Cash Flows — Years ended September 30, 2021, 2020 and 2019
- Notes to Consolidated Financial Statements

(2) *Financial Statement Schedules*

See Note 18 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

(3) *Exhibits*

See the Exhibit Index below for a list of all management contracts, compensatory plans and arrangements required by this item, and all other Exhibits filed or incorporated by reference as a part of this report.

Item 16. Form 10-K Summary

BD is not providing summary information.

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>	<u>Method of Filing</u>
3(a)	Restated Certificate of Incorporation, dated as of January 30, 2019.	Incorporated by reference to Exhibit 3 to the registrant's Quarterly Report on Form 10-Q for the period ended December 31, 2018.
3(b)	Certificate of Amendment to the Company's Restated Certificate of Incorporation, filed with the New Jersey Secretary of State and effective May 21, 2020.	Incorporated by reference to Exhibit 4.1 to the registration statement on Form 8-A filed by the Company on May 26, 2020.
3(c)	By-Laws, as amended as of September 28, 2021.	Incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed on October 4, 2021.
4(a)	Indenture, dated as of March 1, 1997, between the registrant and The Bank of New York Mellon Trust Company, N.A. (as successor to JPMorgan Chase Bank).	Incorporated by reference to Exhibit 4(a) to Form 8-K filed by the registrant on July 31, 1997.
4(b)	Form of 7.000% Debentures due August 1, 2027.	Incorporated by reference to Exhibit 4(d) to the registrant's Current Report on Form 8-K filed on July 31, 1997.
4(c)	Form of 6.700% Debentures due August 1, 2028.	Incorporated by reference to Exhibit 4(d) to the registrant's Current Report on Form 8-K filed on July 29, 1999.
4(d)	Form of 6.000% Notes due May 15, 2039.	Incorporated by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K filed on May 13, 2009.
4(e)	Form of 5.000% Notes due November 12, 2040.	Incorporated by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K filed on November 12, 2010.
4(f)	Form of 3.734% Notes due December 15, 2024.	Incorporated by reference to Exhibit 4.4 to the registrant's Current Report on Form 8-K filed on December 15, 2014.
4(g)	Form of 4.685% Notes due December 15, 2044.	Incorporated by reference to Exhibit 4.5 to the registrant's Current Report on Form 8-K filed on December 15, 2014.
4(h)	Form of 3.875% Senior Notes due May 15, 2024.	Incorporated by reference to Exhibit 4.5 to the registrant's Current Report on Form 8-K filed on April 29, 2015.
4(i)	Form of 4.875% Senior Notes due May 15, 2044.	Incorporated by reference to Exhibit 4.6 to the registrant's Current Report on Form 8-K filed on April 29, 2015.
4(j)	Form of 1.000% Notes due December 15, 2022.	Incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed on December 9, 2016.
4(k)	Form of 1.900% Notes due December 15, 2026.	Incorporated by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K filed on December 9, 2016.

<u>Exhibit Number</u>	<u>Description</u>	<u>Method of Filing</u>
4(l)	Form of Floating Rate Notes due June 6, 2022.	Incorporated by reference to Exhibit 4.4 to the registrant's Current Report on Form 8-K filed on June 6, 2017.
4(m)	Form of 3.363% Notes due June 6, 2024.	Incorporated by reference to Exhibit 4.5 to the registrant's Current Report on Form 8-K filed on June 6, 2017.
4(n)	Form of 3.700% Notes due June 6, 2027.	Incorporated by reference to Exhibit 4.6 to the registrant's Current Report on Form 8-K filed on June 6, 2017.
4(o)	Form of 4.669% Notes due June 6, 2047.	Incorporated by reference to Exhibit 4.7 to the registrant's Current Report on Form 8-K filed on June 6, 2017.
4(p)	Form of Certificate for the 6.000% Mandatory Convertible Preferred Stock, Series B.	Incorporated by reference to Exhibit 4.2 to the registrant's registration statement on Form 8-A filed on May 26, 2020.
4(q)	Deposit Agreement, dated as of May 26, 2020, among Becton, Dickinson and Company and Computershare Inc. and Computershare Trust Company, N.A., acting jointly as depositary and Computershare Trust Company, N.A., acting as Registrar and Transfer Agent, on behalf of the holders from time to time of the depositary receipts described therein.	Incorporated by reference to Exhibit 4.3 to the registrant's registration statement on Form 8-A filed on May 26, 2020.
4(r)	Form of Depositary Receipt for the Depositary Shares.	Incorporated by reference to Exhibit 4.4 to the registrant's registration statement on Form 8-A filed on May 26, 2020.
4(s)	Registration Rights Agreement, dated as of December 29, 2017, between Becton, Dickinson and Company and Citigroup Global Markets Inc.	Incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed on December 29, 2017.
4(t)	Form of 6.700% Notes due December 1, 2026.	Incorporated by reference to Exhibit 4.4 to the registrant's Current Report on Form 8-K filed on December 29, 2017.
4(u)	Indenture, dated as of December 1, 1996 between C.R. Bard, Inc. and The Bank of New York Mellon Trust Company, N.A., a national banking association, as trustee.	Incorporated by reference to Exhibit 4.1 to C.R. Bard, Inc.'s Registration Statement on Form S-3 (File No. 333-05997).
4(v)	First Supplemental Indenture, dated May 18, 2017, between C. R. Bard, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee.	Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K of C.R. Bard, Inc. filed on May 23, 2017.
4(w)	Form of 1.401% Notes due May 24, 2023.	Incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed on May 24, 2018.
4(x)	Form of 3.020% Notes due May 24, 2025.	Incorporated by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K filed on May 24, 2018.
4(y)	First Supplemental Indenture, dated as of June 4, 2019, among Becton Finance, as issuer, Becton, Dickinson and Company, as guarantor, and The Bank of New York Mellon Trust Company, N.A., as trustee.	Incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed on June 4, 2019.

<u>Exhibit Number</u>	<u>Description</u>	<u>Method of Filing</u>
4(z)	Form of 0.632% Note due June 4, 2023.	Incorporated by reference to Exhibit 4.3 to the registrant's Current Report on Form 8-K filed on June 4, 2019.
4(aa)	Form of 1.208% Note due June 4, 2026.	Incorporated by reference to Exhibit 4.4 to the registrant's Current Report on Form 8-K filed on June 4, 2019.
4(bb)	Form of 2.823% Notes due May 20, 2030.	Incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed on May 20, 2020.
4(cc)	Form of 3.794% Notes due May 20, 2050.	Incorporated by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K filed on May 20, 2020.
4(dd)	Form of 1.957% Notes due February 11, 2031.	Incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed on February 11, 2021.
4(ee)	Second Supplemental Indenture, dated as of February 12, 2021, among Becton Finance, as issuer, Becton, Dickinson and Company, as guarantor, and The Bank of New York Mellon Trust Company, N.A., as trustee.	Incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed on February 12, 2021.
4(ff)	Form of 1.213% Note due February 12, 2036.	Incorporated by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K filed on February 12, 2021.
4(gg)	Third Supplemental Indenture, dated as of August 13, 2021, among Becton Finance, as issuer, Becton, Dickinson and Company, as guarantor, and The Bank of New York Mellon Trust Company, N.A., as trustee.	Incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed on August 13, 2021.
4(hh)	Form of 0.334% Notes due August 13, 2028.	Incorporated by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K filed on August 13, 2021.
4(ii)	Form of 1.336% Notes due August 13, 2041.	Incorporated by reference to Exhibit 4.3 to the registrant's Current Report on Form 8-K filed on August 13, 2021.
4(jj)	Form of 0.000% Notes due August 13, 2023.	Incorporated by reference to Exhibit 4.2 to the registrant's registration statement on Form 8-A filed on August 13, 2021.
4(kk)	Form of 0.034% Notes due August 13, 2025.	Incorporated by reference to Exhibit 4.3 to the registrant's registration statement on Form 8-A filed on August 13, 2021.
4(ll)	Description of the Registrant's Securities.	Filed with this report.

Exhibit Number	Description	Method of Filing
10(a)	Form of Employment Agreement with executive officers relating to employment following a change of control of the registrant (without tax reimbursement provisions).*	Incorporated by reference to Exhibit 10(a)(ii) to the registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2013.
10(b)	Stock Award Plan, as amended and restated as of January 31, 2006.*	Incorporated by reference to Exhibit 10(a) to the registrant's Quarterly Report on Form 10-Q for the period ended December 31, 2005.
10(c)	Performance Incentive Plan, as amended and restated January 24, 2017.*	Incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2017.
10(d)	Deferred Compensation and Retirement Benefit Restoration Plan, as amended as of May 1, 2020.*	Incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2020.
10(e)	1996 Directors' Deferral Plan, as amended and restated as of November 25, 2014.*	Incorporated by reference to Exhibit 10.2 to the registrant's Current Report on Form 8-K filed on December 2, 2014.
10(f)	Aircraft Time Sharing Agreement dated June 5, 2020, between the registrant and Thomas E. Polen.*	Incorporated by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2020.
10(g)(i)	2004 Employee and Director Equity-Based Compensation Plan, as amended and restated as of November 24, 2020.*	Incorporated by reference to Exhibit 10(g)(i) to the registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2020.
10(g)(ii)	French Addendum to the 2004 Employee and Director Equity-Based Compensation Plan dated January 21, 2019.*	Incorporated by reference to Exhibit 10.2 to the registrant's Current Report on Form 8-K filed on January 31, 2020.
10(g)(iii)	Terms of Awards under 2004 Employee and Director Equity-Based Compensation Plan and Stock Award Plan.*	Incorporated by reference to Exhibit 10(g)(iii) to the registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2020.
10(h)	Form of Commercial Paper Dealer Agreement.	Incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed on January 6, 2015.
10(i)	Tax Matters Agreement, dated August 31, 2009, by and between Cardinal Health, Inc. and CareFusion Corporation.	Incorporated by reference to Exhibit 10.3 to Cardinal Health, Inc.'s Current Report on Form 8-K filed on September 4, 2009.
10(j)	Term sheet, dated August 25, 2017, between the registrant and Samrat Khichi.*	Incorporated by reference to Exhibit 10(o) to the registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2018.
10(k)	C. R. Bard, Inc. Supplemental Executive Retirement Plan, dated as of July 13, 1988.*	Incorporated by reference to Exhibit 10p to the C.R. Bard, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 1993.
10(l)	Supplemental Insurance/Retirement Plan Agreement (as Amended and Restated) between C.R. Bard, Inc. and its executive officers.*	Incorporated by reference to Exhibit 10be to the C.R. Bard, Inc. Quarterly Report on Form 10-Q for the period ended September 30, 2005.

Exhibit Number	Description	Method of Filing
10(m)	2005 Directors' Stock Award Plan of C. R. Bard, Inc. (as Amended and Restated).*	Incorporated by reference to Exhibit 10bw to the C.R. Bard, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2010.
10(n)	Letter Agreement, dated August 4, 2021, between the registrant and Christopher DeOrefice.*	Filed with this report.
10(o)	Amended and Restated Credit Agreement, dated as of September 24, 2021, by and among Becton, Dickinson and Company, the other entities party thereto and Citibank, N.A., as administrative agent.	Incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed September 27, 2021.
21	Subsidiaries of the registrant.	Filed with this report.
22	Subsidiary Issuer of Guaranteed Securities.	Filed with this report.
23	Consent of independent registered public accounting firm.	Filed with this report.
24	Power of Attorney.	Included on signature page.
31	Certifications of Chief Executive Officer and Chief Financial Officer, pursuant to SEC Rule 13(a)-14(a).	Filed with this report.
32	Certifications of Chief Executive Officer and Chief Financial Officer, pursuant to Section 1350 of Chapter 63 of Title 18 of the U.S. Code.	Filed with this report.
101	The following materials from this report, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Consolidated Statements of Income, (ii) the Consolidated Statements of Comprehensive Income, (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements.	Filed with this report.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	

* Denotes a management contract or compensatory plan or arrangement.

Copies of any Exhibits not accompanying this Form 10-K are available at a charge of 10 cents per page by contacting: Investor Relations, Becton, Dickinson and Company, 1 Becton Drive, Franklin Lakes, New Jersey 07417-1880, Phone: 1-800-284-6845.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BECTON, DICKINSON AND COMPANY

By: /s/ GARY DEFAZIO

Gary DeFazio

Senior Vice President and Corporate Secretary

Dated: November 24, 2021

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned hereby constitutes and appoints Thomas E. Polen, Samrat S. Khichi, Christopher J. DelOrefice and Gary DeFazio, and each of them, acting individually and without the other, as his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the Company's fiscal year ended September 30, 2021, and any amendments thereto, each in such form as they or any one of them may approve, and to file the same with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done so that such Annual Report shall comply with the Securities Exchange Act of 1934, as amended, and the applicable Rules and Regulations adopted or issued pursuant thereto, as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them or their substitute or resubstitute, may lawfully do or cause to be done by virtue hereof.

This Power of Attorney shall not revoke any powers of attorney previously executed by the undersigned. This Power of Attorney shall not be revoked by any subsequent power of attorney that the undersigned may execute, unless such subsequent power of attorney specifically provides that it revokes this Power of Attorney by referring to the date of the undersigned's execution of this Power of Attorney. For the avoidance of doubt, whenever two or more powers of attorney granting the powers specified herein are valid, the agents appointed on each shall act separately unless otherwise specified.

Pursuant to the requirements of the Securities Act of 1934, as amended, this Annual Report and Power of Attorney have been signed as of November 24, 2021 by the following persons in the capacities indicated.

<u>Name</u>	<u>Capacity</u>
<u>/S/ THOMAS E. POLEN</u> Thomas E. Polen	Chairman, Chief Executive Officer and President (Principal Executive Officer)
<u>/S/ CHRISTOPHER J. DELOREFICE</u> Christopher J. DelOrefice	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
<u>/S/ THOMAS J. SPOEREL</u> Thomas J. Spoerel	Senior Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)

<u>Name</u>	<u>Capacity</u>
/S/ CATHERINE M. BURZIK Catherine M. Burzik	Director
/S/ CARRIE L. BYINGTON Carrie L. Byington	Director
/S/ R. ANDREW ECKERT R. Andrew Eckert	Director
/S/ CLAIRE M. FRASER Claire M. Fraser	Director
/S/ JEFFREY W. HENDERSON Jeffrey W. Henderson	Director
/S/ CHRISTOPHER JONES Christopher Jones	Director
/S/ MARSHALL O. LARSEN Marshall O. Larsen	Director
/S/ DAVID F. MELCHER David F. Melcher	Director
/S/ CLAIRE POMEROY Claire Pomeroy	Director
/S/ REBECCA W. RIMEL Rebecca W. Rimel	Director
/S/ TIMOTHY M. RING Timothy M. Ring	Director
/S/ BERTRAM L. SCOTT Bertram L. Scott	Director

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of November 24, 2021, Becton, Dickinson and Company ("BD") has (i) common stock, par value \$1.00 (the "common stock"), (ii) depository shares (the "depository shares"), each of which represents a 1/20th interest in a share of 6.00% mandatory convertible preferred stock, series B, par value \$1.00 per share (the "mandatory convertible preferred stock"), (iii) the 1.000% notes due 2022 (the "1.000% 2022 notes"), (iv) the 0.000% notes due 2023 (the "0.000% 2023 notes"), (v) the 1.401% notes due 2023 (the "1.401% 2023 notes"), (vi) the 0.034% notes due 2025 (the "0.034% 2025 notes"), (vii) the 3.020% notes due 2025 (the "3.020% 2025 notes") and (viii) the 1.900% notes due 2026 (the "1.900% 2026 notes," and together with the 1.000% 2022 notes, the 0.000% 2023 notes, the 1.401% 2023 notes, the 0.034% 2025 notes and the 3.020% 2025 notes, the "BD notes") registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). As used in the "Description of Capital Stock of Becton, Dickinson and Company" section, the "Description of the Debt Securities of Becton, Dickinson and Company" section and the "Description of Depository Shares of Becton, Dickinson and Company," the terms "BD," "we," "us," and "our" refer to BD and not its subsidiaries.

As of November 24, 2021, Becton Dickinson Euro Finance S.à r.l. ("Becton Finance") has (i) the 0.632% notes due 2023 (the "0.632% 2023 notes"), (ii) the 1.208% notes due 2026 (the "1.208% 2026 notes") and (iii) the 1.213% notes due 2036 (the "1.213% 2036 notes," and together with the 0.632% 2023 notes and the 1.208% 2026 notes, the "Becton Finance notes") registered under Section 12 of the Exchange Act. The BD notes and Becton Finance notes are collectively referred to herein as the "notes." As used in the "Description of Debt Securities of Becton Dickinson Euro Finance S.à r.l." section, the terms "Becton Finance," "we," "us," and "our" refer to Becton Finance and not its subsidiaries.

The following descriptions of the common stock, the depository shares, the mandatory convertible preferred stock and the notes are summaries and do not purport to be complete. The descriptions of the common stock and the mandatory convertible preferred stock are subject to and qualified in their entirety by reference to BD's restated certificate of incorporation, as amended (the "restated certificate of incorporation"), and BD's amended and restated by-laws (the "by-laws"). The description of the depository shares is subject to and qualified in its entirety by the deposit agreement among BD, Computershare Inc. and its wholly owned subsidiary Computershare Trust Company, N.A., jointly acting as bank depository, and the holders from time to time of the depository shares (the "deposit agreement"). The description of the BD notes is subject to and qualified in its entirety by reference to the indenture, dated as of March 1, 1997, between BD and The Bank of New York Mellon Trust Company, N.A., as successor to JPMorgan Chase Bank (formerly known as The Chase Manhattan Bank), as trustee (the "BD indenture"). The description of the Becton Finance notes is subject to and qualified in its entirety by reference to the indenture, dated as of May 17, 2019, among Becton Finance, as issuer, BD, as guarantor, and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Becton Finance indenture"). The restated certificate of incorporation, the by-laws, the deposit agreement, the BD indenture and the Becton Finance indenture are each exhibits to the Annual Report on Form 10-K of which this Exhibit 4.23 is a part. We encourage you to read the restated certificate of incorporation, the by-laws, the deposit agreement, the BD indenture, the Becton Finance indenture and the applicable provisions of New Jersey law.

DESCRIPTION OF CAPITAL STOCK OF BECTON, DICKINSON AND COMPANY**General**

Under the restated certificate of incorporation, we have 640,000,000 shares of authorized common stock, \$1.00 par value per share and 5,000,000 shares of authorized preferred stock, \$1.00 par value per share, of which we have outstanding 1,500,000 shares of our mandatory convertible preferred stock.

Our by-laws also provide that only the Chairman of the Board, the Chief Executive Officer, the board of directors or shareholders who collectively own 25% or more of the voting power of BD's outstanding stock entitled to vote on the matters to be brought may call special meetings of the stockholders.

Common Stock**Listing**

Our outstanding shares of common stock are listed on the New York Stock Exchange (the "NYSE") under the symbol "BDX." Any additional common stock we issue also will be listed on the NYSE.

Dividends

Holders of our common stock are entitled to receive dividends when, as and if declared by our board of directors out of any funds legally available for dividends. We pay dividends on our common stock only if we have paid or provided for dividends on any outstanding series of preferred stock for all prior periods.

Voting

Holders of our common stock are entitled to one vote for each share that they hold and are vested with all of the voting power except as our board of directors may provide in the future with respect to any class or series of preferred stock that the board of directors may hereafter authorize.

Fully Paid

Outstanding shares of our common stock are validly issued, fully paid and non-assessable. Any additional common stock we issue will also be fully paid and non-assessable. Holders of our common stock are not, and will not be, subject to any liability as stockholders.

Other Rights

We notify common shareholders of any shareholders' meetings according to applicable law. If we liquidate, dissolve or wind-up our business, either voluntarily or not, common shareholders will share equally in the assets remaining after we pay our creditors and preferred shareholders. The holders of common stock have no preemptive rights to purchase our shares of stock. Shares of common stock are not subject to any redemption or sinking fund provisions and are not convertible into any of our other securities.

Mandatory Convertible Preferred Stock

Ranking

The mandatory convertible preferred stock, with respect to dividend rights and the rights to distribution of assets upon our liquidation, winding-up or dissolution, ranks:

- senior to our common stock and to each other class of capital stock or series of preferred stock established after the original issue date of the mandatory convertible preferred stock (which we refer to as the "issue date"), the terms of which do not expressly provide that such class or series ranks senior to, or on a parity with, the mandatory convertible preferred stock as to dividend rights and/or rights to distribution of assets upon our liquidation, dissolution or winding-up (which we refer to collectively as "junior stock");
- equally with any class of capital stock or series of preferred stock established after the issue date, the terms of which expressly provide that such class or series will rank equally with the mandatory convertible preferred stock as to dividend rights and/or rights to distribution of assets upon our liquidation, dissolution or winding-up, in each case without regard to whether dividends accrue cumulatively or non-cumulatively (which we refer to collectively as "parity stock");
- junior to each class of capital stock or series of preferred stock established after the issue date, the terms of which expressly provide that such class or series will rank senior to the mandatory convertible preferred stock as to dividend rights and/or rights to distribution of assets upon our liquidation, dissolution or winding-up; and
- junior to our existing and future indebtedness and other liabilities (including trade payables).

In addition, the mandatory convertible preferred stock, with respect to dividend rights or rights to distribution of assets upon our liquidation, winding-up or dissolution, is structurally subordinated to existing and future indebtedness of our subsidiaries.

Dividends

Subject to the rights of holders of any class or series of our capital stock ranking senior to the mandatory convertible preferred stock with respect to dividends, holders of shares of the mandatory convertible preferred stock are entitled to receive, when, as and if declared by our board of directors or an authorized committee of our board of directors and to the extent lawful, cumulative dividends at an annual rate of 6.00% of the initial liquidation preference of

\$1,000 per share of mandatory convertible preferred stock (equivalent to \$60 per year per share). We may pay such dividends in cash, by delivery of shares of our common stock or by payment or delivery, as the case may be, of any combination of cash and our common stock, at our election, as described under “—Method of payment of dividends” below. If declared, dividends on the mandatory convertible preferred stock are payable quarterly on the first business day of each of March, June, September and December of each year, commencing on September 1, 2020 and ending on June 1, 2023 (each, a “dividend payment date”), at such annual rate, and accumulate from the most recent date as to which dividends have been paid, whether or not in any dividend period or periods there have been funds or stock lawfully available for the payment of such dividends. If a dividend payment date falls on any day other than a business day, declared dividends for such dividend payment date are payable on the first business day immediately following such dividend payment date, without any interest, dividends or other payment in lieu of interest accruing with respect to this delay. A “dividend period” refers to a period commencing on, and including, a dividend payment date (or if no dividend payment date has occurred, commencing on, and including, the issue date), and ending on, and including, the day immediately preceding the next succeeding dividend payment date.

A “business day” means any day other than a Saturday or Sunday or other day on which commercial banks in New York City are authorized or required by law or executive order to close. Any accumulated and unpaid dividends from any preceding dividend period can be declared and paid on a date determined by the board of directors or an authorized committee of our board of directors in its sole discretion.

