SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006 **COMMISSION FILE NUMBER 1-4802**

BECTON, DICKINSON AND COMPANY

(Exact name of registrant as specified in its charter)

New Jersey	**22-0760120**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1 Becton Drive Franklin Lakes, New Jersey	**07417-1880**
(Address of principal executive offices)	**(Zip code)**

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

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

Title of each class	**Name of each exchange on which registered**
Common Stock, par value $1.00	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. Yesx No o

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 o No x

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 x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Act).

Large accelerated filer x Accelerated filer o Non-accelerated filer o

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

As of March 31, 2006, 246,637,424 shares of the registrant's common stock were outstanding and the aggregate market value of such common stock held by non-affiliates of the registrant was approximately $15,187,932,570.

Documents Incorporated by Reference

(1) Portions of the registrant's Annual Report to Shareholders for the fiscal year ended September 30, 2006 are incorporated by reference into Parts I and II hereof.

(2) Portions of the registrant's Proxy Statement for the Annual Meeting of Shareholders to be held January 30, 2007 are incorporated by reference into Part III hereof.

PART I

Item 1. ***Business.***

General

Becton, Dickinson and Company (also known 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" refer to Becton, Dickinson and Company and its domestic and foreign subsidiaries, unless otherwise indicated by the context.

BD is a medical technology company engaged principally in the manufacture and sale of a broad range of medical supplies, devices, laboratory equipment and diagnostic products used by healthcare institutions, life science researchers, clinical laboratories, industry and the general public.

Business Segments

BD's operations consist of three worldwide business segments: BD Medical, BD Diagnostics and BD Biosciences. Information with respect to BD's business segments is included in Note 15 to the consolidated financial statements contained in the portions of BD's Annual Report to Shareholders for the fiscal year ended September 30, 2006 attached hereto as Exhibit 13, and is incorporated herein by reference.

BD Medical

BD Medical produces a broad array of medical devices that are used in a wide range of healthcare settings. They include many safety-engineered injection, infusion and surgery products. BD Medical's principal product lines include needles, syringes and catheters for medication delivery; syringes and pen needles for the self-injection of insulin and other drugs used in the treatment of diabetes; prefillable drug delivery devices provided to pharmaceutical companies and sold to end-users as drug/device combinations; surgical blades and regional anesthesia needles; critical care monitoring devices; ophthalmic surgery instruments; sharps disposal containers; and home healthcare products such as ACE® brand elastic bandages. The primary markets served by BD Medical are hospitals and clinics; physicians' office practices; consumers and retail pharmacies; public health agencies; pharmaceutical companies; and healthcare workers.

BD Diagnostics

BD Diagnostics provides products for the safe collection and transport of diagnostic specimens and instrumentation for analysis across a broad range of infectious disease testing. BD Diagnostics' principal products and services include integrated systems for specimen collection; an extensive line of safety-engineered blood collection products and systems; plated media; automated blood culturing systems; molecular testing systems for sexually transmitted diseases and healthcare-associated infections; microorganism identification and drug susceptibility systems; and rapid diagnostic assays. BD Diagnostics serves hospitals, laboratories and clinics; reference laboratories; blood banks; healthcare workers; patients; physicians' office practices; and industrial microbiology laboratories.

BD Biosciences

BD Biosciences 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. BD Biosciences' principal product lines include fluorescence-activated cell sorters and analyzers; cell imaging systems, monoclonal antibodies and kits; reagent systems for life sciences research; tools to aid in drug discovery and growth of tissue and cells; and diagnostic assays. The primary markets served by BD Biosciences are research and clinical laboratories; hospitals and transplant centers; blood banks; and biotechnology and pharmaceutical companies.

Acquisitions

On February 14, 2006, BD acquired GeneOhm Sciences, Inc. ("GeneOhm"), a company that develops molecular diagnostic testing for the rapid detection of bacterial organisms, including those known to cause healthcare-associated infections. The acquisition provides BD with expanded entry into the emerging field of healthcare-associated infections.

On September 8, 2006, BD announced that it had signed a definitive agreement to acquire the 93.5% of the outstanding shares of TriPath Imaging ("TriPath") that BD does not currently own. TriPath develops, manufactures, markets and sells innovative solutions to improve the clinical management of cancer, including detection, diagnosis, staging and treatment. Since 2001, BD has been collaborating with the company to identify bio-markers for various cancer diagnostics. Following the requisite approval by the TriPath shareholders, as well as other closing conditions, the acquisition is expected to be completed by the end of BD's first fiscal quarter 2007.

Exit from Blood Glucose Monitoring Market

On September 28, 2006, BD announced a plan to exit the blood glucose monitoring market and discontinued the distribution of the BD Logic® Blood Glucose Monitor. BD plans to continue to distribute test strips for its customers through December 2007.

International Operations

BD's products are manufactured and sold worldwide. BD's operations outside the United States are conducted in Canada and in five geographic regions: Europe (which includes the Middle East and Africa); Japan; Asia Pacific (which includes Australia and all of Asia except Japan); South Latin America (which includes Brazil); and North Latin America (which includes Mexico). The principal products sold by BD outside of the United States are hypodermic needles and syringes; insulin syringes and pen needles; diagnostic systems; BD Vacutainer™ brand blood collection products; BD Hypak™ brand prefillable syringe systems; infusion therapy products; flow cytometry analyzers and sorters; and disposable laboratory products. BD has manufacturing operations outside the United States in Brazil, Canada, China, France, Germany, India, Ireland, Japan, Korea, Mexico, Pakistan, Singapore, Spain, Sweden and the United Kingdom. Geographic information with respect to BD's operations is included under the heading "Geographic Information" in Note 15 to the consolidated financial statements included in Exhibit 13, and is incorporated herein by reference.

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 local commercial and economic policies and political uncertainties. See further discussion of this risk in Item 1A. Risk Factors.

Distribution

BD's products and services are marketed in the U.S. and internationally through independent sales representatives and independent distribution channels, and directly to end-users. Sales to a single U.S. distributor that supplies products from the BD Medical and BD Diagnostics segments to many end-users accounted for approximately 11% of total BD revenues in fiscal 2006. However, the end-users of BD's products have access to them through other distributors, and, as a result, BD believes that sales to this distributor would be replaced largely, if not entirely, by other sales if BD no longer sold products to this distributor. Order backlog is not material to BD's business inasmuch as orders for BD products generally are received and filled on a current basis, except for items temporarily out of stock. BD's worldwide sales are not generally seasonal, with the exception of certain medical devices in the BD Medical segment and respiratory and flu diagnostic products in the BD Diagnostics segment that relate to seasonal diseases such as influenza.

Raw Materials

BD purchases many different types of raw materials, including plastics, glass, metals, textiles, paper products, agricultural products, electronic and mechanical sub-assemblies and various biological, chemical and petrochemical products. While all but a few of BD's principal raw materials are available from multiple sources, for various reasons (e.g., quality assurance and cost effectiveness), BD elects to purchase certain raw materials from sole suppliers. However, certain raw materials (primarily related to the BD Biosciences segment) are not available from multiple sources. In other cases where there are regulatory requirements relating to qualification of suppliers, BD

may not be able to establish additional or replacement sources on a timely basis. While BD works closely with its suppliers to ensure continuity of supply, the termination, reduction or interruption in supply of these sole-sourced raw materials could impact our ability to manufacture and sell certain of our products.

Research and Development

BD conducts its research and development activities at its operating units and at BD Technologies in Research Triangle Park, North Carolina. Substantially all of BD's research and development activities are conducted in the U.S. BD also collaborates with certain universities, medical centers and other entities on research and development programs. BD also retains individual consultants to support its efforts in specialized fields. BD spent approximately $360 million, $272 million and $236 million on research and development during the fiscal years ended September 30, 2006, 2005 and 2004, respectively. Fiscal year 2006 spending included an in-process research and development charge of $53 million related to the acquisition of GeneOhm.

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.

Competition

BD operates in the increasingly complex and challenging medical technology marketplace whose dynamics are changing. Technological advances and scientific discoveries have accelerated the pace of change in medical technology, and regulation of increasingly more sophisticated and complex medical products is increasing. 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 safety-engineered devices and in 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 other companies seeking a competitive advantage also affect the competitive environment.

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 implement one of its core strategies—to increase revenue growth by focusing on products that deliver greater benefits to patients, healthcare workers and researchers—and maintain an advantage in the competitive environment in which it operates, BD continues to make investments in research and development, quality management, quality improvement, product innovation and productivity improvement.

Third-Party Reimbursement

Healthcare providers and/or facilities are generally reimbursed for their services through numerous payment systems designed by governmental agencies (e.g., Medicare and Medicaid in the U.S., the National Health Service in the U.K., the Joint Federal Committee in Germany, the Commission d'Evaluation des Produits et prestations in France, and the Ministry for Health, Labor and Welfare in Japan), private insurance companies, and managed care programs. The manner and level of reimbursement in any given case typically depends on the procedure(s) performed, the final patient diagnosis, the device(s) and/or drug(s) utilized, or a combination of these factors, and coverage and payment levels are determined at the payer's discretion. The coverage policies and reimbursement levels of third-party payers may impact the decisions of healthcare providers and facilities regarding which medical products they purchase and the prices they are willing to pay for those products. Thus, changes in reimbursement level or method may either positively or negatively impact sales of BD products. While BD is actively engaged in promoting the value of its products for payers and patients and it employs various efforts and resources to positively impact coverage, coding and payment processes in this regard, it has no direct control over payer decision-making with respect to coverage and adequate payment level for BD products. Additionally, we expect many payers to continue to explore cost-containment strategies that could potentially impact coverage and/or payment levels for current or future BD products.

As BD's product offerings are diverse across many healthcare settings, they are affected to varying degrees by the many payment systems. Therefore, BD does not believe that significant changes to any one of these systems, while potentially impacting individual product lines or classes, would have a material adverse effect on BD.

Regulation

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.

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 of BD's manufacturing processes and product performance. These regulatory controls can affect the time and cost associated with the development, introduction and continued availability of new 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.

In November 2006, we received a warning letter from the FDA with respect to our facility in San Lorenzo, Puerto Rico, at which we manufacture certain blood collection products. The warning letter makes certain observations regarding our compliance with the Current Good Manufacturing Practice requirements of the FDA's Quality System regulation. We are preparing a response plan for submission to the FDA.

BD believes it is in compliance in all material respects with the regulations promulgated by such agencies, and that such compliance has not had, and, BD believes, should not have, a material adverse effect on BD. BD also believes that its operations comply in all material respects with applicable environmental laws and regulations. Such compliance has not had, and, BD believes, should not have, a material adverse effect on BD. See Item 3. Legal Proceedings.

Employees

As of September 30, 2006, BD had 26,990 employees, of whom 12,288 were employed in the United States (including Puerto Rico). BD believes that its employee relations are satisfactory.

Other Matters

Becton Dickinson France, S.A. ("BD-France"), a subsidiary of BD, was listed among approximately 2,200 other companies in an October 27, 2005 report of the Independent Inquiry Committee ("IIC") of the United Nations ("UN") as having been involved in humanitarian contracts in which unauthorized payments were suspected of having been made to the Iraqi Government in connection with the UN's Oil-for-Food Programme (the "Programme"). In connection with the IIC's report, Becton Dickinson AG, a Swiss subsidiary of BD, received a letter of inquiry from the Vendor Review Committee ("VRC") of the United Nations Procurement Service dated November 22, 2005. The letter of inquiry said that the VRC is reviewing Becton Dickinson AG's registration status in light of BD-France being listed in the IIC's report and asked us for any information we might provide relating to the findings of the report. BD conducted an internal review and found no evidence that BD or any BD employee made, authorized, or approved improper payments to the Iraqi Government in connection with the Programme. The representative utilized by BD in Iraq also unequivocally denied having made any such payments, and BD was unable to find any evidence of such payments being made by this representative. BD has also reported the results of its internal review to the VRC.

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 found at *www.bd.com/investors*. Printed copies of the foregoing documents may also be obtained, without charge, by contacting: Investor Relations, Becton, Dickinson and Company, 1 Becton Drive, Franklin Lakes, New Jersey 07417-1880, phone: 1-800-284-6845.

CAUTIONARY STATEMENT PURSUANT TO PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995—“SAFE HARBOR” FOR FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 (the “Act”) provides a safe harbor for forward-looking statements made by or on behalf of BD. 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 this report and filings with the SEC and in our other reports to shareholders. Forward-looking statements may be identified by the use of words like "plan," "expect," “believe,” “intend,” "will," "anticipate," "estimate" and other words of similar meaning in conjunction with, among other things, discussions of future operations and financial performance, as well as our strategy for growth, product development, regulatory approvals, market position and expenditures. All statements that address operating performance or events or developments that we expect or anticipate will occur in the future – including statements relating to volume growth, sales and earnings per share growth and statements expressing views about future operating results – are forward-looking statements within the meaning of the Act.

Forward-looking statements are based on current expectations of future events. The forward-looking statements are and will be based on management's then-current views and assumptions regarding future events and operating performance, and speak only as of their dates. Investors should realize that if underlying assumptions prove inaccurate or unknown 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 whether as a result of new information, future events and developments or otherwise.

The following are some important factors that could cause our actual results to differ from our expectations in any forward-looking statements:

- Regional, national and foreign economic factors, including inflation and fluctuations in interest rates and foreign currency exchange rates and the potential effect of such fluctuations on revenues, expenses and resulting margins.
- We operate in a highly competitive environment. New product introductions by our current or future competitors could adversely affect our ability to compete in the global market. For example, new forms of inhaled or other methods of insulin delivery, such as the new inhaled form of insulin approved by the FDA and European authorities, could adversely impact sales of our insulin injection devices. Patents attained by competitors, particularly as patents on our products expire, may also adversely impact our competitive position.
- Changes in domestic and foreign healthcare industry practices and regulations resulting in increased pricing pressures, including the continued consolidation among healthcare providers; trends toward managed care and healthcare cost containment; and government laws and regulations relating to sales and promotion, reimbursement and pricing generally.
- The effects, if any, of governmental and media activities relating to U.S. Congressional hearings regarding the business practices of group purchasing organizations, which negotiate product prices on behalf of their member hospitals with BD and other suppliers.
- Fluctuations in the cost and availability of raw materials and the ability to maintain favorable supplier arrangements and relationships (particularly with respect to sole-source suppliers) and the potential adverse effects of any disruption in the availability of such raw materials.
- Our ability to obtain the anticipated benefits of any restructuring programs that we may undertake.
- Adoption of or changes in government laws and regulations affecting domestic and foreign operations, including those relating to trade, monetary and fiscal policies, taxation, environmental matters, sales

practices, price controls, licensing and regulatory approval of new products, or changes in enforcement practices with respect to any such laws and regulations.

- Fluctuations in U.S. and international governmental funding and policies for life science research.
- Difficulties inherent in product development, including the potential inability to successfully continue technological innovation, complete clinical trials, obtain regulatory approvals in the United States and abroad, or gain and maintain market approval of products, as well as the possibility of encountering infringement claims by competitors with respect to patent or other intellectual property rights, all of which can preclude or delay commercialization of a product.
- Pending and potential litigation or other proceedings adverse to BD, including antitrust claims, product liability claims, and patent infringement claims, as well as other risks and uncertainties detailed from time to time in our SEC filings.
- The effects, if any, of adverse media exposure or other publicity regarding BD's business or operations.
- Our ability to achieve earnings forecasts, which are generated based on projected volumes and sales of many product types, some of which are more profitable than others. There can be no assurance that we will achieve the projected level or mix of product sales.
- The effect of market fluctuations on the value of assets in BD's pension plans and the possibility that BD may need to make additional contributions to the plans as a result of any decline in the value of such assets.
- Our ability to effect infrastructure enhancements and incorporate new systems technologies into our operations.
- Product efficacy or safety concerns resulting in product recalls, regulatory action on the part of the FDA (or foreign counterparts) or declining sales.
- Economic and political conditions in international markets, including civil unrest, governmental changes and restrictions on the ability to transfer capital across borders.
- The effects of natural disasters, including hurricanes or pandemic diseases, on our ability to manufacture our products, particularly where production of a product line is concentrated in one or more plants, or on our ability to source components from suppliers that are needed for such manufacturing.
- Our ability to penetrate developing and emerging markets, which also depends on economic and political conditions, and how well we are able to acquire or form strategic business alliances with local companies and make necessary infrastructure enhancements to production facilities, distribution networks, sales equipment and technology.
- The impact of business combinations, including acquisitions and divestitures, both internally for BD and externally in the healthcare industry.
- Issuance of new or revised accounting standards by the Financial Accounting Standards Board 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 1A. ***Risk Factors.***

An investment in BD involves a variety of risks and uncertainties. The following describes some of the significant risks that could impact BD's business, financial condition or operating results.

BD's future growth is dependent 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 products that deliver greater benefits to patients, healthcare workers and researchers. The development of these products requires significant research and development, clinical trials and regulatory approvals. The results of our product development efforts may be affected by a number of factors, including BD's ability to innovate, develop and manufacture new products, complete clinical trials, obtain regulatory approvals and reimbursement in the United States and abroad, or gain and maintain market approval 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.

The medical device industry is very competitive.

The medical device industry is subject to rapid technological changes, and we face significant competition across our product lines and in each market in which our products are sold. We face this competition from a wide range of companies. These include large medical device companies, some of which may have greater financial and marketing resources than us. We also face competition from firms that are more specialized than us with respect to particular markets. Non-medical device companies, including pharmaceutical companies, also offer alternative therapies for disease states that may be delivered without a medical device. See "Competition" under Item 1. Business. In addition, some competitors have established manufacturing sites or have contracted with suppliers located in China and other low-cost manufacturing locations as a means to lower their costs. New entrants may also appear, particularly in these low-cost countries.

The development of new or improved products, processes or technologies by other companies may make our products or proposed products obsolete or less competitive and may materially adversely affect our earnings, financial condition or cash flows.

A reduction or interruption in the supply of certain raw materials would adversely affect BD's manufacturing operations and related product sales.

BD purchases many different types of raw materials. We have generally been able to obtain adequate supplies of these materials. However, certain raw materials (primarily related to the BD Biosciences segment) are not available from multiple sources. In addition, for quality assurance, cost-effectiveness and other reasons, BD elects to purchase certain raw materials from sole suppliers. While we work with suppliers to ensure continuity of supply, no assurance can be given that these efforts will be successful. In addition, where there are regulatory requirements relating to the qualification of suppliers, we may not be able to establish additional or replacement sources on a timely basis. The termination, reduction or interruption in supply of these sole-sourced raw materials could impact our ability to manufacture and sell certain of our products and have a material adverse effect on our earnings, financial condition or cash flows.

Interruption of our manufacturing operations could adversely affect BD's future revenues and operating income.

We have manufacturing sites all over the world. In addition, in some instances, the manufacturing of certain of our product lines is concentrated in one or more of our plants. As a result, natural disasters (including pandemic disease), political change, or damage to one or more of our facilities could adversely affect our ability to manufacture our products, which could have a material adverse effect on our earnings, financial condition or cash flows.

BD is subject to a number of pending lawsuits.

BD is a defendant in a number of pending lawsuits, including purported class action lawsuits for alleged antitrust violations and product liability, and could be subject to additional lawsuits in the future. A more detailed description of these lawsuits is contained in Item 3. Legal Proceedings. 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 accordance with U.S. generally accepted accounting principles, BD establishes accruals to the extent probable future losses from these actions are estimable. In view of the uncertainties discussed above, we

could incur charges 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 BD's results of operations and cash flows in the period or periods in which they are recorded or paid.

Consolidation in the healthcare industry could adversely affect BD's future revenues and operating income.

The medical device industry has experienced a significant amount of consolidation. As a result of this consolidation, competition to provide goods and services to customers has increased. In addition, group purchasing organizations ("GPOs") and integrated health delivery networks ("IDNs") have served to concentrate purchasing decisions for some customers, which has placed pricing pressure on medical device suppliers. Further consolidation in the industry could exert additional pressure on the prices of our products and adversely affect BD's earnings, financial condition or cash flows.

Changes in reimbursement practices of third-party payers 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, private insurers and other third-party payers for the costs of our products. The coverage policies and reimbursement levels of third-party payers may affect which products customers purchase and the prices they are willing to pay for these products. Legislative or administrative reforms to reimbursement systems in the U.S. or abroad in a manner that significantly reduces reimbursement for procedures using BD medical devices, or that denies coverage for those products, may materially adversely affect our earnings, financial condition or cash flows. See "Third-Party Reimbursement" under Item 1. Business.

Product defects could adversely affect the results of our operations.

The design, manufacture and marketing of medical devices involve certain inherent risks. Manufacturing or design defects, unanticipated use of our products, or inadequate disclosure of risks relating to the use of the product can lead to injury or other adverse events. These events could lead to recalls or safety alerts relating to our products (either voluntary or 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. Any recall could result in significant costs, as well as negative publicity that could reduce demand for our products. Personal injuries relating to the use of our products can also result in product liability claims being brought against us. In some circumstances, such adverse events could also cause delays in new product approvals. Any of the foregoing circumstances could have a material adverse effect on our earnings, financial condition or cash flows.

BD is subject to extensive regulation.

BD is 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 BD's products must receive clearance or approval from the FDA or counterpart non-U.S. regulatory agencies before they can be marketed or sold. The process for obtaining marketing approval or clearance may take a significant period of time and require the expenditure of substantial resources. The process may also require changes to our products or result in limitations on the indicated uses of the products.

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, clinical trial and other requirements of these agencies could delay the production or marketing of our products and result in fines, delays or suspensions of regulatory clearances, or seizures or recalls of products, any of which could materially adversely affect our earnings, financial condition or cash flows.

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

While our strategy to increase revenue growth is driven primarily by internal product development, we will seek to supplement our growth through strategic acquisitions, investments and alliances. Such transactions are inherently risky. 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 it into our existing business. There can be no assurance that any past or future transaction will be successful or that the transaction will not materially adversely affect our earnings, financial condition or cash flows.

We are subject to foreign currency exchange risk.

Over half of our fiscal year 2006 revenues were derived from international operations. Our revenues outside the U.S. are 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 attempt to mitigate such impact is contained under the heading "Financial Instrument Market Risk" under "Financial Review" contained in Exhibit 13, which is incorporated herein by reference. We cannot predict with any certainty changes in foreign currency exchange rates.

The international operations of BD's business may subject BD to certain business risks.

BD operations outside the U.S. subject BD to certain risks, including the effects of fluctuations in foreign currency exchange (as discussed above), changes in foreign regulatory requirements, potential political instability, trade barriers, weakening of the protection of intellectual property rights in some countries, and restrictions on the transfer of capital across borders. The success of our operations outside the U.S. will depend, in part, on our ability to acquire or form alliances with local companies and make necessary infrastructure enhancements to, among other things, our production facilities and distribution networks.

Reductions in customers' research budgets or government funding may adversely affect our BD Biosciences segment.

Our BD Biosciences segment sells 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 upon grants from U.S. government agencies, such as the U.S. National Institutes of Health ("NIH"), and agencies in other countries for their funding. The level of government funding of research and development is unpredictable. In addition, there have been instances where NIH grants have been frozen or otherwise unavailable for extended periods. Any reduction or delay in governmental funding could cause our customers to delay or forego purchases of our products.

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

Many of BD's businesses rely on patent, trademark and other intellectual property rights. While we do not believe that the loss of any one patent or other intellectual property asset would materially affect BD operations, these intellectual property assets, in the aggregate, are of material importance to our business. BD 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. The loss of a significant portion of our portfolio of intellectual property assets may have a material adverse effect on our earnings, financial condition or cash flows.

Natural disasters, war or terrorism could adversely affect BD's future revenues and operating income.

Natural disasters, war, terrorism and international conflicts, and actions taken by the United States and other governments in response to such events, could cause significant economic disruption and political and social instability in the U.S. and in areas outside of the U.S. in which we operate. These events could result in decreased demand for our products, adversely affect our manufacturing and distribution capabilities or our ability to source materials from our suppliers, and otherwise have a material adverse effect on our earnings, financial condition or cash flows.

Item 1B. ***Unresolved Staff Comments.***

None.

Item 2. ***Properties*****.**

BD's executive offices are located in Franklin Lakes, New Jersey. As of November 30, 2006, BD owned and leased approximately 14,795,000 square feet of manufacturing, warehousing, administrative and research facilities throughout the world. The U.S. facilities, including Puerto Rico, comprise approximately 5,995,000 square feet of owned and 2,032,000 square feet of leased space. The international facilities comprise approximately 4,268,000

square feet of owned and 2,500,000 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. Most of BD's administrative, sales and warehousing/distribution facilities 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 include facilities in Arizona, California, Connecticut, Georgia, Illinois, Indiana, Maryland, Massachusetts, Michigan, Missouri, Nebraska, New Jersey, New York, North Carolina, South Carolina, Tennessee, Texas, Utah, Washington, DC, Washington, Wisconsin and Puerto Rico.

The international facilities are grouped as follows:

—Canada includes approximately 153,000 square feet of leased space.

—Europe and Eastern Europe, Middle East and Africa include facilities in Austria, Belgium, Denmark, Egypt, England, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Kenya, the Netherlands, Poland, Russia, South Africa, Spain, Sweden, Switzerland, Turkey and the United Arab Emirates, and are comprised of approximately 2,005,000 square feet of owned and 1,271,000 square feet of leased space.

—Latin America includes facilities in Argentina, Brazil, Chile, Colombia, Mexico, Peru, Uruguay and Venezuela, and is comprised of approximately 1,018,000 square feet of owned and 687,000 square feet of leased space.

—Asia Pacific includes facilities in Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Pakistan, the Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam, and is comprised of approximately 1,245,000 square feet of owned and 389,000 square feet of leased space.

The following table summarizes property information by business segment

Category	Corporate	Biosciences	Diagnostics	Medical	Mixed(A)	Total
Leased						
Sites	2	12	6	77	28	125
Square feet	5,000	300,000	109,000	1,906,000	2,212,000	4,532,000
Manufacturing square footage	0	30,000	14,000	376,000	0	420,000
Manufacturing sites	0	2	1	7	0	10
Owned						
Sites	2	4	11	25	7	49
Square feet	448,000	613,000	2,258,000	5,514,000	1,430,000	10,263,000
Manufacturing square footage	0	278,000	1,195,000	3,448,000	298,000	5,219,000
Manufacturing sites	0	4	11	24	2	41
Total						
Sites	4	16	17	102	35	174
Square feet	453,000	913,000	2,367,000	7,420,000	3,642,000	14,795,000
Manufacturing square footage	0	308,000	1,209,000	3,824,000	298,000	5,639,000
Manufacturing sites	0	6	12	31	2	51

(A) Facilities used by all business segments.

Item 3. ***Legal Proceedings.***

BD is named as a defendant in five purported class action suits brought on behalf of direct purchasers of BD's products, such as distributors, alleging that BD violated federal antitrust laws, resulting in the charging of higher prices for BD's products to the plaintiff and other purported class members. The cases filed are as follows:

Louisiana Wholesale Drug Company, Inc., et. al. vs. Becton Dickinson and Company (Civil Action No. 05-1602, U.S. District Court, Newark, New Jersey), filed on March 25, 2005; *SAJ Distributors, Inc. et. al. vs. Becton Dickinson & Co.* (Case 2:05-CV-04763-JD, United States District Court, Eastern District of Pennsylvania), filed on September 6, 2005; *Dik Drug Company, et. al. vs. Becton, Dickinson and Company* (Case No. 2:05-CV-04465, U.S. District Court, Newark, New Jersey), filed on September 12, 2005; *American Sales Company, Inc. et. al. vs. Becton, Dickinson & Co.* (Case No. 2:05-CV-05212-CRM, U.S. District Court, Eastern District of Pennsylvania), filed on October 3, 2005; and *Park Surgical Co. Inc. et. al. vs. Becton, Dickinson and Company* (Case 2:05-CV-05678-CMR, United States District Court, Eastern District of Pennsylvania), filed on October 26, 2005.

The actions brought by Louisiana Wholesale Drug Company and Dik Drug Company in New Jersey have been consolidated under the caption "In re Hypodermic Products Antitrust Litigation."

BD is also named as a defendant in three purported class action suits brought on behalf of indirect purchasers of BD's products, alleging that BD violated federal antitrust laws, resulting in the charging of higher prices for BD's products to the plaintiff and other purported class members. The cases filed are as follows: *Jabo's Pharmacy, Inc., et. al. v. Becton Dickinson & Company* (Case No. 2:05-CV-00162, United States District Court, Greenville, Tennessee) filed on June 7, 2005; *Drug Mart Tallman, Inc., et al v. Becton Dickinson and Company,* (Case No. 2:06-CV-00174, U.S. District Court, Newark, New Jersey), filed on January 17, 2006; and *Medstar v. Becton Dickinson* (Case No. 06-CV-03258-JLL (RJH), U.S. District Court, Newark, New Jersey), filed on May 18, 2006.

The plaintiffs in each of the antitrust class action lawsuits seek monetary damages. All of the antitrust class action lawsuits have been consolidated for pre-trial purposes in a Multi-District Litigation (MDL) in federal court in New Jersey.

On August 31, 2005, Daniels Sharpsmart filed suit against BD, another manufacturer and three group purchasing organizations under the caption *Daniels Sharpsmart, Inc. v. Tyco International, (US) Inc., et. al.* (Civil Action No. 505CV169, United States District Court, Eastern District of Texas). The plaintiff alleges, among other things, that BD and the other defendants conspired to exclude the plaintiff from the sharps-collection market by entering into long-term contracts in violation of federal and state antitrust laws, and seeks monetary damages.

On June 6, 2006, UltiMed, Inc., a Minnesota company, filed suit against BD in the United States District Court in Minneapolis, Minnesota (*UltiMed, Inc. v. Becton, Dickinson and Company* (06CV2266)). The plaintiff alleges, among other things, that BD excluded the plaintiff from the market for home use insulin syringes by entering into anticompetitive contracts in violation of federal and state antitrust laws. The plaintiff seeks money damages and injunctive relief.