Dividends are payable to holders of record as they appear on our stock register at 5:00 p.m., New York City time, on the 15th calendar day of the month immediately preceding the month in which such dividend payment falls or such other record date fixed by our board of directors or any duly authorized committee thereof that is not more than 60 nor less than 10 days prior to such dividend payment date, but only to the extent a dividend has been declared to be payable on such dividend payment date (each, a “regular record date”), except that dividends payable on the mandatory conversion date, as defined below, are payable to the holders presenting the mandatory convertible preferred stock for conversion. The regular record date applies regardless of whether it is a business day.

Dividends payable on the mandatory convertible preferred stock for each full dividend period are computed by dividing the annual dividend rate by four. Dividends payable on the mandatory convertible preferred stock for any period other than a full dividend period are prorated based upon the actual number of days elapsed during the period and computed on the basis of a 360-day year consisting of twelve 30-day months. Each quarterly dividend on the mandatory convertible preferred stock, when, as and if declared, are \$15.00 per share (based on the annual dividend rate of 6.00% and an initial liquidation preference of \$1,000 per share). Accumulated dividends on shares of mandatory convertible preferred stock do not bear interest if they are paid subsequent to the applicable dividend payment date.

No dividend is declared or paid upon, or any sum of cash or number of shares of our common stock set apart for the payment of dividends upon, any outstanding shares of mandatory convertible preferred stock with respect to any dividend period unless all dividends for all preceding dividend periods have been declared and paid, or declared and a sum of cash or number of shares sufficient for the payment thereof has been set apart, for the payment of such dividends, upon all outstanding shares of the mandatory convertible preferred stock.

No dividend is paid upon any outstanding shares of mandatory convertible preferred stock unless and until our board of directors, or an authorized committee of our board of directors, declares a dividend payable with respect to the mandatory convertible preferred stock. Our ability to declare and pay dividends and make other distributions with respect to our capital stock, including the mandatory convertible preferred stock, may be restricted by the terms of financing arrangements that we enter into in the future. In addition, our ability to declare and pay dividends may be limited by applicable New Jersey law.

Method of payment of dividends

Subject to the limitations described below, we may pay any declared dividend (or any portion of any declared dividend) on the mandatory convertible preferred stock (either for a current dividend period or for any prior dividend period), including in connection with the payment of declared and unpaid dividends pursuant to the provisions described under “—Conversion rights—Mandatory conversion,” “—Conversion rights—Early conversion at the option of the holder,” and “—Conversion rights—Early conversion at the option of the holder upon a fundamental change,” determined in our sole discretion:

- in cash;
- by delivery of shares of our common stock; or

- through payment or delivery, as the case may be, of any combination of cash and shares of our common stock;

provided that in the case of conversion upon and following a fundamental change that is a reorganization event (as defined below), dividends otherwise payable in shares of our common stock may be paid by delivery of units of exchange property, as described under “—Recapitalizations, reclassifications and changes of our common stock”; and *provided further*, that if our board of directors may not lawfully authorize payment of all or any portion of such accumulated and unpaid dividends in cash, it is required to authorize payment of such dividends in shares of our common stock or units of exchange property, as the case may be, if lawfully permitted to do so.

We intend to make each payment of a declared dividend on the shares of mandatory convertible preferred stock in cash, except to the extent we elect to make all or any portion of such payment in shares of our common stock. We will give holders of the mandatory convertible preferred stock notice of any such election and the portion of such payment to be made in cash, if any, and the portion that will be made in shares of our common stock no later than 10 scheduled trading days (as defined below) prior to the dividend payment date for such dividend; *provided* that if we do not provide timely notice of this election, we will be deemed to have elected to pay the relevant dividend in cash. If we elect to make any such payment of a declared dividend, or any portion thereof, in shares of our common stock, such shares will be valued for such purpose, in the case of any dividend payment or portion thereof, at 97% of the average VWAP per share of our common stock over the five consecutive trading day (as defined below) period beginning on and including the seventh scheduled trading day (as defined below) prior to the applicable dividend payment date (the “dividend payment average price”). If the relevant dividend payment date occurs on or prior to the last trading day of such five consecutive trading day period, delivery of the shares of our common stock owed in respect of the dividend due on such dividend payment date will be deferred until the business day immediately following the last trading day of such five consecutive trading day period.

However, in no event will the number of shares of our common stock delivered in connection with any dividend, including any dividend payable in connection with a conversion, exceed a number equal to the total dividend payment divided by \$84.00, which amount represents approximately 35% of the initial price (as defined below), subject to adjustment in a manner inversely proportional to any anti-dilution adjustment to each fixed conversion rate (such dollar amount, as adjusted, the “floor price”). To the extent that the amount of the dividend as to which we have elected to deliver shares of our common stock in lieu of paying cash exceeds the product of the number of shares of our common stock delivered in connection with such dividend and 97% of the dividend payment average price, we will, if we are legally able to do so, pay such excess amount in cash.

No fractional shares of our common stock will be delivered to the holders of the mandatory convertible preferred stock in payment or partial payment of a dividend. We will instead pay a cash adjustment (computed to the nearest cent) based on the dividend payment average price with respect to such dividend.

To the extent a shelf registration statement is required in our reasonable judgment in connection with the issuance of shares of our common stock issued as payment of dividends on the shares of mandatory convertible preferred stock (including dividends paid in connection with a conversion) or resales of such shares by holders thereof that are not “affiliates” of ours (and have not been our “affiliates” during the immediately preceding three months) for purposes of the Securities Act of 1933, as amended (the “Securities Act”), we will, to the extent such a shelf registration statement is not currently filed and effective, use our commercially reasonable efforts to file and maintain the effectiveness of such a shelf registration statement until the earlier of such time as all such shares of our common stock have been resold thereunder and such time as all such shares would be freely tradable pursuant to Rule 144 under the Securities Act without registration by holders thereof that are not “affiliates” of ours (and have not been our “affiliates” during the immediately preceding three months) for purposes of the Securities Act. To the extent applicable, we will also use our commercially reasonable efforts to have such shares of our common stock qualified or registered under applicable U.S. state securities laws, if required, and approved for listing on the NYSE (or if shares of our common stock are not listed on the NYSE, on the principal other U.S. national or regional securities exchange on which shares of our common stock are then listed).

Definitions

For purposes of this section, the following terms have the meanings set forth below:

“Volume weighted average price” or “VWAP” per share of our common stock on any trading day means such price as displayed under the heading “Bloomberg VWAP” on Bloomberg (or any successor service) page BDX <Equity> AQR (or its equivalent successor if such page is not available) in respect of the period from the scheduled open to 4:00 p.m., New York City time, on such trading day; or, if such price is not available, the volume weighted average price means the market value per share of our common stock on such trading day as determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained by us for this

purpose. The “average VWAP” means, for any period, the average of the volume weighted average prices for each trading day in such period.

A “trading day” is any day on which:

- there is no market disruption event (as defined below); and
- the NYSE is open for trading, or, if our common stock (or any other security into which the mandatory convertible preferred stock becomes convertible in connection with any reorganization event) is not listed on the NYSE, any day on which the principal national securities exchange on which our common stock (or such other security) is listed is open for trading, or, if the common stock (or such other security) is not listed on a national securities exchange, any business day. A “trading day” only includes those days that have a scheduled closing time of 4:00 p.m., New York City time, or the then standard closing time for regular trading on the relevant exchange or trading system.

A “market disruption event” means any of the following events:

- any suspension of, or limitation imposed on, trading by the relevant exchange or quotation system during any period or periods aggregating one half-hour or longer and whether by reason of movements in price exceeding limits permitted by the relevant exchange or quotation system or otherwise relating to our common stock (or any other security into which the mandatory convertible preferred stock becomes convertible in connection with any reorganization event) or in futures or option contracts relating to our common stock (or such other security) on the relevant exchange or quotation system;
- any event (other than a failure to open or a closure as described below) that disrupts or impairs the ability of market participants during any period or periods aggregating one half-hour or longer in general to effect transactions in, or obtain market values for, our common stock (or any other security into which the mandatory convertible preferred stock becomes convertible in connection with any reorganization event) on the relevant exchange or quotation system or futures or options contracts relating to our common stock (or such other security) on any relevant exchange or quotation system; or
- the failure to open of one of the exchanges or quotation systems on which futures or options contracts relating to our common stock (or any other security into which the mandatory convertible preferred stock becomes convertible in connection with any reorganization event) are traded or the closure of such exchange or quotation system prior to its respective scheduled closing time for the regular trading session on such day (without regard to after-hours or other trading outside the regular trading session hours) unless such earlier closing time is announced by such exchange or quotation system at least one hour prior to the earlier of the actual closing time for the regular trading session on such day and the submission deadline for orders to be entered into such exchange or quotation system for execution at the actual closing time on such day.

For purposes of the first two bullets of the definition of “market disruption event” above, the relevant exchange or quotation system is the NYSE; *provided that* if our common stock (or any other security into which the mandatory convertible preferred stock becomes convertible in connection with any reorganization event) is not listed on the NYSE, such relevant exchange or quotation system will be the principal national securities exchange on which our common stock (or such other security) is then listed for trading.

A “scheduled trading day” is any day that is scheduled to be a trading day, except that if our common stock is not listed on a national securities exchange, “scheduled trading day” means a business day.

Dividend stopper

So long as any share of mandatory convertible preferred stock remains outstanding:

- no dividend or distribution will be declared or paid on our common stock or any other shares of junior stock, except dividends payable solely in shares of our common stock or other junior stock or rights to acquire the same;
- no dividend or distribution will be declared or paid on our parity stock, except as provided below; and
- no common stock, junior stock or parity stock will be, directly or indirectly, purchased, redeemed or otherwise acquired for consideration by us or any of our subsidiaries, in each case, unless all accumulated and unpaid dividends for all past dividend periods, including the latest completed dividend period, on all

outstanding shares of the mandatory convertible preferred stock have been or are contemporaneously declared and paid in full (or have been declared and a sufficient sum of cash and/or number of shares of our common stock for the payment thereof has been set aside for the benefit of the holders of shares of the mandatory convertible preferred stock on the applicable regular record date).

The limitations on distributions described in the immediately preceding paragraph do not apply to:

- redemptions, purchases or other acquisitions of shares of our common stock or other junior stock in connection with the administration of any employee benefit plan or other incentive plan, including employment contracts, in the ordinary course of business (including purchases of shares of our common stock in lieu of tax withholding and purchases of shares to offset the share dilution amount (as defined below) pursuant to a publicly announced repurchase plan); *provided* that any purchases to offset the share dilution amount cannot exceed the share dilution amount;
- any dividends or distributions of rights or junior stock in connection with a stockholders' rights plan or any redemption or repurchase of rights pursuant to any stockholders' rights plan;
- purchases of shares of common stock or junior stock pursuant to contractually binding requirements to buy the same existing prior to the preceding dividend period;
- the acquisition by us or any of our subsidiaries of record ownership in junior stock or parity stock for the beneficial ownership of any other persons (other than for the beneficial ownership by us or any of our subsidiaries), including as trustees or custodians; and
- any exchange or conversion of junior stock for or into other junior stock or of parity stock for or into other parity stock (with the same or lesser aggregate liquidation preference) or junior stock and, in each case, the payment of cash solely in lieu of fractional shares.

"Share dilution amount" means the increase in the number of diluted shares outstanding (determined in accordance with generally accepted accounting principles in the United States, and as measured from the date of our consolidated financial statements most recently filed with the SEC prior to the issue date) resulting from the grant, vesting or exercise of equity-based compensation to employees, directors or consultants and equitably adjusted for any stock split, stock dividend, reverse stock split, reclassification or similar transaction.

When dividends are not declared and paid (or declared and a sufficient sum of cash and/or number of shares of our common stock for payment thereof set aside for the benefit of the holders thereof on the applicable regular record date) on any dividend payment date (or, in the case of parity stock having dividend payment dates different from such dividend payment dates, on a dividend payment date falling within a dividend period related to such dividend payment date) in full upon the mandatory convertible preferred stock and any shares of parity stock, all dividends declared on the mandatory convertible preferred stock and all such parity stock and payable on such dividend payment date (or, in the case of parity stock having dividend payment dates different from such dividend payment dates, on a dividend payment date falling within a dividend period related to such dividend payment date) are declared and paid pro rata so that the respective amounts of such dividends declared bear the same ratio to each other as all accumulated and unpaid dividends per share on the shares of the mandatory convertible preferred stock and all parity stock payable on such dividend payment date (or, in the case of parity stock having dividend payment dates different from such dividend payment dates, on a dividend payment date falling within a dividend period related to such dividend payment date) (subject to their having been declared by our board of directors or a duly authorized committee of our board of directors out of lawfully available funds and including, in the case of parity stock that bears cumulative dividends, all accrued but unpaid dividends) bear to each other. If our board of directors or a duly authorized committee of our board of directors determines not to declare and pay any dividend or a full dividend on a dividend payment date, we will provide 10 business days' written notice to the holders of the mandatory convertible preferred stock prior to such dividend payment date, or as reasonably practicable thereafter.

Subject to the foregoing, dividends (payable in cash, securities or other property) as may be determined by our board of directors or any duly authorized committee of our board of directors may be declared and paid on any securities, including our common stock and other junior stock, from time to time out of any funds lawfully available for such payment, and holders of the mandatory convertible preferred stock are not entitled to participate in any such dividends.

No optional redemption

The mandatory convertible preferred stock is not be redeemable or subject to any sinking fund or other similar provision. However, at our option, we may purchase or otherwise acquire (including in an exchange transaction) the

mandatory convertible preferred stock from time to time in the open market, by tender or exchange offer or otherwise, without the consent of, or notice to, holders.

Conversion rights

Mandatory conversion

Each outstanding share of the mandatory convertible preferred stock will automatically convert on June 1, 2023 (the “mandatory conversion date”) into a number of shares of our common stock equal to the conversion rate described below, unless such share of the mandatory convertible preferred stock has been converted in the manner described in “—Early conversion at the option of the holder” or “—Early conversion at the option of the holder upon a fundamental change”; *provided* that if the mandatory conversion date is not a business day, the mandatory conversion date will be postponed to the following business day and; *provided, further*, that if any scheduled trading day during the period used to determine the applicable market value pursuant to the definition below is not a trading day, the mandatory conversion date will be postponed by the number of such scheduled trading days that are not trading days during such period.

The conversion rate, which is the number of shares of common stock issuable upon conversion of each share of the mandatory convertible preferred stock on the applicable conversion date (excluding shares of common stock, if any, issued in respect of accumulated and unpaid dividends), will be as follows:

- if the applicable market value of our common stock is equal to or greater than \$288.00, which we refer to as the “threshold appreciation price,” then the conversion rate will be 3.4722 shares of our common stock per share of mandatory convertible preferred stock (the “minimum conversion rate”), which is equal to \$1,000 divided by the threshold appreciation price;
- if the applicable market value of our common stock is less than the threshold appreciation price but greater than \$240.00 (i.e., the initial price), then the conversion rate will be equal to \$1,000 divided by the applicable market value of our common stock; or
- if the applicable market value of our common stock is less than or equal to the initial price, then the conversion rate will be 4.1666 shares of common stock per share of mandatory convertible preferred stock, which we refer to as the “maximum conversion rate,” which is equal to \$1,000 divided by the initial price.

We refer to the minimum conversion rate and the maximum conversion rate collectively as the “fixed conversion rates.”

If prior to the mandatory conversion date we have not declared all or any portion of the accumulated dividends on the mandatory convertible preferred stock, the conversion rate will be adjusted so that holders will receive an additional number of shares of our common stock equal to the amount of such accumulated dividends (the “additional conversion amount”) divided by the greater of the floor price and 97% of the dividend payment average price. To the extent that the additional conversion amount exceeds the product of such number of additional shares and the applicable market value, we will, if we are legally able to do so, declare and pay such excess amount in cash pro rata to the holders of the mandatory convertible preferred stock.

The “applicable market value” of our common stock is the average VWAP per share of our common stock for the 20 consecutive trading day period commencing on and including the 22nd scheduled trading day prior to the mandatory conversion date.

The initial price is \$240.00. The threshold appreciation price is \$288.00, which represents approximately a 20% appreciation over the initial price. Each of the fixed conversion rates, the initial price, the threshold appreciation price, the floor price and the applicable market value are subject to adjustment as described under “—Conversion rate adjustments” below.

Based on the foregoing, if the market price of our common stock on the mandatory conversion date (subject to postponement as described above) is the same as the applicable market value, the aggregate market value of the shares of our common stock a holder of mandatory convertible preferred stock receives upon mandatory conversion (other than any shares of our common stock received in connection with any dividend payment) will be:

- greater than the initial liquidation preference of the mandatory convertible preferred stock, if the applicable market value is greater than the threshold appreciation price;

- equal to the initial liquidation preference of the mandatory convertible preferred stock, if the applicable market value is less than or equal to the threshold appreciation price and greater than or equal to the initial price; and
- less than the initial liquidation preference of the mandatory convertible preferred stock, if the applicable market value is less than the initial price.

Early conversion at the option of the holder

Holders of the mandatory convertible preferred stock have the right to convert the mandatory convertible preferred stock, in whole or in part (but in no event less than one share of mandatory convertible preferred stock), at any time prior to the mandatory conversion date, other than during the fundamental change conversion period (as defined below), into shares of our common stock at the minimum conversion rate of 3.4722 shares of our common stock per share of the mandatory convertible preferred stock, subject to adjustment as described under “—Conversion rate adjustments” below.

If, as of the effective date of any early conversion (the “early conversion date”), we have not declared all or any portion of the accumulated dividends for all dividend periods ending on a dividend payment date prior to such early conversion date, the conversion rate for such early conversion will be adjusted so that holders converting their shares of mandatory convertible preferred stock at such time receive an additional number of shares of our common stock equal to such amount of accumulated and unpaid dividends for such prior dividend periods, divided by the greater of the floor price and the average VWAP per share of our common stock over the 20 consecutive trading day period commencing on and including the 22nd scheduled trading day prior to the early conversion date (the “early conversion average price”). If, in respect of any early conversion date, the third business day immediately following such early conversion date occurs on or prior to the last trading day of such 20 consecutive trading day period, delivery of the shares of our common stock owed in respect of such early conversion will be deferred until the business day immediately following the last trading day of such 20 consecutive trading day period. To the extent that the cash amount of the accumulated and unpaid dividends for prior dividend periods ending on a dividend payment date prior to the relevant early conversion date exceeds the product of the number of additional shares added to the conversion rate and the early conversion average price, we will not have any obligation to pay the shortfall in cash.

Except as described above, upon any optional conversion of any mandatory convertible preferred stock, we will make no payment or allowance for unpaid dividends on such mandatory convertible preferred stock, unless such early conversion date occurs after the regular record date for a declared dividend and on or prior to the immediately succeeding dividend payment date, in which case such dividend will be paid on such dividend payment date to the holder of record of the converted shares of mandatory convertible preferred stock as of such regular record date, as described under “—Dividends” above.

Early conversion at the option of the holder upon a fundamental change

If a “fundamental change” (as defined below) occurs on or prior to the mandatory conversion date, holders of the mandatory convertible preferred stock have the right to:

1. convert their mandatory convertible preferred stock, in whole or in part (but in no event less than one share of mandatory convertible preferred stock):
 - (i) into shares of our common stock at the conversion rate determined using the table below (the “fundamental change conversion rate”); or
 - (ii) into units of exchange property based on the fundamental change conversion rate if the fundamental change also constitutes a reorganization event described under “Recapitalizations, reclassifications and changes of our common stock”;
2. with respect to such converted shares, receive a fundamental change dividend make-whole amount (as defined below) payable in cash or shares of our common stock (or, if applicable, units of exchange property); and
3. with respect to such converted shares, receive the accumulated dividend amount (as defined below) payable in cash or shares of our common stock (or, if applicable, units of exchange property).

subject, in the case of clauses (2) and (3) above, to certain limitations with respect to the number of shares of our common stock that we are required to deliver, all as described below in “—Fundamental change dividend make-whole amount and accumulated dividend amount.”

Notwithstanding clauses (2) and (3) above, if the effective date of a fundamental change or the relevant fundamental change conversion date falls during a dividend period for which we have declared a dividend on the mandatory convertible preferred stock, we will pay such dividend on the relevant dividend payment date to the holders of record on the immediately preceding regular record date, as described in “—Dividends.” In such case the accumulated dividend amount will not include the amount of such dividend, and the fundamental change dividend make-whole amount will not include the present value of such dividend.

To exercise this right, holders must submit their mandatory convertible preferred stock for conversion at any time during the period (the “fundamental change conversion period”) from, and including, the effective date of such fundamental change (as defined below) (the “effective date”) to, but excluding, the earlier of (x) the mandatory conversion date and (y) the date selected by us that is not less than 30 and not more than 60 calendar days after the effective date (the “fundamental change conversion date”). Holders of mandatory convertible preferred stock who do not submit their shares for conversion during the fundamental change conversion period will not be entitled to convert their mandatory convertible preferred stock at the fundamental change conversion rate or to receive the fundamental change dividend make-whole amount or, in connection with the fundamental change, the accumulated dividend amount.

We will notify holders, to the extent practicable, at least 20 calendar days prior to the anticipated effective date of such fundamental change, but in any event not later than two business days following our becoming aware of the occurrence of a fundamental change; *provided* that we will not be required to deliver such notice before such date that we would otherwise be required to deliver notice pursuant to the applicable securities laws or the rules of any securities exchange on which shares of our common stock are then traded (the “fundamental change company notice”). Such fundamental change company notice will state, among other things, whether we have elected to satisfy all or any portion of accumulated and unpaid dividends through the delivery of shares of our common stock or units of exchange property, as the case may be, and, if so, the portion thereof (as a percentage) that will be satisfied through the delivery of shares of our common stock or units of exchange property.

The table below sets forth the fundamental change conversion rate per share of mandatory convertible preferred stock based on the effective date of the fundamental change and the stock price paid (or deemed paid) per share of our common stock in the fundamental change (as described below).

Effective date	\$120.00	\$140.00	\$160.00	\$180.00	\$200.00	\$220.00	\$240.00	\$250.00	\$260.00	\$270.00	\$288.00	\$300.00	\$325.00	\$350.00	\$400.00
June 1, 2021	3.8744	3.8653	3.8323	3.7832	3.7259	3.6673	3.6122	3.5869	3.5635	3.5420	3.5082	3.4891	3.4573	3.4348	3.4095
June 1, 2022	4.0323	4.0343	4.0149	3.9711	3.9057	3.8270	3.7452	3.7060	3.6691	3.6348	3.5813	3.5517	3.5044	3.4735	3.4438
June 1, 2023	4.1666	4.1666	4.1666	4.1666	4.1666	4.1666	4.1666	3.9999	3.8461	3.7036	3.4721	3.4722	3.4722	3.4722	3.4722

The exact stock price and effective date may not be set forth in the table, in which case:

- if the stock price is between two stock price amounts in the table or the effective date is between two dates in the table, the fundamental change conversion rate will be determined by straight-line interpolation between the fundamental change conversion rates set forth for the higher and lower stock price amounts and the two dates, as applicable, based on a 365-day year;
- if the stock price is greater than \$400.00 per share (subject to adjustment as described below), then the fundamental change conversion rate will be the minimum conversion rate, subject to adjustment as set forth under “—Conversion rate adjustments”; and
- if the stock price is less than \$120.00 per share (subject to adjustment as described below) (the “minimum stock price”), then the fundamental change conversion rate will be determined as if the stock price equaled the minimum stock price, and if the effective date is between two dates on the table, using straight-line interpolation, as described herein, subject to adjustment.