BD, along with another manufacturer and several medical product distributors, is named as a defendant in three product liability lawsuits relating to healthcare workers who allegedly sustained accidental needlesticks, but have not become infected with any disease. Generally, these actions allege that healthcare workers have sustained needlesticks using hollow-bore needle devices manufactured by BD and, as a result, require medical testing, counseling and/or treatment. In some cases, these actions additionally allege that the healthcare workers have sustained mental anguish. Plaintiffs seek money damages in all of these actions. BD had previously been named as a defendant in eight similar suits relating to healthcare workers who allegedly sustained accidental needlesticks, each of which has either been dismissed with prejudice or voluntarily withdrawn. Regarding the three pending suits:

- In Ohio, *Grant vs. Becton Dickinson et al.* (Case No. 98CVB075616, Franklin County Court), on September 21, 2006, the Ohio Court of Appeals reversed the trial court's grant of class certification. The matter has been remanded to the trial court for a determination of whether the class can be redefined.

- In Oklahoma and South Carolina, cases have been filed on behalf of an unspecified number of healthcareworkers seeking class action certification under the laws of these states in state court in Oklahoma, under the caption *Palmer vs. Becton Dickinson et al.* (Case No. CJ-98-685, Sequoyah County District Court), filed on October 27, 1998, and in state court in South Carolina, under the caption *Bales vs. Becton Dickinson et al.* (Case No. 98-CP-40-4343, Richland County Court of Common Pleas), filed on November 25, 1998.

BD continues to oppose class action certification in these cases, including pursuing all appropriate rights of appeal.

BD, along with a number of other manufacturers, was named as a defendant in approximately 524 product liability lawsuits in various state and Federal courts related to natural rubber latex gloves which BD ceased manufacturing in 1995. Cases pending in Federal court are being coordinated under the matter *In re Latex Gloves Products Liability Litigation* (MDL Docket No. 1148) in Philadelphia, and analogous procedures have been implemented in the state courts of California, Pennsylvania, New Jersey and New York. Generally, these actions allege that medical personnel have suffered allergic reactions ranging from skin irritation to anaphylaxis as a result of exposure to medical gloves containing natural rubber latex. Since the inception of this litigation, 465 of these cases have been closed with no liability to BD, and 46 cases have been settled for an aggregate de minimis amount.

On August 8, 2005, BD received a subpoena issued by the Attorney General of the State of Connecticut, which seeks documents and information relating to BD's participation as a member of Healthcare Research & Development Institute, LLC ("HRDI"), a healthcare trade organization. The subpoena indicates that it was issued as part of an investigation into possible violations of the antitrust laws. On August 21, 2006, BD received a subpoena issued by the Attorney General of the State of Illinois which seeks documents and information relating to BD's participation as a member of HRDI. The subpoena indicates that it was issued as part of an investigation into possible violations of the Illinois Consumer Fraud and Deceptive Business Practices Act, Charitable Trust Act, and Solicitation for Charity Act. An independent member of BD's board of directors, Gary Mecklenburg, also served as a member and the non-executive chairman of HRDI until November 5, 2006. BD believes that its participation in HRDI complies fully with the law and intends to cooperate fully in responding to these subpoenas.

On May 28, 2004, Therasense, Inc. ("Therasense") filed suit against BD in the U.S. District Court for the Northern District of California (Case Number: C 04-02123 WDB) asserting that BD's blood glucose monitoring products infringe certain Therasense patents. On August 10, 2004, in response to a motion filed by Therasense in the U.S. District Court for the District of Massachusetts, the court transferred to the court in California an action previously filed by BD against Therasense requesting a declaratory judgment that BD's products do not infringe the Therasense patents and that the Therasense patents are invalid.

BD believes that it has meritorious defenses to each of the above-mentioned suits pending against BD and is engaged in a vigorous defense of each of these matters.

BD is also involved both as a plaintiff and a defendant in other legal proceedings and claims that arise in the ordinary course of business.

BD is a party to a number of Federal proceedings in the United States brought under the Comprehensive Environment Response, Compensation and Liability Act, also known as "Superfund," and similar state laws. For all sites, there are other potentially responsible parties that may be jointly or severally liable to pay all cleanup costs.

Given the uncertain nature of litigation generally, BD is 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 BD is a party. In accordance with U.S. generally accepted accounting principles, BD establishes accruals to the extent probable future losses are estimable (in the case of environmental matters, without considering possible third-party recoveries). In view of the uncertainties discussed above, BD could incur charges in excess of any currently established accruals and, to the extent available, excess 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 in the period or periods in which they are recorded or paid.

Item 4. ***Submission of Matters to a Vote of Security Holders.***

None.

Executive Officers of the Registrant

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
Edward J. Ludwig	55	Director since 1999; Chairman, President and Chief Executive Officer since February 2002; and, prior thereto, President and Chief Executive Officer.
Donna M. Boles	53	Senior Vice President—Human Resources since June 2006; Vice President—Human Resources from June 2005 to June 2006; and, prior thereto, Vice President, Human Resources, BD Medical.
Gary M. Cohen	47	Executive Vice President since June 2006; and. prior thereto, President—BD Medical.
John R. Considine	56	Senior Executive Vice President and Chief Financial Officer since June 2006; and, prior thereto, Executive Vice President and Chief Financial Officer.
David T. Durack	61	Senior Vice President—Corporate Medical Affairs since June 2006; and, prior thereto, Vice President-Corporate Medical Affairs.
Vincent A. Forlenza	53	Executive Vice President since June 2006; President—BD Biosciences from March 2003 to June 2006; and, prior thereto, Senior Vice President—Technology, Strategy and Development.
A. John Hanson	62	Executive Vice President since June 2006; and, prior thereto, President—BD Europe.
William A. Kozy	54	Executive Vice President since June 2006; President—BD Diagnostics from November 2003 to June 2006; President—BD Clinical Laboratory Solutions and Company Operations from May 2002 to November 2003; and, prior thereto, Senior Vice President—Company Operations.
Patricia B. Shrader	56	Senior Vice President—Corporate Regulatory and External Affairs since June 2006; Vice President, Corporate Regulatory and External Affairs from February 2005 to June 2006; Vice President, Corporate Regulatory, Public Policy and Communication from March 2004 to Feburary 2005; and, prior thereto, Vice President—Regulatory Affairs.
Jeffrey S. Sherman	51	Senior Vice President and General Counsel since June 2006; Vice President and General Counsel from January 2004 to June 2006; and, prior thereto, Vice President and Associate General Counsel of Wyeth.

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. As of November 28, 2006, there were approximately 9,086 shareholders of record. Additional information required by this item appears under the caption "Common Stock Prices and Dividends" on page 64 of Exhibit 13, and is incorporated herein by reference. Certain other information required by this item will be contained under the captions "Equity Compensation Plan Information" and "Ownership of BD Stock" in BD's Proxy Statement, and such information is incorporated herein by reference.

Issuer Repurchases of Equity Securities

The table below sets forth certain information regarding BD's purchases of its common stock during the fiscal quarter ended September 30, 2006.

For the Three Months Ended September 30, 2006	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(2)	Maximum Number of Shares that may yet be Purchased Under the Plans or Programs
July 1–31, 2006	94	$ 62.24	-	7,289,514
August 1–31, 2006	3,875	$ 66.36	-	7,289,514
September 1–30, 2006	231,530	$ 70.31	225,700	7,063,814
Total	235,499	$ 70.24	225,700	7,063,814

(1) Includes 6,038 shares purchased during the quarter in open market transactions by the trustee under the Deferred Compensation Plan and the 1996 Directors' Deferral Plan, and 3,761 shares delivered to BD in connection with stock option exercises.

(2) These repurchases were made pursuant to a repurchase program for 10 million shares announced on November 22, 2005 (the "2005 Program"). There is no expiration date for the 2005 Program.

Item 6. ***Selected Financial Data.***

The information required by this item is included under the caption "Ten-Year Summary of Selected Financial Data" on pages 18-19 of Exhibit 13 and is incorporated herein by reference.

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

The information required by this item is included in the text contained under the caption "Financial Review" on pages 20-32 of Exhibit 13 and is incorporated herein by reference.

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

The information required by this item is included in the text contained under the caption "Financial Instrument Market Risk" on page 24 of, and in notes 1 and 9 to, the consolidated financial statements contained in Exhibit 13, and each is incorporated herein by reference.

Item 8. ***Financial Statements and Supplementary Data.***

The information required by this item is included on page 19 herein and on pages 33-62 of Exhibit 13 and is incorporated herein by reference.

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, 2006. 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 BD's internal control over financial reporting during the fiscal quarter ended September 30, 2006 identified in connection with the above-referenced evaluations that has materially affected, or is reasonably likely to materially affect, the internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting and the Report of Independent Registered Public Accounting Firm on pages 33 and 35, respectively, of Exhibit 13 are incorporated herein by reference.

Item 9B. ***Other Information.***

Not applicable.

PART III

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

The information relating to directors and the Audit Committee of the BD Board of Directors required by this item will be contained under the captions "Board of Directors—Audit Committee" and 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, 2006 (the "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 "Executive Officers of the Registrant."

Certain other information required by this item will be contained under the captions "Section 16(a) Beneficial Ownership Reporting Compliance" and "Corporate Governance—Significant Governance Practices—Business Conduct and Compliance Guide" in BD's 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 "Board of Directors—Directors' Compensation" and "Compensation of Named Executive Officers" in BD's 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 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 "Corporate Governance—Significant Governance Practices—Director Independence/Certain Relationships and Related Transactions" in BD's 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 Proxy Statement, and such information is incorporated herein by reference.

PART IV

Item 15. ***Exhibits, Financial Statement Schedules.***

(a) *Financial Statements*

The following consolidated financial statements of BD included in Exhibit 13 at the pages indicated in parentheses, are incorporated by reference in Item 8 of this report:

- Reports of Independent Registered Public Accounting Firm (pages 34-35)
- Consolidated Statements of Income—Years ended September 30, 2006, 2005 and 2004 (page 36)
- Consolidated Statements of Comprehensive Income—Years ended September 30, 2006, 2005 and 2004 (page 37)
- Consolidated Balance Sheets—September 30, 2006 and 2005 (page 38)
- Consolidated Statements of Cash Flows—Years ended September 30, 2006, 2005 and 2004 (page 39)
- Notes to Consolidated Financial Statements (pages 40-61)

(b) *Financial Statement Schedules*

The following consolidated financial statement schedule of BD is included herein at the page indicated in parentheses:

Schedule II—Valuation and Qualifying Accounts (page 19)

All other schedules for which provision is made in the applicable accounting regulations of the Securities Exchange Act of 1934 are not required under the related instructions or are inapplicable, and, therefore, have been omitted.

(c) *Exhibits*

See the Exhibit Index beginning on page 20 hereof for a list of all management contracts, compensatory plans and arrangements required by this item (Exhibit Nos. 10(a)(i) through 10(s)), and all other Exhibits filed or incorporated by reference as a part of this report.

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/ DEAN J. PARANICAS
Dean J. Paranicas
Vice President, Corporate Secretary
and Public Policy

Dated: November 30, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on the 30th day of November, 2006 by the following persons on behalf of the registrant and in the capacities indicated.

Name	Capacity
/s/ EDWARD J. LUDWIG **(Edward J. Ludwig)**	Chairman, President and Chief Executive Officer (Principal Executive Officer)
/s/ JOHN R. CONSIDINE **(John R. Considine)**	Senior Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ WILLIAM A. TOZZI **(William A. Tozzi)**	Vice President and Controller (Principal Accounting Officer)
/s/ BASIL L. ANDERSON **(Basil L. Anderson)**	Director
/s/ HENRY P. BECTON, JR. **(Henry P. Becton, Jr.)**	Director
/s/ EDWARD F. DEGRAAN **(Edward F. DeGraan)**	Director
/s/ CLAIRE M. FRASER-LIGGETT **(Claire M. Fraser-Liggett)**	Director
/s/ ADEL A.F. MAHMOUD **(Adel A.F. Mahmoud)**	Director
/s/ GARY A. MECKLENBURG **(Gary A. Mecklenburg)**	Director

Name	Capacity
/s/JAMES F. ORR **(James F. Orr)**	Director
/s/ WILLARD J. OVERLOCK, JR. **(Willard J. Overlock, Jr.)**	Director
/s/ JAMES E. PERRELLA **(James E. Perrella)**	Director
/s/ BERTRAM L. SCOTT **(Bertram L. Scott)**	Director
/s/ ALFRED SOMMER **(Alfred Sommer)**	Director
/s/ MARGARETHA AF UGGLAS **(Margaretha af Ugglas)**	Director

SCHEDULE II

BECTON, DICKINSON AND COMPANY

VALUATION AND QUALIFYING ACCOUNTS
Years Ended September 30, 2006, 2005 and 2004
(Thousands of dollars)

Col. A	Col. B	Col. C	Col. D	Col. E
Description	Balance at Beginning of Period	Additions Charged To Costs and Expenses	Deductions	Balance at End of Period
2006				
Against trade receivables:				
For doubtful accounts	$ 33,384	$ 1,115	$ 6,059(A)	$ 28,440
For cash discounts	14,225	36,161	40,570	9,816
Total	$ 47,609	$ 37,276	$ 46,629	$ 38,256
2005				
Against trade receivables:				
For doubtful accounts	$ 37,409	$ 2,627	$ 6,652(A)	$ 33,384
For cash discounts	14,952	33,308	34,035	14,225
Total	$ 52,361	$ 35,935	$ 40,687	$ 47,609
2004				
Against trade receivables:				
For doubtful accounts	$ 32,672	$ 4,863	$ 126(A)	$ 37,409
For cash discounts	14,321	30,429	29,798	14,952
Total	$ 46,993	$ 35,292	$ 29,924	$ 52,361

(A) Accounts written off.

EXHIBIT INDEX

Exhibit Number	Description	Method of Filing
3(a)(i)	Restated Certificate of Incorporation, as amended January 22, 1990	Incorporated by reference to Exhibit 3(a) to the registrant's Annual Report on Form 10-K for fiscal year ended September 30, 1990
3(a)(ii)	Amendment to the Restated Certificate of Incorporation, as of August 5, 1996	Incorporated by reference to Exhibit 3(a) to the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1996
3(a)(iii)	Amendment to the Restated Certificate of Incorporation, as of August 10, 1998	Incorporated by reference to Exhibit 3(b) to the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1998
3(b)	By-Laws, as amended and restated as of March 28, 2006	Incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K dated March 29, 2006
4(a)	Indenture, dated as of December 1, 1982 between the registrant and Manufacturers Hanover Trust Company (now JPMorgan Chase Bank)	Incorporated by reference to Exhibit 4 to Registration Statement No. 2-80707 on Form S-3 filed by the registrant
4(b)	First Supplemental Indenture, dated as of May 15, 1986, between the registrant and Manufacturers Hanover Trust Company (now JPMorgan Chase Bank)	Incorporated by reference to Exhibit 4(b) to Registration Statement No. 33-5663 on Form S-3 filed by the registrant
4(c)	Second Supplemental Indenture, dated as of January 10, 1995, between the registrant and Manufacturers Hanover Trust Company (now JPMorgan Chase Bank)	Incorporated by reference to Exhibit 4 to Registration Statement No. 2-80707 on Form S-3 filed by the registrant
4(d)	Indenture, dated as of March 1, 1997, between the registrant and The Chase Manhattan Bank (now JPMorgan Chase Bank)	Incorporated by reference to Exhibit 4(a) to Form 8-K filed by the registrant on July 31, 1997 (the registrant hereby agrees to furnish to the Commission upon request a copy of any other instruments which define the rights of holders on long-term debt of the registrant)

Exhibit Number	Description	Method of Filing
10(a)(i)	Form of Employment Agreement with executive officers relating to employment following a change of control of the registrant	Incorporated by reference to Exhibit 10(a)(iii) to the registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2005
10(a)(ii)	Form of Employment Agreement with corporate officers (other than executive officers) relating to employment following a change of control of the registrant	Incorporated by reference to Exhibit 10(a)(iv) to the registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2005
10(b)	Stock Award Plan, as amended and restated as of May 25, 2004	Incorporated by reference to Exhibit 10(c) to the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2004
10(c)	Performance Incentive Plan, as amended and restated November 23, 2004	Incorporated by reference to Exhibit 10(c) to the registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2004
10(d)(i)	Deferred Compensation Plan, as amended and restated as of March 22, 2004	Incorporated by reference to Exhibit 10(b) to the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2004
10(d)(ii)	1996 Directors' Deferral Plan, as amended as of November 21, 2006	Filed with this report
10(e)(i)	1990 Stock Option Plan, as amended and restated February 8, 1994	Incorporated by reference to Exhibit 10(i) to the registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1994
10(e)(ii)	Amendment dated as of April 24, 2000 to the 1990 Stock Option Plan, as amended and restated February 8, 1994	Incorporated by reference to Exhibit 10(h) to the registrant's Quarterly Report on Form 10-K for the period ended June 30, 2000
10(f)(i)	Retirement Benefit Restoration Plan, as amended and restated as of November 27, 2000	Incorporated by reference to Exhibit 10(i)(i) to the registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2000
10(f)(ii)	Amendment to the Retirement Benefit Restoration Plan dated October 16, 2001	Incorporated by reference to Exhibit 10(i)(ii) to the registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2001
10(f)(iii)	Employee Participation Agreement dated November 27, 2000 between the registrant and John R. Considine	Incorporated by reference to Exhibit 10(i)(iii) to the registrant's Annual Report on Form 10-K for the period ended September 30, 2000
10(f)(iv)	Agreement dated December 18, 2000 between the registrant and John R. Considine	Incorporated by reference to Exhibit 10(i)(iv) to the registrant's Annual Report on Form 10-K for the period ended September 30, 2000

Exhibit Number	Description	Method of Filing
10(g) (i)	1994 Restricted Stock Plan for Non Employee Directors	Incorporated by reference to Exhibit A to the registrant's Proxy Statement dated January 5, 1994
10(g)(ii)	Amendment to the 1994 Restricted Stock Plan for Non-Employee Directors as of November 26, 1996	Incorporated by reference to Exhibit 10(j)(ii) to the registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1996
10(h)(i)	1995 Stock Option Plan, as amended and restated January 27, 1998	Incorporated by reference to Exhibit 10(k) to the registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1998
10(h)(ii)	Amendments dated as of April 24, 2000 to the 1995 Stock Option Plan, as amended and restated January 27, 1998	Incorporated by reference to Exhibit 10(k) to the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2000
10(i)(i)	1998 Stock Option Plan	Incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q/A for the period ended March 31, 1998
10(i)(ii)	Amendments dated as of April 24, 2000 to the 1998 Stock Option Plan	Incorporated by reference to Exhibit 10(l) to the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2000
10(j)	Australian, French and Spanish addenda to the Becton, Dickinson and Company Stock Option Plans	Incorporated by reference to Exhibit 10(m) to the registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1998
10(k)	Indian addendum to the Becton, Dickinson and Company Stock Option Plans	Incorporated by reference to Exhibit 10(n) to registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1999
10(l)	China and Japan addenda to Becton, Dickinson and Company Stock Option Plans	Incorporated by reference to Exhibit 10(n)(i) to registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2002
10(m)(i)	Non-Employee Directors 2000 Stock Option Plan	Incorporated by reference to Exhibit 10(o) to the registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2000
10(m)(ii)	Amendments dated as of April 24, 2000 to the Non-Employee Directors 2000 Stock Option Plan	Incorporated by reference to Exhibit 10(o) to the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2000
10(n)	2002 Stock Option Plan	Incorporated by reference to Appendix A to the registrant's Proxy Statement dated January 2, 2002
10(o)	2004 Employee and Director Equity-Based Compensation Plan, as amended and restated as of November 21, 2006	Filed with this report
10(p)	Terms of Awards under 2004 Employee and Director Equity-Based Compensation Plan	Incorporated by reference to Exhibit A of the registrant's Current Report on Form 8-K dated November 21, 2005

10(q)	Compensation of non-management members of the Board of Directors of Becton, Dickinson and Company	Incorporated by reference to Exhibit B of the registrant's Current Report on Form 8-K dated November 21, 2005
10(r)	Amended and Restated Aircraft Time Sharing Agreement between Becton, Dickinson and Company and Edward J. Ludwig dated as of September 22, 2006	Filed with this report
10(s)	Amended and Restated Five-Year Credit Agreement, dated as of August 13, 2004 among the registrant and the banks named therein	Incorporated by reference to Exhibit 10(d) of the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2004
13	Portions of the registrant's Annual Report to Shareholders for fiscal year 2006	Filed with this report
21	Subsidiaries of the registrant	Filed with this report
23	Consent of independent registered public accounting firm	Filed with this report
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

Copies of any Exhibits not accompanying this Form 10-K are available at a charge of 25 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.

BECTON, DICKINSON AND COMPANY

1996 DIRECTORS' DEFERRAL PLAN

Adopted As Of November 1, 1996
And Amended As of November 21, 2006

ARTICLE I

Definitions

1.1 "Accrued Pension" means the U.S. dollar amount of the actuarially-determined present value of the accrued and unpaid past service pension benefits under the Directors' Nonqualified Pension Arrangements of a Director acting as such at and as of June 30, 1996, as calculated by Kwasha Lipton as of the Termination Date, taking into account the Director's age and years and months of past service and such other assumptions as shall be reasonable and uniformly applied to all Directors.

1.2 "Additional Deferral Election" means the election by a participant under Section 3.6(b) to further defer the date payment otherwise would be made (or begin to be made) from a participant's Deferred Account.

1.3 "Annual Share Amount" means the number of shares of Common Stock (which is set as of the date hereof at 400 shares) that the Board, from time to time, may agree to credit to Deferred Stock Accounts as compensation to continuing Directors.

1.4 "Board" means the Board of Directors of the Company.

1.5 "Change-of-Form Election" means the election by a participant under Section 3.6(a) to change the form of distribution from any of his or her Deferred Accounts.

1.6 "Code" means the Internal Revenue Code of 1986, as amended, or any successor statute.

1.7 "Committee" means the Committee on Directors of the Board, or such other committee as may be designated by the Board to be responsible for administering the Plan.

1.8 "Common Stock" means the common stock ($1.00 par value) of the Company, including any shares into which it may be split, subdivided or combined.

1.9 "Company" means Becton, Dickinson and Company, and any successor thereto.

1.10 "Conversion Election" means the election by a participant under Section 3.5(a) to convert some or all of his or her Deferred Retainer Account balance, Deferred Fees Account balance and/or Deferred Dividends Account balance from a cash balance into a Deferred Stock Account balance.

1.11 "Deferral Election" means a Deferred Pension Election, Restricted Stock Election, Deferred Dividends Election, Deferred Retainer Election, Deferred Fees Election and/or a form-of-distribution election under Section 3.4(e).

1.12 "Deferred Account" means the participant's Deferred Pension Account, Deferred Dividends Account, Deferred Retainer Account, Deferred Fees Account, Deferred Cash Account and/or Deferred Stock Account.

1.13 "Deferred Cash Account" means the bookkeeping account established under Section 3.5(b) on behalf of a participant, and includes any Interest Return credited thereto pursuant to Section 3.7(a).

1.14 "Deferred Dividends" means the amount of cash dividends on his or her Restricted Stock that a participant has elected to defer until a later year pursuant to an election under Section 3.2 (c).

1.15 "Deferred Dividends Account" means the bookkeeping account established under Section 3.2(c) on behalf of a participant, and includes any Interest Return credited thereto pursuant to Section 3.7(a).

1.16 "Deferred Dividends Election" means the election by a participant under Section 3.2(c) to defer until a later year receipt of some or all of the dividends payable in the following year on his or her Restricted Stock.

1.17 "Deferred Fees" means the amount of a participant's fees (other than the participant's annual Board retainer fees) that such participant has elected to defer until a later year pursuant to an election under Section 3.3(a).

1.18 "Deferred Fees Account" means the bookkeeping account established under Section 3.3 on behalf of a participant, and includes any Interest Return credited thereto pursuant to Section 3.7(a).

1.19 "Deferred Fees Election" means the election by a participant under Section 3.3 to defer until a later year receipt of some or all of his or her fees (other than annual Board retainer).

1.20 "Deferred Pension" means the amount of a participant's Accrued Pension that such participant has elected to defer until a later year pursuant to an election under Section 3.1.

1.21 "Deferred Pension Account" means the bookkeeping Account established under Section 3.1 on behalf of a participant, and includes any Interest Return credited thereto pursuant to Section 3.7(a).

1.22 "Deferred Pension Election" means the election by a participant under Section 3.1 to defer until a later year receipt of some or all of his or her Accrued Pension.

1.23 "Deferred Retainer" means the amount of a participant's annual Board retainer fees that such participant has elected to defer until a later year pursuant to an election under Section 3.3(a).

1.24 "Deferred Retainer Account" means the bookkeeping account established under Section 3.3 on behalf of a participant, and includes any Interest Return credited thereto pursuant to Section 3.7(a).

1.25 "Deferred Retainer Election" means the election by a participant under Section 3.3(a) to defer until a later year receipt of some or all of his or her annual Board retainer.

1.26 "Deferred Stock Account" means the bookkeeping account established under Sections 3.2, 3.4 and/or 3.5 on behalf of a participant and includes, in addition to amounts stated in those Sections, all Dividend Reinvestment Returns credited thereto pursuant to Section 3.7(b).

1.27 "Deferred Stock Election" means the election by a participant under Section 3.4(a) and/or (c) to have his or her Deferred Pension, Deferred Dividends, Deferred Retainer and/or Deferred Fees credited in the form of Common Stock to the participant's Deferred Stock Account.

1.28 "Director" means a member of the Board.

1.29 "Directors' Nonqualified Pension Arrangements" means the unfunded pension benefits payable to Directors pursuant to resolutions of the Board dated November 24, 1981 and March 28, 1995.

1.30 "Directors' Stock Trust" means the Becton, Dickinson and Company 1996 Directors' Deferral Trust established as of November 15, 1996 between the Company and Wachovia Bank of North Carolina, N.A.

1.31 "Dividend Reinvestment Return" means the amounts which are credited to each participant's Deferred Stock Account pursuant to Section 3.7(b) to reflect dividends declared and paid by the Company on its Common Stock.

1.32 "Effective Date" means the effective date of the Plan set forth in Section 5.4.

1.33 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute.

1.34 "Interest Return" means the amounts which are credited from time to time to each participant's Deferred Pension Account, Deferred Dividends Account, Deferred Retainer Account, Deferred Fees Account and/or Deferred Cash Account pursuant to Section 3.7(a).

1.35 "Investment Election" means the participant's election to have deferred amounts credited with hypothetical earnings credits (or losses) that track the investment performance of the Investment Options in accordance with Article III.

1.36 "Investment Options" means those hypothetical targeted investment options, other than Common Stock, designated by the Committee as measurements of the rate of return to be credited to (or charged against) amounts deferred to participants' accounts other than their Deferred Stock Accounts.

1.37 "NYSE" means The New York Stock Exchange.

1.38 "Payment Date" means the last day of January, April, July or October of each calendar year on which the Directors are paid their compensation for the immediately preceding three (3) month period.

1.39 "Plan" means the Becton, Dickinson and Company 1996 Directors' Deferral Plan as from time to time in effect.

1.40 "Restricted Stock" means the shares of Common Stock issued to a Director, and bearing restrictions, pursuant to the Company's 1994 Restricted Stock Plan for Non-Employee Directors.

1.41 "Restricted Stock Election" means the election by a participant under Section 3.2(a) to surrender some or all of his or her shares of Restricted Stock to the Company and to have an equal number of shares of Common Stock credited to the participant's Deferred Stock Account.

1.42 "Reverse Conversion Election" means the election by a participant under Section 3.5(b) to convert a portion of his or her Deferred Stock Account balance into a Deferred Cash Account balance.

1.43 "Shareholders' Meeting" means the regular annual meeting of the shareholders of the Company.

1.44 "Termination Date" means December 1, 1996, the date as of which the Directors' Nonqualified Pension Arrangements will have been effectively terminated.

ARTICLE II

Participation

2.1 Participation

(a) Participation in the Plan shall be limited to an individual who, as at the Effective Date of the Plan and/or any subsequent first day of any calendar quarter, is a Director.

(b) The Committee may, consistent with Company policy:

(i) designate as ineligible particular individuals or groups of individuals who otherwise would be eligible under Section 2.1(a); or

(ii) designate as eligible particular individuals or groups of individuals who otherwise would be ineligible under Section 2.1(a).

ARTICLE III

Deferral Elections, Accounts and Distributions

3.1 Deferred Pension Election

(a) Any participant, who has an Accrued Pension as of the Termination Date, may make a single one-time election, on or before December 5, 1996 in writing and on a form to be furnished by the Committee, to convert 25%, 50%, 75% or 100% of his or her Accrued Pension into a Deferred Pension Account under the Plan. Upon making a Deferred Pension Election, a new Deferred Pension Account will be established in the participant's name and will be credited, on or about December 20, 1996, with the amount of his or her Accrued Pension so converted.

(b) Once made, a Deferred Pension Election cannot be changed or revoked except as provided herein.

(c) A Deferred Pension Election shall defer the starting date for the payment of the designated amount of the participant's Accrued Pension, and any Interest Return credited thereon pursuant to Section 3.7, until the earliest of the participant's retirement, permanent and total disability, death or involuntary termination.

(d) In the event of any such Deferred Pension Election, the form of payment of any distribution (i.e., in a lump sum or in five or in ten approximately equal annual installments) and the starting date of such distribution (i.e., as soon as practicable following the event triggering the distribution or January 31st of the calendar year immediately following such event) shall be elected at the same time. In the event that any distribution is elected to be paid in five or ten approximately equal annual installments, the participant also may elect, at the time of the Deferred Pension Election, to have the form of distribution, automatically and without further action on his or her part, converted to a lump sum payment in accordance with Section 3.8(b) in the event of such participant's death or permanent and total disability occurring prior to the expiration of the complete period of deferral. Except as herein provided, such form-of-payment election shall not be changed or revoked.

3.2 Restricted Stock Elections and Deferred Dividends Elections

(a) Any participant, who owns Restricted Stock as of the Effective Date, may make a single one-time election, on or before December 5, 1996 and on a form to be furnished by the Committee, to surrender to the Company 25%, 50%, 75% or 100% of his or her shares of Restricted Stock. Upon making such Restricted Stock Election, a new Deferred Stock Account will be established in the participant's name to which will be credited, on or about December 20, 1996, a number of shares of Common Stock equal to the number so surrendered.

(b) A participant who makes a Restricted Stock Election will defer the receipt of any balance in the participant's Deferred Stock Account, including any Dividend Reinvestment Return credited thereto pursuant to Section 3.7(b), until the earliest of the participant's (i) permanent and total disability, (ii) death and (iii) the later of (1) the date on which such shares of Restricted Stock otherwise would have vested, (2) January 2, 1998, and (3) the date of any retirement or other termination of service.

(c) Any participant, who owns Restricted Stock from time to time, also can elect, on or before December 31 of any calendar year, to defer 25%, 50%, 75% or 100% of the cash dividends otherwise payable on his or her Restricted Stock for the next succeeding calendar year. Such Deferred Dividends will be credited to the participant's Deferred Dividend Account as of each date on which cash dividends are otherwise paid on the Common Stock.

(d) A participant who makes a Deferred Dividends Election may defer the payment of any Deferred Dividends, and any Interest Return credited thereon pursuant to Section 3.7(a), until (i) the earliest of the participant's

retirement, permanent and total disability, death or involuntary termination or (ii) a fixed date which is no earlier than three full calendar years after the calendar year during which the Deferred Dividends otherwise were payable and no later than ten years after the earliest date specified in (i), provided, however, that all distributions under Section 3.8(b) must be paid in full no later than ten years after the earliest of the participant's retirement, permanent and total disability, death or involuntary termination.

(e) Once made, neither a Restricted Stock Election nor a Deferred Dividends Election can be changed or revoked except as provided herein.

(f) In the event of any such Restricted Stock Election or Deferred Dividends Election, the form of payment of any distribution (i.e., in a lump sum or in five or in ten approximately equal annual installments) and the starting date of such distribution (i.e., as soon as practicable following the event causing the distribution or January 31st of the calendar year immediately following such event) shall be elected at the same time. In the event that any distribution is elected to be paid in five or ten approximately equal annual installments, the participant also may elect, at the time of the Restricted Stock Election or Deferred Dividends Election, to have the form of distribution, automatically and without further action on his or her part, converted to a lump sum payment in accordance with Section 3.8(b) in the event of such participant's death or permanent and total disability occurring prior to the expiration of the complete period of deferral.

Except as herein provided, such form-of-payment election shall not be changed or revoked.

3.3 Deferred Retainer Elections and Deferred Fees Elections

(a) With respect to an individual who is eligible to participate in this Plan in accordance with Section 2.1, elections of Deferred Retainer and/or Deferred Fees shall be made in writing on forms to be furnished by the Committee. A Deferred Retainer Election and/or a Deferred Fees Election shall apply only to the Director's annual retainer or fees, as the case may be, for the particular calendar year specified in the election. A participant may elect to defer from 25% of his or her annual retainer to 100% of that retainer (in increments of 10%) and/or 50% or 100% of his or her other fees.

(b) A Deferred Retainer Election and/or Deferred Fees Election with respect to payments for a particular calendar year (i) must be made on or before the December 31 preceding such calendar year or, in the case of a newly-elected Director, within thirty (30) days following the date on which he or she becomes a member of the Board, and (ii) once made, cannot be changed or revoked except as provided herein. Such Deferred Retainer

shall be credited to the participant's Deferred Retainer Account (or, if none, to a new such account established in the participant's name) and his or her Deferred Fees shall be credited to the participant's Deferred Fees Account (or, if none, to a new such account established in the participant's name) as of each quarterly Payment Date. Revocation of any Deferred Retainer Election or Deferred Fees Election during a calendar year shall only affect future payments and shall reduce the participant's deferral percentage to zero for the remainder of that calendar year. Notice of revocation must be filed with the Committee by the fifteenth day of the month before the beginning of the next three-month period ending on a Payment Date. Such revocation shall not affect any balances credited to the participant's Deferred Retainer Account or Deferred Fees Account, as the case may be, before the effective date of the revocation of the election.

(c) A participant who makes a Deferred Retainer Election or a Deferred Fees Election may defer the payment of any retainer and/or fees, and any Interest Return credited thereon pursuant to Section 3.7(a), until (i) the earliest of the participant's retirement, permanent and total disability, death or involuntary termination or (ii) a fixed date which is no earlier than three full calendar years after the calendar year during which the Deferred Retainer or Deferred Fees otherwise were payable and no later than ten years after the earliest date specified in (i), provided, however, that all distributions under Section 3.8(b) must be paid in full no later than ten years after the earliest of the participant's retirement, permanent and total disability, death or involuntary termination.

(d) In the event of any such Deferred Retainer Election or Deferred Fees Election, the form of payment of any distribution (i.e., in a lump sum or in five or ten approximately equal annual installments) and the starting date of such distribution (i.e., as soon as practicable following the event causing the distribution or January 31st of the calendar year immediately following such event) shall be elected at the same time. In the event that any distribution is elected to be paid in five or ten approximately equal annual installments, the participant also may elect, at the time of the Deferred Retainer Election and/or Deferred Fees Election, to have the form of distribution, automatically and without any further action on his or her part, converted to a lump sum payment in accordance with Section 3.8(b) in the event of such participant's death or permanent and total disability occurring prior to the expiration of the complete period of deferral. Except as herein provided, such form-of-payment election shall not be changed or revoked.

3.4 Deferred Stock Elections

(a) Instead of being credited to the participant's Deferred Pension Account, each participant who makes a Deferred Pension Election also may elect to have 25%, 50%, 75% or 100% of the amount otherwise creditable to his or her Deferred Pension Account instead credited in the form of Common Stock to a new Deferred Stock Account established in the participant's name.

(b) When a Deferred Stock Election is made in connection with a Deferred Pension Election, the participant's Deferred Stock Account will be credited on or about December 20, 1996, with the number of shares of Common Stock (rounded to the nearest one-one hundredth of a share) determined by dividing the amount of the participant's Accrued Pension with respect to which the Deferred Stock Election applies, by the average price paid by the Trustee of the Directors' Stock Trust for shares of Common Stock with respect to such date or, if the Trustee shall not purchase shares of Common Stock equal to the number of shares of Common Stock creditable to all participants' Deferred Stock Accounts on such date, then, to the extent of such shortfall, such price shall be the average of the high and low NYSE market price for the Common Stock on such date and the portion of the participant's Deferred Pension Account balance used in such calculation shall be proportionate to such shortfall amount. At the same time, the participant's Deferred Pension Account will be debited by the amount so credited to the participant's new Deferred Stock Account.

(c) Instead of being credited to the participant's Deferred Dividends Account, Deferred Retainer Account or Deferred Fees Account, each participant also may elect to have 25%, 50%, 75% or 100% of his or her Deferred Dividends, Deferred Retainer and/or Deferred Fees credited in the form of Common Stock to the participant's Deferred Stock Account. Except as provided in Section 3.5, an election to have Deferred Dividends, Deferred Retainer or Deferred Fees credited to the participant's Deferred Stock Account must be made concurrently with the Deferred Dividends Election, Deferred Retainer Election or Deferred Fees Election, as the case may be.

(d) A participant's Deferred Stock Account will be credited:

i) regularly, as of each date on which dividends are paid on the Common Stock, with the number of shares of Common Stock (rounded to the nearest one-one hundredth of a share) determined by dividing the portion of the participant's Deferred Dividends for such dividend payment date subject to the Deferred Stock Election by the average price paid by the Trustee of the Director's Stock

Trust for shares of Common Stock with respect to such dividend payment date or, if the Trustee shall not at such time purchase any shares of Common Stock, then the price shall be the average of the high and low NYSE market price for the Common Stock on such date;

ii) quarterly, as of each Payment Date, with the number of shares of Common Stock (rounded to the nearest one-one hundredth of a share) determined by dividing the portion of the participant's Deferred Retainer and/or Deferred Fees accumulated during the preceding fiscal quarter and which are subject to the Deferred Stock Election by the average price paid by the Trustee of the Director's Stock Trust for shares of Common Stock with respect to such Payment Date or, if the Trustee shall not at such time purchase any shares of Common Stock, then the price shall be the average of the high and low NYSE market price for the Common Stock on such date; and

iii) annually, as of the day after the Shareholders' Meeting with the Annual Share Amount, if, after such meetings the participant was elected or continued to serve as a Director of the Company.

(e) Each participant who has a Deferred Stock Account shall receive distributions from such Account attributable to his or her Annual Share Amounts, and any Dividend Reinvestment Return credited thereon pursuant to Section 3.7(b), upon the earliest of the participant's retirement, permanent and total disability, death or involuntary termination. Such participant, within thirty (30) days after his or her Deferred Stock Account is credited with an Annual Share Amount, shall elect the form of payment of any such distribution (i.e., in a lump sum or in five or in ten approximately equal annual installments) and the starting date of such distribution (i.e., as soon as practicable following the event triggering the distribution or January 31st of the calendar year immediately following such event).

In the event that any distribution is elected to be paid in five or ten approximately equal annual installments, the participant also may elect, at the time of the initial form-of-distribution election, to have the form of distribution, automatically and without further action on his or her part, converted to a lump sum payment in accordance with Section 3.8(b) in the event of such participant's death or permanent and total disability occurring prior to the expiration of the complete period of deferral. Except as herein provided, such form-of-distribution election shall not be changed or revoked.

(f) In the event of any merger, consolidation, reorganization, recapitalization, stock dividend (including without limitation, stock dividends consisting of

securities other than the shares of Common Stock), distribution (other than regular cash dividends), stock split, reverse stock split, separation, spin-off, split-off or other distribution of stock or property of the Company, or other change in the corporate structure or capitalization, there shall be appropriate adjustment made by the Board in the number and kind of shares (rounded to the nearest one-one hundredth of a share) or other property that shall be credited in the aggregate and to individual participants' deferred stock accounts under the Plan, so that the participants' Deferred Stock Accounts reflect the same equity percentage interest in the Company after the transaction as was the case before such transaction, and so that each share of Common Stock credited to a participant's Deferred Stock Account before a transaction accrues the same benefits after the transaction as does each share of Common Stock outstanding before such transaction.

(g) If at least a majority of the Company's stock is sold or exchanged by its Shareholders pursuant to an integrated plan for cash or property (including Stock of another corporation) or if substantially all of the assets of the Company are disposed of and, as a consequence thereof, cash or property is distributed to the Company's shareholders, each participant's Deferred Stock Account will, to the extent not already so credited under Section 3.7(b), be (i) credited with the amount of cash or property receivable by a Company shareholder directly holding the same number of shares of Common Stock as is credited to such participant's Deferred Stock Account and (ii) debited by that number of shares of Common Stock surrendered by such equivalent Company shareholder.

(h) Each participant who has a Deferred Stock Account also shall be entitled to provide directions to the Committee to cause the Committee to similarly direct the Trustee of the Trust to vote, on any matter presented for a vote to the shareholders of the Company, that number of shares of Common Stock held by the Trust equivalent to the number of shares of Common Stock credited to the participant's Deferred Stock Account. The Committee shall arrange for distribution to all participants in a timely manner of all communications directed generally to the shareholders of the Company as to which their votes are solicited.

(i) Pursuant to the Policy Statement on Insider Trading and Securities Transactions, as the same may be amended (the "Policy"), there are time periods (each, a "blackout period") during which time participants may not effect transactions, directly or indirectly, in Company equity securities. Under the Policy, the Company's Corporate Secretary may also impose additional blackout periods with respect to some or all participants. Participants whose ability to effect transactions is prohibited during such blackout periods also will be prohibited during such periods from making any Conversion Election, Deferred Stock Election or Investment Election that increases or decreases the amount credited to the participant's Deferred Stock Account. The Committee, at the direction of

the Company's Corporate Secretary, shall adopt and implement procedures to ensure that the provisions of this subsection are carried out.

3.5 Conversion Elections and Reverse Conversion Elections

(a) Any individual who has a Deferred Dividends Account, Deferred Fees Account, Deferred Retainer Account and/or a Deferred Cash Account may make an additional election, to convert any whole percentage of the participant's deferred account balance as of the date of such election from a cash balance into a Common Stock balance which would be credited to his or her Deferred Stock Account (or, if none, to a new such account established in the participant's name).

(b) Any individual who has a Deferred Stock Account may make an additional election, a Reverse Conversion Election, to convert any whole percentage of his or her Deferred Stock Account balance as of the date of such election from a Common Stock balance into a cash balance which would be credited to a new Deferred Cash Account established in the participant's name.

(c) When a Conversion Election is made, the participant's Deferred Stock Account will be credited, on or about January 2nd of the year following the election, with the number of shares of Common Stock (rounded to the nearest one-one hundredth of a share) determined by dividing the balance in the participant's Deferred Dividends Account, Deferred Retainer Account, Deferred Fees Account, and/or Deferred Cash Account by the average price paid by the Trustee of the Directors' Stock Trust for shares of Common Stock with respect to such date, or, if the Trustee shall not purchase shares of Common Stock equal to the number of shares of Common Stock creditable to all participants' Deferred Stock Accounts on such date, then, to the extent of such shortfall, such price shall be the average of the high and low NYSE market price for the Common Stock on such date and the portion of the participant's Deferred Dividends Account balance, Deferred Retainer Account balance, Deferred Fees Account balance and/or Deferred Cash Account balance used in such calculation shall be proportionate to such shortfall amount. At the same time, the participant's Deferred Dividends Account, Deferred Retainer Account, Deferred Fees Account and/or Deferred Cash Account, as the case may be, will be debited by an amount equal to the amount so credited to the participant's Deferred Stock Account.

(d) When a Reverse Conversion Election is made, the participant's Deferred Cash Account will be credited on or about January 2nd of the year following the election with the amount of cash determined by multiplying the number of shares of Common Stock (rounded to the nearest one-one hundredth of a share), computed to have been converted by reason of the

participant's election, by the average of the high and low NYSE market price for the Common Stock on the first business day in January of such year. At the same time, the participant's Deferred Stock Account will be debited by the number of shares of Common Stock so deemed converted.

3.6 Change-of-Form Elections and Additional Deferral Elections

(a) Any participant, who has made a Deferral Election, may make an additional election to change the form of distribution of the balance in any of his or her Deferred Accounts to one of the three acceptable forms of distributions under Section 3.8(b). Only one Change-of-Form Election may be made by any participant with respect to the balance in any Deferred Account attributable to any individual Deferred Election during any three (3) calendar years; provided, however, that no such Change-of-Form Election will be effective with respect to any balance in any participant's Deferred Account, unless made in connection with the establishment of the Deferred Account, until such balance has been in such Deferred Account for at least two (2) calendar years.

(b) Any participant who has made a Restricted Stock Election, Deferred Dividends Election, Deferred Retainer Election or Deferred Fees Election may make an additional election to further postpone the initial starting date for distributions of the balance in his or her Deferred Dividends Account, Deferred Retainer Account, Deferred Fees Account or Deferred Stock Account (to the extent attributable to a Deferred Stock Election or Conversion Election with respect to a Restricted Stock Election, Deferred Dividends Election, Deferred Retainer Election and/or Deferred Fees Election) to a date no earlier than three full calendar years thereafter and no later than the latest date that would have been permitted under Sections 3.2(d) or 3.3(c), as the case may be, for the initial Deferral Election; provided, however, that only one such Additional Deferral Election may be made with respect to the balance in any Deferred Account attributable to any individual Deferral Election.

3.7 Investment Return on Deferred Accounts

(a) If a participant does not make an Investment Election as provided below, the Committee shall credit the balance of each participant's Deferred Pension Account, Deferred Dividends Account, Deferred Retainer Account, Deferred Fees Account and Deferred Cash Account during the calendar year with an Interest Return equal to interest thereon. Such balances shall include all Interest Returns previously credited to the account. The Interest Return to be credited for each calendar year shall be calculated by multiplying the average daily balance in each such Deferred Account by the Moody's Seasoned Aaa Corporate Bond Rate in effect on the first business day of September of the previous calendar

year, as published in the weekly *Federal Reserve Statistical Release (Publication H.15).* Notwithstanding the foregoing, at the time the participant makes a Reverse Conversion Election or a Deferral Election (other than a Restricted Stock Election or a form of distribution election), the participant may make an Investment Election and select Investment Options with respect to the amounts credited to those accounts. If a participant makes an Investment Election, additional hypothetical bookkeeping amounts shall be credited to (or deducted from) the participant's Deferred Pension Account, Deferred Dividends Account, Deferred Retainer Account, Deferred Fees Account or Deferred Cash Account to reflect the earnings (or losses) that would have been experienced had the deferred amounts been invested in the Investment Options selected by the participant as targeted rates of return, net of all fees and expenses otherwise associated with the Investment Options. The Committee may add or delete Investment Options, on a prospective basis, by notifying all participants whose accounts are hypothetically invested in such Investment Options, in advance, and soliciting elections to transfer deferred amounts so that they track investments in other Investment Options then available. Investment Elections will continue in effect until changed by the participant. A participant may change a prior Investment Election on a monthly basis, in such manner as approved by the Committee.

(b) Each time the Company declares a dividend on its Common Stock, each participant's Deferred Stock Account will be credited with a Dividend Reinvestment Return equal to that number of shares of Common Stock (rounded to the nearest one-one hundredth of a share) determined by dividing (i) the amount that would have been paid (or the fair market value thereof, if the dividend is not paid in cash) to the participant on the total number of shares of Common Stock credited to the participant's Deferred Stock Account had that number of shares of Common Stock been held by such participant by (ii) the average price paid by the Trustee of the Stock Trust for shares of Common Stock with respect to the dividend payment date or, if the Trustee shall not at such time purchase any shares of Common Stock, then the price shall be the average of the high and low NYSE market price for the Common Stock on such date.

(c) Within 60 days following the end of each calendar year, the Committee shall furnish each participant with a statement of account which shall set forth the balance in each of the individual's Deferred Accounts as of the end of such calendar year, inclusive of cumulative Interest Return and/or Dividend Reinvestment Return.

3.8 Distributions

(a) Upon occurrence of an event specified in the participant's Deferral Election, as modified by any Change-of-Form Election, the amount of a participant's Deferred Pension Account, Deferred Dividends Account, Deferred Retainer Account, Deferred Fees Account and/or Deferred Cash Account shall be paid in cash and the amount of a participant's Deferred Stock Account shall, except as otherwise provided in Section 3.4(g) or 3.9 or to the extent the Company is otherwise, in the reasonable judgment of the Committee, precluded from doing so, be paid in shares of Common Stock (with any fractional share interest therein paid in cash to the extent of the then fair market value thereof), in each case to the participant or his or her beneficiary, as applicable. Such payment(s) shall be from the general assets of the Company (including the Directors' Stock Trust) in accordance with this Section 3.8.

(b) Unless other arrangements are specified by the Committee on a uniform and nondiscriminatory basis, deferred amounts shall be paid in the form of (i) a lump sum payment, (ii) in five approximately equal annual installments or (iii) in ten approximately equal annual installments, as elected by the participant at the time of his or her Deferral Election and as modified by any applicable subsequent Change-in-Form Election; provided, however, that payments shall be made only in a single lump sum if payment commences due to termination for cause. Such payments shall be made (or begin to be made) as soon as practicable following the occurrence of the event making payment necessary or, if so elected in the Deferral Election, on the January 31st of the calendar year immediately following such event.

(c) In case of an unforeseeable emergency, a participant may request the Committee, on a form to be provided by the Committee, that payment be made earlier than the date to which it was deferred; provided, however, that no such acceleration of the distribution date(s) shall apply to that portion of the balance(s) in the participant's Deferred Accounts either attributable to Annual Share Amounts, and any Dividend Reinvestment Return credited thereon pursuant to Section 3.7(b), or to a Deferred Pension Election, and any Interest Return or Dividend Reinvestment Return credited thereon pursuant to Section 3.7.

For purposes of this Section 3.8(c), an "unforeseeable emergency" shall be limited to a severe financial hardship to the participant resulting from a sudden and unexpected illness or accident of the participant or of a dependent (as defined in section 152(a) of the Code) of the participant, loss of the participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant. The circumstances that will

constitute an unforeseeable emergency will depend upon the facts of each case, but, in any case, payment may not be made to the extent that such hardship is or may be relieved: (i) through reimbursement or compensation by available insurance or otherwise, (ii) by liquidation of the participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship or (iii) by cessation of deferrals under the Plan.

The Committee shall consider any requests for payment under this Section 3.8(c) on a uniform and nondiscriminatory basis and in accordance with the standards of interpretation described in section 457 of the Code and the regulations thereunder.

(d) The Company shall deduct from all payments under the Plan federal, State and local income and employment taxes, as required by applicable law. No participant or beneficiary shall be entitled to receive any distribution of shares of Common Stock credited to a participant's Deferred Stock Account until the Company has received full payment of such withholding obligations in cash.

3.9 General Provisions

(a) The Company shall make no provision for the funding of any Deferred Accounts payable hereunder that (i) would cause the Plan to be a funded plan for purposes of section 404(a)(5) of the Code or (ii) would cause the Plan to be other than an "unfunded and unsecured promise to pay money or other property in the future" under Treasury Regulations § 1.83-3(e); and, except to the extent specified in the Directors' Stock Trust following a "change of control" (as defined in the Directors' Stock Trust) of the Company, the Company shall have no obligation to make any arrangement for the accumulation of funds to pay any amounts under this Plan. Subject to the restrictions of the preceding sentence and in Section 3.9(c), the Company, in its sole discretion, may establish one or more grantor trusts described in Treasury Regulations § 1.677(a)-1(d) to accumulate funds and/or shares of Common Stock to pay amounts under this Plan, provided that the assets of such trust(s) shall be required to be used to satisfy the claims of the Company's general creditors in the event of the Company's bankruptcy or insolvency.

(b) In the event that the Company shall decide to establish an advance accrual reserve on its books against the future expense of payments from any Deferred Account, such reserve shall not under any circumstances be deemed to be an asset of this Plan but, at all times, shall remain a part of the general assets of the Company, subject to claims of the Company's creditors.

(c) A person entitled to any amount under this Plan shall be a general unsecured creditor of the Company with respect to such amount. Furthermore, a person entitled to a payment or distribution with respect to a Deferred Account, shall have a claim upon the Company only to the extent of the balance(s) in his or her Deferred Accounts.

(d) The participant's beneficiary under this Plan with respect to the balance(s) in his or her Deferred Accounts shall be the person designated to receive benefits on account of the participant's death on a form provided by the Committee.

(e) All commissions, fees and expenses that may be incurred in operating the Plan and any related trust(s) established in accordance with Section 3.9(a) (including the Directors' Stock Trust) will be paid by the Company.

(f) Notwithstanding any other provision of this Plan: (i) elections under this Plan may only be made by participants while they are directors of the Company; (ii) no Conversion Election, Reverse Conversion Election, Change-of-Form Election or Additional Deferral Election shall be effective if made within six (6) months prior to the earlier of (1) the date of the participant's scheduled retirement or (2) the date the participant voluntarily terminates service on the Board; (iii) no Change-of-Form Election or Additional Deferral Election shall be effective with respect to any balance in any Deferred Account that is scheduled to be paid (or to begin to be paid) within six (6) months after the date of such election; and (iv) distributions otherwise payable to a participant in the form of Common Stock shall be delayed and/or instead paid in cash in an amount equal to the fair market value thereof if such payment in Common Stock would violate any federal or State securities laws (including Section 16(b) of the Securities Exchange Act of 1934, as amended) and/or rules and regulations promulgated thereunder.

3.10 Non-Assignability

Participants, their legal representatives and their beneficiaries shall have no right to anticipate, alienate, sell, assign, transfer, pledge or encumber their interests in the Plan, nor shall such interests be subject to attachment, garnishment, levy or execution by or on behalf of creditors of the participants or of their beneficiaries.

ARTICLE IV

Administration

4.1 Plan Administrator

Subject to the express provisions of the Plan, the Committee shall have the exclusive right to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it and to make all other determinations necessary or advisable for the administration of the Plan. The decisions, actions and records of the Committee shall be conclusive and binding upon the Company and all persons having or claiming to have any right or interest in or under the Plan.

The Committee may delegate to such officers, employees or departments of the Company such authority, duties, and responsibilities of the Committee as it, in its sole discretion, considers necessary or appropriate for the proper and efficient operation of the Plan, including, without limitation, (i) interpretation of the Plan, (ii) approval and payment of claims, and (iii) establishment of procedures for administration of the Plan.

ARTICLE V

Amendment, Termination and Effective Date

5.1 Amendment of the Plan

Subject to the provisions of Section 5.3, the Plan may be wholly or partially amended or otherwise modified at any time by written action of the Board of Directors.

5.2 Termination of the Plan

Subject to the provisions of Section 5.3, the Plan may be terminated at any time by written action of the Board of Directors.

5.3 No Impairment of Benefits

Notwithstanding the provisions of Sections 5.1 and 5.2, no amendment to or termination of the Plan shall impair any rights to benefits which have accrued hereunder.

5.4 Effective Date

The Plan is effective as of November 1, 1996.

APPENDIX A

EXTENDED DEFERRAL OF EQUITY BASED COMPENSATION INCLUDING

RESTRICTED STOCK UNITS

Effective November 21, 2006, the following provisions apply to a participant's ability to defer distribution of Equity-Based Compensation:

A.1 Definitions. The following definitions apply to this Appendix A. Any defined term not defined in this Section A.1 will have the same meaning provided under Article I of the Plan.

(a) "Deferred Equity-Based Compensation Account" means the bookkeeping account established as a sub-account of the Deferred Stock Account on behalf of a participant who makes an Equity-Based Compensation Deferral Election pursuant to Section A.2.

(b) "Equity-Based Compensation Plan" means the Becton, Dickinson and Company 2004 Employee and Director Equity-Based Compensation Plan.

(c) "Equity-Based Compensation Deferral Election" means the election by a participant under Section A.2 to defer all or a portion of the participant's Equity-Based Compensation.

(d) "Equity-Based Compensation" means restricted stock units and other stock-based awards granted under the Equity-Based Compensation Plan, and does not include any such awards that qualify as vested stock, restricted stock, stock option awards, or stock appreciation rights.

A.2 Equity-Based Compensation Deferral Election.

(a) Each participant may make an Equity-Based Compensation Deferral Election to defer the initial starting date the Equity-Based Compensation is otherwise distributable to the participant or change an existing Equity-Based Compensation Deferral Election. Any Equity-Based Compensation Deferral Election that changes the time of distribution of a participant's Equity-Based Compensation: 1) must delay receipt of such distribution for at least 5 (five) years but not more than 10 (ten) years beyond the original distribution date; 2) must be made at least 12 months before the original distribution date; and 3) will not be effective until 12 months after the new election. Notwithstanding the foregoing, and in accordance with Code Section 409A and any guidance issued thereunder: (I) a participant may make an Equity-Based Compensation Deferral Election that changes the time and manner of payment of Equity-Based Compensation subject to Code Section 409A and deferred on or before December 31, 2006 at any time on or before December 31, 2006, provided that the election (1) is for Equity-Based

Compensation not otherwise distributable in 2006, and (2) does not cause an amount to be distributed to a participant in 2006; and (II) a participant may make an Equity-Based Compensation Deferral Election that changes the time and manner of payment of Equity-Based Compensation subject to Code Section 409A and deferred on or before December 31, 2007 at any time on or before December 31, 2007, provided that if any such election is made during the calendar year ending on December 31, 2007, the election (1) is for Equity-Based Compensation not otherwise distributable in 2007, and (2) does not cause an amount to be distributed to a participant in 2007. A participant may make an Equity-Based Compensation Deferral Election for any percentage of the participant's Equity-Based Compensation that is a multiple of 10%. Once made, an Equity-Based Compensation Deferral Election cannot be changed or revoked except as provided herein.

(b) The Committee shall provide the participant with the appropriate election forms with which a participant may make an Equity-Based Compensation Deferral Election. All Equity-Based Compensation Deferral Elections (including any modifications of prior Equity-Based Compensation Deferral Elections otherwise permitted under the Plan) may be made in accordance with written, electronic or telephonic procedures prescribed by the Committee.

(c) Equity-Based Compensation that is deferred pursuant to an Equity-Based Compensation Deferral Election will be transferred to the Deferred Equity-Based Compensation Account, and credited with dividend equivalent rights as follows: each time the Company declares a dividend on its Common Stock, each participant's Deferred Equity-Based Compensation Account will be credited with a Dividend Reinvestment Return equal to that number of shares of Common Stock (rounded to the nearest one-one hundredth of a share) determined by dividing (i) the amount that would have been paid (or the fair market value thereof, if the dividend is not paid in cash) to the participant on the total number of shares of Common Stock credited to the participant's Deferred Equity-Based Compensation Account had that number of shares of Common Stock been held by such participant by (ii) the average price paid by the Trustee of the Stock Trust for shares of Common Stock with respect to the dividend payment date or, if the Trustee shall not at such time purchase any shares of Common Stock, then the price shall be the average of the high and low NYSE market price for the Common Stock on such date.

A.3 Diversification of Equity-Based Compensation Upon Termination of Service

(a) On and after the date the participant separates from service on the Board, and before the occurrence of the event specified in the terms of the participant's Equity-Based Compensation Deferral Election form, amounts in the participant's Deferred Equity-Based Compensation Account shall, except as otherwise provided in the Plan or to the extent the Company is otherwise, in the reasonable judgment of the Committee, precluded from doing so, be transferred to the participant's Deferred Stock Account and administered in accordance with the Plan provisions governing the Deferred Stock Account.

A.4 Distributions of Equity-Based Compensation

(a) Upon the occurrence of an event specified in the terms of the participant's Equity-Based Compensation Deferral Election form, the Equity-Based Compensation in a participant's Deferred Stock Account shall be paid in accordance with the Plan provisions governing the distribution of the Deferred Stock Account, in each case to the participant or his or her beneficiary, as applicable; and the Equity-Based Compensation in a participant's Deferred Cash Account, if any, shall be paid in the same manner as provided in Section 3.8(a) for the Deferred Cash Account, in each case to the participant or his or her beneficiary, as applicable.