The “stock price” in the fundamental change will equal:

- in the case of a fundamental change described in clause (2) of the definition of “fundamental change” below in which the holders of our common stock receive only cash in the fundamental change, the cash amount paid per share of our common stock; and

- otherwise, the average VWAP per share of our common stock over the five consecutive trading day period ending on, and including, the trading day immediately preceding the effective date of the fundamental change (the “fundamental change market value”).

The stock prices set forth in the first row of the table (i.e., the column headers) will be adjusted as of any date on which the fixed conversion rates of the mandatory convertible preferred stock are adjusted. The adjusted stock prices will equal the stock prices applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the minimum conversion rate immediately prior to the adjustment giving rise to the stock price adjustment and the denominator of which is the minimum conversion rate as so adjusted. Each of the conversion rates in the table will be subject to adjustment in the same manner as each fixed conversion rate as set forth under “Conversion rate adjustments.”

A “fundamental change” is deemed to have occurred if any of the following occurs:

- (1) a “person” or “group” within the meaning of Section 13(d) of the Exchange Act, other than us, our subsidiaries and our or their employee benefit plans, files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect “beneficial owner,” as defined in Rule 13d-3 under the Exchange Act, of our common stock representing more than 50% of the voting power of our common stock or we otherwise become aware of such ownership;
- (2) the consummation of (A) any recapitalization, reclassification or change of our common stock (other than a change only in par value, from par value to no par value or from no par value to par value, or changes resulting from a subdivision or combination of our common stock) as a result of which our common stock would be converted into, or exchanged for, or represent solely the right to receive, stock, other securities, other property or assets; (B) any share exchange, consolidation or merger of us pursuant to which our common stock is converted into, or exchanged for, or represent solely the right to receive, stock, other securities, other property or assets; or (C) any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of us and our subsidiaries, taken as a whole, to any person other than one of our wholly-owned subsidiaries; provided that, with respect to clause (B), any transaction pursuant to which the holders of 50% or more of the total voting power of all shares of our capital stock entitled to vote generally in elections of directors immediately prior to such transaction have the right to exercise, directly or indirectly, 50% or more of the total voting power of all capital stock (or other securities issued in such transaction) entitled to vote generally in elections of directors of the continuing or surviving person or the parent entity thereof immediately after giving effect to such transaction, in substantially the same proportions as such ownership immediately prior to such transaction will not constitute a fundamental change;
- (3) our stockholders approve any plan or proposal for the liquidation or dissolution of us; or
- (4) our common stock (or, following a reorganization event (as defined below), any common stock, depositary receipts or other securities representing common equity interests into which the mandatory convertible preferred stock becomes convertible in connection with such reorganization event) ceases to be listed on any of the NYSE, the Nasdaq Global Select Market or the Nasdaq Global Market (or any of their respective successors) or another U.S. national securities exchange.

A transaction or transactions described in clause (1) or (2) above will not constitute a fundamental change, however, if at least 90% of the consideration received or to be received by our common stockholders (excluding cash payments for fractional shares or pursuant to appraisal rights) in connection with such transaction or transactions consists of shares of common stock that are listed on any of the NYSE, the Nasdaq Global Select Market or the Nasdaq Global Market (or any of their respective successors) or another U.S. national securities exchange, or will be so listed when issued or exchanged in connection with such transaction or transactions, and as a result of such transaction or transactions the mandatory convertible preferred stock becomes convertible into such consideration, excluding cash payments for fractional shares. For the purposes of this definition of “fundamental change,” any transaction or event that constitutes a fundamental change under both clause (1) and clause (2) above will be deemed to constitute a fundamental change solely under clause (2) of this definition of “fundamental change.”

Fundamental change dividend make-whole amount and accumulated dividend amount

For any shares of mandatory convertible preferred stock that are converted during the fundamental change conversion period, in addition to the common stock issuable upon conversion at the fundamental change conversion rate, we may, at our option:

- (1) pay holders in cash, to the extent we are legally permitted to do so and not prohibited by the terms of our indebtedness, the present value, computed using a discount rate of 5.00% per annum, of all dividend payments on such holders' shares of mandatory convertible preferred stock for all the remaining dividend periods (excluding any accumulated and unpaid dividends for all dividend periods ending on or prior to the dividend payment date preceding the effective date of the fundamental change as well as dividends accumulated to the effective date of the fundamental change) from such effective date to but excluding the mandatory conversion date (the "fundamental change dividend make-whole amount");
- (2) increase the number of shares of common stock to be issued on conversion by a number equal to (x) the fundamental change dividend make-whole amount divided by (y) the greater of the floor price and 97% of the stock price; or
- (3) pay the fundamental change dividend make whole amount in a combination of cash and shares of our common stock in accordance with the provisions of clauses (1) and (2) above.

In addition, for any shares of mandatory convertible preferred stock that are converted during the fundamental change conversion period, to the extent that, as of the effective date of the fundamental change, we have not declared any or all of the accumulated dividends on the mandatory convertible preferred stock as of such effective date (including accumulated and unpaid dividends for all dividend periods ending on or prior to the dividend payment date preceding the effective date of the fundamental change as well as dividends accumulated to the effective date of the fundamental change, the "accumulated dividend amount"), holders who convert mandatory convertible preferred stock within the fundamental change conversion period will be entitled to receive such accumulated dividend amount upon conversion. The accumulated dividend amount will be payable at our election in either:

- cash, to the extent we are legally permitted to do so and not prohibited by the terms of our indebtedness;
- an additional number shares of our of common stock equal to (x) the accumulated dividend amount divided by (y) the greater of the floor price and 97% of the stock price; or
- a combination of cash and shares of our common stock in accordance with the provisions of the preceding two bullets.

We will pay the fundamental change dividend make-whole amount and the accumulated dividend amount in cash, except to the extent we elect on or prior to the second business day following the effective date of a fundamental change (as further described in, and subject to, the next paragraph) to make all or any portion of such payments in shares of our common stock. In addition, if we elect to deliver shares of our common stock in respect of all or any portion of the fundamental change dividend make-whole amount or accumulated dividend amount, to the extent that the fundamental change dividend make-whole amount or the accumulated dividend amount or any portion thereof paid by delivery of shares of our common stock exceeds the product of the number of additional shares we deliver in respect thereof and 97% of the stock price, we will, if we are legally able to do so, declare and pay such excess amount in cash.

Not later than the second business day following the effective date of a fundamental change (or, if we provide notice to holders of the fundamental change after the effective date of a fundamental change as described above, on the date we give holders notice of the effective date of a fundamental change), we will notify holders of:

- the fundamental change conversion rate;
- the fundamental change dividend make-whole amount and whether we will satisfy such amount through the payment of cash, the delivery of shares of our common stock or a combination thereof, specifying the combination, if applicable; and
- the accumulated dividend amount as of the effective date of the fundamental change and whether we will satisfy such amount through the payment of cash, the delivery of shares of our common stock or a combination thereof, specifying the combination, if applicable.

Our obligation to adjust the conversion rate in connection with a fundamental change and pay the fundamental change dividend make-whole amount (whether in cash or shares of our common stock or any combination thereof) could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

Conversion procedures

Any outstanding shares of mandatory convertible preferred stock automatically convert into shares of our common stock on the mandatory conversion date (subject to postponement as described above under “—Mandatory conversion”). The person or persons entitled to receive the shares of our common stock issuable upon conversion of the mandatory convertible preferred stock will be treated as the record holder(s) of such shares as of 5:00 p.m., New York City time, on the mandatory conversion date (subject to postponement as described above under “—Mandatory conversion”). Except as provided under “—Conversion rate adjustments”, prior to 5:00 p.m., New York City time, on the mandatory conversion date, the shares of our common stock issuable upon conversion of the mandatory convertible preferred stock will not be outstanding for any purpose and holders of the mandatory convertible preferred stock have no rights with respect to such shares of common stock, including, without limitation, voting rights, rights to participate in tender offers and rights to receive any dividends or other distributions on our common stock, in each case by virtue of holding the mandatory convertible preferred stock.

If a holder elects to convert its shares of mandatory convertible preferred stock prior to the mandatory conversion date, in the manner described in “—Early conversion at the option of the holder,” or “—Early conversion at the option of the holder upon a fundamental change,” the holder must observe the following conversion procedures:

- if the shares of mandatory convertible preferred stock are in global form, to convert its shares of mandatory convertible preferred stock a holder must deliver to DTC the appropriate instruction form for conversion pursuant to DTC’s conversion program and, if required, pay all transfer taxes or duties, if any; or
- if the shares of mandatory convertible preferred stock are held in certificated form, such holder must comply with certain procedures set forth in our restated certificate of incorporation or the certificate of amendment establishing the terms of the mandatory convertible preferred stock (the “certificate of amendment”).

The conversion date will be the date on which the converting holder has satisfied the foregoing requirements. A holder who converts its shares of mandatory convertible preferred stock is not be required to pay any taxes or duties relating to the issuance or delivery of shares of our common stock if such holder exercises its conversion rights, but such holder will be required to pay any tax or duty that may be payable relating to any transfer involved in the issuance or delivery of the shares of common stock in a name other than its own.

Shares of common stock will be issued and delivered only after all applicable taxes and duties, if any, payable by the converting holder have been paid in full and will be issued on the later of the third business day immediately succeeding the conversion date and the business day after such holder has paid in full all applicable taxes and duties, if any.

The person or persons entitled to receive the common stock issuable upon conversion of the mandatory convertible preferred stock prior to the mandatory conversion date will be treated as the record holder(s) of such shares as of 5:00 p.m., New York City time, on the applicable conversion date. Except as provided under “—Conversion rate adjustments”, prior to 5:00 p.m., New York City time, on the applicable conversion date, the common stock issuable upon conversion of the mandatory convertible preferred stock will not be outstanding for any purpose and a holder of the mandatory convertible preferred stock will have no rights with respect to such common stock, including voting rights, rights to participate in tender offers and rights to receive any dividends or other distributions on the common stock, by virtue of holding the mandatory convertible preferred stock. No fractional shares of our common stock will be issued to holders of shares of the mandatory convertible preferred stock upon conversion. In lieu of any fractional shares of common stock otherwise issuable upon conversion (including in connection with a dividend payment), that holder will be entitled to receive an amount in cash (computed to the nearest cent) based on the VWAP per share of our common stock on the trading day immediately preceding the applicable conversion date. If more than one share of the mandatory convertible preferred stock is surrendered for conversion at one time by or for the same holder, the number of full shares of our common stock issuable upon conversion thereof will be computed on the basis of the aggregate number of shares of the mandatory convertible preferred stock so surrendered.

Conversion rate adjustments

Each fixed conversion rate will be adjusted from time to time as follows:

- (i) If we issue our common stock as a dividend or distribution to all or substantially all holders of our common stock, or if we effect a subdivision or combination (including, without limitation, a stock split or a reverse stock split) of our common stock, each fixed conversion rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times \frac{OS_1}{OS_0}$$

Where,

- CR_0 the fixed conversion rate in effect immediately prior to 5:00 p.m., New York City time, on the record date (as defined below) for such dividend or distribution or immediately prior to 9:00 a.m., New York City time, on the effective date for such subdivision or combination, as the case may be;
- CR_1 the fixed conversion rate in effect immediately after 5:00 p.m., New York City time, on such record date or immediately after 9:00 a.m., New York City time, on such effective date, as the case may be;
- OS_0 the number of shares of our common stock outstanding immediately prior to 5:00 p.m., New York City time, on such record date or immediately prior to 9:00 a.m., New York City time, on such effective date, as the case may be, and prior to giving effect to such event; and
- OS_1 the number of shares of our common stock that would be outstanding immediately after, and solely as a result of, such dividend, distribution, subdivision or combination.

Any adjustment made under this clause (i) will become effective immediately after 5:00 p.m., New York City time, on the record date for such dividend or distribution, or immediately after 9:00 a.m., New York City time, on the effective date for such subdivision or combination, as the case may be. If any dividend, distribution, subdivision or combination of the type described in this clause (i) is declared but not so paid or made, each fixed conversion rate will be immediately readjusted, effective as of the earlier of (a) the date our board of directors or a duly authorized committee thereof determines not to pay or make such dividend, distribution, subdivision or combination and (b) the date the dividend or distribution was to be paid or the date the subdivision or combination was to have been effective, to the fixed conversion rate that would then be in effect if such dividend, distribution, subdivision or combination had not been declared.

- (ii) If we issue to all or substantially all holders of our common stock any rights, options or warrants entitling them for a period expiring 60 calendar days or less from the date of issuance of such rights, options or warrants to subscribe for or purchase shares of our common stock at less than the average VWAP per share of our common stock for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement for such issuance, each fixed conversion rate will be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{(OS_0 + X)}{(OS_0 + Y)}$$

where,

- CR_0 = the fixed conversion rate in effect immediately prior to 5:00 p.m., New York City time, on the record date for such issuance;
- CR_1 = the fixed conversion rate in effect immediately after 5:00 p.m., New York City time, on such record date;
- OS_0 = the number of shares of our common stock outstanding immediately prior to 5:00 p.m., New York City time, on such record date;
- X = the number of shares of our common stock issuable pursuant to such rights, options or warrants; and
- Y = the aggregate price payable to exercise such rights, options or warrants, divided by the average VWAP per share of our common stock for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement for such issuance.

Any increase in the fixed conversion rates made pursuant to this clause (ii) will become effective immediately after 5:00 p.m., New York City time, on the record date for such issuance. To the extent such rights, options or warrants are not exercised prior to their expiration or termination, each fixed conversion rate will be decreased, effective as of the date of such expiration or termination, to the fixed conversion rate that would then be in effect had the increase

with respect to the issuance of such rights, options or warrants been made on the basis of delivery of only the number of shares of common stock actually delivered. If such rights, options or warrants are not so issued, each fixed conversion rate will be decreased, effective as of the earlier of (a) the date our board of directors or a duly authorized committee thereof determines not to issue such rights, options or warrants and (b) the date such rights, options or warrants were to have been issued, to the fixed conversion rate that would then be in effect if such issuance had not been announced.

For purposes of this clause (ii), in determining whether any rights, options or warrants entitle the holders thereof to subscribe for or purchase shares of our common stock at less than average VWAP per share of our common stock for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement for such issuance, and in determining the aggregate price payable to exercise such rights, options or warrants, we will take into account any consideration we receive for such rights, options or warrants and any amount payable on exercise thereof, with the value of such consideration, if other than cash, to be determined by our board of directors or a duly authorized committee thereof, which determination will be final.

- (i) If we pay a dividend or other distribution to all or substantially all holders of our common stock of shares of our capital stock (other than our common stock), evidences of our indebtedness, our assets or rights to acquire our capital stock, our indebtedness or our assets, excluding:
 - (a) any dividend, distribution or issuance as to which an adjustment was effected pursuant to clause (i) or (ii) above;
 - (b) dividends or distributions paid exclusively in cash as to which an adjustment was effected pursuant to clause (iv) below;
 - (c) “spin-offs” as to which the provisions set forth below in this clause (iii) apply; and
 - (d) any dividends or distributions in connection with a reorganization event that is included in exchange property (as described below),

then each fixed conversion rate will be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{SP_0}{SP_0 - FMV}$$

CR ₀	=	the fixed conversion rate in effect immediately prior to 5:00 p.m., New York City time, on the record date for such dividend or distribution;
CR ₁	=	the fixed conversion rate in effect immediately after 5:00 p.m., New York City time, on such record date;
SP ₀	=	the average VWAP per share of our common stock for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the ex-dividend date for such dividend or distribution; and
FMV	=	the fair market value (as determined in good faith by our board of directors or a duly authorized committee thereof, which determination will be final) on the ex-dividend date for such dividend or distribution of shares of our capital stock (other than our common stock), evidences of our indebtedness, our assets or rights to acquire our capital stock, our indebtedness or our assets, expressed as an amount per share of our common stock.

If our board of directors or a duly authorized committee thereof determines the “FMV” (as defined above) of any dividend or other distribution for purposes of this clause (iii) by referring to the actual or when-issued trading market for any securities, it will consider the prices in such market of such securities for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the ex-dividend date for such dividend or distribution.

Notwithstanding the foregoing, if “FMV” (as defined above) is equal to or greater than “SP₀” (as defined above), in lieu of the foregoing increase, each holder of shares of the mandatory convertible preferred stock will receive, in respect of each share thereof, at the same time and upon the same terms as holders of our common stock and solely as a result of holding shares of mandatory convertible preferred stock, the amount and kind of shares of our capital stock (other than our common stock), evidences of our indebtedness, our assets or rights to acquire our capital stock, our indebtedness or our assets that such holder would have received if such holder owned a number of shares of our

common stock equal to the maximum conversion rate in effect immediately prior to the close of business on the ex-dividend date for such dividend or other distribution.

Any increase made under the portion of this clause (iii) above will become effective immediately after 5:00 p.m., New York City time, on the record date for such dividend or other distribution. If such dividend or other distribution is not so paid or made, each fixed conversion rate will be decreased, effective as of the earlier of (a) the date our board of directors or a duly authorized committee thereof determines not to pay the dividend or other distribution and (b) the date such dividend or distribution was to have been paid, to the fixed conversion rate that would then be in effect if the dividend or other distribution had not been declared.

If the transaction that gives rise to an adjustment pursuant to this clause (iii) is one pursuant to which the payment of a dividend or other distribution on our common stock consists of shares of capital stock of, or similar equity interests in, a subsidiary or other business unit of ours (i.e., a spin-off) that are, or, when issued, will be, traded on a U.S. national securities exchange or a reasonably comparable non-U.S. equivalent, then each fixed conversion rate will be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{FMV + MP}{MP}$$

where,

CR ₀	=	the fixed conversion rate in effect at 5:00 p.m., New York City time, on the tenth trading day immediately following, and including, the ex-dividend date for such dividend or distribution;
CR ₁	=	the fixed conversion rate in effect immediately after 5:00 p.m., New York City time, on the tenth trading day immediately following, and including, the ex-dividend date for such dividend or distribution;
FMV	=	the average VWAP per share of such capital stock or similar equity interests distributed to holders of our common stock applicable to one share of our common stock over the 10 consecutive trading day period commencing on, and including, the ex-dividend date for such dividend or distribution; and
MP	=	the average VWAP per share of our common stock over the 10 consecutive trading day period commencing on, and including, the ex-dividend date for such dividend or distribution.

The adjustment to each fixed conversion rate under the immediately preceding paragraph will occur at 5:00 p.m., New York City time, on the 10th consecutive trading day immediately following, and including, the ex-dividend date for such dividend or distribution, but will be given effect as of 9:00 a.m., New York City time, on the date immediately following the record date for such dividend or distribution. Because we will make the adjustments to the fixed conversion rates at the end of the 10 consecutive trading day period with retroactive effect, we will delay the settlement of any conversion of shares of the mandatory convertible preferred stock if the conversion date occurs after the record date for such dividend or other distribution and prior to the end of such 10 consecutive trading day period. In such event, we will deliver the shares of common stock issuable in respect of such conversion (based on the adjusted fixed conversion rates as described above) on the first business day immediately following the last trading day of such 10 consecutive trading day period.

- (iv) we pay a distribution consisting exclusively of cash to all or substantially all holders of our common stock, excluding any regular quarterly cash dividends or distributions of up to \$0.79 per share of our common stock (the “initial dividend threshold”), each fixed conversion rate will be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{SP_0}{(SP_0 - C)}$$

CR ₀	=	the fixed conversion rate in effect immediately prior to 5:00 p.m., New York City time, on the record date for such distribution;
CR ₁	=	the fixed conversion rate in effect immediately after 5:00 p.m., New York City time, on the record date for such distribution;
SP ₀	=	the average VWAP per share of our common stock over the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the ex-dividend date for such distribution; and
C	=	an amount of cash per share of our common stock we distribute to holders of our common stock <i>provided</i> that in the case of a regular quarterly cash dividend or distribution, such amount will only include the amount of such dividend or distribution in excess of the initial dividend threshold.

Notwithstanding the foregoing, if “C” (as defined above) is equal to or greater than “SP₀” (as defined above), in lieu of the foregoing increase, each holder of shares of the mandatory convertible preferred stock receives, in respect of each share thereof, at the same time and upon the same terms as holders of shares of our common stock and solely as a result of holding shares of mandatory convertible preferred stock, the amount of cash that such holder would have received if such holder owned a number of shares of our common stock equal to the maximum conversion rate in effect immediately prior to 5:00 p.m., New York City time, on the record date for such distribution.

The initial dividend threshold is subject to adjustment in a manner inversely proportional to adjustments to the fixed conversion rates *provided* that no adjustment will be made to the initial dividend threshold for any adjustment made to the fixed conversion rates under this clause (iv).

Any adjustment to the fixed conversion rates pursuant to this clause (iv) will become effective immediately after 5:00 p.m., New York City time, on the record date for such distribution. If such distribution is not so paid, the fixed conversion rates will be decreased, effective as of the earlier of (a) the date our board of directors or a duly authorized committee thereof determines not to pay such dividend and (b) the date such dividend was to have been paid, to the fixed conversion rates that would then be in effect if such distribution had not been declared.

- (v) If we or one or more of our subsidiaries purchases our common stock pursuant to a tender offer or exchange offer pursuant to a Schedule TO or registration statement on Form S-4 for our common stock (excluding, for the avoidance of doubt, any securities convertible or exchangeable for our common stock, and except as provided below) and the cash and value of any other consideration included in the payment per share of our common stock validly tendered or exchanged exceeds the average VWAP per share of our common stock over the 10 consecutive trading day period commencing on, and including, the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer (the “expiration date”), each fixed conversion rate will be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{(FMV + (SP_1 \times OS_1))}{(SP_1 - OS_0)}$$

where,

CR ₀	=	the fixed conversion rate in effect immediately prior to 5:00 p.m., New York City time, on the tenth trading day immediately following, and including, the trading day next succeeding the expiration date;
CR ₁	=	the fixed conversion rate in effect immediately after 5:00 p.m., New York City time, on the tenth trading day immediately following, and including, the trading day next succeeding the expiration date;
FMV	=	the fair market value (as determined in good faith by our board of directors or a duly authorized committee thereof) as of the expiration date of the aggregate value of all cash and any other consideration paid or payable for shares of our common stock validly tendered or exchanged and not withdrawn as of the expiration date (the “purchased shares”);
OS ₁	=	the number of shares of our common stock outstanding as of the last time tenders or exchanges may be made pursuant to such tender or exchange offer (the “expiration time”), less any purchased shares;
OS ₀	=	the number of shares of our common stock outstanding at the expiration time, including any purchased shares; and
SP1	=	the average VWAP per share of our common stock over the 10 consecutive trading day period commencing on, and including, the trading day next succeeding the expiration date.