(b) Deferred amounts shall be distributed (or begin to be distributed) as soon as practicable following the occurrence of the event making distribution necessary, but in no event later than the fifteenth day of the third month following the end of the calendar year in which such distribution event occurs.

BECTON, DICKINSON AND COMPANY
2004 EMPLOYEE AND DIRECTOR EQUITY-BASED
COMPENSATION PLAN

As Amended and Restated as of November 21, 2006

Section 1. *Purpose.*

The purpose of the Becton, Dickinson and Company 2004 Employee and Director Equity-Based Compensation Plan is to provide an incentive to employees of the Company and its subsidiaries to achieve long-range goals, to aid in attracting and retaining employees and directors of outstanding ability and to closely align their interests with those of shareholders.

Section 2. *Definition*.

As used in the Plan, the following terms shall have the meanings set forth below:

(a) **"Affiliate"** shall mean (i) any entity that, directly or indirectly, is controlled by the Company and (ii) any entity in which the Company has a significant equity interest, in either case as determined by the Committee.

(b) **"Award"** shall mean any Option, Stock Appreciation Right, award of Restricted Stock, Restricted Stock Unit, Performance Unit or Other Stock-Based Award granted under the Plan.

(c) **"Award Agreement"** shall mean any written agreement, contract or other instrument or document evidencing any Award granted under the Plan, which may, but need not, be executed or acknowledged by a Participant.

(d) **"Board"** shall mean the board of directors of the Company.

(e) **"Cause"** shall mean (i) the willful and continued failure of a Participant to perform substantially the Participant's duties with the Company or any Affiliate (other than any such failure resulting from incapacity due to physical or mental illness), or (ii) the willful engaging by the Participant in illegal conduct or gross misconduct that is materially and demonstrably injurious to the Company. No act, or failure to act, on the part of the Participant shall be considered "willful" unless it is done, or omitted to be done, by the Participant in bad faith or without the reasonable belief that the Participant's action or omission was in the best interest of the Company.

(f) **"Change in Control"** means:

(i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the **"Exchange Act"**)) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 25% or more of either (A) the then-outstanding shares of common stock of the Company (the **"Outstanding Company Common Stock"**) or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the **"Outstanding Company Voting Securities"**); *provided, however,* that, for purposes of this Section 2(f), the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company; (ii) any acquisition by the Company, or (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any affiliated

company, (iv) any acquisition by any corporation pursuant to a transaction that complies with Section 2(f)(iii)(A), Section 2(f)(iii)(B) and Section 2(f)(iii)(C), or (v) any acquisition that the Board determines, in good faith, was inadvertent, if the acquiring Person divests as promptly as practicable a sufficient amount of the Outstanding Company Common Stock and/or the Outstanding Company Voting Securities, as applicable, to reverse such acquisition of 25% or more thereof.

(ii) individuals who, as of the day after the effective time of this Plan, constitute the Board (the **"Incumbent Board"**) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to such time whose election, or nomination for election as a director by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consent by or on behalf of a Person other than the Board.

(iii) consummation of a reorganization, merger, consolidation or sale or other disposition of all or subsequently all of the assets of the Company (a **"Business Combination"**), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 25% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or (iv) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(g) **"Code"** shall mean the Internal Revenue Code of 1986, as amended from time to time.

(h) **"Committee"** shall mean the Compensation and Benefits Committee of the Board or such other committee as may be designated by the Board.

(i) **"Company"** shall mean Becton, Dickinson and Company.

(j) **"Earnings Per Share"** shall mean earnings per share calculated in accordance with U.S. Generally Accepted Accounting Principles.

(k) **"Executive Group"** shall mean every person who is expected by the Committee to be both (i) a "covered employee" as defined in Section 162(m) of the Code as of the end of the taxable year in which payment of the Award may be deducted by the Company, and (ii) the recipient of compensation of more than $1,000,000 for that taxable year.

(l) **"Fair Market Value"** shall mean, with respect to any property (including, without limitation, any Shares or other securities) the fair market value of such property determined by such methods or procedures as shall be established from time to time by the Committee.

(m) **"Incentive Stock Option"** shall mean an option representing the right to purchase Shares from the Company, granted under and in accordance with the terms of Section 6, that meets the requirements of Section 422 of the Code, or any successor provision thereto.

(n) **"Market Share"** shall mean the percent of sales of the total available market in an industry, product line or product attained by the Company or one of its business units during a time period.

(o) **"Net Income"** shall mean net income calculated in accordance with U.S. Generally Accepted Accounting Principles.

(p) **"Net Revenue Per Employee"** in a period shall mean net revenue divided by the average number of employees of the Company, with average defined as the sum of the number of employees at the beginning and ending of the period divided by two.

(q) **"Non-Qualified Stock Option"** shall mean an option representing the right to purchase Shares from the Company, granted under and in accordance with the terms of Section 6, that is not an Incentive Stock Option.

(r) **"Option"** shall mean an Incentive Stock Option or a Non-Qualified Stock Option.

(s) **"Other Stock-Based Award"** shall mean any right granted under Section 9.

(t) **"Participant"** shall mean an individual granted an Award under the Plan.

(u) **"Performance Unit"** shall mean any right granted under Section 8.

(v) **"Restricted Stock"** shall mean any Share granted under Section 7.

(w) **"Restricted Stock Unit"** shall mean a contractual right granted under Section 7 that is denominated in Shares. Each Unit represents a right to receive the value of one Share (or a percentage of such value, which percentage may be higher than 100%) upon the terms and conditions set forth in the Plan and the applicable Award Agreement. Awards of Restricted Stock Units may include, without limitation, the right to receive dividend equivalents.

(x) **"Return On Common Equity"** for a period shall mean net income less preferred stock dividends divided by total shareholders' equity, less amounts, if any, attributable to preferred stock.

(y) **"Return on Invested Capital"** for a period shall mean earnings before interest, taxes, depreciation and amortization divided by the difference of total assets less non-interest bearing current liabilities.

(z) **"Return On Net Assets"** for a period shall mean net income less preferred stock dividends divided by the difference of average total assets less average non-debt liabilities, with average defined as the sum of assets or liabilities at the beginning and ending of the period divided by two.

(aa) **"Revenue Growth"** shall mean the percentage change in revenue (as defined in Statement of Financial Accounting Concepts No. 6, published by the Financial Accounting Standards Board) from one period to another.

(bb) **"Plan"** shall mean this Becton, Dickinson and Company 2004 Employee and Director Equity-Based Compensation Plan.

(cc) **"Shares"** shall mean shares of the common stock of the Company, $1.00 par value.

(dd) **"Stock Appreciation Right**" shall mean a right to receive a payment, in cash and/or Shares, as determined by the Committee, equal in value to the excess of the Fair Market Value of a Share at the time the Stock Appreciation Right is exercised over the exercise price of the Stock Appreciation Right.

(ee) **"Substitute Awards"** shall mean Awards granted in assumption of, or in substitution for, outstanding awards previously granted by a company acquired by the Company or with which the Company combines.

(ff) **"Total Shareholder Return"** shall mean the sum of the appreciation in the Company's stock price and dividends paid on the common stock of the Company over a given period of time.

Section 3. *Eligibility.*

(a) Any individual who is employed by (including any officer), or who serves as a member of the board of directors of, the Company or any Affiliate shall be eligible to be selected to receive an Award under the Plan.

(b) An individual who has agreed to accept employment by the Company or an Affiliate shall be deemed to be eligible for Awards hereunder as of the date of such agreement.

(c) Holders of options and other types of Awards granted by a company acquired by the Company or with which the Company combines are eligible for grant of Substitute Awards hereunder.

Section 4. *Administration.*

(a) The Plan shall be administered by the Committee. The Committee shall be appointed by the Board and shall consist of not less than three directors, each of whom shall be independent, within the meaning of and to the extent required by applicable rulings and interpretations of the New York Stock Exchange and the Securities and Exchange Commission, and each of whom shall be a **"Non-Employee Director"**, as defined from time to time for purposes of Section 16 of the Securities Exchange Act of 1934 and the rules promulgated thereunder. The Board may designate one or more directors as alternate members of the Committee who may replace any absent or disqualified member at any meeting of the Committee. The Committee may issue rules and regulations for administration of the Plan. It shall meet at such times and places as it may determine. A majority of the members of the Committee shall constitute a quorum.

(b) Subject to the terms of the Plan and applicable law, the Committee shall have full power and authority to: (i) designate Participants; (ii) determine the type or types of Awards (including Substitute Awards) to be granted to each Participant under the Plan; (iii) determine the number of Shares to be covered by (or with respect to which payments, rights, or other matters are to be calculated in connection with) Awards; (iv) determine the terms and conditions of any Award; (v) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, other Awards, or other property, or canceled, forfeited or suspended, and the method or methods by which Awards may be settled, exercised, canceled, forfeited or suspended; (vi) determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, other property, and other amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or of the Committee; (vii) interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan; (viii) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (ix) determine whether and to what extent Awards should comply or continue to comply with any requirement of statute or regulation; and (x) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

(c) All decisions of the Committee shall be final, conclusive and binding upon all parties, including the Company, the stockholders and the Participants.

Section 5. *Shares Available for Awards.*

(a) Subject to adjustment as provided below, the number of Shares available for issuance under the Plan shall be 9,000,000 shares. Notwithstanding the foregoing and subject to adjustment as provided in Section 5(e), (i) no Participant may receive Options and Stock Appreciation Rights under the Plan in any calendar year that relate to more than 250,000 Shares, and (ii) the maximum number of Shares with respect to which unrestricted Awards (either as to vesting, performance or otherwise) may be made to employees under the Plan is 450,000 Shares.

(b) If, after the effective date of the Plan, any Shares covered by an Award other than a Substitute Award, or to which such an Award relates, are forfeited, or if such an Award otherwise terminates without the delivery of Shares or of other consideration, then the Shares covered by such Award, or to which such Award relates, to the extent of any such forfeiture or termination, shall again be, or shall become, available for issuance under the Plan, except as otherwise provided in Section 5(f).

(c) In the event that any Option or other Award granted hereunder (other than a Substitute Award) is exercised through the delivery of Shares, or in the event that withholding tax liabilities arising from such Option or Award are satisfied by the withholding of Shares by the Company, the number of Shares available for Awards under the Plan shall be increased by the number of Shares so surrendered or withheld. Notwithstanding the foregoing, this Section 5(c) will not apply to any such surrender or withholding of Shares occurring on or after November 21, 2006.

(d) Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or of treasury Shares.

(e) In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of

Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares such that an adjustment is required in order to preserve the value of issued and outstanding Awards and to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares (or other securities or property) which thereafter may be made the subject of Awards, including the aggregate and individual limits specified in Section 5(a), (ii) the number and type of Shares (or other securities or property) subject to outstanding Awards, and (iii) the grant, purchase, or exercise price with respect to any Award or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award; *provided, however*, that the number of Shares subject to any Award denominated in Shares shall always be a whole number.

(f) Shares underlying Substitute Awards shall not reduce the number of Shares remaining available for issuance under the Plan.

(g) Upon the exercise of any Stock Appreciation Rights, the greater of (i) the number of shares subject to the Stock Appreciation Rights so exercised, and (ii) the number of Shares, if any, that are issued in connection with such exercise, shall be deducted from the number of Shares available for issuance under the Plan.

Section 6. *Options and Stock Appreciation Rights.*

The Committee is hereby authorized to grant Options and Stock Appreciation Rights to Participants with the following terms and conditions and with such additional terms and conditions, in either case not inconsistent with the provisions of the Plan, as the Committee shall determine:

(a) The exercise price per Share under an Option or Stock Appreciation Right shall be determined by the Committee;*provided, however*, that, except in the case of Substitute Awards, such exercise price shall not be less than the Fair Market Value of a Share on the date of grant of such Option or Stock Appreciation Right.

(b) The term of each Option and Stock Appreciation Right shall be fixed by the Committee but shall not exceed 10 years from the date of grant thereof.

(c) The Committee shall determine the time or times at which an Option or Stock Appreciation Right may be exercised in whole or in part, and, with respect to Options, the method or methods by which, and the form or forms, including, without limitation, cash, Shares, other Awards, or other property, or any combination thereof, having a Fair Market Value on the exercise date equal to the relevant exercise price, in which, payment of the exercise price with respect thereto may be made or deemed to have been made.

(d) The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code, or any successor provision thereto, and any regulations promulgated thereunder.

(e) Section 10 sets forth certain additional provisions that shall apply to Options and Stock Appreciation Rights.

Section 7. *Restricted Stock and Restricted Stock Units*.

(a) The Committee is hereby authorized to grant Awards of Restricted Stock and Restricted Stock Units to Participants.

(b) Shares of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may impose (including, without limitation, any limitation on the right to vote a Share of Restricted Stock or the right to receive any dividend or other right or property), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise, as the Committee may deem appropriate; provided, that if the vesting conditions applicable to an Award of Restricted Stock or Restricted Stock Units to an employee of the Company relate exclusively to the passage of time and continued employment, such time period shall consist of not less than thirty-six (36) months.

(c) Any share of Restricted Stock granted under the Plan may be evidenced in such manner as the Committee may deem appropriate including, without limitation, book-entry registration or issuance of a stock certificate or certificates. In the event any stock certificate is issued in respect of shares of Restricted Stock granted under the Plan, such certificate shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock.

(d) Except as otherwise provided by the Committee at the time the Award is granted or in any amendment thereto, upon a Participant's (i) retirement, death, disability or involuntary termination without Cause, any and all remaining restrictions with respect to Shares of Restricted Stock or Restricted Stock Units granted to the Participant shall lapse, and (ii) voluntary termination or involuntary termination with Cause, all Shares of Restricted Stock or Restricted Stock Units held by the Participant shall be forfeited as of the date of termination.

(e) The Committee may in its discretion, when it finds that a waiver would be in the best interests of the Company, waive in whole or in part any or all restrictions with respect to Shares of Restricted Stock or Restricted Stock Units; *provided*, that the Committee's authority under this Section 7(d) is limited in the case of Awards subject to Section 11(f) as set forth in Section 11(f).

Section 8. *Performance Units.*

(a) The Committee is hereby authorized to grant Performance Units to Participants.

(b) Subject to the terms of the Plan, a Performance Unit granted under the Plan (i) may be denominated or payable in cash, Shares (including, without limitation, Restricted Stock), other securities, other Awards, or other property and (ii) shall confer on the holder thereof rights valued as determined by the Committee and payable to, or exercisable by, the holder of the Performance Unit, in whole or in part, upon the achievement of such performance goals during such performance periods as the Committee shall establish. Subject to the terms of the Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Unit granted and the amount of any payment or transfer to be made pursuant to any Performance Unit shall be determined by the Committee; provided, that the performance period relating to any Award of Performance Units shall be at least twelve (12) months.

(c) Notwithstanding anything contained herein to the contrary, (i) in the event of a Participant's retirement prior to the expiration of any performance period applicable to a Performance Unit granted to the Participant, the Participant shall be entitled to receive following the expiration of such performance period, a pro-rata portion of any amounts otherwise payable

with respect to, or a pro-rata right to exercise, the Performance Unit, (ii) in the event of a Participant's death, disability or involuntary termination without Cause prior to the expiration of any performance period applicable to a Performance Unit granted to the Participant, the Participant shall receive upon such termination a partial payment with respect to, or a partial right to exercise, such Performance Unit, as determined by the Committee in its discretion, and (iii) upon a Participant's voluntary termination or involuntary termination with Cause, all Performance Units held by the Participant shall be canceled as of the date of termination.

Section 9. *Other Stock-Based Awards.*

The Committee is hereby authorized to grant to Participants such other Awards (including, without limitation, rights to dividends and dividend equivalents) that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares) as are deemed by the Committee to be consistent with the purposes of the Plan (provided that no rights to dividends and dividend equivalents shall be granted in tandem with an Award of Options or Stock Appreciation Rights). Subject to the terms of the Plan, the Committee shall determine the terms and conditions of such Awards. Shares or other securities delivered pursuant to a purchase right granted under this Section 9 shall be purchased for such consideration, which may be paid by such method or methods and in such form or forms, including, without limitation, cash, Shares, other securities, other Awards, or other property, or any combination thereof, as the Committee shall determine, the value of which consideration, as established by the Committee, shall, except in the case of Substitute Awards, not be less than the Fair Market Value of such Shares or other securities as of the date such purchase right is granted. Additional terms applicable to certain Other Stock-Based Awards are set forth in Section 10.

Section 10. *Effect Of Termination On Certain Awards.*

Except as otherwise provided by the Committee at the time an Option or Stock Appreciation Right is granted or in any amendment thereto, if a Participant ceases to be employed by, or serve as a non-employee director of, the Company or any Affiliate, then:

(a) if termination is for Cause, all Options and Stock Appreciation Rights held by the Participant shall be canceled as of the date of termination;

(b) if termination is voluntary or involuntary without Cause, the Participant may exercise each Option or Stock Appreciation Right held by the Participant within three months after such termination (but not after the expiration date of such Award) to the extent such Award was exercisable pursuant to its terms at the date of termination; *provided*, *however*, if the Participant should die within three months after such termination, each Option or Stock Appreciation Right held by the Participant may be exercised by the Participant's estate, or by any person who acquires the right to exercise by reason of the Participant's death, at any time within a period of one year after death (but not after the expiration date of the Award) to the extent such Award was exercisable pursuant to its terms at the date of termination;

(c) if termination is (i) by reason of retirement at a time when the Participant is entitled to the current receipt of benefits under any retirement plan maintained by the Company or any Affiliate (or alternatively, in the case of a non-employee director, at a time when the Participant has served for five full years or more and has attained the age of sixty), or (ii) by reason of disability, each Option or Stock Appreciation Right held by the Participant shall, at the date of retirement or disability, become exercisable to the extent of the total number of shares subject to

the Option or Stock Appreciation Right, irrespective of the extent to which such Award would otherwise have been exercisable pursuant to the terms of the Award at the date of retirement or disability, and shall otherwise remain in full force and effect in accordance with its terms;

(d) if termination is by reason of the death of the Participant, each Option or Stock Appreciation Right held by the Participant may be exercised by the Participant's estate, or by any person who acquires the right to exercise such Award by reason of the Participant's death, to the extent of the total number of shares subject to the Award, irrespective of the extent to which such Award would have otherwise been exercisable pursuant to the terms of the Award at the date of death, and such Award shall otherwise remain in full force and effect in accordance with its terms.

Section 11. *General Provisions Applicable To Awards.*

(a) Awards shall be granted for no cash consideration or for such minimal cash consideration as may be required by applicable law.

(b) Awards may, in the discretion of the Committee, be granted either alone or in addition to or in tandem with any other Award. Awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

(c) Subject to the terms of the Plan, payments or transfers to be made by the Company upon the grant, exercise or payment of an Award may be made in such form or forms as the Committee shall determine including, without limitation, cash, Shares, other securities, other Awards, or other property, or any combination thereof, and may be made in a single payment or transfer, in installments, or on a deferred basis, in each case in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of dividend equivalents in respect of installment or deferred payments. Notwithstanding the foregoing, in no event shall the Company extend any loan to any Participant in connection with the exercise of an Award; provided, however, that nothing contained herein shall prohibit the Company from maintaining or establishing any broker-assisted cashless exercise program.

(d) Unless the Committee shall otherwise determine, no Award and no right under any Award shall be assignable, alienable, saleable or transferable by a Participant otherwise than by will or by the laws of descent and distribution. In no event may an Award be transferred by a Participant for value. Each Award, and each right under any Award, shall be exercisable during the Participant's lifetime only by the Participant or, if permissible under applicable law, by the Participant's guardian or legal representative. The provisions of this paragraph shall not apply to any Award which has been fully exercised, earned or paid, as the case may be, and shall not preclude forfeiture of an Award in accordance with the terms thereof.

(e) All certificates for Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares or other securities are then listed, and any applicable Federal or state securities laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(f) Every Award (other than an Option or Stock Appreciation Right) to a member of the Executive Group shall, if the Committee intends that such Award should constitute "qualified performance-based compensation" for purposes of Section 162(m) of the Code, include a pre-established formula, such that payment, retention or vesting of the Award is subject to the achievement during a performance period or periods, as determined by the Committee, of a level or levels, as determined by the Committee, of one or more of the following performance measures: (i) Return on Net Assets, (ii) Revenue Growth, (iii) Return on Common Equity, (iv) Total Shareholder Return, (v) Earnings Per Share, (vi) Net Revenue Per Employee, (vii) Market Share, (viii) Return on Invested Capital, or (ix) Net Income. For any Award subject to any such pre-established formula, no more than 150,000 Shares can be paid in satisfaction of such Award to any Participant, subject to adjustment as provided in Section 5(e). Notwithstanding any provision of this Plan to the contrary, the Committee shall not be authorized to increase the amount payable under any Award to which this Section 11(f) applies upon attainment of such pre-established formula.

(g) Unless specifically provided to the contrary in any Award Agreement, upon a Change in Control, all Awards shall become fully vested and exercisable, and any restrictions applicable to any Award shall automatically lapse.

(h) Non-employee Directors of the Company shall be entitled to defer the receipt of any Shares that may become issuable to them under any Award in accordance with the terms of the 1996 Directors' Deferral Plan, as the same may be hereinafter amended, or any other plan that may be established by the Company that provides for the deferred receipt of such Shares.

(i) Employees of the Company shall be entitled to defer the receipt of any Shares that may become issuable to them under any Award in accordance with the terms of the Deferred Compensation Plan, as the same may be hereinafter amended, or any other plan that may be established by the Company that provides for the deferred receipt of such Shares.

Section 12. *Amendments and Termination*.

(a) Except to the extent prohibited by applicable law and unless otherwise expressly provided in an Award Agreement or in the Plan, the Board may amend, alter, suspend, discontinue, or terminate the Plan or any portion thereof at any time; *provided, however*, that no such amendment, alteration, suspension, discontinuation or termination shall be made without (i) shareholder approval (A) if the effect thereof is to increase the number of Shares available for issuance under the Plan or to expand the class of persons eligible to participate in the Plan or (B) if such approval is necessary to comply with any tax or regulatory requirement for which or with which the Board deems it necessary or desirable to qualify or comply or (ii) the consent of the affected Participant, if such action would adversely affect the rights of such Participant under any outstanding Award. Notwithstanding anything to the contrary herein, the Committee may amend the Plan in such manner as may be necessary to enable the Plan to achieve its stated purposes in any jurisdiction outside the United States in a tax-efficient manner and in compliance with local rules and regulations.

(b) The Committee may waive any conditions or rights under, amend any terms of, or amend, alter, suspend, discontinue or terminate, any Award theretofore granted, prospectively or retroactively, without the consent of any relevant Participant or holder or beneficiary of an Award, *provided, however*, that no such action shall impair the rights of any affected Participant

or holder or beneficiary under any Award theretofore granted under the Plan; and *provided further* that, except as provided in Section 5(e), no such action shall reduce the exercise price, grant price or purchase price of any Award established at the time of grant thereof and *provided further*, that the Committee's authority under this Section 12(b) is limited in the case of Awards subject to Section 11(f), as set forth in Section 11(f). In no event shall an outstanding Option or Stock Appreciation Right be cancelled and replaced with a new Option or Stock Appreciation Right with a lower exercise price, without approval of the Company's shareholders, except as provided in Section 5(e).

(c) Except as noted in Section 11(f), the Committee shall be authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of events (including, without limitation, the events described in Section 5(e)) affecting the Company, or the financial statements of the Company, or of changes in applicable laws, regulations or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

(d) Any provision of the Plan or any Award Agreement to the contrary notwithstanding, in connection with a Business Combination, the Committee may cause any Award granted hereunder to be canceled in consideration of a cash payment or alternative Award made to the holder of such canceled Award equal in value to the Fair Market Value of such canceled Award.

(e) The Committee may correct any defect, supply any omission, or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to carry the Plan into effect.

Section 13. *Miscellaneous.*

(a) No employee, Participant or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of employees, Participants, or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to each recipient.

(b) The Committee may delegate to one or more officers or managers of the Company, or a committee of such officers or managers, the authority, subject to such terms and limitations as the Committee shall determine, to grant Awards to, or to cancel, modify, waive rights with respect to, alter, discontinue, suspend or terminate Awards held by, employees who are not officers or directors of the Company for purposes of Section 16 of the Securities Exchange Act of 1934, as amended; *provided, however*, that any delegation to management shall conform with the requirements of the corporate law of New Jersey and with the requirements, if any, of the New York Stock Exchange, in either case as in effect from time to time.

(c) The Company shall be authorized to withhold from any Award granted or any payment due or transfer made under any Award or under the Plan or from any compensation or other amount owing to a Participant the amount (in cash, Shares, other securities, other Awards, or other property) of withholding taxes due in respect of an Award, its exercise, or any payment or transfer under such Award or under the Plan and to take such other action (including, without limitation, providing for elective payment of such amounts in cash, Shares, other securities, other Awards or other property by the Participant) as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes.

(d) Nothing contained in the Plan shall prevent the Company from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.

(e) The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of the Company or any Affiliate. Further, the Company or the applicable Affiliate may at any time dismiss a Participant from employment, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement or in any other agreement binding the parties. The receipt of any Award under the Plan is not intended to confer any rights on the receiving Participant except as set forth in such Award.

(f) If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

(g) Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Company pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company.

(h) No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities or other property shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

Section 14. *Effective Date Of Plan.*

The Plan shall be effective as of the date of its approval by the stockholders of the Company.

Section 15. *Term Of The Plan*.

No Award shall be granted under the Plan after the tenth anniversary of the effective date. However, unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such date, and the authority of the Committee to amend, alter, adjust, suspend, discontinue, or terminate any such Award, or to waive any conditions or rights under any such Award, and the authority of the Board to amend the Plan, shall extend beyond such date.

AMENDED AND RESTATED
AIRCRAFT TIME SHARING AGREEMENT

This Amended and Restated Aircraft Time Sharing Agreement ("Agreement") is made and entered into as of the 22nd day of September, 2006, by and between Becton, Dickinson and Company, a New Jersey corporation ("BD"), and Edward J. Ludwig.

WHEREAS, BD operates (i) a Falcon 2000EX aircraft bearing Federal Aviation Administration ("FAA") Registration No. N522BD and Manufacturer's Serial No. 84, and (ii) a Falcon 900EX aircraft bearing FAA Registration No. N2BD and Manufacturer's Serial 072 (collectively, the "Aircraft"); and

WHEREAS, Mr. Ludwig is the Chairman, President and Chief Executive Officer of BD; and

WHEREAS, the Board of Directors of BD, by resolution adopted on March 28, 2006 (the "Resolution"), has authorized and encouraged Mr. Ludwig to use the Aircraft for all travel purposes, including personal use, to the extent practicable within business constraints, taking into account competing business use for the Aircraft;

WHEREAS, BD desires to make such Aircraft available for Mr. Ludwig's personal use for the above operations on a time sharing basis in accordance with §91.501 of the Federal Aviation Regulations ("FARs"), subject to reimbursement of certain costs as defined more fully below, consistent with the Resolution and the terms of this Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants herein set forth, the parties agree as follows as to each of the Aircraft:

1. *Provision of Aircraft*. BD agrees to provide the Aircraft to and operate Aircraft for Mr. Ludwig's personal use, as permitted under the Resolution, on a time sharing basis in accordance with the provisions of §§ 91.501(b)(6), 91.501(c)(1) and 91.501(d) of the FARs for the term of this Agreement. To the extent the FARs and the Resolution conflict, the FARs shall govern.

2. *Reimbursement of Expenses*. BD shall impose a charge for transportation furnished under this Agreement in an amount up to the sum of the expenses set forth in subsections (a)-(j) below in respect of the specific flight or flights to which such charge applies:

(a) Fuel, oil, lubricants, and other additives;

(b) Travel expenses of the crew, including food, lodging, and ground transportation;

(c) Hangar and tie-down costs away from the Aircraft's base of operation;

(d) Insurance obtained for the specific flight;

(e) Landing fees, airport taxes, and similar assessments;

(f) Customs, foreign permit, and similar fees directly related to the flight;

(g) In-flight food and beverages;

(h) Flight planning and weather contract services; and

(i) An additional charge equal to one hundred percent (100%) of the expenses listed in subsection (a) above.

3. *Invoicing and Payment.* All payments to BD by Mr. Ludwig hereunder shall be paid in the manner set forth in this Section 3. BD will pay to suppliers, employees, contractors and governmental entities all expenses related to the operation of Aircraft hereunder in the ordinary course. As to each flight operated hereunder, BD will provide to Mr. Ludwig an invoice in an amount specified in Paragraph 2 of this Agreement (plus air transportation excise taxes, as applicable, imposed by the Internal Revenue Code and any other governmental imposed ad valorem taxes, charges or fees). Mr. Ludwig shall pay the full amount of such invoice within thirty (30) days of the date of the invoice. In the event BD has not received supplier invoices for reimbursable charges relating to such flight prior to such invoicing, BD may issue supplemental invoice(s) for such charge(s) to Mr. Ludwig, and Mr. Ludwig shall pay such charge(s) within thirty (30) days of the date of the supplemental invoice.

4. *Flight Notifications*. Mr. Ludwig will provide BD with flight notifications and proposed flight schedules as far in advance as possible. Flight notifications shall be in a form, whether oral or written, mutually convenient to and agreed upon by the parties. Mr. Ludwig shall provide at least the following information for each proposed flight reasonably in advance of the desired departure time as required by BD or its flight crew:

(a) departure point;

(b) destination;

(c) proposed date and time of flight;

(d) number and identity of anticipated passengers;

(e) nature and extent of baggage and/or cargo to be carried;

(f) proposed date and time of return flight, if any; and

(g) any other information concerning the proposed flight that may be pertinent to or required by BD or its flight crew, including any request for a particular Aircraft.

5. *Aircraft Scheduling*. BD shall have final authority over all scheduling of the Aircraft, including determination of which Aircraft shall be operated on a particular flight, provided, however, that BD will use its reasonable efforts to accommodate Mr. Ludwig's requests.