The adjustment to each fixed conversion rate under the immediately preceding paragraph will occur at 5:00 p.m., New York City time, on the 10th consecutive trading day immediately following, and including, the trading day immediately following the expiration date, but will be given effect as of 9:00 a.m., New York City time, on the expiration date. Because we will make the adjustments to the fixed conversion rates at the end of the 10 consecutive trading day period with retroactive effect, we will delay the settlement of any conversion of shares of the mandatory convertible preferred stock if the conversion date occurs during such 10 consecutive trading day period. In such event, we will deliver the shares of common stock issuable in respect of such conversion (based on the adjusted fixed conversion rates as described above) on the first business day immediately following the last trading day of such 10 consecutive trading day period.

“Record date” means, solely for purposes of a conversion rate adjustment, with respect to any dividend, distribution or other transaction or event in which the holders of our common stock have the right to receive any cash, securities or other property or in which our common stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of holders of our common stock entitled to receive such cash, securities or other property (whether such date is fixed by our board of directors or by statute, contract or otherwise).

“Ex-dividend date” means the first date on which the shares of common stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive the issuance or distribution in question or, if applicable, from the seller of such common stock (in the form of due bills or otherwise) as determined by such exchange or market.

If we have in effect a stockholder rights plan while any shares of the mandatory convertible preferred stock remain outstanding, holders of shares of the mandatory convertible preferred stock receive, upon a conversion of shares of the mandatory convertible preferred stock, in addition to common stock, rights under our stockholder rights agreement unless, prior to such conversion, the rights have expired, terminated or been redeemed or unless the rights have separated from our common stock. If the rights provided for in our rights plan have separated from our common stock in accordance with the provisions of the applicable rights agreement so that holders of shares of the mandatory convertible preferred stock would not be entitled to receive any rights in respect of our common stock, if any, that we are required to deliver upon conversion of shares of the mandatory convertible preferred stock, each fixed conversion rate will be adjusted at the time of separation as if we had made a distribution to all holders of our common stock of shares of our capital stock (other than our common stock), evidences of our indebtedness, our assets or rights to acquire our capital stock, our indebtedness or our assets pursuant to paragraph (iii) above, subject to readjustment upon the subsequent expiration, termination or redemption of the rights. A distribution of rights pursuant to a rights plan will not trigger a conversion rate adjustment pursuant to paragraphs (ii) or (iii) above.

Notwithstanding the foregoing, no adjustment to the fixed conversion rates need be made if holders of shares of the mandatory convertible preferred stock participate in the transaction that would otherwise require an adjustment (other than in the case of a share split or share combination), at the same time, upon the same terms and otherwise on the same basis as holders of our common stock and solely as a result of holding shares of the mandatory convertible preferred stock, as if such holders held a number of shares of our common stock equal to the maximum conversion rate as of the record date for such transaction, multiplied by the number of shares of the mandatory convertible preferred stock held by such holders.

The fixed conversion rates will not be adjusted under this “—Conversion Rate Adjustments” section except as provided above. Without limiting the foregoing, the fixed conversion rates will not be adjusted under this “—Conversion Rate Adjustments” section for:

- the issuance of any shares of our common stock (or rights with respect thereto) pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on our securities and the investment of additional optional amounts in our common stock under any plan;
- the issuance of any shares of our common stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan, employee agreement or arrangement or program of ours or any of our subsidiaries;
- the issuance of any shares of our common stock pursuant to any option, warrant, right, or exercisable, exchangeable or convertible security outstanding as of the issue date;
- a change solely in the par value of our common stock;
- stock repurchases that are not tender offers, including structured or derivative transactions;
- as a result of a tender offer solely to holders of fewer than 100 shares of our common stock;
- a tender or exchange offer by a person other than us or one or more of our subsidiaries; or
- the payment of dividends on the mandatory convertible preferred stock, whether in cash or in shares of our common stock.

All required calculations (including adjustments to the fixed conversion rates) will be made to the nearest cent or 1/10,000th of a share.

In addition, we may make such increases in each fixed conversion rate as we deem advisable in order to avoid or diminish any income tax to holders of our common stock resulting from any dividend or distribution of our shares (or issuance of rights or warrants to acquire our shares) or from any event treated as such for income tax purposes or for any other reason. We may only make such a discretionary adjustment if we make the same proportionate adjustment to each fixed conversion rate.

We will be required, within 10 business days after the conversion rate is adjusted, to provide or cause to be provided written notice of the adjustment to the holders of shares of mandatory convertible preferred stock. We will also be required to deliver a statement setting forth in reasonable detail the method by which the adjustment to each fixed conversion rate was determined and setting forth each revised fixed conversion rate.

Prior to the mandatory conversion date, no adjustment in a fixed conversion rate will be required unless the adjustment would require an increase or decrease of at least one percent in such fixed conversion rate. If any adjustment is not required to be made because it would not change the fixed conversion rates by at least one percent, then the adjustment will be carried forward and taken into account in any subsequent adjustment; provided, however, that on the earlier of the mandatory conversion date, an early conversion date and the effective date of a fundamental change, adjustments to the fixed conversion rates will be made with respect to any such adjustment carried forward that has not been taken into account before such date.

If an adjustment is made to the fixed conversion rates, an inversely proportional adjustment also will be made (x) to the threshold appreciation price and the initial price solely for the purposes of determining which clause of the definition of the conversion rate will apply on the conversion date and (y) to the floor price. Because (a) the applicable market value is an average VWAP per share of our common stock over a 20 consecutive trading day period, and (b) the fundamental change market value is an average VWAP per share of our common stock over a five consecutive trading day period, we will make appropriate adjustments (including, without limitation, to the VWAP per share used to calculate the applicable market value and the fundamental change market value, as the case may be) to account for any adjustments to the fixed conversion rates that become effective during the period in which the applicable market value or the fundamental change market value, as the case may be, is being calculated.

Recapitalizations, reclassifications and changes of our common stock

In the event of:

- any reclassification of our common stock (other than changes only in par value or resulting from a subdivision or combination);
- any consolidation or merger of us with or into another person or any statutory exchange or binding share exchange; or
- any sale, transfer, lease or conveyance to another person of all or substantially all the property and assets of us and our subsidiaries;

in each case, as a result of which the shares of our common stock are exchanged for, or converted into, other securities, property or assets (including cash or any combination thereof) (any such event, a “reorganization event”), then, at the effective time of such reorganization event, each share of mandatory convertible preferred stock outstanding immediately prior to such reorganization event will become, without the consent of the holders of the mandatory convertible preferred stock, convertible into the kind and amount of such other securities, property or assets (including cash or any combination thereof) that a holder of a number of shares of common stock equal to the relevant conversion rate immediately prior to such transaction would have owned or been entitled to receive (the “exchange property”) in such reorganization event, and, at the effective time of such reorganization event, we will, without the consent of the holders of the mandatory convertible preferred stock, amend the certificate of amendment to provide for such change in the convertibility of the mandatory convertible preferred stock ; *provided* that if the kind and amount of exchange property receivable upon such reorganization event is not the same for each share of our common stock held immediately prior to such reorganization event, then the exchange property receivable upon such reorganization event will be deemed to be the weighted average of the types and amounts of consideration received by the holders of our common stock that affirmatively make an election with respect to the kind and amount of exchange property so receivable (or of all such holders if none makes an election). The conversion rate then in effect will be applied on the applicable conversion date to the amount of such exchange property received per share of our common stock in the reorganization event (a “unit of exchange property”), as determined in accordance with this section. For the purpose of determining and calculating the conversion rate, the value of a unit of exchange property will be determined in good faith by our board of directors or a duly authorized committee thereof, except that if a unit of exchange property includes common stock or American Depositary Receipts (“ADRs”) that are traded on a U.S. national securities exchange, the value of such common stock or ADRs will be the average VWAP for a share of such common stock or a single ADR, as the case may be, for the 20 consecutive trading day period commencing on and including the 22nd scheduled trading day prior to the mandatory conversion date (or for the purpose of determining the stock price in connection with a fundamental change, the value of such common stock or ADRs will be the average VWAP for a share of such common stock or a single ADR, as the case may be, for the five consecutive trading day period ending on, and including, the trading day immediately preceding the effective date). For the purpose of paying accumulated and unpaid dividends in units of exchange property as contemplated under “—Method of payment of dividends,” the value of a unit of exchange property (other than cash) will equal 97% of the value determined pursuant to the immediately preceding sentence.

The above provisions of this section similarly apply to successive reorganization events and the “—Conversion rights—Conversion rate adjustments” section applies to any shares of our capital stock (or of any successor) received by the holders of our common stock in any such reorganization event.

The amendment to the certificate of amendment providing that the mandatory convertible preferred stock will be convertible into exchange property will also provide for anti-dilution and other adjustments that are as nearly equivalent as possible to the adjustments described under “—Conversion rights-Conversion rate adjustments” above. We will agree in the certificate of amendment for the mandatory convertible preferred stock not to become a party to any such transaction unless its terms are consistent with the foregoing.

In connection with any adjustment to the conversion rate described above, we will also adjust the initial dividend threshold (as defined under “—Conversion rights—Conversion rate adjustments”) based on the number of shares of common stock comprising the exchange property and (if applicable) the value of any non-stock consideration comprising the exchange property.

We (or any successor of us) will, as soon as reasonably practicable (but in any event within five business days) after the occurrence of any reorganization event, provide written notice to the holders of the mandatory convertible preferred stock of such occurrence of such event and of the kind and amount of the cash, securities or other property that constitute the exchange property. Failure to deliver such notice will not affect the operation of this section or the effectiveness of such transaction.

Liquidation preference

In the event of our liquidation, dissolution or winding-up, whether voluntary or involuntary, each holder of shares of the mandatory convertible preferred stock are entitled to receive out of our assets available for distribution to our stockholders, subject to rights of our creditors, before any payment or distribution is made to holders of junior stock (including our common stock), payment in full of the amount of \$1,000 per share of the mandatory convertible preferred stock, plus an amount equal to any accumulated and unpaid dividends, whether or not declared, on such shares to (but not including) the date fixed for liquidation, dissolution or winding-up. If in any such distribution our assets or proceeds thereof are not sufficient to pay in full the amounts payable with respect to all outstanding shares of the mandatory convertible preferred stock and any other stock ranking equally with the mandatory convertible preferred stock as to such distribution, the holders of shares of the mandatory convertible preferred stock and such other stock will share ratably in any such distribution in proportion to the full accumulated and unpaid respective distributions to which they are entitled. After payment of the full amount of the liquidation preference, including an amount equal to any accumulated and unpaid dividends, to which they are entitled, the holders of the mandatory convertible preferred stock have no right or claim to any of our remaining assets.

Neither the sale, lease or exchange (for cash, securities or other property) of all or substantially all our assets, nor our merger or consolidation with any other corporation or other entity, will be deemed to be a liquidation, dissolution or winding-up of our company.

The certificate of amendment does not contain any provision requiring funds to be set aside to protect the liquidation preference of the mandatory convertible preferred stock even though it is substantially in excess of the par value thereof.

Voting rights

The holders of shares of the mandatory convertible preferred stock have no voting rights in respect of such shares except as set forth below or as otherwise required by law or our restated certificate of incorporation from time to time. In matters where holders of the mandatory convertible preferred stock are entitled to vote, each share of the mandatory convertible preferred stock is entitled to one vote.

Preferred directors

Whenever, at any time or times, dividends payable on the shares of the mandatory convertible preferred stock have not been paid for an aggregate of six or more dividend periods, whether or not consecutive (an “event of non-payment”), the holders of the mandatory convertible preferred stock have the right, with holders of shares of any one or more other classes or series of outstanding parity stock upon which like voting rights have been conferred and are exercisable at the time, voting together as a class (and with voting rights allocated pro rata based on the liquidation preference of each such class or series), to elect two directors (together, the “preferred directors” and each, a “preferred director”) at the next annual meeting or special meeting of our stockholders and at each subsequent annual meeting or special meeting of our stockholders until all accumulated and unpaid dividends have been paid in full on the mandatory convertible preferred stock, at which time such right will terminate, except as otherwise expressly provided by law, subject to re-vesting in the event of each and every event of non-payment; *provided* that it will be a qualification for election for any preferred director that (i) the election of such preferred director will not cause us to violate any corporate governance requirements of any securities exchange or other trading facility on which our equity securities may then be listed or traded, including that we have a majority of independent directors and (ii) such preferred director will not be prohibited or disqualified from serving as a director on our board by any applicable state or federal law, rule or regulation.

Upon any termination of the right set forth in the immediately preceding paragraph, the preferred directors will cease to be qualified as directors, the term of office of all preferred directors then in office will terminate immediately, and the authorized number of directors will be reduced by the number of preferred directors elected as described above.

Any preferred director may be removed at any time, with or without cause, and any vacancy created thereby may be filled, only at a meeting of our stockholders at which this is a permitted action by the affirmative vote of the holders of a majority in voting power of the shares of the mandatory convertible preferred stock at the time outstanding voting separately as a class together with the holders of shares of parity stock upon which like voting rights have been conferred and are exercisable at the time (and with voting rights allocated pro rata based on the liquidation preference of each such class or series), to the extent the voting rights of such holders described above are then exercisable. If the office of any preferred director becomes vacant for any reason other than removal from office as described above, the remaining preferred director may choose a successor who will hold office for the unexpired term in respect of which such vacancy occurred. In no event may the filling of a vacancy be permitted if such filling of such vacancy would cause us to violate (i) any corporate governance requirements of any securities exchange or

other trading facility on which our equity securities may then be listed or traded, including that we have a majority of independent directors or (ii) any applicable state or federal law, rule or regulation.

At any time after the right of the holders of the mandatory convertible preferred stock to elect directors has become vested and is continuing but a meeting of our stockholders to elect such directors has not yet been held, or if a vacancy exists in the office of any such preferred director that has not been filled by the remaining preferred director, our board of directors may, but is not required to, call a special meeting of the holders of the mandatory convertible preferred stock and any one or more classes or series of outstanding parity stock upon which like voting rights have been conferred and are exercisable at the time, for the purpose of electing the directors that such holders are entitled to elect; *provided* that in the event our board of directors does not call such special meeting, such election will be held at the next annual meeting. At any such meeting held for the purpose of electing such a director (whether at an annual meeting or special meeting), the presence in person or by proxy of the holders of shares representing at least a majority of the voting power of the mandatory convertible preferred stock and any parity stock having similar voting rights will be required to constitute a quorum of the mandatory convertible preferred stock and any parity stock having similar voting rights. The affirmative vote of the holders of the mandatory convertible preferred stock and any parity stock having similar voting rights constituting a majority of the voting power of such shares present at such meeting, in person or by proxy, will be sufficient to elect any such director.

When a supermajority vote is required

In addition to any other vote or consent of stockholders required by law or our restated certificate of incorporation, so long as any shares of mandatory convertible preferred stock remain outstanding, we will not, without the affirmative vote or consent of the holders of at least two-thirds in voting power of the outstanding shares of the mandatory convertible preferred stock and all other parity stock having similar voting rights that are exercisable at the time (subject to the last paragraph of this section “—When a supermajority vote is required”), voting as a single class (and with voting rights allocated pro rata based on the liquidation preference of each such class or series), given in person or by proxy, either in writing without a meeting or by vote at any meeting called for such purpose, or by written consent in lieu of such meeting:

- amend or alter our restated certificate of incorporation or the certificate of amendment to authorize or create or increase the authorized amount of, or any issuance of, any shares of, or any securities convertible into or exchangeable or exercisable for shares of, any class or series of our capital stock ranking senior to the mandatory convertible preferred stock with respect to either or both the payment of dividends and/or the distribution of assets on our liquidation, dissolution or winding-up;
- amend, alter or repeal any provision of our restated certificate of incorporation or certificate of amendment (including, unless no vote on such merger or consolidation is required in accordance with the following bullet, any amendment, alteration or repeal by means of a merger, consolidation or otherwise, but excluding any amendment providing that the mandatory convertible preferred stock will be convertible into exchange property as described under “—Recapitalizations, reclassifications and changes of our common stock”) so as to adversely affect the rights, preferences, privileges or voting powers of the mandatory convertible preferred stock; or
- consummate a binding share exchange, a reclassification involving the mandatory convertible preferred stock, or a merger or consolidation of us with another corporation or other entity, unless in each case (x) the mandatory convertible preferred stock remain outstanding or, in the case of any such merger or consolidation with respect to which we are not the surviving or resulting entity, is converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (y) the mandatory convertible preferred stock remaining outstanding or such new preference securities, as the case may be, have such rights, preferences, privileges and voting powers, and limitations and restrictions thereof, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers, and limitations and restrictions thereof, of the mandatory convertible preferred stock immediately prior to such consummation, taken as a whole;

provided, however, that the creation and issuance, or an increase in the authorized or issued amount, whether pursuant to pre-emptive or similar rights or otherwise, of any series of preferred stock, or any securities convertible into or exchangeable or exercisable for any other series of preferred stock (including the mandatory convertible preferred stock), ranking equally with and/or junior to the mandatory convertible preferred stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and the distribution of assets upon our liquidation, dissolution or winding-up, will not be deemed to adversely affect the rights, preferences or voting powers, and will not require the affirmative vote or consent of, the holders of the shares of the mandatory convertible preferred stock.

If any amendment, alteration, repeal, share exchange, reclassification, merger or consolidation specified above would adversely affect one or more but not all series of parity stock (including the mandatory convertible preferred stock for this purpose), then only the one or more series of parity stock adversely affected and entitled to vote, rather than all series of parity stock, will vote as a class.

Without the consent of the holders of the mandatory convertible preferred stock, so long as such action does not adversely affect the special rights, preferences, privileges or voting powers of the mandatory convertible preferred stock, and limitations and restrictions thereof, we may amend, alter, supplement, or repeal any terms of the mandatory convertible preferred stock for the following purposes:

- to cure any ambiguity or mistake, or to correct or supplement any provision contained in the certificate of amendment establishing the terms of the mandatory convertible preferred stock that may be defective or inconsistent with any other provision contained in such certificate of amendment;
- to make any provision with respect to matters or questions relating to the mandatory convertible preferred stock that is not inconsistent with the provisions of the certificate of amendment establishing the terms of the mandatory convertible preferred stock ; or
- to waive any of our rights with respect thereto;

provided that any such amendment, alteration, supplement or repeal of any terms of the mandatory convertible preferred stock (x) effected in order to conform the terms thereof to the description of the terms of the mandatory convertible preferred stock set forth under “Description of Mandatory Convertible Preferred Stock” in the preliminary prospectus supplement, dated May 19, 2020, related to the offering of the mandatory convertible preferred stock, as supplemented by the related pricing term sheet, or (y) required pursuant to “—Recapitalizations, reclassifications and changes of our common stock” to provide that the mandatory convertible preferred stock be convertible into exchange property, in each case, will be deemed not to adversely affect the special rights, preferences, privileges and voting powers, and limitations and restrictions thereof, of the mandatory convertible preferred stock.

Reservation of common stock

We are required to at all times reserve and keep available out of the authorized and unissued shares of common stock, solely for issuance, the full number of shares of common stock issuable upon payment of accumulated and unpaid dividends and upon conversion of the mandatory convertible preferred stock at the maximum conversion rate then in effect.

Anti-Takeover Provisions

Certain provisions in our restated certificate of incorporation and by-laws, as well as certain provisions of New Jersey law, may make more difficult or discourage a takeover of our business.

Certain Provisions of Our Restated Certificate of Incorporation and By-laws

We currently have the following provisions in our restated certificate of incorporation and by-laws which could be considered “anti-takeover” provisions:

- an authorization for the issuance of blank check preferred stock. Our board of directors can set the voting rights, redemption rights, conversion rights and other rights relating to such preferred stock and could issue such stock in either private or public transactions. In some circumstances, the blank check preferred stock could be issued and have the effect of preventing a merger, tender offer or other takeover attempt that the board of directors opposes;
- providing advanced written notice procedures and limitations with respect to shareholder proposals and the nomination of candidates for election as directors other than nominations made by or at the direction of our board of directors;
- providing a statement that special meetings of our shareholders may only be called by the Chairman of our board of directors, the Chief Executive Officer or our board of directors, or on request in writing of shareholders of record owning 25% or more of the voting power of our outstanding capital stock entitled to vote (limited to shares owned, directly or indirectly, by any shareholder that constitutes such person’s net long position), and providing that a special meeting will not be held if (a) the meeting

request is delivered during the period commencing 90 days prior to the first anniversary of the date of the immediately preceding annual meeting of shareholders and ending on the earlier of (x) the date of the next annual meeting or (y) 30 days after the first anniversary of the date of the previous annual meeting; (b) an annual or special meeting of shareholders that included an identical or substantially similar item of business (as determined in good faith by the our board of directors) was held not more than 120 days before the special meeting request was received or will be included on the agenda at an annual or special meeting of shareholders to be held within 90 days after the special meeting request is delivered and (c) our board of directors has called or will call for an annual or special meeting of shareholders within 30 days after the request is received and has determined that the business to be conducted at such meeting includes an identical or substantially similar item of business;

- allowing our directors to fill vacancies on our board of directors, including vacancies resulting from removal or enlargement of our board of directors;
- granting our board of directors the authority to amend and repeal our by-laws without a stockholder vote; and
- permitting a majority of our board of directors to fix the number of directors.

These provisions may have the effect of delaying, deferring or preventing a change in control.

Anti-Takeover Effects of the New Jersey Shareholders Protection Act

We are subject to Section 14A-10A of the New Jersey Shareholders Protection Act, a type of anti-takeover statute designed to protect stockholders against coercive, unfair or inadequate tender offers and other abusive tactics and to encourage any person contemplating a business combination with us to negotiate with our board of directors for the fair and equitable treatment of all stockholders. Subject to certain qualifications and exceptions, the statute prohibits an interested stockholder of a corporation from effecting a business combination with the corporation for a period of five years unless the corporation's board of directors approved the combination prior to the stockholder becoming an interested stockholder. In addition, but not in limitation of the five-year restriction, if applicable, corporations covered by the New Jersey statute may not engage at any time in a business combination with any interested stockholder of that corporation unless the combination is approved by the board of directors prior to the interested stockholder's stock acquisition date, the combination receives the approval of two-thirds of the voting stock of the corporation not beneficially owned by the interested stockholder or the combination meets minimum financial terms specified by the statute.

An "interested stockholder" is defined to include any beneficial owner of 10% or more of the voting power of the outstanding voting stock of the corporation and any affiliate or associate of the corporation who within the prior five year period has at any time owned 10% or more of the voting power of the then outstanding stock of the corporation.

The term "business combination" is defined broadly to include, among other things:

- the merger or consolidation of the corporation with the interested stockholder or any corporation that is or after the merger or consolidation would be an affiliate or associate of the interested stockholder,
- the sale, lease, exchange, mortgage, pledge, transfer or other disposition to an interested stockholder or any affiliate or associate of the interested stockholder of 10% or more of the corporation's assets, or
- the issuance or transfer to an interested stockholder or any affiliate or associate of the interested stockholder of 5% or more of the aggregate market value of the stock of the corporation.