6. *Aircraft Maintenance*. BD shall be solely responsible for securing scheduled and unscheduled maintenance, preventive maintenance, and required or otherwise necessary inspections of the Aircraft, and shall take such requirements into account in scheduling the Aircraft. Performance of maintenance or inspection shall not be postponed for the purpose of scheduling an Aircraft to accommodate Mr. Ludwig's request, unless such maintenance or inspection can safely be conducted at a later time in compliance with applicable laws, regulations and requirements, and such postponement is consistent with the sound discretion of the pilot-in-command.

7. *Flight Crew.* BD shall employ, pay for and provide a qualified flight crew for all flight operations under this Agreement.

8. *Operational Authority and Control.* BD shall be responsible for all aspects of the physical and technical operation of the Aircraft and the safe performance of all flights, and shall retain full authority and control, including exclusive operational control, and possession of the Aircraft at all times during flights operated under this Agreement. In accordance with applicable FARs, the qualified flight crew provided by BD will exercise all required and/or appropriate duties and responsibilities in regard to the safety of each flight conducted hereunder. The pilot-in-command shall have absolute discretion in all matters concerning preparation of the Aircraft for flight and the flight itself, the load carried and its distribution, the decision whether or not a flight shall be undertaken, the route to be flown, the place where landings shall be made, and all other matters relating to operation of the Aircraft. Mr. Ludwig specifically agrees that the flight crew shall have final and complete authority to delay or cancel any flight for any reason or condition that in the sole judgment of the pilot-in-command could compromise the safety of the flight, and to take any other action that in the sole judgment of the pilot-in-command is necessitated by considerations of safety. No such action of the pilot-in-command shall create or support any liability to Mr. Ludwig or any other person for loss, injury, damage or delay. The parties further agree that BD shall not be liable for delay or failure to furnish an Aircraft and crew pursuant to this Agreement when such failure is caused by government regulation or authority, mechanical difficulty or breakdown, war, civil commotion, strike or labor dispute, weather conditions, act of God, or other circumstances beyond BD's reasonable control.

9 . *Insurance and Indemnification.* (a) BD will maintain or cause to be maintained in full force and effect throughout the term of this Agreement aircraft liability insurance in respect of each Aircraft, covering Mr. Ludwig as an insured, in an amount at least equal to $300 million combined single limit for bodily injury to or death of persons (including passengers) and property damage liability.

(b) BD shall use reasonable efforts to procure such additional insurance coverage as Mr. Ludwig may request, covering Mr. Ludwig as an insured; provided, that the cost of such additional insurance shall be borne by Mr. Ludwig pursuant to Paragraph 2(d) hereof.

(c) Notwithstanding the obligations set forth in subparagraphs (a) and (b) of this Section 9, BD shall indemnify Mr. Ludwig and hold him harmless against all liabilities, obligations, losses, damages, penalties, and actions (including without limitation reasonable attorneys' fees and expenses) of any nature which may be imposed on, incurred by or asserted against Mr. Ludwig caused by or arising out of any flight operated under this Agreement. The provisions of this subsection shall survive the termination of this Agreement.

10. *Warranties.* Mr. Ludwig warrants that:

(a) Mr. Ludwig will use the Aircraft under this Agreement consistent with the Resolution, and will not use such Aircraft for the purpose of providing transportation of passengers or cargo for compensation or hire;

(b) Mr. Ludwig will not permit any lien, security interest or other charge or encumbrance to attach against an Aircraft as a result of his actions or inactions, and shall not convey, mortgage, assign, lease or in any way alienate an Aircraft or his rights hereunder; and

(c) Throughout the term of this Agreement, Mr. Ludwig and other authorized passengers will abide by and conform to all such laws, rules and regulations as may from time to time be in effect and applicable to him relating in any way to the operation or use of an Aircraft under this Agreement.

11. *Base of Operations*. Mr. Ludwig acknowledges that the base of operations of any Aircraft may be changed temporarily or permanently by BD without notice.

12. *Notices and Communications*. All notices and other communications under this Agreement shall be in writing (except as permitted in Section 4) and shall be given (and shall be deemed to have been duly given upon receipt or refusal to accept receipt) by personal delivery, addressed as follows:

If to BD: Becton, Dickinson and Company
1 Becton Drive
Franklin Lakes, NJ 07417
Attn: Chief Financial Officer

If to Mr. Ludwig: Edward J. Ludwig
c/o Becton, Dickinson and Company
1 Becton Drive
Franklin Lakes, NJ 07417

or to such other person or address as either party may from time to time designate in writing.

13. *Further Acts*. Each of BD and Mr. Ludwig shall from time to time perform such other and further acts and execute such other and further instruments as may be required by law or may be necessary (i) to carry out the intent and purpose of this Agreement, or (ii) to establish, maintain or protect the respective rights and remedies of the other party.

14. *Successors and Assigns*. Neither this Agreement nor any party's interest herein shall be assignable to any third party. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their representatives and their successors.

15. *Termination*. Either party may terminate this Agreement for any reason upon written notice to the other, such termination to become effective thirty (30) days from the date of the notice; provided, that this Agreement may be terminated as a result of a breach by either party of its obligations under this Agreement on ten (10) days' written notice by the non-breaching party to the breaching party; and provided further, that this Agreement may be

terminated on such shorter notice as may be required to comply with applicable laws, regulations or insurance requirements.

16. *Severability*. If any provision of this Agreement is held to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions shall not be affected or impaired.

17. *Entire Agreement; Amendment or Modification*. This Agreement supersedes and replaces any previous agreement between the parties hereto concerning the subject matter hereof, constitutes the entire agreement between the parties with respect to that subject matter, and is not intended to confer upon any person or entity any rights or remedies not expressly granted herein. This Agreement may be amended or modified only in writing duly executed by both parties hereto.

18. *TRUTH IN LEASING STATEMENT PURSUANT TO SECTION 91.23 OF THE FEDERAL AVIATION REGULATIONS*. (a) BD CERTIFIES THAT THE AIRCRAFT HAS BEEN INSPECTED AND MAINTAINED WITHIN THE 12-MONTH PERIOD PRECEDING THE DATE OF THIS AGREEMENT IN ACCORDANCE WITH THE PROVISIONS OF PART 91 OF THE FEDERAL AVIATION REGULATIONS, AND THAT ALL APPLICABLE REQUIREMENTS FOR THE AIRCRAFTS' MAINTENANCE AND INSPECTION THEREUNDER HAVE BEEN MET AND ARE VALID FOR THE OPERATIONS TO BE CONDUCTED UNDER THIS AGREEMENT.

(b) BD AGREES, CERTIFIES AND ACKNOWLEDGES THAT WHENEVER AN AIRCRAFT IS OPERATED UNDER THIS AGREEMENT, BD SHALL BE KNOWN AS, CONSIDERED, AND SHALL IN FACT BE THE OPERATOR OF THAT AIRCRAFT, AND THAT BD UNDERSTANDS ITS RESPONSIBILITIES FOR COMPLIANCE WITH APPLICABLE FEDERAL AVIATION REGULATIONS.

(c) THE PARTIES UNDERSTAND THAT AN EXPLANATION OF FACTORS AND PERTINENT FEDERAL AVIATION REGULATIONS BEARING ON OPERATIONAL CONTROL CAN BE OBTAINED FROM THE NEAREST FAA FLIGHT STANDARDS DISTRICT OFFICE. BD FURTHER CERTIFIES THAT IT WILL SEND, OR CAUSE TO BE SENT, A TRUE COPY OF THIS AGREEMENT TO: FEDERAL AVIATION ADMINISTRATION, AIRCRAFT REGISTRATION BRANCH, ATTN. TECHNICAL SECTION (AVN-450), P.O. BOX 25724, OKLAHOMA CITY, OKLAHOMA 73125, WITHIN 24 HOURS AFTER ITS EXECUTION, AS REQUIRED BY SECTION 91.23(c)(1) OF THE FEDERAL AVIATION REGULATIONS.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

BECTON, DICKINSON AND COMPANY

By: _____
Name: John R. Considine
Title: Executive Vice President
and Chief Financial Officer

_____
Edward J. Ludwig

The undersigned hereby consents to the transactions contemplated by this Aircraft Time Share Agreement between Becton, Dickinson and Company and Edward J. Ludwig.

FRANKLIN LAKES ENTERPRISES, L.L.C.

By: _____
Name: Dean J. Paranicas
Title: Manager

Summary

Becton, Dickinson and Company

Ten-Year Summary of Selected Financial Data
Years Ended September 30
Dollars in millions, except per share amounts

	2006	2005	2004	2003
Operations				
Revenues	**$ 5,834.8**	$ 5,414.7	$ 4,934.7	$ 4,463.5
Research and Development Expense	**360.0**	271.6	235.6	224.2
Operating Income	**1,050.5**	1,031.2	787.3	761.2
Interest Expense, Net	**6.8**	19.3	29.6	36.5
Income From Continuing Operations Before Income Taxes	**1,035.0**	1,004.9	752.9	722.0
Income Tax Provision	**279.4**	312.6	170.4	167.0
Net Income	**752.3**	722.3	467.4	547.1
Basic Earnings per Share	**3.04**	2.87	1.85	2.14
Diluted Earnings per Share	**2.93**	2.77	1.77	2.07
Dividends per Common Share	**.86**	.72	.60	.40
Financial Position				
Current Assets	**$ 3,185.3**	$ 2,975.3	$ 2,641.3	$ 2,503.5
Current Liabilities	**1,576.3**	1,299.4	1,050.1	1,059.4
Property, Plant and Equipment, Net	**2,133.5**	1,933.7	1,881.0	1,831.8
Total Assets	**6,824.5**	6,132.8	5,752.6	5,572.3
Long-Term Debt	**957.0**	1,060.8	1,171.5	1,184.0
Shareholders' Equity	**3,836.2**	3,284.0	3,067.9	2,897.0
Book Value per Common Share	**15.63**	13.26	12.30	11.54
Financial Relationships				
Gross Profit Margin	**50.5%**	50.8%	49.3%	48.5%
Return on Revenues(E)	**12.9%**	12.8%	11.8%	12.4%
Return on Total Assets(B)(E)	**17.0%**	17.9%	14.1%	14.4%
Return on Equity(E)	**21.2%**	21.8%	19.5%	20.6%
Debt to Capitalization(D)(E)	**25.8%**	27.1%	28.1%	30.5%
Additional Data				
Number of Employees	**27,000**	25,600	25,000	24,800
Number of Shareholders	**9,147**	9,442	9,654	9,868
Average Common and Common Equivalent Shares Outstanding – Assuming Dilution (millions)	**256.6**	260.7	263.3	263.6
Depreciation and Amortization	**$ 405.1**	$ 387.5	$ 357.2	$ 335.8
Capital Expenditures	**459.3**	317.6	265.7	259.2

(A) Includes cumulative effect of accounting change of $36.8 million ($.14 per basic and diluted share).

(B) Earnings before interest expense, taxes and cumulative effect of accounting changes as a percent of average total assets.

(C) Excludes the cumulative effect of accounting changes.

(D) Total debt as a percent of the sum of total debt, shareholders' equity and net non-current deferred income tax liabilities.

(E) Excludes discontinued operations in 1999 to 2006.

2002	2001	2000	1999	1998	1997
$ 3,960.4	$ 3,667.6	$ 3,544.7	$ 3,412.6	$ 3,116.9	$ 2,810.5
207.2	199.6	212.8	220.7	217.9	180.6
674.5	632.5	507.4	477.3	405.4	450.5
33.2	55.3	74.2	72.0	56.3	39.4
627.5	535.2[A]	512.7	404.8	340.9	422.6
148.1	134.2	122.0	96.9	104.3	122.6
480.0	401.7[A]	392.9	275.7	236.6	300.1
1.85	1.55[A]	1.54	1.09	.95	1.21
1.79	1.49[A]	1.49	1.04	.90	1.15
.39	.38	.37	.34	.29	.26
$ 2,091.4	$ 1,930.1	$ 1,847.6	$ 1,843.0	$ 1,542.8	$ 1,312.6
1,271.5	1,285.4	1,382.4	1,358.6	1,091.9	678.2
1,750.4	1,701.3	1,565.5	1,423.9	1,302.7	1,250.7
5,029.0	4,790.8	4,505.1	4,437.0	3,846.0	3,080.3
803.0	782.8	778.5	954.0	765.2	665.4
2,480.9	2,321.7	1,956.0	1,768.7	1,613.8	1,385.4
9.71	8.96	7.72	7.05	6.51	5.68
48.3%	48.7%	48.6%	49.9%	50.6%	49.7%
12.1%	11.9%[C]	11.0%	9.0%	7.6%	10.7%
13.6%	13.6%	13.4%	11.6%	11.7%	15.9%
20.0%	20.3%[C]	21.0%	18.2%	15.8%	22.1%
32.7%	34.0%	41.7%	47.6%	41.4%	36.3%
25,200	24,800	25,000	24,000	21,700	18,900
10,050	10,329	10,822	11,433	9,784	8,944
268.2	268.8	263.2	264.6	262.1	259.6
$ 296.6	$ 293.2	$ 273.7	$ 257.8	$ 228.7	$ 209.8
255.7	364.1	371.0	311.4	181.4	170.3

Company Overview

Becton, Dickinson and Company ("BD") is a medical technology company engaged principally in the manufacture and sale of a broad range of medical supplies, devices, laboratory equipment and diagnostic products used by healthcare institutions, life science researchers, clinical laboratories, industry and the general public. Our business consists of three worldwide business segments – BD Medical ("Medical"), BD Diagnostics ("Diagnostics") and BD Biosciences ("Biosciences"). Our products are marketed in the United States and internationally through independent distribution channels, directly to end- users and by independent sales representatives. References to years throughout this discussion relate to our fiscal years, which end on September 30.

BD management operates the business consistent with the following core strategies:

- To increase revenue growth by focusing on products that deliver greater benefits to patients, healthcare workers and researchers;
- To improve operating effectiveness and balance sheet productivity; and,
- To strengthen organizational and associate capabilities in the ever-changing healthcare environment.

In assessing the outcomes of these strategies and BD's financial condition and operating performance, management generally reviews quarterly forecast data, monthly actual results, 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, and cash flows.

The results of our strategies are reflected in our fiscal 2006 financial and operational performance. Worldwide revenues in 2006 of $5.8 billion increased 8% from the prior year and reflected estimated volume increases of 8%, an estimated decrease due to unfavorable foreign currency translation of 1%, and estimated price increases of less than 1%. U.S. revenues increased 9% to $2.8 billion. International revenues increased 6% to $3 billion and reflected an estimated unfavorable impact from foreign currency translation of 2 percentage points. For a discussion of the financial impact of exchange rate fluctuations and the ways and extent to which we attempt to mitigate such impact, see "Financial Instrument Market Risk" below.

Consistent with our strategy to provide products that deliver greater benefits to healthcare workers, and recognizing the issues surrounding sharps-related injuries, BD has developed a wide array of safety-engineered devices that are designed to reduce the incidence of needlestick injuries and exposure to bloodborne pathogens. These products are offered through our Medical and Diagnostics segments. Sales in the United States of safety-engineered devices grew 9% to $917 million in 2006, compared with $842 million in 2005. International sales of safety-engineered devices grew 19% to $324 million in 2006 compared with $273 million in 2005. In 2007, we expect sales of safety-engineered devices to increase about 7% to 8% in the United States and 18% to 20% internationally.

Income from Continuing Operations was $756 million, or $2.95 per diluted share, in 2006 as compared with $692 million, or $2.66 per diluted share, in 2005. Comparisons of Income from Continuing Operations between 2006 and 2005 are affected by the following significant items that are reflected in our financial results:

2006

- In February 2006, we acquired GeneOhm Sciences, Inc. ("GeneOhm"). In connection with the acquisition, we incurred a pre-tax charge of $53 million, or $.21 per diluted share, for acquired in-process research and development.
- In September 2006, we recorded a pre-tax charge of $63 million, or $.17 per diluted share, associated with our decision to exit the blood glucose monitoring ("BGM") market.

2005

- We recorded a tax charge of $77 million, or $.30 per diluted share, attributable to the planned repatriation of foreign earnings under the American Jobs Creation Act of 2004.

Our financial position remains strong, with net cash pro vided by continuing operating activities of approximately $1.1 billion for 2006 and our debt-to-capitalization ratio from continuing operations (total debt as a percentage of the sum of shareholders' equity, net non-current deferred income tax liabilities and total debt) having improved to 25.8% at September 30, 2006, from 27.1% at September 30, 2005.

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 with higher gross profit margins across our business segments, and continue to improve operating efficiency and organizational effectiveness. Numerous factors can affect our ability to achieve these goals including, without limitation, economic conditions in the United States and elsewhere, increased competition and healthcare cost containment initiatives. We believe that there are several important factors relating to our business that tend to reduce the impact on BD of any potential economic or political events in countries in which we do business, including the effects of possible healthcare system reforms. For example, since many of our products are used in essential medical care, demand

for such products tends not to be significantly affected by economic fluctuations. Other factors include the international nature of our business and our ability to meet the needs of the worldwide healthcare industry with cost-effective and innovative products.

In 2006, general inflation did not have a material impact on our overall operations. However, it is possible that general inflation rates will rise in 2007 and beyond, and could have a greater impact on worldwide economies and, consequently, on BD. BD purchases supplies of resins, which are oil-based components used in the manufacture of certain products. During 2006, we continued to experience higher resin purchase costs, primarily due to increases in world oil prices and shortages of resin supply. Such increases did not have a significant impact on our 2006 operating results as we were able to offset them through productivity improvements and other cost reduction programs. Although world oil prices declined slightly toward the latter part of 2006, we do not anticipate a resulting decline in overall resin prices in the near term due to the continued shortage of supply for selected resins. Any further increases in resin purchase costs could impact future operating results.

Our anticipated revenue growth over the next three years is expected to come from the following:

- Business growth and expansion among all segments, and
- Development in each business segment of new products and services that provide increased benefits to patients, healthcare workers and researchers.

In February 2006, we acquired all the outstanding stock of GeneOhm Sciences, Inc. GeneOhm develops molecular diagnostic testing for the rapid detection of bacterial organisms, including these known to cause healthcare-associated infections. In connection with the acquisition, we incurred a charge of $53 million for acquired in-process research and development. See Note 3 of the Notes to Consolidated Financial Statements for additional discussion.

In September 2006, we signed a definitive agreement to acquire the 93.5% of the outstanding stock of TriPath Imaging, Inc. (“TriPath”) which we do not currently own, for a cash purchase price of $9.25 per share, or approximately $350 million. TriPath develops, manufactures, markets and sells innovative solutions to improve the clinical management of cancer, including detection, diagnosis, staging and treatment. Following the requisite approval by the TriPath shareholders, as well as the satisfaction of other closing conditions, the acquisition is expected to close by the end of BD’s first fiscal quarter 2007. We expect to record an in-process R&D charge of up to $120 million upon closing of the acquisition. Otherwise, the acquisition is expected to be minimally dilutive to BD’s 2007 earnings. We have not reflected the estimated impact of the acquisition in the 2007 guidance for revenues, gross profit margin and operating expenses, discussed below.

Results of Continuing Operations

Medical Segment

Medical revenues in 2006 of $3.2 billion increased $245 million, or 8%, over 2005, which reflected an estimated impact of unfavorable foreign currency translation of 1 percentage point.

The following is a summary of revenues by organizational unit:

(millions of dollars)	**2006**	2005	Total Change	Estimated Foreign Exchange Impact
Medical Surgical Systems	**$ 1,749**	$ 1,661	5%	—
Diabetes Care	**753**	674	12%	—
Pharmaceutical Systems	**640**	563	14%	(3%)
Ophthalmic Systems	**62**	60	3%	(2%)
Total Revenues*	**$ 3,203**	$ 2,958	8%	(1%)

*Amounts may not add due to rounding.

Medical revenue growth was driven by the continued conversion to safety-engineered products, which accounted for sales of $613 million, as compared with $571 million in the prior year, reflecting growth of 6% in the United States and 16% internationally. Revenue growth in the Medical Surgical Systems unit of this segment was primarily driven by the growth in safety-engineered products and prefilled flush syringes. Revenue growth in the Pharmaceutical Systems unit was driven by a 26% increase in sales in the United States. The Diabetes Care unit’s revenue growth reflected strong sales of pen needles worldwide. On September 28, 2006, we announced a plan to exit the BGM market. This action will impact our placement of blood glucose meters as well as sales of related test strips, which will continue to be distributed until December 2007. Sales of affected BGM meters and test strips worldwide were $97 million, as compared with $74 million in 2005, and reflect a reserve for estimated sales returns of $5 million associated with the exit decision. The decision to exit the BGM market will not affect other Diabetes Care products, including insulin syringes, pen needles and lancets. See Note 3 of the Notes to Consolidated Financial Statements for further discussion. For 2007, we expect the full year revenue growth for the Medical Segment, on a reported basis, to be about 4% to 5%, which reflects the impact of exiting the BGM market. This estimate does not include any BGM sales made in connection with our commitment to provide test strips until patients find alternative BGM products.

Medical operating income was $768 million, or 24.0% of Medical revenues, in 2006, as compared with $711 million, or 24.0% in 2005. BGM exit costs of $63 million reduced Medical operating income as a percentage of Medical revenues in 2006 by approximately 2 percentage points. The Segment's gross profit margin in 2006 was unfavorably impacted by $51 million of BGM exit costs, which were partially offset by improvement associated with relatively higher sales growth of products that have higher overall gross profit margins, in particular, safety-engineered products and pen needles, as well as favorable manufacturing efficiencies associated with higher volumes. See further discussion on gross profit margin below. Selling and administrative expense as a percent of Medical revenues in 2006 was slightly lower compared with 2005, primarily due to tight expense controls over base spending, which more than offset $12 million of BGM exit costs. Research and development expense in 2006 increased $10 million, or 10%, reflecting continued investment in the development of new products and platforms.

Diagnostics Segment

Diagnostics revenues in 2006 of $1.8 billion increased $98 million, or 6%, over 2005, which reflected an estimated unfavorable impact of foreign currency translation of about 1 percentage point.

The following is a summary of revenues by organizational unit:

(millions of dollars)		**2006**		2005	Total Change	Estimated Foreign Exchange Impact
Preanalytical Systems	**$**	**928**	$	855	9%	—
Diagnostic Systems		**827**		802	3%	(1%)
Total Revenues	**$**	**1,755**	$	1,657	6%	(1%)

Revenue growth in the Preanalytical Systems unit was driven by the continued conversion to safety-engineered products, which accounted for sales of $627 million, as compared with $543 million in the prior year. Sales of safety-engineered products reflected growth of 13% in the United States, which benefited from *BD Vacutainer* Push Button Blood Collection Set conversion activity, and 20% internationally. The Diagnostic Systems unit experienced solid worldwide sales of its automated diagnostic platforms, including the molecular *BD ProbeTec* ET, *BD BACTEC*, and the *BD Phoenix* Automated Microbiology System. These platforms reported combined incremental sales of $33 million over 2005. Revenues for GeneOhm, which was acquired in February 2006, totaled $8 million. Sales of flu diagnostic tests declined by approximately $11 million in fiscal 2006 compared with 2005 primarily due to a relatively mild flu season in both Japan and the United States. For 2007, we expect the full year revenue growth for the Diagnostics Segment to be about 8%.

Diagnostics operating income was $399 million, or 22.7% of Diagnostics revenues, in 2006, compared with $414 million, or 25.0%, in 2005. Segment operating income for the current year includes the in-process research and development charge of $53 million as well as the operating results of GeneOhm, which in the aggregate, reduced operating income as a percentage of Diagnostics revenues by approximately 5%. The Diagnostics Segment experienced slight gross profit margin improvement reflecting higher prices and productivity, which was substantially offset by the impact of the recently acquired GeneOhm products, which have lower overall gross profit margins, and lower sales growth of flu diagnostic products, which have higher overall gross profit margins. See further discussion on gross profit margin below. Selling and administrative expense as a percent of Diagnostics revenues in 2006 was lower compared with 2005 primarily due to tight controls on spending, which more than offset the incremental GeneOhm expenses. Research and development expense in 2006 increased $62 million, reflecting the in-process research and development charge of $53 million as well as new spending for product development associated with the GeneOhm acquisition.

Biosciences Segment

Biosciences revenues in 2006 of $877 million increased $77 million, or 10%, over 2005, which reflected an estimated impact of unfavorable foreign currency translation of 1 percentage point.

The following is a summary of revenues by organizational unit:

(millions of dollars)		**2006**		2005	Total Change*	Estimated Foreign Exchange Impact
Immunocytometry Systems	**$**	**503**	$	452	11%	(1%)
Pharmingen		**157**		141	12%	(1%)
Discovery Labware		**216**		207	5%	(1%)
Total Revenues*	**$**	**877**	$	800	10%	(1%)

Revenue growth in the Immunocytometry Systems unit reflects strong sales of instruments and flow cytometry reagents, driven by increased demand for research and clinical analyzers. Revenue growth in the Immunocytometry Systems and Pharmingen units was favorably impacted by approximately $5 million and $12 million, respectively, due to the cancellation

of a distribution agreement in 2005. As a result of an inventory repurchase obligation to this distributor upon termination of the arrangement, certain sales made to this distributor in the latter part of 2005 were not recognized as revenue. In addition, sales in 2006 were favorably impacted by higher average selling prices as a result of terminating the arrangement. Revenue growth in the Discovery Labware unit resulted primarily from market share gains. For 2007, we expect the full year revenue growth for the Biosciences Segment to be about 8%.

Biosciences operating income was $213 million, or 24.3% of Biosciences revenues in 2006, compared with $175 million, or 21.9% in 2005. The increase in operating income, as a percentage of revenues, reflects gross profit improvement from the favorable impact of terminating a distribution agreement in 2005, increased operating efficiencies, as well as relatively higher sales growth of products that have higher overall gross profit margins. See further discussion on gross profit margin below. Selling and administrative expense as a percent of Biosciences revenues was lower compared with 2005, primarily due to higher revenues and the absence of $8 million of costs incurred in 2005 associated with the termination of the distribution agreement, mentioned above. Research and development expense in 2006 increased $5 million, or 8%, reflecting spending on new product development and advanced technology, particularly in the Immunocytometry Systems unit and BioImaging products.

Geographic Revenues

Revenues in the United States in 2006 of $2.8 billion increased 9%. U.S. sales of safety-engineered devices were approximately $917 million in 2006, compared with $842 million in 2005. Growth was also led by strong sales of diabetes care products, prefilled flush syringes and prefillable syringes. Revenues of immunocytometry instruments and reagents also demonstrated good growth.

Revenues outside the United States in 2006 increased 6% to $3 billion, reflecting an estimated impact of unfavorable foreign currency translation of 2 percentage points. Growth was led by strong sales in our Asia Pacific, Canadian and European regions in 2006. International sales of safety-engineered devices were approximately $324 million in 2006, compared with $273 million in 2005.

Gross Profit Margin

Gross profit margin was 50.5% in 2006, compared with 50.8% in 2005. Gross profit margin in the current year included BGM exit costs of $51 million, which reduced gross profit margin by 0.9%. Gross profit margin in the current year also reflected an estimated 0.7% improvement relating to relatively higher sales growth of products with higher margins, and an estimated 0.5% improvement primarily related to productivity gains. These improvements were partially offset by an estimated 0.2% impact from foreign currency translation, an estimated 0.3% unfavorable impact of higher raw material costs and 0.1% relating to an increase in share-based compensation. We expect gross profit margin to increase, on a reported basis, by about 140 basis points for 2007. This expected growth reflects a favorable comparison to 2006, which includes the BGM exit costs.

Operating Expenses

Selling and administrative expense of $1.5 billion in 2006 was 26.4% of revenues, compared with $1.4 billion or 26.8% of revenues in 2005. Aggregate expenses for 2006 reflect base spending increases of $49 million, in line with inflation. Selling and administrative expense in 2006 also reflected increases primarily in share-based compensation expense of $25 million and in expenses related to BGM of $27 million, of which $12 million represented exit costs. These increases were partially offset by a favorable foreign exchange impact of $13 million and by proceeds from insurance settlements of $17 million received in connection with our previously-owned latex glove business. Selling and administrative expense as a percentage of revenues is expected to decrease, on a reported basis, by about 80 to 100 basis points for 2007, reflecting the favorable impact of exiting the BGM product line.

Research and development ("R&D") expense in 2006 was $360 million, or 6.2% of revenues, compared with $272 million, or 5.0% of revenues, in 2005, and included a charge of $53 million for acquired in-process research and development associated with the GeneOhm acquisition. See Note 3 of the Notes to Consolidated Financial Statements for further discussion. The increase in R&D expenditures also reflected spending for new programs in each of our segments, as previously discussed. On a reported basis, R&D is expected to be in the $345 to $350 million range for 2007.

Operating Income

Operating margin in 2006 was 18.0% of revenues, compared with 19.0% in 2005. Operating income of $1.0 billion in 2006 included $63 million of BGM exit costs and $53 million of GeneOhm acquired in-process R&D, partially offset by $17 million of insurance settlement proceeds, all of which are discussed further above.

Non-Operating Expense and Income

Interest expense was $66 million in 2006, compared with $56 million in 2005. The increase reflected higher debt levels and the impact of higher interest rates on floating rate debt and on fixed-to-floating interest rate swap transactions. Such swap transactions consist of fair value hedges of certain fixed- rate instruments under which the difference between fixed and floating interest rates is exchanged at specified intervals. Interest income was $59 million in 2006, compared with $36 million in 2005, and reflected higher interest rates and cash balances.

Income Taxes

The effective tax rate in 2006 was 27.0% and reflected the unfavorable impact of the non-deductibility of the acquired in-process R&D charge. The effective tax rate in 2005 was 31.1% and reflected a 7.7% increase relating to the charge in 2005 attributable to the planned repatriation of earnings in 2006 under the American Jobs Creation Act of 2004. In addition, the effective tax rate in 2005 reflected a 1.0% benefit due to the reversal of tax accruals in connection with the conclusion of tax examinations in four non-U.S. jurisdictions. In 2007, we expect our effective tax rate to be about 27%.

Income and Diluted Earnings per Share from Continuing Operations

Income from continuing operations and diluted earnings per share from continuing operations in 2006 were $756 million and $2.95, respectively. The in-process R&D charge and the BGM charges decreased income from continuing operations and diluted earnings per share from continuing operations in the aggregate by $96 million and by $.38, respectively, in 2006. Income from continuing operations and diluted earnings per share from continuing operations in 2005 were $692 million and $2.66, respectively. The tax repatriation charge decreased income from continuing operations by $77 million and diluted earnings per share from continuing operations by $.30 in 2005.