The effect of the statute is to protect non-tendering, post-acquisition minority stockholders from mergers in which they will be "squeezed out" after the merger, by prohibiting transactions in which an acquirer could favor itself at the expense of minority stockholders. The statute generally applies to corporations that are organized under New Jersey law, and have a class of stock registered or traded on a national securities exchange or registered with the SEC pursuant to Section 12(g) of the Exchange Act.

Transfer Agent and Registrar

The transfer agent, registrar, conversion and dividend disbursing agent for shares of the mandatory convertible preferred stock and the transfer agent and registrar for shares of our common stock is Computershare Trust Company, N.A.

DESCRIPTION OF DEPOSITARY SHARES OF BECTON, DICKINSON AND COMPANY

General

Each depositary share represents a 1/20th interest in a share of the mandatory convertible preferred stock and was initially evidenced by a global security. Subject to the terms of the deposit agreement, the depositary shares are entitled to all rights and preferences of the mandatory convertible preferred stock, including conversion, dividend, liquidation and voting rights, in proportion to the fraction of a share of the mandatory convertible preferred stock those depositary shares represent.

In this section, references to “holders” of depositary shares mean those who have depositary shares registered in their own names on the books maintained by the bank depositary and not indirect holders who own beneficial interests in depositary shares registered in the street name of, or issued in book-entry form through, DTC prior to mandatory conversion of the mandatory convertible preferred stock.

Conversion

Because each depositary share represents a 1/20th interest in a share of the mandatory convertible preferred stock, a holder of depositary shares may elect to convert depositary shares only in lots of 20 depositary shares, either on an early conversion date at the minimum conversion rate of 0.1736 shares of our common stock per depositary share, subject to adjustment, or during a fundamental change conversion period at the fundamental change conversion rate, as described below.

The following table sets forth the fundamental change conversion rate per depositary share, subject to adjustment based on the effective date of the fundamental change and the stock price in the fundamental change:

Effective Date	\$120.00	\$140.00	\$160.00	\$180.00	\$200.00	\$220.00	\$240.00	\$250.00	\$260.00	\$270.00	\$288.00	\$300.00	\$325.00	\$350.00	\$400.00
June 1, 2021	0.1937	0.1933	0.1916	0.1892	0.1863	0.1834	0.1806	0.1793	0.1782	0.1771	0.1754	0.1745	0.1729	0.1717	0.1705
June 1, 2022	0.2016	0.2017	0.2007	0.1986	0.1953	0.1914	0.1873	0.1853	0.1835	0.1817	0.1791	0.1776	0.1752	0.1737	0.1722
June 1, 2023	0.2083	0.2083	0.2083	0.2083	0.2083	0.2083	0.2083	0.2000	0.1923	0.1852	0.1736	0.1736	0.1736	0.1736	0.1736

The exact stock price and effective dates may not be set forth in the table, in which case:

- if the stock price is between two stock prices on the table or the effective date is between two effective dates on the table, the fundamental change conversion rate per depositary share will be determined by straight-line interpolation between the fundamental change conversion rates per depositary share set forth for the higher and lower stock prices and the earlier and later effective dates, as applicable, based on a 365-day year;
- if the stock price is greater than \$400.00 per share (subject to adjustment in the same manner as the column headings of the table above), then the fundamental change conversion rate per depositary share will be the minimum conversion rate, divided by 20, subject to adjustment; and
- if the stock price is less than \$120.00 per share (subject to adjustment in the same manner as the column headings of the table above), then the fundamental change conversion rate per depositary share will be determined (1) as if the stock price equaled the minimum stock price, and if the effective date is between two dates on the table, using straight-line interpolation, as described herein, and (2), divided by 20, subject to adjustment.

On any conversion date for the mandatory convertible preferred stock, each depositary share corresponding to the shares of mandatory convertible preferred stock so converted will be entitled to receive 1/20th of the number of shares of our common stock and the amount of any cash received by the bank depositary upon conversion of each share of the mandatory convertible preferred stock.

The following table illustrates the conversion rate per depositary share on the mandatory conversion date, subject to adjustment based on the applicable market value of our common stock:

Applicable Market Value of our Common Stock on the Mandatory Conversion Date**Conversion Rate Per Depositary Share**

Equal to or greater than the threshold appreciation price.	0.1736 shares.
Less than the threshold appreciation price but greater than the initial price.	Between 0.1736 and 0.2083 shares, determined by dividing \$50 by the applicable market value of our common stock.
Less than or equal to the initial price.	0.2083 shares.

After delivery of our common stock by the transfer agent to the bank depositary following conversion of the mandatory convertible preferred stock, the bank depositary will transfer the proportional number of shares of our common stock to the holders of depositary shares by book-entry transfer through DTC or, if the holders' interests are in certificated depositary receipts, by delivery of common stock certificates for such number of shares of our common stock.

If we are required to withhold on distributions of common stock in respect of dividends in arrears or in respect of the net present value of future dividends to a holder and pay the applicable withholding taxes, we may, at our option, or an applicable withholding agent may, withhold such taxes from payments of cash or shares of common stock payable to such holder.

Fractional shares

No fractional shares of common stock will be issued to holders of our depositary shares upon conversion. In lieu of any fractional shares of common stock otherwise issuable upon conversion (including in connection with a dividend payment), that holder will be entitled to receive an amount in cash (computed to the nearest cent) based on the VWAP per share of our common stock on the trading day immediately preceding the applicable conversion date. If more than one depositary share is surrendered for conversion at one time by or for the same holder, the number of full shares of our common stock issuable upon conversion thereof will be computed on the basis of the aggregate number of depositary shares so surrendered.

Dividends and other distributions

Each dividend paid on a depositary share will be in an amount equal to 1/20th of the dividend paid on the related share of the mandatory convertible preferred stock.

The bank depositary will deliver any cash or shares of common stock it receives in respect of dividends on the mandatory convertible preferred stock to the holders of the depositary shares in such amounts as are, as nearly as practicable, in proportion to the number of outstanding depositary shares held by such holders, on the date of receipt or as soon as practicable thereafter.

The dividend payable on each dividend payment date, if declared, is expected to be approximately \$0.75 per depositary share (based on the annual dividend rate of 6.00%, each depositary share representing a 1/20th interest in a share of the mandatory convertible preferred stock and a liquidation preference of the mandatory convertible preferred stock of \$1,000 per share).

Regular record dates for the payment of dividends and other matters relating to the depositary shares will be the same as the corresponding regular record dates for the mandatory convertible preferred stock.

No fractional shares of common stock will be delivered to the holders of our depositary shares in payment or partial payment of a dividend. We will instead pay a cash adjustment (computed to the nearest cent) based on the dividend payment average price with respect to such dividend. The number of shares of common stock issuable in connection with the payment of such dividend amount to a holder of more than one depositary share will be computed on the basis of the aggregate number of depositary shares of such holder.

The amount paid as dividends or otherwise distributable by the bank depositary with respect to the depositary shares or the underlying mandatory convertible preferred stock will be reduced by any amounts required to be withheld by us or the bank depositary on account of taxes or other governmental charges. The bank depositary may refuse to make any payment or distribution, or any transfer, exchange, or withdrawal of any depositary shares or the shares of the mandatory convertible preferred stock until such taxes or other governmental charges are paid.

No Redemption

Our depositary shares are not redeemable or subject to any sinking fund or other similar provision. However, at our option, we may purchase or otherwise acquire (including in an exchange transaction) the depositary shares from time to time in the open market, by tender or exchange offer or otherwise, without the consent of, or notice to, holders.

Voting the Mandatory Convertible Preferred Stock

Because each depositary share represents a 1/20th interest in a share of the mandatory convertible preferred stock, holders of depositary receipts are entitled to 1/20th of a vote per share of mandatory convertible preferred stock under those circumstances in which holders of the mandatory convertible preferred stock are entitled to a vote.

When the bank depositary receives notice of any meeting at which the holders of the mandatory convertible preferred stock are entitled to vote, the bank depositary will send the notice to the record holders of the depositary shares relating to the mandatory convertible preferred stock. Each record holder of depositary shares on the record date (which is the same date as the record date for the mandatory convertible preferred stock) may instruct the bank depositary as to how to vote the amount of the mandatory convertible preferred stock represented by such holder's depositary shares in accordance with these instructions. The bank depositary will endeavor, insofar as practicable, to vote the amount of the mandatory convertible preferred stock represented by such depositary shares in accordance with these instructions, and we will take all actions the bank depositary deems necessary in order to enable the bank depositary to do so. The bank depositary will abstain from voting shares of the mandatory convertible preferred stock to the extent it does not receive specific instructions from the holders of depositary shares representing the mandatory convertible preferred stock.

Notwithstanding the foregoing, any depositary shares, or any shares of mandatory convertible preferred stock represented by such depositary shares, that are owned by us, by any of our subsidiaries or by any person or entity directly or indirectly controlling or controlled by or under direct or indirect common control with us or any of our subsidiaries will be disregarded and deemed not to be outstanding for the purpose of any vote at any meeting at which the holders of the mandatory convertible preferred stock are entitled to vote.

Modification, amendment and termination

Without the consent of the holders of the depositary shares, we may amend, alter or supplement the deposit agreement or any certificate representing the depositary shares for the following purposes:

- to cure any ambiguity, omission, inconsistency or mistake in any such agreement or instrument;
- to make any provision with respect to matters or questions relating to the depositary shares that is not inconsistent with the provisions of the deposit agreement and that does not adversely affect the rights, preferences, privileges or voting powers of any holder of the depositary shares;
- to make any change reasonably necessary, in our reasonable determination, to comply with the procedures of the bank depositary and that does not adversely affect the rights, preferences, privileges or voting powers of any holder of the depositary shares; or
- to make any other change that does not adversely affect the rights, preferences, privileges or voting powers of any holder of the depositary shares (other than any holder that consents to such change).

In addition, without the consent of the holders of the depositary shares, we may amend, alter, supplement or repeal any terms of the depositary shares to conform the terms of the depositary shares to the description of the depositary shares in the prospectus supplement for the depositary shares, as further supplemented and/or amended by the related pricing term sheet.

The deposit agreement may be terminated by us or the bank depositary only if (a) all outstanding depositary shares have been cancelled, upon conversion of the mandatory convertible preferred stock or otherwise, or (b) there has been made a final distribution in respect of the mandatory convertible preferred stock in connection with any liquidation, dissolution or winding up of us and such distribution will have been distributed to the record holders of the depositary receipts pursuant to the deposit agreement.

Charges of bank depositary

We pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. We also paid the charges of the bank depositary in connection with the initial deposit of the mandatory convertible preferred stock. Holders of depositary receipts are required to pay other transfer and other taxes and governmental charges and any other charges, including a fee for the withdrawal of shares of mandatory convertible preferred stock upon surrender of depositary receipts, as are expressly provided in the deposit agreement to be for their accounts.

Withdrawal rights

A holder of 20 depositary shares may withdraw the share of mandatory convertible preferred stock corresponding to such depositary shares, and any cash or other property represented by such depositary shares. A holder who withdraws shares of mandatory convertible preferred stock (and any such cash or other property) is not required to pay any taxes or duties relating to the issuance or delivery of such shares of mandatory convertible preferred stock (and any such cash or other property), except that such holder is required to pay any tax or duty that may be payable relating to any transfer involved in the issuance or delivery of such shares of mandatory convertible preferred stock (and any such cash or other property) in a name other than the name of such holder. Holders of shares of the mandatory convertible preferred stock do not have the right under the deposit agreement to deposit such shares with the bank depositary in exchange for depositary shares.

Listing

The depositary shares are listed on the NYSE under the symbol “BDXB.”

Form and notice

The mandatory convertible preferred stock was issued in registered form to the bank depositary, and the depositary shares were issued in book-entry only form through DTC prior to the conversion of the mandatory convertible preferred stock. The bank depositary will forward to the holders of depositary shares all reports, notices and communications from us that are delivered to the bank depositary and that we are required to furnish to the holders of the mandatory convertible preferred stock.

DESCRIPTION OF DEBT SECURITIES OF BECTON, DICKINSON AND COMPANY

Reference should be made to the indenture, dated as of March 1, 1997, between BD and The Bank of New York Mellon Trust Company, N.A., as successor to JPMorgan Chase Bank (formerly known as The Chase Manhattan Bank), which we refer to as the BD indenture. The following description is a summary of selected portions of the BD indenture. It does not restate the BD indenture, and the BD indenture, not this description, define the rights of a holder of the BD notes.

Terms of the BD Notes

The registered holder of a BD note is treated as its owner for all purposes. Only registered holders of BD notes have rights under the BD indenture governing the BD notes. The BD indenture and the BD notes are governed by the laws of the State of New York.

1.000% 2022 Notes:

The specific terms of the 1.000% 2022 notes are as follows:

- *Title of the notes:* 1.000% Notes due 2022
- *Total principal amount issued:* €500,000,000
- *Maturity date:* December 15, 2022
- *Interest rate:* 1.000% per annum
- *Currency of Payment:* Euro

- *Form and Denomination:* Fully registered form, minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof
- *Date interest started accruing:* December 9, 2016
- *Interest payment date:* December 15
- *Regular record date for interest:* The business day preceding the interest payment date
- *Listing:* The 1.000% 2022 notes are listed on the NYSE under the symbol “BDX22A”

0.000% 2023 Notes:

The specific terms of the 0.000% 2023 notes are as follows:

- *Title of the notes:* 0.000% Notes due 2023
- *Total principal amount issued:* €400,000,000
- *Maturity date:* August 13, 2023
- *Interest rate:* 0.000% per annum
- *Currency of Payment:* Euro
- *Form and Denomination:* Fully registered form, minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof
- *Date interest started accruing:* August 13, 2021
- *Interest payment date:* August 13
- *First interest payment date:* August 13, 2022
- *Regular record dates for interest:* The business day preceding the interest payment date
- *Listing:* The 0.000% 2023 notes are listed on the NYSE under the symbol “BDX23B”

1.401% 2023 Notes:

The specific terms of the 1.401% 2023 notes are as follows:

- *Title of the notes:* 1.401% Notes due 2023
- *Total principal amount issued:* €300,000,000 million
- *Maturity date:* May 24, 2023
- *Interest rate:* 1.401% per annum
- *Currency of Payment:* Euro
- *Form and Denomination:* Fully registered form, minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof
- *Date interest started accruing:* May 24, 2018
- *Interest payment date:* May 24
- *Regular record date for interest:* The business day preceding the interest payment date
- *Listing:* The 1.401% 2023 notes are listed on the NYSE under the symbol “BDX23A”

0.034% 2025 Notes:

The specific terms of the 0.034% 2025 notes are as follows:

- *Title of the notes:* 0.034% Notes due 2025
- *Total principal amount issued:* €500,000,000
- *Maturity date:* August 13, 2025
- *Interest rate:* 0.034% per annum
- *Currency of Payment:* Euro
- *Form and Denomination:* Fully registered form, minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof
- *Date interest started accruing:* August 13, 2021
- *Interest payment date:* August 13
- *First interest payment date:* August 13, 2022
- *Regular record dates for interest:* The business day preceding the interest payment date
- *Listing:* The 0.034% 2025 notes are listed on the NYSE under the symbol “BDX25A”

3.020% 2025 Notes:

The specific terms of the 3.020% 2025 notes are as follows:

- *Title of the notes:* 3.020% Notes due 2025
- *Total principal amount issued:* £250,000,000 million
- *Maturity date:* May 24, 2025
- *Interest rate:* 3.020% per annum
- *Currency of Payment:* GBP
- *Form and Denomination:* Fully registered form, minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof
- *Date interest started accruing:* May 24, 2018
- *Interest payment dates:* May 24 and November 24
- *Regular record dates for interest:* The business day preceding the applicable interest payment date
- *Listing:* The 3.020% 2025 notes are listed on the NYSE under the symbol “BDX25”

1.900% 2026 Notes:

The specific terms of the 1.900% 2026 notes are as follows:

- *Title of the notes:* 1.900% Notes due 2026
- *Total principal amount issued:* €500,000,000
- *Maturity date:* December 15, 2026
- *Interest rate:* 1.900% per annum

- *Currency of Payment:* Euro
- *Form and Denomination:* Fully registered form, minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof
- *Date interest started accruing:* December 9, 2016
- *Interest payment date:* December 15
- *Regular record date for interest:* The business day preceding the interest payment date
- *Listing:* The 1.900% 2026 notes are listed on the NYSE under the symbol “BDX26”

An event of default for a particular series of BD notes under the BD indenture does not necessarily constitute an event of default for any other series of BD notes or for any other series of debt securities under the BD indenture.

Additional BD Notes

We may, without notice to or consent of the holders or beneficial owners of any series of the BD notes, issue additional BD notes of such series having the same ranking, interest rate, maturity and/or other terms as the applicable series of BD notes. Any such additional BD notes issued should be considered under the BD indenture fungible with and part of the same series of BD notes under the BD indenture as the applicable series of BD notes. In the event any additional BD notes are not fungible with the BD notes of the applicable series for U.S. federal income tax purposes, such nonfungible additional BD notes will be issued with a separate CUSIP number so that they are distinguishable from the applicable series of BD notes.

Issuance in Euro

If the euro is unavailable to us due to the imposition of exchange controls or other circumstances beyond our control or the euro is no longer used by the then member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions within the international banking community, then all payments in respect of the 1.000% 2022 notes, the 0.000% 2023 notes, the 1.401% 2023 notes, the 0.034% 2025 notes and the 1.900% 2026 notes (collectively, the “Euro BD notes”) will be made in U.S. dollars until the euro is again available to us or so used.

The amount payable on any date in euro will be converted into U.S. dollars at the rate mandated by the U.S. Federal Reserve Board as of the close of business on the second business day prior to the relevant payment date or, in the event the U.S. Federal Reserve Board has not mandated a rate of conversion, on the basis of the most recent euro/U.S. dollar exchange rate available on or prior to the second business day prior to the relevant payment date, as determined by us in our sole discretion. Any payment in respect of any series of Euro BD notes so made in U.S. dollars will not constitute an event of default under the applicable Euro BD notes or the BD indenture. Neither the trustee nor the paying agent have any responsibility for any calculation or conversion in connection with the foregoing.

Issuance in GBP

If GBP is unavailable to us due to the imposition of exchange controls or other circumstances beyond our control or GBP is no longer used by the United Kingdom as currency or for the settlement of transactions by public institutions within the international banking community, then all payments in respect of the 3.020% 2025 notes will be made in U.S. dollars until GBP is again available to us or so used.

The amount payable on any date in GBP will be converted into U.S. dollars at the rate mandated by the U.S. Federal Reserve Board as of the close of business on the second business day prior to the relevant payment date or, in the event the U.S. Federal Reserve Board has not mandated a rate of conversion, on the basis of the most recent GBP/U.S. dollar exchange rate available on or prior to the second business day prior to the relevant payment date, as determined by us in our sole discretion. Any payment in respect of the 3.020% 2025 notes so made in U.S. dollars will not constitute an event of default under the 3.020% 2025 notes or the BD indenture. Neither the trustee nor the paying agent have any responsibility for any calculation or conversion in connection with the foregoing.

Interest on the BD Notes

We make interest payments to the person in whose name each series of BD notes are registered on the business day preceding the interest payment date of each year. The rights of holders of beneficial interests of the BD notes to receive the payments of interest on such BD notes are subject to the applicable procedures of Clearstream and Euroclear.

If any interest payment date is not a business day, payment of interest is made on the next day that is a business day and no interest accrues as a result of such delayed payment on amounts payable from and after such interest payment date to the next succeeding business day. For the purposes of the BD notes, “business day” means any day that is not a Saturday or Sunday and that is not a day on which banking institutions are authorized or obligated by law or executive order to close in the City of New York or London and on which the Trans-European Automated Real-time Gross Settlement Express Transfer system (the TARGET2 system), or any successor thereto, operates. Interest on each series of the BD notes is computed on the basis of the actual number of days in the period for which interest is being calculated and the actual number of days from and including the last date on which interest was paid on such series of the BD notes (or from the original issuance date of the applicable series of BD notes, if no interest has been paid on such series of BD notes), to but excluding the next scheduled interest payment date. This payment convention is referred to as ACTUAL/ACTUAL (ICMA) as defined in the rulebook of the International Capital Market Association.

Optional Redemption

We may, at our option, redeem each series of the BD notes, in whole or in part, (i) at any time prior to November 15, 2022 (one month prior to the maturity date) with respect to the 1.000% 2022 notes, (ii) at any time with respect to the 0.000% 2023 notes, (iii) at any time prior to April 24, 2023 (one month prior to the maturity date) with respect to the 1.401% 2023 notes, (iv) at any time prior to July 13, 2025 (one month prior to the maturity date) with respect to the 0.034% 2025 notes, (v) at any time prior to February 24, 2025 (three months prior to the maturity date) with respect to the 3.020% 2025 notes and (vi) at any time prior September 15, 2026 (three months prior to the maturity date) with respect to the 1.900% 2026 notes. The redemption price, as determined by us, will be equal to the greater of:

- 100% of the principal amount of the applicable series of BD notes to be redeemed; and
- the sum of the present values of the remaining scheduled payments on the applicable series of BD notes being redeemed, discounting such payments to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable comparable government bond rate, plus (i) 20 basis points in the case of the 1.000% 2022 notes, (ii) 10 basis points in the case of the 0.000% 2023 notes, (iii) 25 basis points in the case of the 1.401% 2023 notes, (iv) 15 basis points in the case of the 0.034% 2025 notes, (v) 25 basis points in the case of the 3.020% 2025 notes and (vi) 25 basis points in the case of the 1.900% 2026 notes, in each case, plus accrued and unpaid interest to, but excluding, the date of redemption on the principal balance of the applicable series of BD notes being redeemed. The trustee has no responsibility for calculating the redemption price.

At any time on or after (i) November 15, 2022 (one month prior to the maturity date) with respect to the 1.000% 2022 notes, (ii) April 24, 2023 (one month prior to the maturity date) with respect to the 1.401% 2023 notes, (iii) July 13, 2025 (one month prior to the maturity date) with respect to the 0.034% 2025 notes, (iv) February 24, 2025 (three months prior to the maturity date) with respect to the 3.020% 2025 notes and (v) September 15, 2026 (three months prior to the maturity date) with respect to the 1.900% 2026 notes, we may redeem such series of BD notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the applicable series of BD notes to be redeemed, plus accrued and unpaid interest to the date of redemption on the principal balance of the applicable series of BD notes being redeemed.

The term “comparable government bond rate” means the yield to maturity, expressed as a percentage (rounded to three decimal places, with 0.0005 being rounded upwards), on the third business day prior to the date fixed for redemption, of the comparable government bond (as defined below) on the basis of the middle market price of the comparable government bond prevailing at 11:00 a.m. (London time) on such business day as determined by an independent investment bank selected by us.

The term “comparable government bond” means, in relation to any comparable government bond rate calculation, at the discretion of an independent investment bank selected by us, (i) with respect to the applicable series of Euro BD notes, a German federal government bond whose maturity is closest to the maturity of the applicable series of Euro BD notes to be redeemed, or if such independent investment bank in its discretion determines that such similar bond is not in issue, such other German federal government bond as such independent investment bank may, with the

advice of three brokers of, and/or market makers in, German federal government bonds selected by us, determine to be appropriate for determining the comparable government bond rate and (ii) with respect to the 3.020% 2025 notes, a United Kingdom government bond whose maturity is closest to the maturity of the 3.020% 2025 notes, or if such independent investment bank in its discretion determines that such similar bond is not in issue, such other United Kingdom government bond as such independent investment bank may, with the advice of three brokers of, and/or market makers in, United Kingdom government bonds selected by us, determine to be appropriate for determining the comparable government bond rate.