Financial Instrument Market Risk

We selectively use financial instruments to manage the impact of foreign exchange rate and interest rate fluctuations on earnings. The counterparties to these contracts are highly rated financial institutions. We do not enter into financial instruments for trading or speculative purposes.

We have foreign currency exposures throughout Europe, Asia Pacific, Canada, Japan and Latin America. We face transactional currency exposures that arise when we enter into transactions in non-hyperinflationary countries, generally on an intercompany basis, that are denominated in currencies other than our functional currency. We hedge substantially all such foreign exchange exposures primarily through the use of forward contracts and currency options. We also face currency exposure that arises from translating the results of our worldwide operations to the U.S. dollar at exchange rates that have fluctuated from the beginning of a reporting period. We purchase option and forward contracts to partially protect against adverse foreign exchange rate movements. Gains or losses on our derivative instruments are largely offset by the gains or losses on the underlying hedged transactions. For foreign currency derivative instruments, 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 on market prices, when available, or dealer quotes. The reduction in fair value of our purchased option contracts is limited to the option's fair value. With respect to the derivative instruments outstanding at September 30, 2006, a 10% appreciation of the U.S. dollar over a one-year period would increase pre-tax earnings by $68 million, while a 10% depreciation of the U.S. dollar would decrease pre-tax earnings by $3 million. Comparatively, considering our derivative instruments outstanding at September 30, 2005, a 10% appreciation of the U.S. dollar over a one-year period would have increased pre-tax earnings by $29 million, while a 10% depreciation of the U.S. dollar would have increased pre-tax earnings by $15 million. These calculations do not reflect the impact of exchange gains or losses on the underlying positions that would substantially offset the results of the derivative instruments.

Our primary interest rate exposure results from changes in short-term U.S. dollar interest rates. Our debt and interest-bearing investments at September 30, 2006, are substantially all U.S. dollar-denominated. Therefore, transaction and translation exposure relating to such instruments is minimal. When managing interest rate exposures, we strive to achieve an acceptable 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, market risk is determined by calculating the impact to fair value of an assumed change in interest rates across all maturities. Fair values are estimated based on dealer quotes. A change in interest rates on short-term debt and interest-bearing investments is assumed to impact earnings and cash flow, but not fair value because of the short maturities of these instruments. A change in interest rates on long-term debt is assumed to impact fair value but not earnings or cash flow because the interest on such obligations is fixed. Based on our overall interest rate exposure at September 30, 2006 and 2005, a change of

10% in interest rates would not have a material effect on our earnings or cash flows over a one-year period. An increase of 10% in interest rates would decrease the fair value of our long-term debt and interest rate swaps at September 30, 2006 and 2005 by approximately $39 million and $40 million, respec tively. A 10% decrease in interest rates would increase the fair value of our long-term debt and interest rate swaps at September 30, 2006 and 2005 by approximately $33 million and $34 million, respectively.

Liquidity and Capital Resources

Net Cash Flows from Continuing Operating Activities

Net cash provided by continuing operating activities, which continues to be our primary source of funds to finance operating needs and capital expenditures, was $1.1 billion in 2006, reduced from $1.2 billion in 2005, reflecting higher inventory levels and higher income tax payments, including taxes associated with the repatriation of earnings, as discussed further below.

Net Cash Flows from Continuing Investing Activities

Net cash used for continuing investing activities in 2006 was $787 million, compared with $382 million in 2005. Acquisitions of businesses of $231 million in 2006, represented the net cash paid for the GeneOhm acquisition. Capital expenditures were $459 million in 2006, compared with $318 million in 2005. Medical capital spending of $271 million and Diagnostics capital spending of $105 million related primarily to various capacity expansions. Biosciences capital spending of $39 million, included spending on manufacturing capacity expansions. In 2007, capital expenditures are expected to be in the $600 to $650 million range, reflecting investments in various manufacturing capacity and facility expansions.

Net Cash Flows from Continuing Financing Activities

Net cash used for financing activities was $342 million in 2006, as compared with $516 million in 2005, and included the repurchase of shares of our common stock for approximately $449 million, compared with approximately $550 million in 2005. At September 30, 2006, approximately 7.1 million common shares remained available for purchase under a November 2005 Board of Directors' authorization to repurchase up to 10 million common shares. For 2007, we expect that cash used to repurchase common shares will be about $450 million. Total debt at September 30, 2006, was $1.4 billion compared with $1.3 billion at September 30, 2005. Short-term debt increased to 31% of total debt at year-end, from 16% at the end of 2005. Floating rate debt was 46% of total debt at the end of 2006 and 41% at the end of 2005. Our weighted average cost of total debt at the end of 2006 was 5.5%, up from 5.3% at the end of 2005, due to higher short-term interest rates. Debt-to-capitalization at year-end improved to 25.8% from 27.1% last year.

We have in place a commercial paper borrowing program that is available to meet our short-term financing needs, includ ing working capital requirements. Borrowings outstanding under this program were $200 million at September 30, 2006. We maintain a syndicated credit facility totaling $900 million in order to provide backup support for our commercial paper program and for other general corporate purposes. This credit facility expires in August 2009 and includes a single financial covenant that requires BD to maintain an interest expense coverage ratio (ratio of earnings before income taxes, depreciation and amortization to interest expense) of not less than 5-to-1 for the most recent four consecutive fiscal quarters. On the last eight measurement dates, this ratio had ranged from 17-to-1 to 21-to-1. The facility, under which there were no borrowings outstanding at September 30, 2006, can be used to support the commercial paper program or for general corporate purposes. In addition, we have informal lines of credit outside the United States.

At September 30, 2006, our long-term debt was rated "A2" by Moody's and "A+" by Standard and Poor's, and our com mercial paper ratings were "P-1" by Moody's and "A-1" by Standard and Poor's. Given the availability of the various credit facilities and our strong credit ratings, we continue to have a high degree of confidence in our ability to refinance maturing short-term and long-term debt, as well as to incur substantial additional debt, if required.

BD's ability to generate cash flow from operations, issue debt, enter into other financing arrangements and attract long-term capital on acceptable terms could be adversely affected in the event there was a material decline in the demand for BD's products, deterioration in BD's key financial ratios or credit ratings or other significantly unfavorable changes in conditions. While a deterioration in the Company's credit ratings would increase the costs associated with maintaining and borrowing under its existing credit arrangements, such a downgrade would not affect the Company's ability to draw on these credit facilities, nor would it result in an acceleration of the scheduled maturities of any outstanding debt.

The American Jobs Creation Act of 2004 (the "AJCA") was signed into law in October 2004. The AJCA creates a temporary incentive for U.S. multinationals to repatriate accumulated income earned outside the United States. As a result of the passage of the AJCA, we revisited our policy of indefinite reinvestment of foreign earnings and made a decision to repatriate approximately $1.3 billion in fiscal 2006 pursuant to

our approved repatriation plan. We recorded a charge of $77 million in 2005 attributable to the planned repatriation of these earnings. During 2006, we repatriated approximately $1.3 billion in accordance with our planned repatriation under the AJCA. The actual tax charge associated with the repatria tion was $66 million. Uses of the repatriated funds include cash expenditures for compensation and benefits to existing and newly hired U.S. workers, U.S. infrastructure and capital investments and other activities as permitted under the AJCA.

Contractual Obligations

In the normal course of business, we enter into contracts and commitments that obligate us to make payments in the future. The table below sets forth BD's significant contractual obligations and related scheduled payments:

(millions of dollars)	Total	2007	2008 to 2009	2010 to 2011	2012 and Thereafter
Short-term debt	$ 427	$ 427	$ —	$ —	$ —
Long-term debt [(A)]	1,762	159	110	291	1,202
Operating leases	146	48	59	28	11
Purchase obligations [(B)]	300	243	52	5	—
Total [(C)]	$ 2,635	$ 877	$ 221	$ 324	$ 1,213

(A) Long-term debt obligations include expected principal and interest obligations, including interest rate swaps. The interest rate forward curve at September 30, 2006, was used to compute the amount of the contractual obligation for variable rate debt instruments and swaps.

(B) Purchase obligations are for purchases made in the normal course of business to meet operational and capital requirements.

(C) Required funding obligations for 2007 relating to pension and other postretirement benefit plans are not expected to be material.

2005 Compared With 2004

Worldwide revenues in 2005 of $5.4 billion increased 10% from the prior year and reflected estimated volume increases of 6%, an estimated increase due to favorable foreign currency translation of 3%, and estimated price increases of less than 1%.

Income from Continuing Operations was $692 million, or $2.66 per diluted share, in 2005 as compared with $583 million, or $2.21 per diluted share, in 2004. Comparisons of Income from Continuing Operations between 2005 and 2004 are affected by the following significant items that are reflected in our financial results:

2005

- We recorded share-based compensation expense of $70 million ($50 million after taxes), or $.19 per diluted share, in connection with the adoption of Statement of Financial Accounting Standards No. 123 (revised 2004), "Share Based Payment" ("SFAS No. 123(R)"). Prior periods were not restated.
- We recorded a tax charge of $77 million, or $.30 per diluted share, attributable to the planned repatriation of foreign earnings under the American Jobs Creation Act of 2004.

2004

- We recorded a charge of $100 million ($63 million after taxes), or $.24 per diluted share, related to a litigation settlement.
- We recorded a charge of $45 million ($28 million after taxes), or $.11 per diluted share, related to the voluntary recall and write-off of certain blood glucose strip inventory and other actions taken with respect to our BGM products.

Medical Segment

Medical revenues in 2005 of $3.0 billion increased $278 mil lion, or 10%, over 2004, which reflected an estimated impact of favorable foreign currency translation of 3 percentage points.

The following is a summary of revenues by organizational unit:

(millions of dollars)	2005	2004	Total Change	Estimated Foreign Exchange Impact
Medical Surgical Systems	$ 1,661	$ 1,541	8%	3%
Diabetes Care	674	586	15%	2%
Pharmaceutical Systems	563	497	13%	4%
Ophthalmic Systems	60	56	7%	3%
Total Revenues	$ 2,958	$ 2,680	10%	3%

Medical revenues reflect the continued conversion in the United States to safety-engineered products, which accounted for sales of $490 million, as compared with $459 million in the prior year. Included in Medical revenues were international sales of safety-engineered products of $81 million, as compared with $63 million in the prior year. Revenue growth in the Medical Surgical Systems unit of this segment was primarily driven by the growth in safety-engineered

products and prefilled flush syringes. The Diabetes Care unit's revenue growth reflected strong sales of BGM products in the United States and pen needles worldwide. Sales of BGM meters, test strips and related disposables in the United States and Canada were $76 million, as compared with $42 million in 2004. BGM products were introduced into the European market through the launch in

Germany during the fourth quarter of 2005. Revenue growth in the Pharmaceutical Systems unit was primarily attributable to a 19% increase in international sales.

Medical operating income was $711 million, or 24.0% of Medical revenues, in 2005, as compared with $567 million, or 21.1% in 2004, which included $45 million of BGM charges as further discussed in Note 16 of the Notes to Consolidated Financial Statements. Operating income as a percentage of revenues reflects gross margin improvement from relatively higher sales growth of products that have higher overall gross profit margins, in particular, safety-engineered products and pen needles. See further discussion on gross profit margin improvement below. Selling and administrative expense as a percent of Medical revenues in 2005 was slightly lower compared with 2004, primarily due to the favorable effects from a weaker U.S. dollar along with tight controls on base spending. Incremental investments to support the BGM initiative were about $14 million. Research and development expense in 2005 increased $14 million, or 17%, reflecting continued investment in the development of new products.

Diagnostics Segment

Diagnostics revenues in 2005 of $1.7 billion increased $125 million, or 8%, over 2004, which reflected an estimated favorable impact of foreign currency translation of 2 percentage points.

The following is a summary of revenues by organizational unit:

(millions of dollars)	2005	2004	Total Change	Estimated Foreign Exchange Impact
Preanalytical Systems	$ 855	$ 788	8%	2%
Diagnostic Systems	802	744	8%	2%
Total Revenues	$ 1,657	$ 1,532	8%	2%

Revenue growth in the Preanalytical Systems unit reflected the continued conversion in the United States to safety-engineered products and accounted for sales of $352 million, compared with $317 million in 2004. Sales of the *BD Vacutainer* Push Button Collection Sets were key to this trend. Preanalytical Systems revenues included international sales of safety-engineered products of $192 million, compared with $140 million in 2004. Geographic expansion in the Middle East and Asia Pacific regions, particularly in China, also contributed to the growth in the Preanalytical Systems unit. The Diagnostic Systems unit experienced solid worldwide sales of its automated diagnostic platforms, including the molecular *BD ProbeTec* ET, and the *BD Phoenix* Automated Microbiology System. These platforms reported combined incremental sales of $17 million over 2004.

Diagnostics operating income was $414 million, or 25.0% of Diagnostics revenues, in 2005, compared with $359 million, or 23.5%, in 2004. The increase in operating income as a percentage of revenues reflects gross profit improvement from relatively higher sales growth of products that have higher overall gross profit margins, in particular, safety-engineered products and the *BD ProbeTec* ET platform. See further discussion on gross profit margin improvement below. Selling and administrative expense as a percent of Diagnostics revenues in 2005 was slightly lower compared with 2004 primarily due to the favorable impact from a weaker U.S. dollar along with tight controls on spending. Research and development expense in 2005 increased $6 million, or 8%, reflecting spending on new programs, and was partially offset by lower spending of $3 million, as a result of the completion of our cancer biomarker discovery program in 2004.

Biosciences Segment

Biosciences revenues in 2005 of $800 million increased $77 million, or 11%, over 2004, which reflected an estimated impact of favorable foreign currency translation of 2 percentage points.

The following is a summary of revenues by organizational unit:

(millions of dollars)	2005	2004	Total Change	Estimated Foreign Exchange Impact
Immunocytometry Systems	$ 452	$ 397	14%	3%
Pharmingen	141	136	4%	2%
Discovery Labware	207	190	9%	3%
Total Revenues	$ 800	$ 723	11%	3%

Revenue growth in the Immunocytometry Systems unit reflects strong sales of instruments and flow cytometry reagents, driven by increased demand for research and clinical analyzers. Revenue growth in the Immunocytometry Systems and Pharmingen units was adversely impacted by $1.8 million and $4.5 million, respectively, as a result of terminating a distribution agreement in 2005. Revenue growth in the Discovery Labware unit resulted primarily from market share gains.

Biosciences operating income was $175 million, or 21.9% of Biosciences revenues in 2005, compared with $156 million, or 21.6%, in 2004. The increase in operating income as a percentage of revenues reflects gross profit improvement from relatively higher sales growth of products that have higher

overall gross profit margins, in particular, research instruments and reagents. See further discussion of gross profit margin improvement below. Selling and administrative expense as a percent of Biosciences revenues in 2005 was comparable with 2004. The favorable effects from a weaker U.S. dollar and tight controls on spending were offset by one-time costs of $8 million incurred in connection with the termination of a distribution agreement. Research and development expense in 2005 increased $5 million, or 10%, reflecting spending on new product development and advanced tech nology, particularly in the Immunocytometry Systems unit.

Geographic Revenues

Revenues in the United States in 2005 of $2.6 billion increased 6%, primarily from strong sales of safety-engineered devices, prefilled flush syringes and diabetes care products, including BGM products. Revenues of immunocytometry instruments and reagents also demonstrated good growth.

Revenues outside the United States in 2005 increased 13% to $2.8 billion. This increase includes an estimated impact of favorable foreign currency translation of 5%. International sales of safety-engineered devices were approximately $273 million in 2005, compared with $203 million in 2004. Our Asia Pacific, Japan, Canadian, European, and Latin American regions contributed double-digit revenue growth in 2005.

Gross Profit Margin

Gross profit margin was 50.8% in 2005, compared with 49.3% in 2004. Gross profit margin in 2005 included share- based compensation expense of $9.7 million, which reduced gross profit margin by 0.2%. Gross profit margin in 2004 included BGM charges of $45 million, which reduced gross profit margin by 0.9%. Gross profit margin in the current year reflected an estimated 0.6% improvement resulting from a weaker U.S. dollar, an estimated 0.6% improvement relating to relatively higher sales growth of products with higher margins, with the remaining 0.5% improvement primarily related to productivity gains. These improvements more than offset an estimated 0.8% unfavorable impact of higher raw material costs and intangible asset writedowns of 0.1%.

Operating Expenses

Selling and administrative expense of $1.4 billion in 2005 was 26.8% of revenues, compared with $1.3 billion or 26.6% of revenues, in 2004. Selling and administrative expense in 2005 included $54 million of share-based compensation expense, which amounted to 1.0%. Aggregate expenses for 2005 reflect base spending increases of $49 million, in line with inflation.

R&D in 2005 was $272 million, or 5.0% of revenues, compared with $236 million, or 4.8% of revenues, in 2004, and included $6 million of share-based compensation expense, which amounted to 0.1% of revenues. The increase in expenditures also reflects spending for new programs in each of our segments, partially offset by reduced spending from molecular oncology diagnostics following the completion of our cancer biomarker discovery program in the third quarter of 2004.

Operating Income

Operating margin in 2005 was 19.0% of revenues, compared with 16.0% in 2004. Operating income of $1.0 billion in 2005 included $70 million of share-based compensation expense. Operating income of $787 million in 2004 included $45 million of BGM charges and a $100 million litigation settlement, as discussed further in Note 16 of the Notes to Consolidated Financial Statements.

Non-Operating Expense and Income

Interest expense was $56 million in 2005 compared with $45 million in 2004 and reflected higher interest rates on floating rate debt and on fixed-to-floating interest rate swap transactions. Interest income was $36 million in 2005 compared with $15 million in 2004 and reflected increased interest income due to higher interest rates and cash balances.

Income Taxes

The effective tax rate in 2005 was 31.1% and reflected a 7.7% increase relating to the one-time charge in the fourth quarter of 2005 attributable to the planned repatriation of earnings in 2006 under the American Jobs Creation Act of 2004. In addition, the effective tax rate in 2005 reflected a 1.0% benefit due to the reversal of tax accruals in connection with the conclusion of tax examinations in four non-U.S. jurisdictions. In 2004, the effective tax rate was 22.6% and reflected a 1.0% benefit relating to the BGM charges, and a 1.5% benefit relating to the litigation settlement.

Income and Diluted Earnings per Share from Continuing Operations

Income from continuing operations and diluted earnings per share from continuing operations in 2005 were $692 million and $2.66, respectively. Share-based compensation expense and the tax repatriation charge decreased income from continuing operations and diluted earnings per share from continuing operations in the aggregate by $127 million and by $.49,

respectively, in 2005. Income from continuing operations and diluted earnings per share from continuing operations in 2004 were $583 million and $2.21, respectively. The BGM charges and the litigation settlement reduced income from continuing operations in the aggregate by $91 million and diluted earnings per share from continuing operations by $.35 in 2004.

Discontinued Operations

On August 31, 2005, we completed the sale of the Clontech unit of the Biosciences segment for $62 million. Clontech's results of operations are reported as discontinued operations for all periods presented in the Consolidated Statements of Income. Income from discontinued operations in 2005 reflected a gain on sale of $13 million ($29 million after taxes). The loss from discontinued operations in 2004 reflected an after-tax charge of approximately $116 million to write down the net assets of Clontech to their estimated fair value. See Note 3 of the Notes to Consolidated Financial Statements for additional discussion.

Liquidity and Capital Resources

Cash Flows from Continuing Operating Activities

Cash provided by continuing operating activities was $1.2 billion in 2005 compared with $1.1 billion in 2004.

Cash Flows from Continuing Investing Activities

Capital expenditures were $318 million in 2005, compared with $266 million in 2004. Medical capital spending of $185 million related primarily to various capacity expansions. Diagnostics capital spending, which totaled $100 million, included spending for various capacity expansions as well as for safety devices. Biosciences capital spending of $22 million included spending on manufacturing capacity expansions.

Cash Flows from Continuing Financing Activities

Net cash used for financing activities was $525 million in 2005, as compared with $507 million in 2004, and included the repurchase of shares of our common stock for approximately $550 million, compared with approximately $450 million in 2004. In 2005, we exercised the early redemption option available under the terms of our 8.7% Debentures, due January 15, 2025. Redemption, which is reflected in payments of long-term debt, was for the full $100 million in outstanding principal at a price of 103.949%. Total debt at September 30, 2005, was $1.3 billion compared with $1.2 billion at September 30, 2004. Short-term debt increased to 16% of total debt at the end of 2005, from 4% at the end of 2004. Floating rate debt was 41% of total debt at the end of 2005 and 55% at the end of 2004. Our weighted average cost of total debt at the end of 2005 was 5.3%, up from 4.3% at the end of 2004 due to higher short-term interest rates. Debt-to-capitalization at year-end improved to 27.1% from 28.1% in 2004.

Critical Accounting Policies

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, there may also be other estimates or assumptions that are reasonable. 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

Revenue from product sales is recognized when title and risk of loss pass to the customer. We recognize revenue for certain instruments sold from the Biosciences segment upon installation at a customer's site. Based upon terms of the sales agreements, the Biosciences segment recognizes revenue in accordance with Emerging Issues Task Force No. 00-21, "Revenue Arrangements with Multiple Deliverables." These sales agreements have multiple deliverables, and as such are divided into separate units of accounting. Revenue is recognized upon the completion of each deliverable based on the relative fair values of items delivered.

BD's domestic businesses sell products primarily to distribu tors who resell the products to end-user customers. We provide rebates to distributors that sell to end-user customers at prices determined under a contract between BD and the end-user customer. Provisions for rebates, as well as sales discounts and returns, are accounted for as a reduction of revenues when revenue is recognized.

Impairment of Assets

Pursuant to SFAS No. 142, "Goodwill and Other Intangible Assets," goodwill and indefinite-lived intangible assets are subject to impairment reviews at least annually, or whenever indicators of impairment arise. Intangible assets other than goodwill and indefinite-lived intangible assets and other long- lived assets are reviewed for impairment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Impairment reviews are based on a cash flow approach that requires significant management judgment with respect to future volume, revenue and expense growth rates, changes in working capital use, appropriate discount rates 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, and potentially result in different impacts to BD's results of operations. Actual results may differ from management's estimates.

Investments

We hold equity interests in companies having operations or technology in areas within or adjacent to BD's strategic focus. For some of these companies that are publicly traded, market prices are available. However, for those companies that are not publicly traded, fair value is difficult to determine. We write down an investment when management believes an investment has experienced a decline in value that is other than temporary. Future adverse changes in market conditions or poor operating results of the underlying investments could result in an inability to recover the carrying value of the investments, thereby possibly requiring impairment charges in the future.

Tax Valuation Allowances

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.

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 12 of the Notes to Consolidated Financial Statements. We assess the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable losses. In accordance with U.S. generally accepted accounting principles, 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, if any, for these contingencies is made after careful analysis of each individual issue and, when appropriate, is developed after consultation with outside counsel. The accruals may change in the future due to new developments in each matter or changes in our strategy in dealing with these matters.

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, excess liability insurance. Accordingly, 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 in the period or periods in which they are recorded or paid.

Benefit Plans

We have significant net pension and postretirement benefit costs that are measured using actuarial valuations. Inherent in these valuations are key assumptions including discount rates and expected return on plan assets. We evaluate these key assumptions at least annually on a plan- and country-specific basis. We consider current market conditions, including changes in interest rates and market returns, in selecting these assumptions. Changes in the related net pension and postretire-ment benefits costs may occur in the future due to changes in assumptions.

The discount rate is selected to reflect the prevailing market rate on September 30 based on investment grade bonds and other factors. We increased our discount rate for the U.S. pension and postretirement plans at September 30, 2006, from 5.5% to 5.95% and reduced the rate at September 30, 2005, from 6.0% to 5.5%.

To determine the expected long-term rate of return on pension plan assets, we consider the historical and expected returns on various plan asset classes, as well as current and expected asset allocations. At September 30, 2006, the one-year rate of return on assets for our U.S. pension plans was 9.3%, the five-year rate of return was 7.7%, and the ten-year rate of return was 7.7%. We believe that these results, in connection with our current and expected asset allocation, support our assumed long-term return of 8.0% on those assets.

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

- Discount rate – A change of plus (minus) 25 basis points, with other assumptions held constant, would have an estimated $7 million favorable (unfavorable) impact on the total U.S. net pension and postretirement benefit plan cost.
- Expected return on plan assets – A change of plus (minus) 25 basis points, with other assumptions held constant, would have an estimated $2 million favorable (unfavorable) impact on U.S. pension plan cost.

Stock-Based Compensation

Compensation cost relating to share-based payment transactions is recognized in net income using a fair-value measurement method, in accordance with SFAS No. 123(R). SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the statement of operations as compensation expense (based on their fair values) over the vesting period of the awards. We determine the fair value of certain share-based awards using a lattice-based binomial option valuation model that incorporates certain assumptions, such as the risk-free interest rate, expected volatility, expected dividend yield and expected life of the options.

Prior to adopting SFAS No. 123(R), we accounted for stock options using the intrinsic value method. This method measures share-based compensation expense as the amount by which the market price of the stock on the date of grant exceeds the exercise price. We had not recognized any share-based compensation expense under this method in recent years because we granted stock options at the market price as of the date of grant.

See Note 13 of the Notes to Consolidated Financial Statements for additional discussion.

Cautionary Statement Pursuant to Private Securities Litigation Reform Act of 1995 – "Safe Harbor" for Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 (the "Act") provides a safe harbor for forward-looking statements made by or on behalf of BD. 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 this report and filings with the Securities and Exchange Commission and in our other reports to shareholders. Forward-looking statements may be identified by the use of words like "plan," "expect," "believe," "intend," "will," "anticipate," "estimate" and other words of similar meaning in conjunction with, among other things, discussions of future operations and financial performance, as well as our strategy for growth, product development, regulatory approvals, market position and expenditures. All statements that address operating performance or events or developments that we expect or anticipate will occur in the future – including statements relating to volume growth, sales and earnings per share growth and statements expressing views about future operating results – are forward-looking statements within the meaning of the Act.

Forward-looking statements are based on current expectations of future events. The forward-looking statements are and will be based on management's then-current views and assumptions regarding future events and operating performance, and speak only as of their dates. Investors should realize that if underlying assumptions prove inaccurate or unknown 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 whether as a result of new information, future events and developments or otherwise.

The following are some important factors that could cause our actual results to differ from our expectations in any forward-looking statements:

- Regional, national and foreign economic factors, including inflation and fluctuations in interest rates and foreign currency exchange rates and the potential effect of such fluctuations on revenues, expenses and resulting margins.
- We operate in a highly competitive environment. New product introductions by our current or future competitors could adversely affect our ability to compete in the global market. For example, new forms of inhaled or other methods of insulin delivery, such as the new inhaled form of insulin approved by the U.S. Food and Drug Administration ("FDA") and European authorities, could adversely impact sales of our insulin injection devices. Patents attained by competitors, particularly as patents on our products expire, may also adversely impact our competitive position.
- Changes in domestic and foreign healthcare industry practices and regulations resulting in increased pricing pressures, including the continued consolidation among healthcare providers; trends toward managed care and healthcare cost containment; and government laws and regulations relating to sales and promotion, reimbursement and pricing generally.
- The effects, if any, of governmental and media activities relating to U.S. Congressional hearings regarding the business practices of group purchasing organizations, which negotiate product prices on behalf of their member hospitals with BD and other suppliers.

- Fluctuations in the cost and availability of raw materials and the ability to maintain favorable supplier arrangements and relationships (particularly with respect to sole-source suppliers) and the potential adverse effects of any disruption in the availability of such raw materials.
- Our ability to obtain the anticipated benefits of any restructuring programs that we may undertake.
- Adoption of or changes in government laws and regulations affecting domestic and foreign operations, including those relating to trade, monetary and fiscal policies, taxation, environmental matters, sales practices, price controls, licensing and regulatory approval of new products, or changes in enforcement practices with respect to any such laws and regulations.
- Fluctuations in U.S. and international governmental funding and policies for life science research.
- Difficulties inherent in product development, including the potential inability to successfully continue technological innovation, complete clinical trials, obtain regulatory approvals in the United States and abroad, or gain and maintain market approval of products, as well as the possibility of encountering infringement claims by competitors with respect to patent or other intellectual property rights, all of which can preclude or delay commercialization of a product.
- Pending and potential litigation or other proceedings adverse to BD, including antitrust claims, product liability claims, and patent infringement claims, as well as other risks and uncertainties detailed from time to time in our Securities and Exchange Commission ("SEC") filings.
- The effects, if any, of adverse media exposure or other publicity regarding BD's business or operations.
- Our ability to achieve earnings forecasts, which are generated based on projected volumes and sales of many product types, some of which are more profitable than others. There can be no assurance that we will achieve the projected level or mix of product sales.
- The effect of market fluctuations on the value of assets in BD's pension plans and the possibility that BD may need to make additional contributions to the plans as a result of any decline in the value of such assets.
- Our ability to effect infrastructure enhancements and incorporate new systems technologies into our operations.
- Product efficacy or safety concerns resulting in product recalls, regulatory action on the part of the FDA (or foreign counterparts) or declining sales.
- Economic and political conditions in international markets, including civil unrest, governmental changes and restrictions on the ability to transfer capital across borders.
- The effects of natural disasters, including hurricanes or pandemic diseases, on our ability to manufacture our products, particularly where production of a product line is concentrated in one or more plants, or on our ability to source components from suppliers that are needed for such manufacturing.
- Our ability to penetrate developing and emerging markets, which also depends on economic and political conditions, and how well we are able to acquire or form strategic business alliances with local companies and make necessary infrastructure enhancements to production facilities, distribution networks, sales equipment and technology.
- The impact of business combinations, including acquisitions and divestitures, both internally for BD and externally in the healthcare industry.
- Issuance of new or revised accounting standards by the Financial Accounting Standards Board 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.

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 five 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.

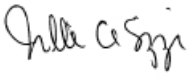
Management's Report on Internal Control Over Financial Reporting

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. 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 (COSO). Based on this assessment and those criteria, management concluded that internal control over financial reporting was effective as of September 30, 2006.

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 presentation of the statements, management's assessment, and the effectiveness of internal control over financial reporting are included herein.

Edward J. Ludwig
Chairman, President and Chief Executive Officer

John R. Considine
Senior Executive Vice President and Chief Financial Officer



William A. Tozzi
Vice President and Controller

Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated balance sheets of Becton, Dickinson and Company as of September 30, 2006 and 2005, and the related consolidated statements of income, comprehensive income, and cash flows for each of the three years in the period ended September 30, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Becton, Dickinson and Company at September 30, 2006 and 2005, and the consolidated results of its operations and its cash flows for each of the three years in the period ended September 30, 2006, in conformity with U.S. generally accepted accounting principles.

As discussed in Notes 2 and 13 to the consolidated financial statements, effective October 1, 2004, the Company adopted Financial Accounting Standard No. 123(R), "Share-Based Payment".

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Becton, Dickinson and Company's internal control over financial reporting as of September 30, 2006, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 17, 2006, expressed an unqualified opinion thereon.

ERNST & YOUNG LLP
New York, New York
November 17, 2006

Report of Independent Registered Public Accounting Firm

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

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that Becton, Dickinson and Company maintained effective internal control over financial reporting as of September 30, 2006, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Becton, Dickinson and 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. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

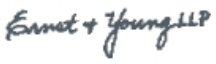
We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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.

In our opinion, management's assessment that Becton, Dickinson and Company maintained effective internal control over financial reporting as of September 30, 2006, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Becton, Dickinson and Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2006, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Becton, Dickinson and Company as of September 30, 2006 and 2005, and the related consolidated statements of income, comprehensive income and cash flows for each of the three years in the period ended September 30, 2006, and our report dated November 17, 2006, expressed an unqualified opinion thereon.



ERNST & YOUNG LLP
New York, New York
November 17, 2006

Consolidated Statements of Income
Years Ended September 30
Thousands of dollars, except per share amounts

	2006	2005	2004
Operations			
Revenues	**$ 5,834,827**	$ 5,414,681	$ 4,934,745
Cost of products sold	**2,886,853**	2,662,029	2,500,362
Selling and administrative expense	**1,537,494**	1,449,856	1,311,467
Research and development expense	**360,011**	271,626	235,649
Litigation settlement	**—**	—	100,000
Total Operating Costs and Expenses	**4,784,358**	4,383,511	4,147,478
Operating Income	**1,050,469**	1,031,170	787,267
Interest expense	**(66,046)**	(55,673)	(44,832)
Interest income	**59,296**	36,421	15,225
Other expense, net	**(8,762)**	(7,064)	(4,792)
Income From Continuing Operations Before Income Taxes	**1,034,957**	1,004,854	752,868
Income tax provision	**279,366**	312,571	170,364
Income from Continuing Operations	**755,591**	692,283	582,504
(Loss) income from Discontinued Operations Net of income tax benefit of $1,397, $14,439 and $7,961	**(3,311)**	29,980	(115,102)
Net Income	**$ 752,280**	$ 722,263	$ 467,402
Basic Earnings per Share			
Income from Continuing Operations	**$ 3.06**	$ 2.75	$ 2.30
(Loss) income from Discontinued Operations	**$ (0.01)**	$ 0.12	$ (0.46)
Basic Earnings per Share (A)	**$ 3.04**	$ 2.87	$ 1.85
Diluted Earnings per Share			
Income from Continuing Operations	**$ 2.95**	$ 2.66	$ 2.21
(Loss) income from Discontinued Operations	**$ (0.01)**	$ 0.11	$ (0.44)
Diluted Earnings per Share (A)	**$ 2.93**	$ 2.77	$ 1.77

(A) Total per share amounts may not add due to rounding.
See notes to consolidated financial statements

Consolidated Statements of Comprehensive Income
Years Ended September 30
Thousands of dollars

	2006	2005	2004
Net Income	**$ 752,280**	$ 722,263	$ 467,402
Other Comprehensive Income (Loss), Net of Tax			
Foreign currency translation adjustments	**77,396**	(17,742)	83,522
Minimum pension liability adjustment	**77,086**	4,494	(6,730)
Unrealized gain (loss) on investments, net of amounts recognized	**1,212**	(1,112)	242
Unrealized loss on cash flow hedges, net of amounts realized	**(1,307)**	(135)	(2,461)
Other Comprehensive Income (Loss), Net of Tax	**154,387**	(14,495)	74,573
Comprehensive Income	**$ 906,667**	$ 707,768	$ 541,975

See notes to consolidated financial statements

Consolidated Balance Sheets
September 30
Thousands of dollars, except per share amounts and numbers of shares

	2006	2005
Assets		
Current Assets		
Cash and equivalents	**$ 1,000,289**	$ 1,042,890
Short-term investments	**106,386**	86,808
Trade receivables, net	**885,748**	842,806
Inventories	**875,738**	775,949
Prepaid expenses, deferred taxes and other	**317,092**	226,861
Total Current Assets	**3,185,253**	2,975,314
Property, Plant and Equipment, Net	**2,133,548**	1,933,718
Goodwill	**565,146**	470,049
Core and Developed Technology, Net	**244,811**	165,381
Other Intangibles, Net	**91,501**	101,558
Capitalized Software, Net	**189,355**	229,793
Other	**414,911**	256,980
Total Assets	**$ 6,824,525**	$ 6,132,793
Liabilities		
Current Liabilities		
Short-term debt	**$ 427,218**	$ 206,509
Accounts payable	**243,602**	252,262
Accrued expenses	**490,425**	439,894
Salaries, wages and related items	**380,478**	329,864
Income taxes	**34,606**	70,846
Total Current Liabilities	**1,576,329**	1,299,375
Long-Term Debt	**956,971**	1,060,833
Long-Term Employee Benefit Obligations	**270,495**	340,938
Deferred Income Taxes and Other	**184,526**	147,695
Commitments and Contingencies	**—**	—
Shareholders' Equity		
Common stock – $1 par value: authorized – 640,000,000 shares; issued – 332,662,160 shares in 2006 and 2005	**332,662**	332,662
Capital in excess of par value	**873,535**	615,846
Retained earnings	**5,345,697**	4,805,852
Deferred compensation	**11,134**	10,280
Common stock in treasury – at cost – 87,194,060 shares in 2006 and 84,977,933 shares in 2005	**(2,698,016)**	(2,297,493)
Accumulated other comprehensive loss	**(28,808)**	(183,195)
Total Shareholders' Equity	**3,836,204**	3,283,952
Total Liabilities and Shareholders' Equity	**$ 6,824,525**	$ 6,132,793

See notes to consolidated financial statements

Consolidated Statements of Cash Flows
Years Ended September 30
Thousands of dollars

	2006	2005	2004
Operating Activities			
Net income	**$ 752,280**	$ 722,263	$ 467,402
Loss (income) from discontinued operations, net	**3,311**	(29,980)	115,102
Income from continuing operations, net	**755,591**	692,283	582,504
Adjustments to income from continuing operations to derive net cash provided by continuing operating activities, net of amounts acquired:			
Depreciation and amortization	**405,095**	387,496	357,224
Share-based compensation	**108,613**	70,199	2,466
Deferred income taxes	**(129,259)**	63,229	(31,345)
Acquired in-process research and development related to GeneOhm	**53,300**	—	—
BGM related non-cash charges	**63,414**	—	38,551
Change in operating assets:			
Trade receivables	**(27,313)**	(41,050)	(15,854)
Inventories	**(103,897)**	(53,319)	22,534
Prepaid expenses, deferred taxes and other	**(118,371)**	3,603	(10,028)
Accounts payable, income taxes and other liabilities	**94,784**	117,091	99,447
Pension obligation	**(64,971)**	(58,842)	48,045
Other, net	**39,414**	35,105	9,182
Net Cash Provided by Continuing Operating Activities	**1,076,400**	1,215,795	1,102,726
Investing Activities			
Capital expenditures	**(459,308)**	(317,628)	(265,718)
Capitalized software	**(22,793)**	(18,922)	(39,190)
Change in short-term investments	**(18,633)**	(43,775)	(31,298)
Purchases of long-term investments	**(9,672)**	(1,171)	(10,149)
Acquisitions of businesses, net of cash acquired	**(231,464)**	—	(24,251)
Proceeds from discontinued operations	—	62,051	—
Other, net	**(44,656)**	(62,566)	(24,628)
Net Cash Used for Continuing Investing Activities	**(786,526)**	(382,011)	(395,234)
Financing Activities			
Change in short-term debt	**121,563**	157,103	(56,509)
Payment of long-term debt	**(828)**	(104,522)	(21,682)
Repurchase of common stock	**(448,882)**	(549,999)	(449,930)
Issuance of common stock	**147,796**	123,494	173,606
Excess tax benefit from stock option exercises	**50,609**	40,594	—
Dividends paid	**(212,431)**	(182,236)	(152,376)
Net Cash Used for Continuing Financing Activities	**(342,173)**	(515,566)	(506,891)
Discontinued Operations (revised – see Note 3):			
Net cash provided by (used for) operating activities	**—**	1,000	(1,063)
Net cash provided by (used for) investing activities	**—**	1,260	(1,601)
Net cash used for financing activities	**—**	(15)	(62)
Net Cash Provided by (Used for) Discontinued Operations	**—**	2,245	(2,726)
Effect of exchange rate changes on cash and equivalents	**9,698**	3,049	1,617
Net (Decrease) Increase in Cash and Equivalents	**(42,601)**	323,512	199,492
Opening Cash and Equivalents	**1,042,890**	719,378	519,886
Closing Cash and Equivalents	**$ 1,000,289**	$ 1,042,890	$ 719,378

See notes to consolidated financial statements

Thousands of dollars, except per share amounts and numbers of shares

Index

1 Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Becton, Dickinson and Company and its majority-owned subsidiaries (the "Company") after the elimination of inter-company transactions. The Company has no material interests in variable interest entities and none that require consolidation.

Reclassifications

The Company has reclassified certain prior year information to conform with the current year presentation.

Cash Equivalents

Cash equivalents consist of all highly liquid investments with a maturity of three months or less when purchased.

Short-Term Investments

Short-term investments consist of certificates of deposit and repurchase agreements of government securities with maturities of less than one year when purchased.

Inventories

Inventories are stated at the lower of first-in, first-out cost or market.

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 10 years for machinery and equipment and two to 17 years for leasehold improvements. Depreciation expense was $264,462, $243,355 and $221,545 in fiscal 2006, 2005 and 2004, respectively.

Goodwill and Other Intangible Assets

Goodwill is reviewed annually for impairment in accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets". In reviewing goodwill for impairment, potential impairment is identified by comparing the fair value of a reporting unit, estimated using an income approach, with its carrying value. Core and developed technology is amortized over periods ranging from 15 to 20 years, using the straight-line method. Both goodwill and core

and developed technology arise from acquisitions. Other intangibles with finite useful lives, which include patents, are amortized over periods principally ranging from two to 40 years, using the straight-line method. These intangibles, including core and developed technology, are periodically reviewed when impairment indicators are present to assess recoverability from future operations using undiscounted cash flows in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". To the extent carrying value exceeds the undiscounted cash flows, an impairment loss is recognized in operating results based upon the excess of the carrying value over fair value. Other intangibles also include certain trademarks that are considered to have indefinite lives, as they are expected to generate cash flows indefinitely. Therefore, in accordance with SFAS No. 142, these trademarks are no longer amortized but are reviewed annually for impairment.

Capitalized Software

Capitalized software, including costs capitalized in accordance with AICPA Statement of Position 98-1, "Accounting for Costs of Computer Software Developed or Obtained for Internal Use," is stated at cost, less accumulated amortization. Amortization expense is principally provided on the straight- line basis over estimated useful lives, which do not exceed 10 years. Amortization expense was $66,048, $71,416 and $66,319 for 2006, 2005 and 2004, respectively.

Foreign Currency Translation

Generally, 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 loss.

Revenue Recognition

Revenue from product sales are recognized when title and risk of loss pass to the customer. For the sale of certain instruments in the Biosciences segment, revenue is recognized upon completion of installation at the customer's site. Based upon the terms of other sales arrangements, the Biosciences segment recognizes revenue in accordance with Emerging Issues Task Force No. 00-21, "Revenue Arrangements with Multiple Deliverables". These sales arrangements have multiple deliverables and, as such, are divided into separate units of accounting. Revenue and cost of products sold are recognized at the completion of each deliverable based on the relative fair values of items delivered.

The Company's domestic businesses sell products primarily to distributors who resell the products to end-user customers. Rebates are provided to distributors that sell to end-user customers at prices determined under a contract between the Company and the end-user customer. Provisions for rebates, as well as sales discounts and returns, are accounted for as a reduction of revenues when revenue is recognized.

Shipping and Handling Costs

Shipping and handling costs are included in Selling and administrative expense. Shipping expense was $221,825, $219,617 and $205,280 in 2006, 2005 and 2004, respectively.

Derivative Financial Instruments

In accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, 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.

Derivative financial instruments are utilized by the Company in the management of its foreign currency and interest rate exposures. The Company hedges its foreign currency exposures by entering into offsetting forward exchange contracts and currency options when it deems appropriate. The Company utilizes interest rate swaps and forward rate agreements to manage its exposure to fluctuating interest rates. The Company does not use derivative financial instruments for trading or speculative purposes.

Any deferred gains or losses associated with derivative instruments, which on infrequent occasions may be terminated prior to maturity, are recognized in income in the period in which the underlying hedged transaction is recognized. In the event a designated hedged item is sold, extinguished or matures prior to the termination of the related derivative instrument, such instrument would be closed and the resultant gain or loss would be recognized in income.

Income Taxes

United States income taxes are not provided on undistributed earnings of foreign subsidiaries where such undistributed earnings are indefinitely reinvested outside the United States. Deferred taxes are provided for earnings of foreign subsidiaries when those earnings are not considered indefinitely reinvested. Income taxes are provided and tax credits are recognized based on tax laws enacted at the dates of the financial statements.

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 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 the realization of a deferred tax asset.

Earnings per Share

Basic earnings per share are computed based on 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.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

Share-Based Compensation

Effective October 1, 2004, the Company adopted SFAS No. 123 (revised 2004) – "Share-Based Payment" ("SFAS No. 123(R)"). This statement requires compensation expense to be measured based on the estimated fair value of the share-based awards and recognized in income on a straight-line basis over the requisite service period, which is generally the vesting period. See Note 2 regarding the Company's adoption of SFAS No. 123(R).

Prior to October 1, 2004, the Company accounted for share-based compensation under SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123") using the intrinsic value method prescribed by Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees," and related interpretations. Accordingly, compensation expense for stock options was measured as the excess, if any, of the quoted market price of the Company's stock at the date of the grant over the exercise price. The Company had not recognized any stock compensation expense under this method in 2004, as the exercise price of stock options equaled the market value of the Company's stock on the date of grant.

2 Accounting Changes

Share-Based Compensation

As a result of the adoption of SFAS No. 123(R), compensation expense relating to share-based payments is recognized in net income using a fair-value measurement method. Under the fair value method, the estimated fair value of awards to employees is charged to income on a straight-line basis over the requisite service period, which is the earlier of the employee's retirement eligibility date or the vesting period of the award. The Company elected the modified prospective method of adoption as prescribed in SFAS No. 123(R) and therefore, prior periods were not restated. Under the modified prospective method, this statement was applied to new awards granted after the time of adoption, as well as to the unvested portion of previously granted equity-based awards for which the requisite service had not been rendered as of October 1, 2004. The Company granted stock options and restricted stock unit awards in November 2004 under the 2004 Employee and Director Equity-Based Compensation Plan (the "2004 Plan"), its current long-term incentive program. See Note 13 for further discussion.

Share-based compensation expense in 2006 and 2005 reduced the Company's results of operations as follows:

	2006	2005
Selling and Administrative Expense	**$ 79,211**	$ 54,454
Cost of Products Sold	**18,046**	9,749
Research and Development Expense	**11,356**	5,996
Income From Continuing Operations Before Income Taxes	**$ 108,613**	$ 70,199
Net Income (A)	**$ 73,458**	$ 50,258

(A) Share-based compensation attributable to discontinued operations was not material.

The increase in share-based compensation is primarily attributable to higher expense associated with certain fiscal 2005 and fiscal 2006 grants. These grants include a higher percentage of restricted stock units that have a shorter vesting period than previous grants. In addition, these grants reflect a shortened requisite service period resulting from such awards being recognized through the period ending of the earlier of the employees' retirement eligibility date or the vesting date. Prior to fiscal 2005, grants were recognized through the vesting date.

In the fourth quarter of 2006, the Company adopted Financial Accounting Standards Board Staff Position 123(R)-3, "Transition Election Related to Accounting for the Tax Effects of Share-Based Payment Awards" ("FSP 123(R)-3"), which provides the Company an alternative method for calculating

the historical pool of tax benefits upon adopting SFAS No. 123(R). The adoption of FSP 123(R)-3 did not have a material e ffect on the presentation of the tax benefits in the Consolidated Statements of Cash Flows.

Prior to October 1, 2004, the Company accounted for share- based employee compensation under SFAS No. 123 using the intrinsic value method prescribed by APB No. 25 and related interpretations. Under the intrinsic value method, no compensation expense was recognized for stock options, as the exercise price of employee stock options equaled the market value of the Company's stock on the date of grant. The follow ing pro-forma net income and earnings per share information has been determined as if the Company had accounted for its share-based compensation awards issued using the fair value method in 2004.

	2004
Net Income, as reported	$ 467,402(A)
Less pro-forma share-based compensation expense, net of tax	32,027
Pro-forma net income	$ 435,375
Reported earnings per share:	
Basic	$ 1.85
Diluted	$ 1.77
Pro-forma earnings per share:	
Basic	$ 1.72
Diluted	$ 1.66

(A) Includes $2,466 of share-based compensation expense relating to restricted stock units granted in November 2003.

The 2004 pro-forma amounts and fair value of each option grant were estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions used for grants in 2004: risk-free interest rate of 3.85%; expected volatility of 32.5%; expected dividend yield of 1.16%; and expected life of six years.

Adoption of New Accounting Standards

In March 2005, the Financial Accounting Standards Board (the "FASB") issued Interpretation No. 47 "Accounting for Conditional Asset Retirement Obligations" ("FIN 47"). FIN 47 clarifies that the term "conditional asset retirement obligation" as used in SFAS No. 143, "Accounting for Asset Retirement Obligations" refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the Company. Accordingly, the Company is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value can be reasonably estimated. The Company adopted this interpretation in the fourth quarter of 2006, as required. The adoption of FIN 47 did not have a material impact on BD's consolidated financial statements.

In July 2006, the FASB issued Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 prescribes guidance for recognition, measurement, and disclosure of uncertain tax positions recognized in financial statements in accordance with SFAS No. 109 "Accounting for Income Taxes". The provisions of this interpretation will be applied to all tax positions upon its initial adoption. The Company is required to adopt this interpretation in fiscal year 2008 and the cumulative effect, if any, of applying this interpretation will be reported as an adjustment to the opening balance of retained earnings for such fiscal year. The Company is currently evaluating the impact of FIN 48 on its consolidated financial statements.

In September 2006, the FASB issued SFAS No. 158 "Employers' Accounting for Defined Benefit Pension and Other Postre t i re m e n t Plans, an amendment of FASB Statements No. 87, 88, 106 and 132(R)" ("SFAS No. 158"). This statement requires the Company to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its consolidated balance sheet and to recognize changes in the funded status in the year in which the changes occur through comprehensive income. SFAS No. 158 also requires the funded status of a plan to be measured as of the balance sheet date and provides for additional disclosure requirements. As required, the Company will adopt the recognition and disclosure provision of this statement at the end of fiscal year 2007. Based on the underfunded status of the plans as of September 30, 2006, this provision is expected to be material to the Company's consolidated balance sheet. See Note 5 for further discussion regarding benefit plans. The Company expects no impact to the measurement date of its plans, as the plans are currently measured at its fiscal year-end.

3 Acquisitions and Divestitures

On February 14, 2006, the Company acquired all the out standing stock of GeneOhm Sciences, Inc. ("GeneOhm"), a company that develops molecular diagnostic testing for the rapid detection of bacterial organisms, including those known to cause healthcare-associated infections. The acquisition provides the Company with expanded entry into the emerging field of healthcare-associated infections. The acquisition was accounted for as a business combination and the results of operations of GeneOhm were included in the Company's results as of the acquisition date. Pro forma information was not provided as the acquisition did not have a material effect on the Company's consolidated results. The purchase price consisted of an up-front cash payment of $232,542, including transaction costs, and the purchase contract provides for additional contingent payments of up to $25,000, based on future events occurring on or before December 31, 2007. The purchase price was allocated based upon the fair values of the assets and liabilities acquired. The allocation of the purchase price resulted in deferred tax assets of $34,346 consisting of net operating loss carry forwards and credits; other intangible assets, primarily core and developed technology, of $92,300; deferred tax liabilities of $31,400 associated with other intangible assets, and other net assets of $3,587. Core and developed technology will be amortized on a straight-line basis over its estimated useful life of approximately 15 years. The excess of the purchase price over the fair value of the assets acquired of $80,409 was recorded as goodwill, which was allocated to the Diagnostics segment. In connection with the acquisition, the Company also incurred a non-deductible charge of $53,300 for acquired in-process research and development, which was recorded as Research and development expense. This charge, based on fair value, is associated with several products that have not reached technological feasibility and do not have alternative future use at the acquisition date. The fair value of each product was determined based upon the present value of projected cash flows utilizing an income approach reflecting the appropriate risk-adjusted discount rate based on the applicable technological and commercial risk of each product. These cash flows took into account the income and expenses associated with the further development and commercialization of the underlying products. The ongoing activity associated with each of these products is not material to the Company's research and development expense.

In July 2004, the Company acquired all of the outstanding equity interests in Atto Bioscience, Inc., a privately held company specializing in optical instrumentation, software, and reagents for real-time analysis of interactions taking place in living cells. The purchase price was approximately $25,800 in cash and has been allocated to assets acquired and liabilities assumed based on estimated fair values. The allocation of purchase price resulted in core and developed technology of $5,400 and other assets, principally inventory of $3,731. The excess of the purchase price over the fair value of the assets acquired of $15,569 was recorded as goodwill. In connection with this acquisition, a charge of $1,100 was also incurred for acquired in-process research and development. The results of operations of the acquisition were included in the Company's results from the acquisition date. Unaudited pro forma consolidated results, after giving effect to this acquisition, would not have been materially different from the reported amounts.

On September 28, 2006, the Company announced a plan to exit the blood glucose monitoring ("BGM") market. In accordance with the plan, distribution of the *BD Logic* Blood Glucose Monitor was immediately discontinued. BD will continue to distribute test strips for its customers through December 2007. The decision to exit the BGM market was made following an evaluation of the future outlook for the product line. The Company recorded a pre-tax charge of $63,414, which was included in the Medical segment, in connection with its decision to exit the BGM product line. This charge consisted of $5,352 related to estimated customer sales returns, which were recorded as an adjustment to Revenues; $31,602 related to the write-off of inventory and related purchase commitments and $14,052 related to long-lived asset write-downs, which in total were recorded to Cost of products sold; and $12,408 related to severance and other exit costs, which were recorded to Selling and administrative expense. At September 30, 2006, an accrual of $32,408 was reported in current liabilities.

In August 2005, the Company completed the sale of the Clontech unit of the Biosciences segment for $62,100 and recognized a gain on sale of $13,336 ($28,533 after taxes). In September 2004, the Company recorded a charge of approximately $124 million ($116 million after taxes) to write down the net assets of Clontech to their estimated fair value. Clontech's results of operations were reported as discontinued operations for all periods presented in the accompanying Consolidated Statements of Income. The Company has separately presented operating, investing and financing cash flows attributable to discontinued operations, which in the prior year were reported on a combined basis.

Results of discontinued operations for the years ended September 30 were as follows:

	2006[A]	2005[B]	2004
Revenues	$ —	$ 49,670	$ 60,513
(Loss) income from discontinued operations before income taxes	(4,708)	15,541	(123,063)
Income tax benefit	1,397	14,439	7,961
Net (loss) income from discontinued operations	$ (3,311)	$ 29,980	$ (115,102)

(A) Represents post-closing adjustments.

(B) Includes operations through August 31, 2005.

In 2004, the statutory tax rate of 35.0% was reduced to an effective tax rate benefit of 6.5% as a result of the assumption of an asset sale, which reflected the tax impact of the non-deductibility of a goodwill write-off of 26.3%, as well as other items of 2.2%. In 2005, the effective tax rate benefit of 92.9% reflected the consummation of the sale of Clontech as a sale of stock. In aggregate, the effective tax rate benefit realized of 20.8% on the sale primarily reflected a valuation allowance related to the capital loss on the sale of stock of 35.0%, partially offset by the write-off of deferred tax liabilities of 17.1% associated with basis adjustments and other items of 3.7%.

4 Other Intangible Assets

Other intangible assets at September 30 consisted of:

	2006		2005	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets				
Core and developed technology	$ 377,633	$ 132,822	$ 274,615	$ 109,234
Patents, trademarks, and other	337,176	254,717	338,575	246,060
	$ 714,809	$ 387,539	$ 613,190	$ 355,294
Unamortized intangible assets				
Trademarks	$ 9,042		$ 9,043	

Intangible amortization expense was $36,088, $33,405 and $31,467 in 2006, 2005 and 2004, respectively. The estimated aggregate amortization expense for the fiscal years ending September 30, 2007 to 2011 are as follows: 2007 – $41,600; 2008 – $36,800; 2009 – $33,900; 2010 – $31,500; 2011 – $29,800.

5 Benefit Plans

The Company has defined benefit pension plans covering substantially all of its employees in the United States and certain foreign locations. The Company also provides certain postretirement healthcare and life insurance benefits to qualifying domestic retirees. Postretirement healthcare and life insurance benefit plans in foreign countries are not material. The measurement date used for the Company's employee benefit plans is September 30.

Net pension and other postretirement cost included the following components:

	Pension Plans			Other Postretirement Benefits		
	2006	2005	2004	**2006**	2005	2004
Service cost	**$ 74,111**	$ 61,836	$ 57,013	**$ 4,164**	$ 3,657	$ 3,510
Interest cost	**71,997**	66,837	62,825	**14,873**	15,321	14,492
Expected return on plan assets	**(80,063)**	(59,372)	(51,923)	**—**	—	—
Amortization of prior service cost	**309**	211	180	**(6,233)**	(6,233)	(6,233)
Amortization of loss	**27,932**	22,951	17,586	**7,127**	6,164	4,116
Amortization of net obligation	**(70)**	134	132	**—**	—	—
Net curtailment gain	**—**	—	(300)	**—**	—	—
Net pension and postretirement costs	**$ 94,216**	$ 92,597	$ 85,513	**$ 19,931**	$ 18,909	$ 15,885

Net pension cost attributable to foreign plans included in the preceding table was $18,639, $16,772 and $16,053 in 2006, 2005 and 2004, respectively.

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

	Pension Plans		Other Postretirement Benefits	
	2006	2005	**2006**	2005
Change in benefit obligation:				
Beginning obligation	**$ 1,413,092**	$ 1,185,394	**$ 281,197**	$ 263,678
Service cost	**74,111**	61,836	**4,164**	3,657
Interest cost	**71,997**	66,837	**14,873**	15,321
Plan amendments	**86**	195	**—**	—
Benefits paid	**(75,207)**	(57,818)	**(22,734)**	(22,279)
Actuarial (gain) loss	**(117,307)**	164,161	**(24,345)**	20,820
Other, includes translation	**17,895**	(7,513)	**2,571**	—
Obligation at September 30	**$ 1,384,667**	$ 1,413,092	**$ 255,726**	$ 281,197
Change in fair value of plan assets:				
Beginning fair value	**$ 933,920**	$ 735,167	**$ —**	$ —
Actual return on plan assets	**91,569**	109,778	**—**	—
Employer contribution	**160,340**	151,439	**—**	—
Benefits paid	**(75,207)**	(57,818)	**—**	—
Other, includes translation	**13,943**	(4,646)	**—**	—
Fair value at September 30	**$ 1,124,565**	$ 933,920	**$ —**	$ —
Funded status at September 30:				
Unfunded benefit obligation	**$ (260,102)**	$ (479,172)	**$ (255,726)**	$ (281,197)
Unrecognized net transition obligation	**(1,012)**	(904)	**—**	—
Unrecognized prior service cost	**6,193**	6,154	**(12,920)**	(19,153)
Unrecognized net actuarial loss	**356,968**	509,765	**77,392**	106,811
Prepaid (accrued) benefit cost	**$ 102,047**	$ 35,843	**$ (191,254)**	$ (193,539)
Amounts recognized in the Consolidated Balance Sheets at September 30 are as follows:				
Prepaid benefit cost	**$ 148,129**	$ 39,005	**$ —**	$ —
Intangible asset	**2,345**	1,327	**—**	—
Accrued benefit liability	**(67,996)**	(148,403)	**(191,254)**	(193,539)
Accumulated other comprehensive loss before income taxes	**19,569**	143,914	**—**	—
Net amount recognized	**$ 102,047**	$ 35,843	**$ (191,254)**	$ (193,539)

Foreign pension plan assets at fair value included in the preceding table were $299,047 and $261,841 at September 30, 2006 and 2005, respectively. The foreign pension plan projected benefit obligations were $382,584 and $339,466 at September 30, 2006 and 2005, respectively.

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were $126,545, $100,473 and $41,576, respectively as of September 30, 2006, and $1,149,504, $840,405 and $695,635, respectively as of September 30, 2005.

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

	2006	2005	2004
Net Cost			
Discount rate:			
U.S. plans[(A)]	**5.50%**	6.00%	6.25%
Foreign plans (average)	**4.19**	4.95	4.90
Expected return on plan assets:			
U.S. plans	**8.00**	8.00	8.00
Foreign plans (average)	**6.02**	6.60	6.72
Rate of compensation increase:			
U.S. plans[(A)]	**4.25**	4.25	4.25
Foreign plans (average)	**2.92**	2.98	2.92
Benefit Obligation			
Discount rate:			
U.S. plans[(A)]	**5.95**	5.50	6.00
Foreign plans (average)	**4.65**	4.19	4.95
Rate of compensation increase:			
U.S. plans[(A)]	**4.50**	4.25	4.25
Foreign plans (average)	**3.08**	2.92	2.98

(A) Also used to determine other postretirement benefit plan information.