The term “remaining scheduled payments,” means, with respect to any series of BD notes, the remaining scheduled payments of the principal and interest on the applicable series of BD notes called for redemption that would be due after the related redemption date but for such redemption up to August 13, 2023 with respect to the 0.000% 2023 notes and July 13, 2025 with respect to the 0.034% 2025 notes; provided, however, that, if such redemption date is not an interest payment date with respect to such BD notes, the amount of the next scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to such redemption date.

Notice of any redemption will be mailed or otherwise transmitted in accordance with the applicable procedures of Euroclear or Clearstream to (i) the holders of the 0.000% 2023 notes and the 0.034% 2025 notes not less than 10 days and not more than 30 days before the redemption date of the 0.000% 2023 notes and the 0.034% 2025 notes, as applicable, being redeemed and (ii) the holders of the 1.900% 2026 notes, the 1.000% 2022 notes, the 1.401% 2023 notes, the 3.020% 2025 notes and the 1.900% 2026 notes not less than 30 days and not more than 60 days before the redemption date of the 1.900% 2026 notes, the 1.000% 2022 notes, the 1.401% 2023 notes, the 3.020% 2025 notes and the 1.900% 2026 notes, as applicable, being redeemed. Unless we default on payment of the redemption price, on and after the redemption date, the applicable series of BD notes or any portion of such BD notes called for redemption will stop accruing interest. On or before any redemption date, we will deposit with the paying agent or the trustee money sufficient to pay the accrued interest on the applicable series of BD notes to be redeemed and their redemption price. A partial redemption of any series of BD notes may be effected pursuant to applicable procedures of the depository or the paying agent, and may provide for the selection for redemption of portions (equal to the minimum authorized denomination for such BD notes or any integral multiple of (i) with respect to the Euro BD notes, €1,000 in excess thereof and (ii) with respect to the 3.020% 2025 notes, £1,000 in excess thereof) of the principal amount of such BD notes of a denomination larger than the minimum authorized denomination for such BD notes.

Offer to Repurchase Upon Change of Control Triggering Event

Upon the occurrence of a Change of Control Triggering Event with respect to any series of BD notes, unless we have exercised our right to redeem the applicable series of BD notes as described under “—Optional Redemption” above or “—Redemption for Tax Reasons,” each holder of outstanding BD notes of the applicable series will have the right to require us to purchase all or a portion of that holder’s BD notes (in integral multiples of (i) €1,000 in excess thereof, with respect to the Euro BD notes and (ii) £1,000 in excess thereof, with respect to the 3.020% 2025 notes) pursuant to the offer described below (the “Change of Control Offer”), at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to, but excluding, the date of purchase, subject to the rights of holders of such BD notes on the relevant record date to receive interest due on the relevant interest payment date.

Within 30 days following the date upon which the Change of Control Triggering Event has occurred with respect to any series of BD notes, or at our option, prior to any Change of Control but after the public announcement of the pending Change of Control, we will be required to send in accordance with the applicable procedures of Euroclear or Clearstream, a notice to each holder of BD notes of the applicable series, with a copy to the trustee, which notice will govern the terms of the Change of Control Offer. The notice will state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date the notice is sent, other than as may be required by law (the “Change of Control Payment Date”). The notice, if sent prior to the date of consummation of the Change of Control, will state that the Change of Control Offer is conditioned on the Change of Control being consummated on or prior to the Change of Control Payment Date.

Holders of a series of BD notes electing to have their BD notes purchased pursuant to a Change of Control Offer will be required to surrender their BD notes, with the form entitled “Option of Holder to Elect Purchase” on the reverse of the BD note completed, to the paying agent at the address specified in the notice, or transfer their BD notes to the trustee by book-entry transfer pursuant to the applicable procedures of the paying agent, prior to the close of business on the third business day prior to the Change of Control Payment Date. The Change of Control Offer may be accepted for less than the entire principal amount of a particular BD note, but in that event the principal amount of such BD note remaining outstanding after repurchase must be equal to (i) €100,000 or an integral multiple of €1,000 in excess thereof, with respect to the Euro BD notes and (ii) £100,000 or an integral multiple of £1,000 in excess thereof, with respect to the 3.020% 2025 notes.

We are not required to make a Change of Control Offer with respect to a series of BD notes if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for such an offer made by us and that third party purchases all BD notes of the applicable series properly tendered and not withdrawn under its offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions herein, we are required to comply with the applicable securities laws and regulations and are not deemed to have breached our obligations under the provisions herein by virtue of such conflicts.

For purposes of this section, the following terms have the meanings set forth below:

“*Change of Control*” means the occurrence of any one of the following:

- the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of BD and its subsidiaries taken as a whole to any Person (including any “person” (as that term is used in Section 13 (d)(3) of the Exchange Act)) other than to BD or one of its subsidiaries;
- (i) with respect to the 0.000% 2023 notes and 0.034% 2025 notes, the consummation of any transaction (including without limitation, any merger or consolidation) the result of which is that any Person (including any “person” (as that term is used in Section 13(d)(3) of the Exchange Act)), other than us or one of our subsidiaries, becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the outstanding Voting Stock of BD or other Voting Stock into which BD’s Voting Stock is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares and (ii) with respect to the 1.000% 2022 notes, the 1.401% 2023 notes, the 3.020% 2025 notes and 1.900% 2026 notes, the consummation of any transaction (including without limitation, any merger or consolidation) the result of which is that any Person (including any “person” (as that term is used in Section 13(d)(3) of the Exchange Act)) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the outstanding Voting Stock of BD, measured by voting power rather than number of shares;
- BD consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, BD, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of BD or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of the Voting Stock of BD outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving Person immediately after giving effect to the transaction; or
- the adoption of a plan relating to the liquidation or dissolution of BD.

Notwithstanding the foregoing, a transaction will not be considered to be a Change of Control if (a) BD becomes a direct or indirect wholly-owned subsidiary of a holding company and (b) (x) immediately following that transaction, the direct or indirect holders of the Voting Stock of the holding company are substantially the same as the holders of BD’s Voting Stock immediately prior to that transaction or (y) immediately following that transaction, no Person is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company.

“*Change of Control Triggering Event*” means a series of BD notes are rated below Investment Grade by each of the Rating Agencies on any date during the period (the “Trigger Period”) commencing on the date of the first public announcement by BD of any Change of Control (or pending Change of Control) and ending 60 days following consummation of that Change of Control (which Trigger Period will be extended following consummation of a Change of Control (i) with respect to the 0.000% 2023 notes, the 1.401% 2023 notes, the 0.034% 2025 notes and the 3.020% 2025 notes, for so long as any of the Rating Agencies has publicly announced that it is considering a possible ratings downgrade and the downgrade would result in a Change of Control Triggering Event and (ii) with respect to the 1.000% 2022 notes and the 1.900% 2026 notes, for so long as any of the Rating Agencies has publicly announced that it is considering a possible ratings downgrade). Unless at least two of the Rating Agencies are providing a rating for a series of BD notes at the commencement of any Trigger Period, the BD notes of such series will be deemed to be rated below Investment Grade by the Rating Agencies during that Trigger Period. Notwithstanding the foregoing, no Change of Control Triggering Event will be deemed to have occurred in connection with (i) any particular Change of Control unless and until such Change of Control has actually been consummated or (ii) any reduction in rating if the Rating Agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform (i) with respect to the 0.000% 2023 notes and the 0.034% 2025 notes, us in writing at our request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, a Change of Control (whether or not the Change of Control has occurred at the time of the reduction in rating) and (ii) with respect to the 1.000% 2022 notes, the 1.401% 2023 notes, the 3.020% 2025 notes and the 1.900% 2026 notes, the trustee in writing at its

request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, a Change of Control (whether or not the Change of Control has occurred at the time of the reduction in rating).

“*Fitch*” means Fitch Ratings, Inc. and its successors.

“*Investment Grade*” means (i) with respect to the 0.000% 2023 notes, the 1.401% 2023 notes, the 0.034% 2025 notes and the 3.020% 2025 notes, a rating of Baa3 or better by Moody’s (or its equivalent under any successor rating category of Moody’s); and a rating of BBB- or better by S&P (or its equivalent under any successor rating category of S&P); and a rating of BBB- or better by Fitch (or its equivalent under any successor rating category of Fitch) or the equivalent investment grade credit rating from any additional Rating Agency or Rating Agencies selected by BD in accordance with the applicable definition of “Rating Agency” and (ii) with respect to the 1.000% 2022 notes and the 1.900% 2026 notes, a rating of Baa3 or better by Moody’s (or its equivalent under any successor rating category of Moody’s); and a rating of BBB- or better by S&P (or its equivalent under any successor rating category of S&P) or the equivalent investment grade credit rating from any additional Rating Agency or Rating Agencies selected by BD in accordance with the applicable definition of “Rating Agency.”

“*Moody’s*” means Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, and its successors.

“*Person*” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

“*Rating Agency*” means each of (i) Fitch, Moody’s and S&P with respect to the 0.000% 2023 notes, the 1.401% 2023 notes, the 0.034% 2025 notes and the 3.020% 2025 notes; provided, that if any of Fitch, Moody’s or S&P ceases to provide rating services to issuers or investors or fails to make a rating of the 0.000% 2023 notes, the 1.401% 2023 notes, the 0.034% 2025 notes or the 3.020% 2025 notes, as applicable, publicly available for reasons outside of BD’s control, BD may appoint a replacement for that Rating Agency and (ii) Moody’s and S&P with respect to the 1.000% 2022 notes and the 1.900% 2026 notes; provided, that if any of Moody’s or S&P ceases to provide rating services to issuers or investors or fails to make a rating of the 1.000% 2022 notes or the 1.900% 2026 notes, as applicable, publicly available for reasons outside of BD’s control, BD may appoint a replacement for that Rating Agency.

“*S&P*” means S&P Global Ratings and its successors.

“*Voting Stock*” of any specified Person as of any date means the capital stock of that Person that is at the time entitled to vote generally in the election of the board of directors of that Person.

Payment of Additional Amounts

We pay, subject to the exceptions and limitations set forth below, as additional interest on each series of BD notes such additional amounts as are necessary in order that the net payment by us or a paying agent of the principal of and interest on each of the BD notes to a holder who is not a United States person (as defined below), after withholding or deduction solely with respect to any present or future tax, assessment or other governmental charge imposed by the United States or a taxing authority in the United States, is not be less than the amount provided in the BD notes to be then due and payable; provided, however, that the foregoing obligation to pay additional amounts does not apply:

- to any tax, assessment or other governmental charge that would not have been imposed but for the holder (or the beneficial owner for whose benefit such holder holds such BD note), or a fiduciary, settlor, beneficiary, member or shareholder of the holder, or a person holding a power over an estate or trust administered by a fiduciary holder, being treated as:
 - being or having been present in, or engaged in a trade or business in, the United States, or having or having had a permanent establishment in the United States;
 - having a current or former connection with the United States (other than a connection arising solely as a result of the ownership of such BD notes, the receipt of any payment in respect of such BD notes or the enforcement of any rights under the BD indenture), including being or having been a citizen of the United States or treated as being or having been a resident thereof;

- being or having been a personal holding company, a passive foreign investment company or a controlled foreign corporation for United States federal income tax purposes, a foreign tax exempt organization, or a corporation that has accumulated earnings to avoid United States federal income tax;
- being or having been a “10-percent shareholder”, as defined in section 871(h)(3) of the United States Internal Revenue Code of 1986, as amended (the “Code”), or any successor provision, of us; or
- being a bank receiving payments on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business, within the meaning of section 881(c)(3) of the Code or any successor provision;
- to any holder that is not the sole beneficial owner of such BD notes, or a portion of such BD notes, or that is a fiduciary, partnership or limited liability company, but only to the extent that a beneficiary or settlor with respect to the fiduciary, or a beneficial owner or member of the partnership or limited liability company would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment;
- to any tax, assessment or other governmental charge that would not have been imposed but for the failure of the holder or any other person to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of such BD notes, if compliance is required by statute, by regulation of the United States or any taxing authority therein or by an applicable income tax treaty to which the United States is a party as a precondition to exemption from such tax, assessment or other governmental charge;
- to any tax, assessment or other governmental charge that is imposed otherwise than by withholding by us or a paying agent from the payment;
- to any estate, inheritance, gift, sales, excise, transfer, wealth, capital gains or personal property tax or similar tax, assessment or other governmental charge;
- to any tax, assessment or other governmental charge that would not have been imposed but for the presentation by the holder of any BD note, where presentation is required, for payment on a date more than 30 days after the date on which payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;
- to any tax assessment or other governmental charge required to be withheld or deducted that is imposed on a payment pursuant to sections 1471 through 1474 of the Code (or any amended or successor version of such sections that is substantively comparable and not materially more onerous to comply with), any Treasury Regulations promulgated thereunder, or any other official interpretations thereof (collectively, “FATCA”), any agreement (including any intergovernmental agreement) entered into in connection therewith, or any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA or an intergovernmental agreement in respect of FATCA;
- to any tax assessment or other governmental charge that is imposed or withheld solely by reason of a change in law, regulation, or administrative or judicial interpretation that becomes effective more than 15 days after the payment becomes due or is duly provided for, whichever occurs later;
- to any tax, assessment or other governmental charge that is imposed by reason of the failure of the beneficial owner to fulfill the statement requirements of section 871(h) or section 881(c) of the Code;
- to any tax imposed pursuant to section 871(h)(6) or section 881(c)(6) of the Code (or any amended or successor provisions); or
- in the case of any combination of the above bulleted items under this heading “—Payment of Additional Amounts.”

Except as specifically provided under this heading “—Payment of Additional Amounts,” we are not required to pay additional amounts in respect of any tax, assessment or other governmental charge.

As used under this heading “—Payment of Additional Amounts” and under the heading “—Redemption for Tax Reasons,” the term “United States” means the United States of America, any state thereof, and the District of Columbia, and the term “United States person” means (i) any individual who is a citizen or resident of the United States for United States federal income tax purposes, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States, any state thereof or the District of Columbia (other than a

partnership that is not treated as a United States person for United States federal income tax purposes), (iii) any estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) any trust if a United States court can exercise primary supervision over the administration of the trust and one or more United States persons can control all substantial trust decisions, or if a valid election is in place to treat the trust as a United States person.

Redemption for Tax Reasons

If, as a result of any change in, or amendment to, the laws of the United States, or the official interpretation thereof, we become or, based upon a written opinion of independent counsel selected by us, will become obligated to pay additional amounts as described under the heading “—Payment of Additional Amounts” with respect to any series of BD notes, then we may at any time at our option redeem, in whole, but not in part, the BD notes of such series on not less than 30 nor more than 60 days’ prior notice, at a redemption price equal to 100% of their principal amount, plus accrued and unpaid interest on the BD notes to be redeemed to, but excluding, the date fixed for redemption.

Priority

The BD notes are our senior unsecured obligations, rank equally in right of payment with all of our other senior unsecured indebtedness and are effectively subordinated in right of payment to all of our existing and future secured indebtedness (to the extent of the value of the collateral securing such indebtedness).

The BD notes are also structurally subordinated to all obligations of our subsidiaries with respect to the assets of such subsidiaries, other than any subsidiaries that may guarantee the BD notes in the future.

Clearance Systems

The BD notes have the following codes:

1.000% 2022 Notes:

- ISIN: XS1531345376
- Common Code: 153134537
- CUSIP Number: 075887 BN8

0.000% 2023 Notes:

- ISIN: XS2375836470
- Common Code: 237583647
- CUSIP Number: 075887 CM9

1.401% 2023 Notes:

- ISIN: XS1822506272
- Common Code: 182250627
- CUSIP Number: 075887 CH0

0.034% 2025 Notes:

- ISIN: XS2375836553
- Common Code: 237583655
- CUSIP Number: 075887 CN7

3.020% 2025 Notes:

- ISIN: XS1822506439
- Common Code: 182250643
- CUSIP Number: 075887 CG2

1.900% 2026 Notes:

- ISIN: XS1531347661
- Common Code: 153134766
- CUSIP Number: 075887 BP3

DESCRIPTION OF DEBT SECURITIES OF BECTON DICKINSON EURO FINANCE S.À R.L.

Reference should be made to the indenture, dated as of May 17, 2019, between Becton Finance, as issuer, BD, as guarantor, and The Bank of New York Mellon Trust Company, N.A., as trustee, which we refer to as the “Becton Finance indenture.” The following description is a summary of selected portions of the Becton Finance indenture. It does not restate the Becton Finance indenture, and the Becton Finance indenture, not this description, define the rights of a holder of the Becton Finance notes.

Terms of the Becton Finance Notes

The registered holder of a Becton Finance note is treated as its owner for all purposes. Only registered holders of Becton Finance notes have rights under the Becton Finance indenture governing the Becton Finance notes. The Becton Finance indenture, the Becton Finance notes and the guarantees thereof are governed by the laws of the State of New York. The provisions of articles 470-1 to 470-19 (inclusive) of the Luxembourg law of 10 August 1915 on commercial companies, as amended, are expressly excluded.

0.632% 2023 Notes:

The specific terms of the 0.632% 2023 notes are as follows:

- *Title of the notes:* 0.632% Notes due 2023
- *Guarantor of the notes:* Becton, Dickinson and Company
- *Total principal amount issued:* €800 million
- *Maturity date:* June 4, 2023
- *Interest rate:* 0.632% per annum
- *Currency of Payment:* Euro
- *Date interest started accruing:* June 4, 2019
- *Interest payment date:* June 4
- *Regular record date for interest:* The business day preceding the interest payment date
- *Listing:* The 0.632% 2023 notes are listed on the NYSE under the symbol “BDX/23A”

1.208% 2026 Notes:

The specific terms of the 1.208% 2026 notes are as follows:

- *Title of the notes:* 1.208% Notes due 2026

- *Guarantor of the notes:* Becton, Dickinson and Company
- *Total principal amount issued:* €600 million
- *Maturity date:* June 4, 2026
- *Interest rate:* 1.208% per annum
- *Currency of Payment:* Euro
- *Date interest started accruing:* June 4, 2019
- *Interest payment date:* June 4
- *Regular record date for interest:* The business day preceding the interest payment date
- *Listing:* The 1.208% 2026 notes are listed on the NYSE under the symbol “BDX/26/A”

1.213% 2036 Notes:

The specific terms of the 1.213% 2036 notes are as follows:

- *Title of the notes:* 1.213% notes due 2036
- *Guarantor of the notes:* Becton, Dickinson and Company
- *Total principal amount issued:* €600 million
- *Maturity date:* February 12, 2036
- *Interest rate:* 1.213% per annum
- *Currency of Payment:* Euro
- *Form and Denomination:* Fully registered form, minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof
- *Date interest started accruing:* February 12, 2021
- *Interest payment date:* February 12
- *First interest payment date:* February 12, 2022
- *Regular record date for interest:* The business day preceding the interest payment date
- *Listing:* The 1.213% 2036 notes are listed on the NYSE under the symbol “BDX/36”

An event of default for a particular series of Becton Finance notes under the Becton Finance indenture does not necessarily constitute an event of default for other series of Becton Finance notes or for any other series of debt securities under the Becton Finance indenture.

Additional Becton Finance Notes

We may, without notice to or consent of the holders or beneficial owners of any series of the Becton Finance notes of such series, issue additional Becton Finance notes of the applicable series having the same ranking, interest rate, maturity and/or other terms as the applicable series of Becton Finance notes. Any such additional Becton Finance notes issued should be considered under the Becton Finance indenture fungible with and part of the same series of Becton Finance notes under the Becton Finance indenture as the applicable series of Becton Finance notes. In the event any additional Becton Finance notes are not fungible with the Becton Finance notes of the applicable series for U.S. federal income tax purposes, such nonfungible additional Becton Finance notes will be issued with a separate CUSIP number so that they are distinguishable from the applicable series of Becton Finance notes.

Guarantees

BD fully and unconditionally guarantees (1) the full and punctual payment when due, whether at stated maturity, by acceleration, by redemption or otherwise, of all obligations of Becton Finance under the Becton Finance indenture (including obligations to the trustee) and the Becton Finance notes, whether for payment of principal of, or interest on or premium, if any, on, the Becton Finance notes and all other monetary obligations of Becton Finance under the Becton Finance indenture and the Becton Finance notes and (2) the full and punctual performance within applicable grace periods of all other obligations of Becton Finance whether for fees, expenses, indemnification or otherwise under the Becton Finance indenture and the Becton Finance notes. Any obligation of BD to make a payment may be satisfied by causing Becton Finance to make such payment. The guarantees are a senior unsecured obligation of BD and are *pari passu* with all of its other senior unsecured obligations.

Issuance in Euro

If the euro is unavailable to us or, in the case of the guarantees, BD, due to the imposition of exchange controls or other circumstances beyond our or BD's control or the euro is no longer used by the then member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions within the international banking community, then all payments in respect of the Becton Finance notes or the guarantees will be made in U.S. dollars until the euro is again available to us or, in the case of the guarantees, BD, or so used.

The amount payable on any date in euro will be converted into U.S. dollars at the rate mandated by the U.S. Federal Reserve Board as of the close of business on the second business day prior to the relevant payment date or, in the event the U.S. Federal Reserve Board has not mandated a rate of conversion, on the basis of the most recent euro/U.S. dollar exchange rate available on or prior to the second business day prior to the relevant payment date, as determined by us in our sole discretion. Any payment in respect of any series of Becton Finance notes so made in U.S. dollars will not constitute an event of default under the applicable Becton Finance notes or the Becton Finance indenture. Neither the trustee nor the paying agent have any responsibility for any calculation or conversion in connection with the foregoing.

Interest on the Becton Finance Notes

We or, in the case of the guarantees, BD, make interest payments to the person in whose name each series of Becton Finance notes are registered on the business day preceding the interest payment date of each year. The rights of holders of beneficial interests of the Becton Finance notes to receive the payments of interest on such Becton Finance notes are subject to the applicable procedures of Clearstream and Euroclear.

If any interest payment date is not a business day, payment of interest is made on the next day that is a business day and no interest accrues as a result of such delayed payment on amounts payable from and after such interest payment date to the next succeeding business day. For the purposes of the Becton Finance notes, "business day" means any day that is not a Saturday or Sunday and that is not a day on which banking institutions are authorized or obligated by law or executive order to close in the City of New York or London and on which the Trans-European Automated Real-time Gross Settlement Express Transfer system (the TARGET2 system), or any successor thereto, operates. Interest on each series of the Becton Finance notes is computed on the basis of the actual number of days in the period for which interest is being calculated and the actual number of days from and including the last date on which interest was paid on such series of Becton Finance notes (or from the original issuance date of the applicable series of Becton Finance notes, if no interest has been paid on such series of Becton Finance notes), to but excluding the next scheduled interest payment date. This payment convention is referred to as ACTUAL/ACTUAL (ICMA) as defined in the rulebook of the International Capital Market Association.

Optional Redemption

We may, at our option, redeem each series of Becton Finance notes, in whole or in part, at any time prior to (i) May 4, 2023 (one month prior to the maturity date) with respect to the 0.632% 2023 notes, (ii) March 4, 2026 (three months prior to the maturity date) with respect to the 1.208% 2026 notes and (iii) November 12, 2035 with respect to the 1.213% 2036 notes. The redemption price, as determined by us, will be equal to the greater of:

- 100% of the principal amount of the applicable series of Becton Finance notes to be redeemed; and
- the sum of the present values of the remaining scheduled payments on the applicable series of Becton Finance notes being redeemed, discounting such payments to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable comparable government bond rate, plus (i) 20 basis points

in the case of the 0.632% 2023 notes, (ii) 25 basis points in the case of the 1.208% 2026 notes and (iii) 25 basis points in the case of the 1.213% 2036 notes, in each case, plus accrued and unpaid interest to, but excluding the date of redemption on the principal balance of the applicable series of Becton Finance notes being redeemed. The trustee has no responsibility for calculating the redemption price.

At any time on or after (i) May 4, 2023 (one month prior to the maturity date) with respect to the 0.632% 2023 notes, (ii) March 4, 2026 (three months prior to the maturity date) with respect to the 1.208% 2026 notes and (iii) November 12, 2035 with respect to the 1.213% 2036 notes, we may redeem such series of Becton Finance notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the applicable series of Becton Finance notes to be redeemed, plus accrued and unpaid interest to the date of redemption on the principal balance of the applicable series of Becton Finance notes being redeemed.

The term “comparable government bond rate” means the yield to maturity, expressed as a percentage (rounded to three decimal places, with 0.0005 being rounded upwards), on the third business day prior to the date fixed for redemption, of the comparable government bond (as defined below) on the basis of the middle market price of the comparable government bond prevailing at 11:00 a.m. (London time) on such business day as determined by an independent investment bank selected by us.

The term “comparable government bond” means, in relation to any comparable government bond rate calculation, at the discretion of an independent investment bank selected by us, a German federal government bond whose maturity is closest to the maturity of the applicable series of Becton Finance notes to be redeemed (assuming with respect to the 1.213% 2036 notes, that such 1.213% 2036 notes to be redeemed matured on November 12, 2035), or if such independent investment bank in its discretion determines that such similar bond is not in issue, such other German federal government bond as such independent investment bank may, with the advice of three brokers of, and/or market makers in, German federal government bonds selected by us, determine to be appropriate for determining the comparable government bond rate.

The term “remaining scheduled payments,” means, with respect to any series of Becton Finance notes, the remaining scheduled payments of the principal and interest on the applicable series of Becton Finance notes called for redemption that would be due after the related redemption date but for such redemption up to (i) May 4, 2023 (one month prior to the maturity date) with respect to the 0.632% 2023 notes, (ii) March 4, 2026 (three months prior to the maturity date) with respect to the 1.208% 2026 notes and (iii) November 12, 2035 with respect to the 1.213% 2036 notes; provided, however, that, if such redemption date is not an interest payment date with respect to such Becton Finance notes, the amount of the next scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to such redemption date.

Notice of any redemption will be mailed or otherwise transmitted in accordance with the applicable procedures of Euroclear or Clearstream to (i) the holders of the 1.213% 2036 notes not less than 10 days and not more than 30 days before the redemption date of the 1.213% 2036 notes being redeemed and (ii) the holders of the 0.632% 2023 notes and the 1.208% 2026 notes not less than 30 days and not more than 60 days before the redemption date of the 0.632% 2023 notes and the 1.208% 2026 notes, as applicable, being redeemed. Unless we default on payment of the redemption price, on and after the redemption date, the applicable series of Becton Finance notes or any portion of such Becton Finance notes called for redemption will stop accruing interest. On or before any redemption date, we will deposit with the paying agent or the trustee money sufficient to pay the accrued interest on the Becton Finance notes to be redeemed and their redemption price. A partial redemption of any series of Becton Finance notes may be effected pursuant to applicable depository procedures or by such method as the paying agent deems fair and appropriate in accordance with the applicable procedures of Clearstream and Euroclear and may provide for the selection for redemption of portions (equal to the minimum authorized denomination for such Becton Finance notes or any integral multiple of €1,000 in excess thereof) of the principal amount of such Becton Finance notes of a denomination larger than the minimum authorized denomination for such Becton Finance notes.

Offer to Repurchase Upon Change of Control Triggering Event

Upon the occurrence of a Change of Control Triggering Event with respect to any series of Becton Finance notes, unless we have exercised our right to redeem the applicable series of Becton Finance notes as described under “—Optional Redemption” above or “—Redemption for Tax Reasons,” each holder of outstanding Becton Finance notes of the applicable series will have the right to require us to purchase all or a portion of that holder’s Becton Finance notes (in integral multiples of €1,000) pursuant to the offer described below (the “Change of Control Offer”), at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to, but excluding, the date of purchase, subject to the rights of holders of such Becton Finance notes on the relevant record date to receive interest due on the relevant interest payment date.

Within 30 days following the date upon which the Change of Control Triggering Event has occurred with respect to any series of Becton Finance notes, or at our option, prior to any Change of Control but after the public announcement of the pending Change of Control, we will be required to send in accordance with the applicable procedures of Euroclear or Clearstream, a notice to each holder of Becton Finance notes of the applicable series, with a copy to the trustee, which notice will govern the terms of the Change of Control Offer. The notice will state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date the notice is sent, other than as may be required by law (the "Change of Control Payment Date"). The notice, if sent prior to the date of consummation of the Change of Control, will state that the Change of Control Offer is conditioned on the Change of Control being consummated on or prior to the Change of Control Payment Date.

Holders of a series of Becton Finance notes electing to have their Becton Finance notes purchased pursuant to a Change of Control Offer will be required to surrender their Becton Finance notes, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Becton Finance note completed, to the paying agent at the address specified in the notice, or transfer their Becton Finance notes to the trustee by book-entry transfer pursuant to the applicable procedures of the paying agent, prior to the close of business on the third business day prior to the Change of Control Payment Date. The Change of Control Offer may be accepted for less than the entire principal amount of a particular Becton Finance note, but in that event the principal amount of such Becton Finance note remaining outstanding after repurchase must be equal to €100,000 or an integral multiple of €1,000 in excess thereof.

We are not required to make a Change of Control Offer with respect to a series of Becton Finance notes if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for such an offer made by us and that third party purchases all Becton Finance notes of the applicable series properly tendered and not withdrawn under its offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions herein, we are required to comply with the applicable securities laws and regulations and are not deemed to have breached our obligations under the provisions herein by virtue of such conflicts.

For purposes of this section, the following terms have the meanings set forth below:

"*Change of Control*" means the occurrence of any one of the following:

- the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of BD and its subsidiaries taken as a whole to any Person (including any "person" (as that term is used in Section 13(d)(3) of the Exchange Act)) other than to BD or one of its subsidiaries;
- the consummation of any transaction (including without limitation, any merger or consolidation) the result of which is that any Person (including any "person" (as that term is used in Section 13(d)(3) of the Exchange Act)) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the outstanding Voting Stock of BD, measured by voting power rather than number of shares;
- BD consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, BD, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of BD or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of the Voting Stock of BD outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving Person immediately after giving effect to the transaction; or
- the adoption of a plan relating to the liquidation or dissolution of BD.

Notwithstanding the foregoing, a transaction will not be considered to be a Change of Control if (a) BD becomes a direct or indirect wholly-owned subsidiary of a holding company and (b) (x) immediately following that transaction, the direct or indirect holders of the Voting Stock of the holding company are substantially the same as the holders of BD's Voting Stock immediately prior to that transaction or (y) immediately following that transaction, no Person is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company.

"*Change of Control Triggering Event*" means a series of Becton Finance notes are rated below Investment Grade by each of the Rating Agencies on any date during the period (the "Trigger Period") commencing on the date of the first public announcement by BD of any Change of Control (or pending Change of Control) and ending 60 days following consummation of that Change of Control (which Trigger Period will be extended following consummation of a Change of Control for so long as any of the Rating Agencies has publicly announced that it is considering a possible ratings downgrade and the downgrade would result in a Change of Control Triggering Event). Unless at

least two of the Rating Agencies are providing a rating for a series of Becton Finance notes at the commencement of any Trigger Period, the Becton Finance notes of such series will be deemed to be rated below Investment Grade by the Rating Agencies during that Trigger Period. Notwithstanding the foregoing, no Change of Control Triggering Event will be deemed to have occurred in connection with (i) any particular Change of Control unless and until such Change of Control has actually been consummated or (ii) any reduction in rating if the Rating Agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform us in writing at our request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, a Change of Control (whether or not the Change of Control has occurred at the time of the reduction in rating).

“*Fitch*” means Fitch Ratings, Inc. and its successors.

“*Investment Grade*” means a rating of Baa3 or better by Moody’s (or its equivalent under any successor rating category of Moody’s); and a rating of BBB- or better by S&P (or its equivalent under any successor rating category of S&P); and a rating of BBB- or better by Fitch (or its equivalent under any successor rating category of Fitch) or the equivalent investment grade credit rating from any additional Rating Agency or Rating Agencies selected by BD in accordance with the definition of “Rating Agency.”

“*Moody’s*” means Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, and its successors.

“*Person*” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

“*Rating Agency*” means each of Fitch, Moody’s and S&P; provided, that if any of Fitch, Moody’s or S&P ceases to provide rating services to issuers or investors or fails to make a rating of a series of Becton Finance notes publicly available for reasons outside of our or BD’s control, we may appoint a replacement for that Rating Agency.

“*S&P*” means S&P Global Ratings and its successors.

“*Voting Stock*” of any specified Person as of any date means the capital stock of that Person that is at the time entitled to vote generally in the election of the board of directors of that Person.

Payment of Additional Amounts

We or, in the case of the guarantee, BD, pay, subject to the exceptions and limitations set forth below, as additional interest on each series of Becton Finance notes such additional amounts as are necessary in order that the net payment by us or a paying agent of the principal of and interest on each of the Becton Finance notes to a holder, after withholding or deduction solely with respect to any present or future tax, assessment or other governmental charge imposed by Luxembourg, the United States or any other jurisdiction in which Becton Finance or BD or, in each case, any successor thereof (including a continuing Person formed by a consolidation with Becton Finance or BD, into which Becton Finance or BD is merged, or that acquires or leases all or substantially all of the property and assets of Becton Finance or BD) may be organized, as applicable, or any political subdivision thereof or therein having the power to tax (a “Taxing Jurisdiction”), is not less than the amount provided in the Becton Finance notes to be then due and payable; provided, however, that the foregoing obligation to pay additional amounts does not apply:

- to any tax, assessment or other governmental charge that would not have been imposed but for the holder (or the beneficial owner for whose benefit such holder holds such Becton Finance note), or a fiduciary, settlor, beneficiary, member or shareholder of the holder, or a person holding a power over an estate or trust administered by a fiduciary holder, being treated as:
 - being or having been present in, or engaged in a trade or business in, the relevant Taxing Jurisdiction, or having or having had a permanent establishment in such Taxing Jurisdiction;
 - having a current or former connection with the relevant Taxing Jurisdiction (other than a connection arising solely as a result of the ownership of such Becton Finance notes, the receipt of any payment in respect of such Becton Finance notes or the enforcement of any rights under the Becton Finance indenture), including being or having been a citizen of such Taxing Jurisdiction or treated as being or having been a resident thereof;

- being or having been a personal holding company, a passive foreign investment company or a controlled foreign corporation for United States federal income tax purposes, a foreign tax exempt organization, or a corporation that has accumulated earnings to avoid United States federal income tax;
- being or having been a “10-percent shareholder”, as defined in section 871(h)(3) of the Code, or any successor provision, of us or BD; or
- being a bank receiving payments on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business, within the meaning of section 881(c)(3) of the Code or any successor provision;
- to any holder that is not the sole beneficial owner of such Becton Finance notes, or a portion of such Becton Finance notes, or that is a fiduciary, partnership or limited liability company, but only to the extent that a beneficiary or settlor with respect to the fiduciary, or a beneficial owner or member of the partnership or limited liability company would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment;
- to any tax, assessment or other governmental charge that would not have been imposed but for the failure of the holder or any other person to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the relevant Taxing Jurisdiction of the holder or beneficial owner of such Becton Finance notes, if compliance is required by statute, by regulation of the relevant Taxing Jurisdiction or any taxing authority therein or by an applicable income tax treaty to which the relevant Taxing Jurisdiction is a party as a precondition to exemption from such tax, assessment or other governmental charge;
- to any tax, assessment or other governmental charge that is imposed otherwise than by withholding by us or a paying agent from the payment;
- to any estate, inheritance, gift, sales, excise, transfer, wealth, capital gains or personal property tax or similar tax, assessment or other governmental charge;
- to any tax, assessment or other governmental charge that would not have been imposed but for the presentation by the holder of any Becton Finance note, where presentation is required, for payment on a date more than 30 days after the date on which payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;
- to any tax assessment or other governmental charge required to be withheld or deducted that is imposed on a payment pursuant to sections 1471 through 1474 of the Code (or any amended or successor version of such sections that is substantively comparable and not materially more onerous to comply with), any Treasury Regulations promulgated thereunder, or any other official interpretations thereof (collectively, “FATCA”), any agreement (including any intergovernmental agreement) entered into in connection therewith, or any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA or an intergovernmental agreement in respect of FATCA;
- any tax assessment or other governmental charge that is imposed or withheld solely by reason of a change in law, regulation, or administrative or judicial interpretation that becomes effective more than 15 days after the payment becomes due or is duly provided for, whichever occurs later;
- any tax, assessment or other governmental charge that is imposed by reason of the failure of the beneficial owner to fulfill the statement requirements of section 871(h) or section 881(c) of the Code;
- any tax imposed pursuant to section 871(h)(6) or section 881(c)(6) of the Code (or any amended or successor provisions); or
- in the case of any combination of the above bulleted items under this heading “—Payment of Additional Amounts.”

Except as specifically provided under this heading “—Payment of Additional Amounts,” we or BD are not required to pay additional amounts in respect of any tax, assessment or other governmental charge.

As used under this heading “—Payment of Additional Amounts” and under the heading “—Redemption for Tax Reasons,” the term “United States” means the United States of America, any state thereof, and the District of Columbia, and the term “United States person” means (i) any individual who is a citizen or resident of the United

States for United States federal income tax purposes, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States, any state thereof or the District of Columbia (other than a partnership that is not treated as a United States person for United States federal income tax purposes), (iii) any estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) any trust if a United States court can exercise primary supervision over the administration of the trust and one or more United States persons can control all substantial trust decisions, or if a valid election is in place to treat the trust as a United States person.

Redemption for Tax Reasons

If, as a result of a change in law, we become or, based upon a written opinion of independent counsel selected by us, will become obligated to pay additional amounts as described under the heading “—Payment of Additional Amounts” with respect to any series of Becton Finance notes, then we may at any time at our option redeem, in whole, but not in part, the Becton Finance notes of such series on not less than 30 nor more than 60 days’ prior notice, at a redemption price equal to 100% of their principal amount, plus accrued and unpaid interest on the Becton Finance notes to be redeemed to, but excluding, the date fixed for redemption. For this purpose, “change in law” means any change in, or amendment to, the laws of a Taxing Jurisdiction, or an official interpretation thereof that is announced or becomes effective on or after (i) with respect to the United States and Luxembourg as the initial applicable Taxing Jurisdictions, the date of the initial issuance of the applicable series of Becton Finance notes or (ii) with respect to any other Taxing Jurisdiction, the date on which such jurisdiction becomes a Taxing Jurisdiction for Becton Finance or BD, as applicable.

Clearance Systems

The Becton Finance notes have the following codes:

0.632% 2023 Notes:

- ISIN: XS2002532567
- Common Code: 200253256
- CUSIP Number: 07589L AB3
- Financial Short Name: BECTON DICKINSON/0.632EUR NT 20230604, or as updated on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN
- Classification of Financial Instruments Code: DYFXXR, or as updated on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN

1.208% 2026 Notes:

- ISIN: XS2002532724
- Common Code: 200253272
- CUSIP Number: 07589L AC1
- Financial Short Name: BECTON DICKINSON/1.208EUR NT 2026060, or as updated on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN
- Classification of Financial Instruments Code: DYFXXR, or as updated on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN

1.213% 2036 Notes:

- ISIN: XS2298459426

- Common Code: 229845942
- CUSIP Number: 07589L AD9
- Financial Short Name: BECTON DICKINSON/ASST BKD 22001231
- Classification of Financial Instruments Code: DAFNFR



August 4, 2021

Christopher DelOrefice

[*****]

Dear Christopher:

Congratulations on your offer of employment! BD (Becton, Dickinson and Company) is one of the largest global medical technology companies in the world that is advancing the world of health by improving medical discovery, diagnostics and the delivery of care. We support the heroes on the frontlines of health care by developing innovative technology, services and solutions to address some of the most challenging global health issues. By working in close collaboration with customers, BD can help enhance outcomes, lower costs, increase efficiencies, improve safety and expand access to health care. We take great pride in hiring individuals who have the talent, drive and commitment to make health care better. We are delighted to have you join our team and look forward to the impact you'll make on the lives of patients around the world.

I am pleased to confirm in writing our offer of employment to you. The details of your offer are as follows:

Position: Your position is Executive Vice President, CFO, reporting directly to me. The duties and responsibilities of your position are as described in the attached Position Summary, and your position is classified as a Job Group 9. Positions are assigned to Job Groups according to the scope and impact of the position.

In your position, you will be designated as an "Executive Officer" of the company. You will also become a member of the Executive Leadership Team.

Start Date: Your first day of employment will be September 6, 2021, or such later date that may be mutually agreed upon not to exceed September 30, 2021.

Pay: Your base annual rate of pay will be \$720,000 subject to review and modification from time to time in accordance with standard Company practices. Associates are paid every other Friday, one week in arrears (i.e., your paycheck will cover the two-week period that ended the week before payday). The official BD workweek starts on Sunday and runs through Saturday.

Salaries are customarily reviewed in October of each year with a January effective date. You will be eligible for an annual increase in January of 2023. Salary increases are administered according to the annual increase budget and guidelines.

Sign-On Bonus: You will receive a total sign-on cash bonus of \$680,000 (less applicable taxes) payable in two installments. Your first payment of \$450,000 will be payable within 30 days following your start date. You will receive the second cash payment of \$230,000 approximately 12 months following your date of hire. Each sign-on bonus is conditioned upon your continued employment with BD for twelve months following receipt of payment. If you voluntarily terminate your employment within twelve

months of either payment, you will be required to reimburse the Company, within 60 days of termination date, a pro-rated portion of the respective sign-on bonus based on months of completed service. This repayment requirement shall not apply in the event that you are involuntarily terminated by BD.

Sign-on Equity Bonus: In addition to your eligibility for annual grants under BD's Long-Term Incentive Program (LTI) (described below), you will receive a one-time LTI grant valued at \$1,060,000 shortly after your start date. You will also receive a second one-time grant, valued at \$660,000, approximately one year following your date of hire. Both of these LTI grants are made in Time Vested Units (TVUs) and vest one third (1/3) per year on each of the first three anniversaries of the grant date, subject to continued employment.

Subject to approval by our Board of Directors which approval will be sought within 30 days of the date of this letter, vesting of both LTI grants described in the preceding paragraph will be accelerated if you are involuntarily terminated without cause by BD prior to vesting.

Performance Incentive Plan (PIP): You are eligible to participate in the Company's short-term incentive plan, which is known as the Performance Incentive Plan (PIP) effective October 1, 2021. Your PIP target will be 95%. If you commence employment after October 1st, your PIP award will be prorated from your start date, and may range from zero to double the incentive opportunity based on achievement of company financial goals. PIP awards are discretionary; there is no guarantee that you will receive a PIP award in a particular year.

Long-Term Incentive Program (LTI): Under the 2004 Employee and Director Equity-Based Compensation Plan, you will be eligible to participate in BD's LTI program. The LTI program provides associates with a potential opportunity to build wealth and share in the success of the Company through the achievement of strategic objectives. The target grant award value for your position is \$3,100,000. Provided you commence employment prior to September 30, 2021, you will receive an annual grant in November 2021 with a grant value in the amount of your target award. Annual LTI awards are determined based on individual associate performance and anticipated future contributions. Grants for each fiscal year are subject to approval by the BD Board of Directors. Other than as described herein, LTI awards are discretionary; there is no guarantee that an associate will receive an LTI grant in a particular year. Vesting and exercise provisions will be communicated to you under separate cover upon approval of any grant under this program.

Deferred Compensation Plan: You will be eligible to participate in the non-qualified Deferred Compensation Plan which enables you to save over the IRS limits in the qualified 401(k) plan. You may elect to enroll in this plan within 30 days from the first day of your employment or annually in December. You may contribute up to 50% of your total eligible base pay and 100% of your eligible bonus compensation. Enrollment information will be sent to you by Fidelity Investments, our financial benefits service provider.

Rewards: You are eligible for a comprehensive, competitive compensation program that rewards talented associates for their performance. Our Total Rewards program is designed to support the diverse needs of our global workforce, and make a difference for you at work, at home and in your future, while driving BD's overall success. We encourage you to make the most of the many programs offered.

Benefits include medical, dental, vision, life and disability insurance, as well as various other valuable programs for you and your eligible dependents. Each of these is either fully paid by BD or offered subject to an employee contribution as of your first day of employment. **You will have 31 days from your date of hire to make benefit elections for the remainder of the calendar year.** If you do not make an election within the required time frame, you will receive default coverage. Details regarding these plans will follow shortly under separate mailing (or e-mail) from our benefits administrator, Benefits Direct. You may enroll in your benefits coverage by going to the BD Intranet site: Maxwell-HROne –Connect to Benefits Direct. For questions about your benefits you may call Benefits Direct at 1-800-234-9855 and speak with a Customer Service Representative.

We also offer a competitive elective 401(k) Plan with company match and pre-tax, post-tax and Roth contribution options. You may enroll or make changes to your contribution by going to the Fidelity website at www.401k.com or by calling 1-866-715-2068. **If you do not make an active election within 60 days of your date of hire, you will be automatically enrolled in the BD 401(k) plan with a 6% Pre-tax contribution rate.**

You are also eligible to receive an annual non-elective company-provided contribution into the 401(k) Plan. This contribution will occur automatically and does not require an election. The contribution will be made in the first quarter each year, assuming you are employed with BD through 12/31 of the prior year.

Paid Time Off: You will be eligible for 5 weeks of vacation under BD's paid time off policy.

Relocation: You will be eligible to participate in BD's Relocation Program. The specifics of your commuter arrangement are set forth in the attached letter. The details of your final relocation thereafter will be as agreed upon and consistent with BD's relocation policy (see attached).

BD Share Retention and Ownership: Your position is subject to the BD Share Retention and Ownership Guidelines. Under the guidelines, you will be expected to hold in BD shares at least 50% of the net after-tax gain or net after-tax shares distributed to you from any equity-based compensation awards you have received until you have achieved and can maintain an ownership multiple of three (3.0) times your annual salary. More information will follow under separate cover shortly after your start date.

Change in Control: You will receive from the Corporate Secretary's office and will be expected to sign a Change of Control Agreement that will increase your benefit should a change in control occur per the terms of the agreement.

Paid Time Off: You will be eligible for paid time off consistent with an associate of your position at your location and in accordance with Company policy and applicable law. You will also be eligible for paid company holidays in accordance with Company policy.

Immigration Consideration: All offers of employment and continued employment are contingent upon your ability to secure and maintain the legal right to work at BD, including work authorization. If efforts at securing this authorization should fail, the offer of employment is withdrawn with no liability to the Company for any expenses incurred, time spent or other inconvenience to the job applicant.

Ethics: As a company founded on a core set of values, we ask you to review the Company Code of Conduct and be prepared to sign an acknowledgement during your onboarding process.

At-Will Employment: Your employment with BD is "at will." This means that your employment is not for any definite period of time and the Company or you may terminate your employment at any time, with or without cause, and with or without notice. Your at-will status is not subject to change without an express written agreement signed by an officer of the Company. There shall be no contract, express or implied, of employment.

Screening: Consistent with our policies for all BD personnel and the special consideration of our industry, this offer is contingent upon you taking a company paid drug screening test, the results of which must be negative, undergoing a motor vehicle record check (if applicable for the position), as well as completing a background check.

Employee Agreement and Associate Acknowledgement & Agreement: Your employment is contingent upon you signing the BD Agreement Regarding Competition and Protection of Proprietary Interests. You will be asked to sign this document, once you receive the onboarding packet.

You understand that BD's offer of employment is based on your general skills and abilities and not because of your knowledge or possession, if any, of confidential or proprietary information of any former

employer, customer, or other third party. You hereby certify that, by the time you become a BD associate, you will have returned all property, data and documents, whether electronic, paper, or other form, of any former employer, customer, or other third party. You agree (a) not to disclose or use, directly or indirectly, in furtherance of your employment with BD, any confidential or proprietary information, whether in electronic, paper, or other form, that you obtained through your employment with any previous employer(s) and (b) to comply with and abide by the BD Agreement Regarding Competition and Protection of Proprietary Interests.

If you have any questions, please feel free to call Betty Larson at [****] or email [****]. I'm looking forward to working together to make health care better.

Sincerely,

Tom Polen
Chairman, CEO and President

I accept the above offer of employment:

/s/ Christopher DelOrefice

August 4, 2021

Christopher DelOrefice

Date _____

CC:
Betty Larson
Kristi Payne

US SUBSIDIARIES OF BECTON, DICKINSON AND COMPANY

<u>Name of Subsidiary</u>	<u>Where Incorporated</u>
Accuri Cytometers, Inc.	Delaware
Alverix, Inc.	Delaware
Bard Access Systems, Inc.	Utah
Bard Acquisition Sub, Inc.	Delaware
Bard ASDI, Inc.	New Jersey
Bard Brachytherapy, Inc.	Delaware
Bard Devices, Inc.	Delaware
Bard Global Holdings I LLC	Delaware
Bard Global Holdings II LLC	Delaware
Bard Global Holdings III LLC	Delaware
Bard IP Holdings Inc.	Delaware
Bard Healthcare, Inc.	Texas
Bard International, Inc.	Delaware
Bard MRL Acquisition Corp.	Delaware
Bard Peripheral Vascular, Inc.	Arizona
BD Ventures LLC	New Jersey
BDX INO LLC	Delaware
Becton Dickinson Biosciences, Systems and Reagents Inc.	California
Becton Dickinson Global Holdings I Inc.	Delaware
Becton Dickinson Global Holdings II LLC	Delaware
Becton Dickinson Global Holdings IV LLC	Delaware
Becton Dickinson Global Holdings V LLC	Delaware
Becton Dickinson Global Holdings VII LLC	Delaware
Becton Dickinson Global Holdings VIII LLC	Delaware
Becton Dickinson Infusion Therapy Systems Inc.	Delaware
Becton Dickinson Korea Holding, Inc.	Delaware
Becton Dickinson Malaysia, Inc.	Oregon
Becton Dickinson Matrex Holdings, Inc.	Delaware
Becton Dickinson Overseas Services Ltd.	Nevada
Becton Dickinson Venture LLC	Delaware
Bridger Biomed, Inc.	Montana
C. R. Bard, Inc.	New Jersey
Cardal II, LLC	Delaware
CareFusion 213, LLC	Delaware
CareFusion 2200, Inc.	Delaware
CareFusion 2201, Inc.	Delaware
CareFusion 302, LLC	Delaware

CareFusion 303, Inc.	Delaware
CareFusion Corporation	Delaware
CareFusion Manufacturing, LLC	Delaware
CareFusion Resources, LLC	Delaware
CareFusion Solutions, LLC	Delaware
Cell Analysis Systems, Inc	Illinois
Cellular Research, Inc.	Delaware
CME America LLC	Delaware
CRISI Medical Systems, Inc.	Delaware
Davol Inc.	Delaware
DVL Acquisition Sub, Inc.	Delaware
Dymax Corporation	Pennsylvania
Enturican, Inc.	Kansas
FJ International, Inc.	Oregon
FlowCardia, Inc.	Delaware
FlowCardia, LLC	Delaware
FlowJo LLC	Oregon
Franklin Lakes Enterprises, L.L.C.	New Jersey
Gesco International, Inc.	Massachusetts
Gesco International, LLC	Massachusetts
HandyLab, Inc.	Delaware
IBD Holdings LLC	Delaware
Iontophoretics Corporation	Utah
JoHome LLC	Oregon
Liberator Health and Education Services, Inc.	Florida
Liberator Health and Wellness, Inc.	Florida
Liberator Medical Holdings, Inc.	Nevada
Liberator Medical Supply, Inc.	Florida
Loma Vista Medical, Inc.	Delaware
Loma Vista Medical, LLC	Delaware
Lutonix, Inc.	Delaware
Medafor, Inc.	Minnesota
MedChem Products, Inc.	Massachusetts
Medegen, LLC	California
Med-Design Corporation	Delaware
Med-Design Investment Holdings, Inc.	Delaware
Medinservice.com, Inc.	Utah
Medivance, Inc.	Delaware
Med-Safe Systems, Inc.	California
NAT Diagnostics Inc.	Delaware

Navarre Biomedical, LLC	Minnesota
Navarre Biomedical, Ltd.	Minnesota
Neomend, Inc.	Delaware
NOW Medical Distribution, Inc.	Delaware
NOW Medical Distribution, LLC	Delaware
Omega Biosystems Incorporated	Delaware
PharMingen	California
ProSeed, Inc.	New Jersey
PureWick Corporation	California
Roberts Laboratories, Inc.	Arizona
Rochester Medical Corporation	Minnesota
Safety Syringes, Inc.	California
SenoRx, Inc.	Delaware
SenoRx, LLC	Delaware
Shield Healthcare Centers, Inc.	Delaware
Sirigen, Inc.	California
Specialized Cooperative Corporation	Utah
Specialized Health Products International, Inc.	Delaware
Specialized Health Products International, LLC	Delaware
Specialized Health Products, Inc.	Utah
Staged Diabetes Management LLC	New Jersey
Surgical Site Solutions, Inc.	Wisconsin
Tepha, Inc.	Delaware
Tri-County Medical & Ostomy Supplies, Inc.	Tennessee
TriPath Imaging, Inc.	Delaware
TVA Medical, Inc.	Delaware
Vascular Pathways, Inc.	Delaware
Velano Vascular, Inc.	Delaware
Venetec International, Inc.	Delaware
Venetec International, LLC	Delaware
Y-Med, Inc.	Delaware
Y-Med, LLC	Delaware
ZebraSci, Inc.	Delaware

NON-US SUBSIDIARIES OF BECTON, DICKINSON AND COMPANY

<u>Name of Subsidiary</u>	<u>Where Incorporated</u>
Bard (Thailand) Limited	Thailand
Bard Australia Pty. Limited	Australia, New South Wales

Bard Benelux N.V.
Bard Brasil Indústria e Comércio de Produtos Para a Saúde Ltda.
Bard Canada Inc.
Bard Chile S.p.A.
Bard Czech Republic s.r.o.
Bard de Espana, S.A.
Bard Dublin ITC Limited
Bard EMEA Finance Center Sp.z o.o.
Bard European Distribution Center N.V.
Bard Finance B.V. & Co. KG.
Bard Financial Services Ltd.
Bard Finland OY
Bard France S.A.S.
Bard Healthcare Science (Shanghai) Limited
Bard Hellas S.A.
Bard Holding SAS
Bard Holdings Limited
Bard Holdings Netherlands B.V.
Bard Hong Kong Limited
Bard India Healthcare Pvt. Ltd.
Bard International Holdings, B.V.
(Bard Istanbul Healthcare Limited Company)
Bard Korea Ltd.
Bard Limited
Bard Malaysia Healthcare Sdn. Bhd.
Bard Medica SA
Bard Medical Devices (Beijing) Co., Ltd.
Bard Medical R&D (Shanghai) Co., Ltd.
Bard Medical SA (Proprietary) Limited
Bard Mexico Realty, S. de R.L. de C.V.
Bard Norden AB
Bard Norway AS
Bard Pacific Health Care Company Ltd.
Bard Poland Sp. z.o.o.
Bard Productos Plasticos e Medicos Ltda.

Bard Reynosa, S.A. de C.V.
Bard S.r.l.
Bard Sdn. Bhd.
Bard Shannon Limited
Bard Singapore Private Limited

Belgium
Brazil
Canada, Ontario
Chile
Czech Republic, Prague
Spain
Ireland
Poland
Belgium
Netherlands
England
Finland
France
China, Shanghai
Greece
France
England
Netherlands
Hong Kong
India, Maharashtra
Netherlands
Turkey, Istanbul
Korea, Republic
England
Malaysia
Switzerland, Geneva
China
China, Shanghai
South Africa, Johannesburg, Gauteng
Mexico, Chihuahua
Sweden
Norway
Taiwan
Poland
Brazil

Mexico, Tamaulipas
Italy
Malaysia
Ireland
Singapore

Bard Sourcing Office Singapore Pte. Ltd.
Bard Sweden AB
Bard UK Newco Limited
BD Holding S. de R.L. de C.V.
BD Infection Prevention BV
BD Kiestra BV
BD Rapid Diagnostic (Suzhou) Co., Ltd.
BD San Luis Potosi, S.A. de C.V.
BD Switzerland Sarl
BD West Africa Limited
Becton Dickinson A.G.
Becton Dickinson A/S
Becton, Dickinson and Company, Ltd.
Becton Dickinson Argentina S.R.L.
Becton Dickinson Asia Holdings Ltd.
Becton Dickinson Asia Limited
Becton Dickinson Austria GmbH
Becton Dickinson Austria Holdings GmbH
Becton Dickinson Benelux N.V.
Becton, Dickinson B.V.
Becton Dickinson B.V. Saudi Limited Company
Becton Dickinson Canada Inc.
Becton Dickinson Caribe Ltd.
Becton Dickinson Croatia d.o.o.
Becton Dickinson Czechia s.r.o.
Becton Dickinson de Colombia Ltda.
Becton Dickinson de Mexico, S.A. de C.V.
Becton Dickinson del Uruguay S.A.
Becton Dickinson Dispensing Belgium BVBA
Becton Dickinson Dispensing Denmark A/S
Becton Dickinson Dispensing France SAS
Becton Dickinson Dispensing Ireland Limited
Becton Dickinson Dispensing Norway
Becton Dickinson Dispensing Spain S.L.U.
Becton Dickinson Dispensing UK Ltd.
Becton Dickinson Distribution Center N.V.
Becton Dickinson East Africa Ltd.
Becton Dickinson Euro Finance Sarl
Becton Dickinson Europe Holdings S.A.S.
Becton Dickinson France S.A.S.
Becton Dickinson (Gibraltar) Holdings Ltd.

Singapore
Sweden
England
Mexico
Belgium
Netherlands
China
Mexico, San Luis
Switzerland
Ghana
Switzerland
Denmark
Ireland
Argentina
Gibraltar
Hong Kong
Austria
Austria
Belgium
Netherlands
Saudi Arabia
Canada
Cayman Islands
Croatia
Czech Republic
Colombia
Mexico
Uruguay
Belgium
Denmark
France
Ireland
Norway
Spain
United Kingdom
Belgium
Kenya
Luxembourg
France
France
Gibraltar

Becton Dickinson (Gibraltar) Limited	Gibraltar
Becton Dickinson (Gibraltar) Management Limited	Gibraltar
Becton Dickinson GmbH	Germany
Becton Dickinson GSA Beteiligungs GmbH	Germany
Becton Dickinson Guatemala S.A.	Guatemala
Becton Dickinson Hellas S.A.	Greece
Becton Dickinson Holdings Limited	Ireland
Becton Dickinson Holdings Pte Ltd.	Singapore
Becton Dickinson Hungary Kft.	Hungary
Becton Dickinson India Private Limited	India, Maharashtra
Becton, Dickinson Industrias Cirurgicas, Ltda.	Brazil
Becton Dickinson Infusion Therapy AB	Sweden
Becton Dickinson Infusion Therapy Holdings UK Limited	United Kingdom
Becton Dickinson Infusion Therapy Systems Inc., S.A. de C.V.	Mexico, Sonora
Becton Dickinson Infusion Therapy UK	United Kingdom
Becton Dickinson Insulin Syringe, Ltd.	Cayman Islands
Becton Dickinson International Holdings Pte Ltd.	Singapore
Becton Dickinson International Holdings II Pte Ltd.	Singapore
Becton Dickinson International Holdings III Pte Ltd.	Singapore
Becton Dickinson Israel Ltd.	Israel
Becton Dickinson Italia S.p.A.	Italy
Becton Dickinson Ithalat Ihracat Limited Sirketi	Turkey
Becton Dickinson Global Services Centre Sdn. Bhd	Malaysia
Becton Dickinson Holdings Ltd.	Ireland
Becton Dickinson Korea Ltd.	Korea
Becton Dickinson Ltd.	New Zealand
Becton Dickinson Luxembourg Finance S.a.r.L.	Luxembourg
Becton Dickinson Luxembourg Global Holdings Sarl	Luxembourg
Becton Dickinson Luxembourg Holdings II S.a.r.L	Luxembourg
Becton Dickinson Luxembourg Holdings III S.a.r.L	Luxembourg
Becton Dickinson Luxembourg Holdings V S.a.r.L.	Luxembourg
Becton Dickinson Management GmbH & Co. KG	Germany
Becton Dickinson (Mauritius) Limited	Mauritius
Becton Dickinson Medical (S) Pte Ltd.	Singapore
Becton Dickinson Medical Devices (Shanghai) Co., Ltd.	China
Becton Dickinson Medical Devices (Suzhou) Co., Ltd.	China
Becton Dickinson Medical Products Pte. Ltd.	Singapore
Becton Dickinson Medical Technology (Jiangsu) Co. Ltd.	China
Becton Dickinson Netherlands Global Holdings II C.V.	Netherlands
Becton Dickinson Netherlands Holdings B.V.	Netherlands

Becton Dickinson Netherlands Holdings II B.V.	Netherlands
Becton Dickinson Norway AS	Norway
Becton Dickinson O.Y.	Finland
Becton Dickinson Pakistan (Pvt) Ltd.	Pakistan
Becton Dickinson Penel Limited	Cayman Islands
Becton Dickinson Philippines, Inc.	Philippines
Becton Dickinson Polska Sp.z.o.o.	Poland
Becton Dickinson Portugal, Unipessoal, Lda.	Portugal
Becton Dickinson Pty. Ltd.	Australia
Becton Dickinson (Pty) Ltd.	South Africa
Becton Dickinson Research Centre Ireland Limited	Ireland
Becton Dickinson Rowa Germany GmbH	Germany
Becton Dickinson Rowa Italy Srl	Italy
Becton Dickinson S.A.	Spain
Becton Dickinson Sample Collection GmbH	Switzerland
Becton Dickinson Scot Financing L.P.	Scotland
Becton Dickinson Scot Financing L.L.P.	Scotland
Becton Dickinson Sdn. Bhd.	Malaysia
Becton Dickinson Slovakia s.r.o.	Slovakia
Becton Dickinson Sweden AB	Sweden
Becton Dickinson Sweden Holdings AB	Sweden
Becton Dickinson Switzerland Global Holdings SarL	Switzerland
Becton Dickinson Technology Campus India	India
Becton Dickinson (Thailand) Limited	Thailand
Becton Dickinson UK Financing I Limited	United Kingdom
Becton Dickinson UK Financing II Limited	United Kingdom
Becton Dickinson U.K. Limited	United Kingdom
Becton Dickinson Venezuela, C.A.	Venezuela
Becton Dickinson Verwaltungs GmbH	Germany
Becton Dickinson Vostok LLC	Russia
Becton Dickinson Worldwide Investments Sa.r.L.	Luxembourg
Becton Dickinson Zambia Limited	Zambia
Benex Ltd.	Ireland
C. R. Bard Do Brasil Productos Medicos Ltda.	Brazil
C. R. Bard (Portugal) - Produtos e Artigos Medicos e Farmaceuticos	Brazil
C. R. Bard GmbH	Germany
C. R. Bard Netherlands Sales B.V.	Netherlands
CareFusion Asia (HK) Limited	Hong Kong
CareFusion (Barbados) Srl	Barbados
CareFusion BH 335 d.o.o. Cazin	Bosnia

Care Fusion Development Private Limited
CareFusion D.R. 203 Ltd.
CareFusion (Shanghai) Commercial and Trading Co. Limited
CareFusion France 309 S.A.S.
CareFusion Israel 330 Ltd.
CareFusion Italy 312 S.p.A.
CareFusion Mexico 215 S.A. de C.V.
CareFusion Netherlands 328 B.V.
CareFusion Netherlands 503 B.V.
CareFusion Netherlands 504 B.V.
CareFusion Netherlands Financing 283 C.V.
CareFusion S.A. 319 (Proprietary) Limited
CareFusion U.K. 244 Limited
CareFusion U.K. 305 Limited
CareFusion U.K. 306 Limited
Carmel Pharma AB
Clearstream Technologies Group Limited
Clearstream Technologies Limited
CME Ltd.
CME Medical (UK) Limited
CME UK (Holdings) Limited
Corporativo BD de Mexico, S. de R.L. de C.V.
DLD (Bermuda) Ltd.
Daval International Limited
Daval Surgical Innovations, S.A. de C.V.
Distribuidora BD Mexico, S.A. de C.V.
Dutch American Manufacturers (D.A.M.) B.V.
Embo Medical Limited
Enturia de Mexico S. de R.L. de C.V.
Gamer Lasertechnik GmbH
GenCell Biosystems Ltd.
GeneOhm Sciences Canada ULC
Kabushiki Kaisha Medicon (Medicon, Inc.)
Limited Liability Company Bard Rus
Nippon Becton Dickinson Company, Ltd.
PreAnalytiX GmbH

India
Bermuda
China
France
Israel
Italy
Mexico
Netherlands
Netherlands
Netherlands
Netherlands
South Africa
United Kingdom
United Kingdom
United Kingdom
Sweden
Ireland
Ireland
Israel
United Kingdom
United Kingdom
Mexico
Bermuda
England
Mexico, Chihuahua
Mexico
Netherlands
Ireland
Mexico
Germany
Ireland
Canada
Japan
Russian Federation
Japan
Switzerland

Pristine Access Technologies, Inc.
P.R.C. (Isialys) Societe a responsabilitie limitee (Societe a associe unique)
Procesos para Esterilizacion, S.A. de C.V.
Productos Bard de Mexico, S.A. de C.V.
Productos Para el Cuidado de la Salud, S.A. de C.V.
PT Becton Dickinson Indonesia
Puls Medical Devices AS LC
Rochester Medical Ltd.
Sendal, S.L.U.
Sirigen II Limited
Sistemas Médicos ALARIS, S.A. de C.V.
Straub Medical AG
Vas-Cath Incorporated

Israel
France
Mexico
Mexico, Mexico City
Mexico, Sonora
Indonesia
Norway
United Kingdom
Spain
United Kingdom
Mexico, Baja
Switzerland
Canada, Ontario

Subsidiary Issuers of Guaranteed Securities

As of September 30, 2021, Becton, Dickinson and Company (“BD”) is the guarantor of the senior unsecured registered notes listed below issued by Becton Dickinson Euro Finance S.à r.l. (“BD Finance”). BD owns, directly or indirectly, 100% of BD Finance.

Becton Dickinson Euro Finance S.à r.l.

0.334% Notes due August 13, 2028

1.336% Notes due August 13, 2041

1.213% Notes due February 12, 2036

1.208% Notes due June 4, 2026

0.632% Notes due June 4, 2023

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statements on Form S-8 Nos. 33-23055, 33-33791, 33-64115, 333-11885, 333-16091, 333-118235, 333-147594, 333-161129, 333-161215, 333-170821, 333-199830, 333-214780, 333-218179, 333-229619, 333-250960 and 333-250961 of Becton, Dickinson and Company;

(2) Registration Statement on Form S-3 No. 333-255829 of Becton, Dickinson and Company and Becton Dickinson Euro Finance S.à. r.l.; and

(3) Registration Statements on Form S-4 Nos. 333-203013 and 333-223536 of Becton, Dickinson and Company;

of our reports dated November 24, 2021, with respect to the consolidated financial statements of Becton, Dickinson and Company and the effectiveness of internal control over financial reporting of Becton, Dickinson and Company included in this Annual Report (Form 10-K) of Becton, Dickinson and Company for the year ended September 30, 2021.

/s/ ERNST & YOUNG LLP

New York, New York
November 24, 2021

CERTIFICATION

I, Thomas E. Polen, certify that:

1. I have reviewed this Annual Report on Form 10-K of Becton, Dickinson and Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting, and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 24, 2021

/s/ Thomas E. Polen

Thomas E. Polen

Chairman, Chief Executive Officer and President

CERTIFICATION

I, Christopher J. DelOrefice, certify that:

1. I have reviewed this Annual Report on Form 10-K of Becton, Dickinson and Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 24, 2021

/s/ Christopher J. DelOrefice

Christopher J. DelOrefice

Executive Vice President and Chief Financial Officer

CERTIFICATION

The certification set forth below is being submitted in connection with the Annual Report on Form 10-K of Becton, Dickinson and Company for the fiscal year ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”) for the purpose of complying with Rule 13a-14(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Thomas E. Polen, the Chief Executive Officer of Becton, Dickinson and Company, certify that:

1. such Report fully complies with the requirements of Section 13(a) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Becton, Dickinson and Company.

Date: November 24, 2021

/s/ Thomas E. Polen

Thomas E. Polen
Chief Executive Officer

CERTIFICATION

The certification set forth below is being submitted in connection with the Annual Report on Form 10-K of Becton, Dickinson and Company for the fiscal year ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”) for the purpose of complying with Rule 13a-14(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Christopher J. DelOrefice, the Chief Financial Officer of Becton, Dickinson and Company, certify that:

1. such Report fully complies with the requirements of Section 13(a) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Becton, Dickinson and Company.

Date: November 24, 2021

/s/ Christopher J. DelOrefice

Christopher J. DelOrefice

Chief Financial Officer