At September 30, 2006 the assumed healthcare trend rates were 10% pre and post age 65, gradually decreasing to an ultimate rate of 5% beginning in 2012. At September 30, 2005, the corresponding assumed healthcare trend rates were 10% pre and post age 65, gradually decreasing to an ultimate rate of 5% beginning in 2011. A one percentage point increase in assumed healthcare cost trend rates in each year would increase the accumulated postretirement benefit obligation as of September 30, 2006, by $14,259 and the aggregate of the service cost and interest cost components of 2006 annual expense by $885. A one percentage point decrease in the assumed healthcare cost trend rates in each year would decrease the accumulated post-retirement benefit obligation as of September 30, 2006, by $12,595 and the aggregate of the 2006 service cost and interest cost by $777.

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. While the Company will not be required to fund any of its pension plans in 2007, the Company made a discretionary contribution to its U.S. pension plan in October 2006 of $75 million.

Expected benefit payments are as follows:

	Pension Plans	Other Postretirement Benefits
2007	$ 73,821	$ 20,488
2008	63,096	21,219
2009	68,765	21,837
2010	72,010	22,470
2011	75,391	22,907
2012 – 2016	452,840	115,931

Expected receipts of the subsidy under the Medicare Prescription Drug Improvement and Modernization Act of 2003, which are not reflected in the expected other post-retirement benefit payments included in the preceding table, are as follows: 2007, $1,838; 2008, $1,911; 2009, $1,964; 2010, $1,987; 2011, $1,982; 2012-2016, $9,107.

The Company's asset allocation for its defined benefit pension plans at September 30 were as follows:

	2006	2005
Equity securities	**64.4%**	63.0%
Debt securities	**33.0**	34.1
Other	**2.6**	2.9

	100.0%	100.0%

Investment Strategy

The Company's investment objective is to achieve superior returns on plan assets, subject to a prudent level of portfolio risk, for the purpose of enhancing the security of benefits for participants. The Company's investments include a broad range of equity and fixed income securities. These investments are diversified in terms of domestic and international equity securities, short-term and long-term securities, growth and

value styles, as well as small and large capitalization stocks. The Company's target allocation percentages are as follows: equity securities (58% – 69%); fixed-income securities (31% – 39%); and cash (0% – 3%). Equity securities are held for their expected high return and excess return over inflation. Fixed-income securities are held for diversification relative to equities. The plans may also hold cash to meet liquidity requirements. Due to short-term fluctuations in market conditions, allocation percentages may temporarily deviate from these target allocation percentages before a rebalancing occurs. Investment risks and returns are measured and monitored on an on-going basis through annual liability measurements and quarterly investment portfolio reviews to determine whether the asset allocation targets continue to represent an appropriate balance of expected risk and reward.

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 historical and expected rates of return for the asset classes in which the plan's assets are invested, as well as current economic and capital market conditions.

The Company utilizes a service-based approach in applying SFAS No. 112, "Employers' Accounting for Postemployment Benefits," for most of its postemployment benefits. This approach recognizes that actuarial gains and losses may result from experience that differs from baseline assumptions. Postemployment benefit costs were $25,296, $22,680 and $17,295 in 2006, 2005, and 2004, respectively.

Savings Incentive Plan

The Company has a voluntary defined contribution plan ("Savings Incentive Plan") covering eligible employees in the United States. The Company matches 50% of employees' contributions, up to a maximum of 3% of each employee's salary. Beginning on September 1, 2006, the Savings Incentive Plan provides for matching contributions to be allocated in the same proportion as the employees' contribution elections. Prior to that date, the matching contribution was in Company stock. All contributions in Company stock are held in an Employee Stock Ownership Plan ("ESOP"). See Note 10 for further dis cussion. The cost of the Savings Incentive Plan was $16,626 in 2006, $6,905 in 2005 and $2,252 in 2004. The Company guarantees employees' contributions to the fixed income fund of the Savings Incentive Plan, which consists of diversified money market instruments. The amount guaranteed was $141,784 at September 30, 2006.

6 Income Taxes

The provision for income taxes from continuing operations consisted of:

	2006	2005	2004
Current:			
Federal	**$ 273,612**	$ 120,172	$ 91,669
State and local, including Puerto Rico	**11,304**	4,269	3,362
Foreign	**123,709**	124,901	106,678
	408,625	249,342	201,709
Deferred:			
Domestic	**(118,938)**	75,948	(4,308)
Foreign	**(10,321)**	(12,719)	(27,037)
	(129,259)	63,229	(31,345)
	$ 279,366	$ 312,571	$ 170,364

The components of Income From Continuing Operations Before Income Taxes consisted of:

	2006	2005	2004
Domestic, including Puerto Rico	**$ 397,634**	$ 433,670	$ 291,973
Foreign	**637,323**	571,184	460,895
	$ 1,034,957	$ 1,004,854	$ 752,868

Deferred tax assets and liabilities are netted on the balance sheet by separate tax jurisdictions. At September 30, 2006 and 2005, net current deferred tax assets of $181,406 and $75,382, respectively, were included in Prepaid expenses, deferred taxes and other. Net non-current deferred tax assets of $32,582 and $21,819, respectively, were included in Other. Net current deferred tax liabilities of $2,184 and $1,949, respectively, were included in Current Liabilities– Income taxes. Net non-current deferred tax liabilities of $143,435 and $119,826, respectively, were included in Deferred Income Taxes and Other. Deferred taxes are not provided on undistributed earnings of foreign sub sidiaries that are indefinitely reinvested. At September 30, 2006, the cumulative amount of such undistributed earnings indefinitely reinvested outside the United States was $1.0 billion. Determining the tax liability that would arise if these earnings were remitted is not practicable. Deferred taxes are provided for earnings outside the United States when those earnings are not considered indefinitely reinvested.

In October 2004, the American Jobs Creations Act of 2004 (the "AJCA") was signed into law. The AJCA creates a temporary incentive for U.S. multinationals to repatriate accumulated income earned outside the United States. As a result of the passage of the AJCA, the Company revisited its policy of indefinite reinvestment of foreign earnings and made a decision to repatriate approximately $1.3 billion in 2006 pursuant to its approved repatriation plan. The Company recorded a charge of $77,200 in 2005 attributable to the

planned repatriation of these earnings. During 2006, the Company repatriated approximately $1.3 billion in accordance with its planned repatriation under the AJCA. The actual tax charge associated with this repatriation was $65,768.

Deferred income taxes at September 30 consisted of:

	2006		2005	
	Assets	**Liabilities**	Assets	Liabilities
Compensation and benefits	**$ 146,432**	**$ —**	$ 154,085	$ —
Property and equipment	**—**	**144,365**	—	147,188
Repatriation of foreign earnings under the AJCA	**—**	**—**	—	77,200
Loss and credit carryforwards	**111,388**	**—**	78,806	—
Other	**199,997**	**159,853**	176,583	137,544
	457,817	**304,218**	409,474	361,932
Valuation allowance	**(85,230)**	**—**	(72,116)	—
	$ 372,587	**$ 304,218**	$ 337,358	$ 361,932

Valuation allowances have been established for capital loss carryforwards, state deferred tax assets, net of federal tax, related to net operating losses and credits and other deferred tax assets for which the Company has determined it is more likely than not that these benefits will not be realized. At September 30, 2006, the Company had deferred state tax assets for net state operating losses and credit carryforwards of $28,091 for which a valuation allowance has been established due to the uncertainty of generating sufficient taxable income in the state jurisdictions to utilize the deferred tax assets before they principally expire between 2007 and 2012. The Company also has federal and state capital loss carryforward deferred tax assets of $51,428 for which a full valuation allowance has been established due to the uncertainty of recognizing the benefit from these losses before they principally expire in 2010.

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

	2006	2005	2004
Federal statutory tax rate	**35.0%**	35.0%	35.0%
State and local income taxes, net of federal tax benefit	**0.4**	0.6	0.3
Effect of foreign and Puerto Rico earnings and foreign tax credits	**(7.8)**	(10.3)	(9.9)
Effect of Research, Domestic Production Activities, Extraterritorial Income tax benefits	**(1.3)**	(2.0)	(2.5)
Repatriation of foreign earnings under the AJCA	**(1.1)**	7.7	—
Acquired in-process research and development related to GeneOhm	**1.8**	—	—
Other, net	**—**	0.1	(0.3)
	27.0%	31.1%	22.6%

The approximate dollar and diluted earnings per share amounts of tax reductions related to tax holidays in various countries in which the Company does business were: 2006–$70,000 and $0.27; 2005 – $75,150 and $0.29; and 2004– $55,461 and $0.21. The tax holidays expire at various dates through 2023.

The Company made income tax payments, net of refunds, of $398,808 in 2006, $183,867 in 2005 and $146,574 in 2004.

7 Supplemental Financial Information

Other Expense, Net

Other expense, net in 2006 total $8,762, which included net write downs of certain investments of $11,046 and foreign exchange losses (inclusive of hedging costs) of $5,142, partially offset by income from license and other agreements of $4,281.

Other expense, net in 2005 totaled $7,064, which included foreign exchange losses (inclusive of hedging costs) of $3,976 and net write downs of certain investments of $3,519.

Other expense, net in 2004 totaled $4,792, which included write downs and losses on certain investments of $6,951. These amounts were partially offset by gains on the sale of certain investments of $1,293.

Trade Receivables, Net

Allowances for doubtful accounts and cash discounts netted against trade receivables were $38,256 and $47,609 at September 30, 2006 and 2005,

respectively.

Inventories

	2006	2005
Materials	**$ 121,598**	$ 93,963
Work in process	**156,957**	139,772
Finished products	**597,183**	542,214
	$ 875,738	$ 775,949

Property, Plant and Equipment, Net

	2006	2005
Land	**$ 68,882**	$ 69,029
Buildings	**1,361,614**	1,214,682
Machinery, equipment and fixtures	**3,239,397**	2,955,716
Leasehold improvements	**73,064**	65,702
	4,742,957	4,305,129
Less allowances for depreciation and amortization	**2,609,409**	2,371,411
	$ 2,133,548	$ 1,933,718

8 Debt

The components of Short-term debt consisted of:

	2006	2005
Loans payable:		
Domestic	**$ 200,000**	$ 200,000
Foreign	**126,121**	6,125
Current portion of long-term debt	**101,097**	384
	$ 427,218	$ 206,509

Domestic loans payable consist of commercial paper. Foreign loans payable consist of short-term borrowings from financial institutions. The weighted average interest rates for Short-term debt were 4.6% and 3.8% at September 30, 2006 and 2005, respectively. The Company has in place a syndicated credit facility totaling $900 million in order to provide backup support for our commercial paper program and for other general corporate purposes. This credit facility expires in August 2009. Restrictive covenants include a minimum interest coverage ratio. There were no borrowings outstanding under the facility at September 30, 2006. In addition, the Company had short-term foreign lines of credit pursuant to informal arrangements of approximately $200,000 at September 30, 2006, of which $175,000 was unused.

Long-Term Debt consisted of:

	2006	2005
Domestic notes due through 2013		
(average year-end interest rate:		
4.2% – 2006; 3.2% – 2005)	**$ 10,566**	$ 10,194
Foreign notes (average year-end interest rate:		
15.0% – 2005)	**—**	34
6.90% Notes due October 1, 2006	**—**	99,937
7.15% Notes due October 1, 2009	**206,144**	210,153
4.55% Notes due April 15, 2013	**198,537**	198,349
4.90% Notes due April 15, 2018	**206,674**	207,116
7.00% Debentures due August 1, 2027	**168,000**	168,000
6.70% Debentures due August 1, 2028	**167,050**	167,050
	$ 956,971	$ 1,060,833

Long-term debt balances as of September 30, 2006 and 2005 have been impacted by certain interest rate swaps that have been designated as fair value hedges, as discussed in Note 9.

The aggregate annual maturities of long-term debt during the fiscal years ending September 30, 2008 to 2011 are as follows: 2008– $1,133; 2009 – $414; 2010 – $206,580; 2011 – $460.

The Company capitalizes interest costs as a component of the cost of construction in progress. The following is a summary of interest costs:

	2006	2005	2004
Charged to operations	**$ 66,046**	$ 55,673	$ 44,832
Capitalized	**19,955**	14,770	12,203
	$ 86,001	$ 70,443	$ 57,035

Interest paid, net of amounts capitalized, was $62,514 in 2006, $68,527 in 2005 and $40,730 in 2004.

9 Financial Instruments

Foreign Exchange Derivatives

The Company uses foreign exchange forward contracts and currency options to reduce the effect of fluctuating foreign exchange rates on certain foreign currency denominated receivables and payables, third party product sales, and investments in foreign subsidiaries. Gains and losses on the derivatives are intended to offset gains and losses on the hedged transaction. The Company's foreign currency risk exposure is in Europe, Asia Pacific, Canada, Japan, and Latin America.

The Company hedges substantially all of its transactional foreign exchange exposures, primarily intercompany payables and receivables, through the use of forward contracts and currency options with maturities of less than 12 months. Gains or losses on these contracts are largely offset by gains and losses on the underlying hedged items. These foreign exchange contracts do not qualify for hedge accounting.

In addition, the Company enters into option and forward contracts to hedge certain forecasted sales that are denominated in foreign currencies. These contracts are designated as cash flow hedges and are effective as hedges of these revenues. These contracts are intended to reduce the risk that the Company's cash flows from certain third party transactions will be adversely affected by changes in foreign currency exchange rates. Changes in the effective portion of the fair value of these contracts are included in other comprehensive income until the hedged sales transactions are recognized in earnings. Once the hedged transaction occurs, the gain or loss on the contract is recognized from Accumulated other comprehensive loss to revenues. The Company recorded hedge net gains, exclusive of hedging costs, of $8,242 and net losses, exclusive of hedging costs, of $1,876 and $9,110 to revenues in 2006, 2005 and 2004, respectively. Revenues in 2006, 2005 and 2004 are net of hedging costs of $12,508, $17,286 and

$15,124, respectively, related to the purchased option contracts. The Company records in Other expense, net, the premium or cost of the forward contracts, which is excluded from the assessment of hedge effectiveness. The net premium was $562 in 2006, the net cost was $236 in 2005, and the net premium was $618 in 2004. All outstanding contracts that were designated as cash flow hedges as of September 30, 2006 will mature by September 30, 2007. At September 30, 2006, and 2005, Accumulated other comprehensive loss included an unrealized loss of $1,522 and an unrealized gain of $872, respectively, net of tax, relating to foreign exchange derivatives that have been designated as cash flow hedges.

The Company entered into forward exchange contracts to hedge its net investments in certain foreign subsidiaries in fiscal 2005 and 2004. These forward contracts were designated effective as net investment hedges. The Company recorded losses of $2,390 and $3,690 in 2005 and 2004, respectively, to foreign currency translation adjustments in other comprehensive income (loss) for the change in the fair value of the contracts.

Interest Rate Derivatives

The Company's policy is to manage interest cost using a mix of fixed and floating rate debt. The Company has entered into interest rate swaps in which it agrees to exchange, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated as either fair value or cash flow hedges. For fair value hedges, 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. For cash flow hedges, changes in the fair value of the interest rate swaps are offset by amounts recorded in other comprehensive income (loss). There was no ineffective portion to the hedges recognized in earnings during the period. If interest rate derivatives designated as cash flow hedges mature or are terminated, then the balance in other comprehensive income (loss) attributable to those derivatives is reclassified into earnings over the remaining life of the hedged debt.The amount that will be reclassified and recorded in Interest expense, net within the next 12 months is $1,756.

At September 30, 2006 and 2005, Accumulated other comprehensive loss included an unrealized loss of $12,273 and $13,360, respectively, net of tax, relating to interest rate derivatives that have been designated as cash flow hedges.

Fair Value of Financial Instruments

Cash equivalents, short-term investments and short-term debt are carried at cost, which approximates fair value. Equity securities, where a readily determinable market value exists, are classified as available-for-sale securities. Available-for-sale securities are carried at fair value, with unrecognized gains and losses reported in other comprehensive income (loss), net of taxes. Losses on available-for-sale securities are recognized when a loss is determined to be other than temporary or when realized.

The fair value of forward exchange contracts and currency options were estimated based on market prices, where available, or dealer quotes. The fair value of certain long-term debt is based on redemption value. The estimated fair values of the Company's financial instruments at September 30 were as follows:

	2006		2005	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Assets:				
Currency options [A]	**$ 12,471**	**$ 12,471**	$ 16,172	$ 16,172
Forward exchange contracts [A]	**3,156**	**3,156**	—	—
Interest rate swaps [A]	**6,144**	**6,144**	10,154	10,154
Equity securities [B]	**25,436**	**25,436**	24,918	24,918
Liabilities:				
Forward exchange contracts [C]	**2,878**	**2,878**	5,558	5,558
Long-term debt	**956,971**	**976,404**	1,060,833	1,113,311

(A) Included in Prepaid expenses, deferred taxes and other.

(B) Included in Other non-current assets and primarily represents equity securities in TriPath Imaging, Inc.

(C) Included in Accrued Expenses.

Concentration of Credit Risk

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 counter-party 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.

10 Shareholders' Equity

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

	ESOP Preferred Stock Issued	Common Stock Issued at Par Value	Capital in Excess of Par Value	Retained Earnings	Unearned ESOP Compensation	Deferred Compensation	Treasury Stock Shares	Treasury Stock Amount
Balance at September 30, 2003	$ 34,448	$ 332,662	$ 257,178	$ 3,950,592	$ (3,693)	$ 8,974	(81,528,882)	$ (1,439,934)
Net income				467,402				
Cash dividends:								
Common ($.60 per share)				(151,093)				
Preferred, net of tax benefits				(2,123)				
Common stock issued for:								
Employee stock plans, net			156,478				7,408,051	71,725
Business acquisitions			149				3,545	35
Common stock held in trusts, net						1,248	(17,376)	(1,248)
Reduction in unearned ESOP compensation for the year					3,693			
Repurchase of common stock							(9,551,286)	(449,930)
Adjustment for redemption provisions	(3,306)		710				358,653	2,596
Balance at September 30, 2004	$ 31,142	$ 332,662	$ 414,515	$ 4,264,778	$ —	$ 10,222	(83,327,295)	$ (1,816,756)
Net income				722,263				
Cash dividends:								
Common ($.72 per share)				(181,189)				
Common stock issued for:								
Employee stock plans, net			124,220				4,638,097	44,839
Business acquisitions			206				4,565	45
Share-based compensation			70,199					
Common stock held in trusts, net						58	40,472	(58)
Repurchase of common stock							(9,711,800)	(549,999)
Conversion of ESOP preferred stock	(31,142)		6,706				3,378,028	24,436
Balance at September 30, 2005	$ —	$ 332,662	$ 615,846	$ 4,805,852	$ —	$ 10,280	(84,977,933)	$ (2,297,493)
Net income				752,280				
Cash dividends:								
Common ($.86 per share)				(212,435)				
Common stock issued for:								
Employee stock plans, net			148,342				5,066,384	49,057
Business acquisitions			734				15,864	156
Share-based compensation			108,613					
Common stock held in trusts, net						854	(17,275)	(854)
Repurchase of common stock							(7,281,100)	(448,882)
Balance at September 30, 2006	**$ —**	**$ 332,662**	**$ 873,535**	**$ 5,345,697**	**$ —**	**$ 11,134**	**(87,194,060)**	**$ (2,698,016)**

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.

Employee Stock Ownership Plan

The Company maintains an ESOP as part of its Savings Incentive Plan. The ESOP was initially established to satisfy all or part of the Company's matching obligation. At inception, the ESOP purchased from the Company an issue of ESOP convertible preferred stock, which was subsequently allocated to plan participants. In December 2004, the remaining unallocated shares were converted to BD common stock and were fully utilized by April 2005. The Company's matching obligation continues to be funded through the ESOP, which is used to purchase BD common stock at prevailing market prices. See Note 5 for further discussion.

11 Other Comprehensive Income (Loss)

The components of Accumulated other comprehensive loss

were as follows:

	2006	2005
Foreign currency translation adjustments	**$ (13,017)**	$ (90,413)
Minimum pension liability adjustment	**(12,059)**	(89,145)
Unrealized gains on investments	**10,063**	8,851
Unrealized losses on cash flow hedges	**(13,795)**	(12,488)
	$ (28,808)	$ (183,195)

The income tax provision (benefit) recorded in fiscal years 2006 and 2005 for the unrealized gains on investments were $743 and $(631), respectively. The income tax benefit recorded in fiscal years 2006 and 2005 for cash flow hedges were $800 and $426, respectively. The income tax provision recorded in fiscal years 2006 and 2005 for the minimum pension liability adjustment were $47,259 and $2,139, respectively. Income taxes are generally not provided for translation adjustments.

The unrealized losses on cash flow hedges included in other comprehensive income (loss) for 2006 and 2005 are net of reclassification adjustments of $2,645 and $11,880, net of tax, respectively, for realized net hedge losses recorded to revenues. These amounts had been included in Accumulated other comprehensive loss in prior periods. The tax benefits associated with these reclassification adjustments in 2006 and 2005 were $1,621 and $7,282, respectively.

12 Commitments and Contingencies

Commitments

Rental expense for all operating leases amounted to $63,400 in 2006, $59,000 in 2005, and $59,200 in 2004. Future minimum rental commitments on noncancelable leases are as follows: 2007 – $48,100; 2008 – $34,800; 2009 – $24,200; 2010 – $16,500; 2011 – $11,400 and an aggregate of $10,600 thereafter.

As of September 30, 2006, the Company has certain future purchase commitments aggregating to approximately $299,600, which will be expended over the next several years.

Contingencies

The Company is named as a defendant in five purported class action suits brought on behalf of direct purchasers of the Company's products, such as distributors, alleging that the Company violated federal antitrust laws, resulting in the charging of higher prices for the Company's products to the plaintiff and other purported class members. The cases filed are as follows: *Louisiana Wholesale Drug Company, Inc., et. al. vs. Becton Dickinson and Company* (Civil Action No. 05-1602, U.S. District Court, Newark, New Jersey), filed on March 25, 2005; *SAJ Distributors, Inc. et. al. vs. Becton Dickinson & Co* . (Case 2:05-CV-04763-JD, United States District Court, Eastern District of Pennsylvania), filed on September 6, 2005; *Dik Drug Company, et. al. vs. Becton, Dickinson and Company* (Case No. 2:05-CV-04465, U.S. District Court, Newark, New Jersey), filed on September 12, 2005; *American Sales Company, Inc. et. al. vs. Becton, Dickinson & Co*. (Case No. 2:05-CV-05212-CRM, U.S. District Court, Eastern District of Pennsylvania), filed on October 3, 2005; and *Park Surgical Co. Inc. et. al. vs. Becton, Dickinson and Company* (Case 2:05-CV-05678-CMR, United States District Court, Eastern District of Pennsylvania), filed on October 26, 2005.

The actions brought by Louisiana Wholesale Drug Company and Dik Drug Company in New Jersey have been consolidated under the caption "In re Hypodermic Products Antitrust Litigation."

The Company is also named as a defendant in three purported class action suits brought on behalf of indirect purchasers of the Company's products, alleging that the Company violated federal antitrust laws, resulting in the charging of higher prices for the Company's products to the plaintiff and other purported class members. The cases filed are as follows: *Jabo's Pharmacy, Inc., et. al. v. Becton Dickinson & Company* (Case No. 2:05-CV-00162, United States District Court, Greenville, Tennessee) filed on June 7, 2005; *Drug Mart Tallman, Inc., et al v. Becton Dickinson and*

Company, (Case No. 2:06-CV-00174, U.S. District Court, Newark, New Jersey), filed on January 17, 2006; and *Medstar v. Becton Dickinson* (Case No. 06-CV-03258-JLL (RJH), U.S. District Court, Newark, New Jersey), filed on May 18, 2006.

The plaintiffs in each of the antitrust class action lawsuits seek monetary damages. All of the antitrust class action lawsuits have been consolidated for pre-trial purposes in a Multi-District Litigation (MDL) in federal court in New Jersey.

On August 31, 2005, Daniels Sharpsmart filed suit against the Company, another manufacturer and three group purchas ing organizations under the caption *Daniels Sharpsmart, Inc. v. Tyco International, (US) Inc., et. al.* (Civil Action No. 505CV169, United States District Court, Eastern District of Texas). The plaintiff alleges, among other things, that the Company and the other defendants conspired to exclude the plaintiff from the sharps-collection market by entering into long-term contracts in violation of federal and state antitrust laws, and seeks monetary damages.

On June 6, 2006, UltiMed, Inc., a Minnesota company, filed suit against the Company in the United States District Court in Minneapolis, Minnesota (*UltiMed, Inc. v. Becton, Dickinson and Company* (06CV2266)). The plaintiff alleges, among other things, that the Company excluded the plaintiff from the market for home use insulin syringes by entering into anticompetitive contracts in violation of federal and state antitrust laws. The plaintiff seeks money damages and injunctive relief.

The Company, along with another manufacturer and several medical product distributors, is named as a defendant in three product liability lawsuits relating to healthcare workers who allegedly sustained accidental needlesticks, but have not become infected with any disease. Generally, these actions allege that healthcare workers have sustained needlesticks using hollow-bore needle devices manufactured by the Company and, as a result, require medical testing, counseling and/or treatment. In some cases, these actions additionally allege that the healthcare workers have sustained mental anguish. Plaintiffs seek money damages in all of these actions. The Company had previously been named as a defendant in eight similar suits relating to healthcare workers who allegedly sustained accidental needlesticks, each of which has either been dismissed with prejudice or voluntarily withdrawn. Regarding the three pending suits:

- In Ohio, *Grant vs. Becton Dickinson et al.* (Case No. 98CVB075616, Franklin County Court), On September 21, 2006, the Ohio Court of Appeals reversed the trial court's grant of class certification. The matter has been remanded to the trial court for a determination of whether the class can be redefined.

- In Oklahoma and South Carolina, cases have been filed on behalf of an unspecified number of healthcare workers seeking class action certification under the laws of these states in state court in Oklahoma, under the caption *Palmer vs. Becton Dickinson et al.* (Case No. CJ-98-685,Sequoyah County District Court), filed on October 27, 1998,and in state court in South Carolina, under the caption *Bales vs. Becton Dickinson et al.* (Case No. 98-CP-40-4343,Richland County Court of Common Pleas), filed on November 25, 1998.

The Company continues to oppose class action certification in these cases, including pursuing all appropriate rights of appeal.

The Company, along with a number of other manufacturers, was named as a defendant in approximately 524 product liability lawsuits in various state and Federal courts related to natural rubber latex gloves which the Company ceased manufacturing in 1995. Cases pending in Federal court are being coordinated under the matter *In re Latex Gloves Products Liability Litigation* (MDL Docket No. 1148) in Philadelphia, and analogous procedures have been implemented in the state courts of California, Pennsylvania, New Jersey and New York. Generally, these actions allege that medical personnel have suffered allergic reactions ranging from skin irritation to anaphylaxis as a result of exposure to medical gloves containing natural rubber latex. Since the inception of this litigation, 465 of these cases have been closed with no liability to the Company, and 46 cases have been settled for an aggregate de minimis amount.

On August 8, 2005, the Company received a subpoena issued by the Attorney General of the State of Connecticut, which seeks documents and information relating to the Company's participation as a member of Healthcare Research & Development Institute, LLC ("HRDI"), a healthcare trade organization. The subpoena indicates that it was issued as part of an investigation into possible violations of the antitrust laws. On August 21, 2006, the Company received a subpoena issued by the Attorney General of the State of Illinois which seeks documents and information relating to the Company's participation as a member of HRDI. The subpoena indicates that it was issued as part of an investigation into possible violations of the Illinois Consumer Fraud and Deceptive Business Practices Act, Charitable Trust Act, and Solicitation for Charity Act. An independent member of the Company's board of directors, Gary Mecklenburg, also served as a member and the non-executive chairman of HRDI until November 5, 2006. The Company believes that its participation in HRDI complies fully with the law and intends to cooperate fully in responding to these subpoenas.

On May 28, 2004, Therasense, Inc. ("Therasense") filed suit against the Company in the U.S. District Court for the Northern District of California (Case Number: C 04-02123 WDB) asserting that the Company's blood glucose monitoring products infringe certain Therasense patents. On August 10, 2004, in response to a motion filed by Therasense in the U.S. District Court for the District of Massachusetts, the court transferred to the court in California an action previously filed by the Company against Therasense requesting a declaratory judgment that the Company's products do not infringe the Therasense patents and that the Therasense patents are invalid.

The Company believes that it has meritorious defenses to each of the above-mentioned suits pending against the Company and is engaged in a vigorous defense of each of these matters.

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 is a party to a number of Federal proceedings in the United States brought under the Comprehensive Environment Response, Compensation and Liability Act, also known as "Superfund," and similar state laws. For all sites, there are other potentially responsible parties that may be jointly or severally liable to pay all cleanup costs.

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 to which the Company is a party. In accordance with U.S. generally accepted accounting principles, the Company establishes accruals to the extent probable future losses are estimable (in the case of environmental matters, without considering possible third-party recoveries). In view of the uncertainties discussed above, the Company could incur charges in excess of any currently established accruals and, to the extent available, excess 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 net cash flows in the period or periods in which they are recorded or paid.

13 Share-Based Compensation

The Company grants share-based awards under the 2004 Plan, which provides for long-term incentive compensation to employees and directors consisting of: stock appreciation rights ("SARs"), stock options, performance-based restricted stock units, time-vested restricted stock units and other stock awards. The Company believes such awards align the interest of its employees and directors with those of its shareholders. Prior to the adoption of the 2004 Plan, the Company had employee and director stock option plans, which were terminated with respect to future grants effective upon shareholder approval of the 2004 Plan in February 2004. In 2006, 2005 and 2004, the compensation expense for these plans charged to income was $108,613, $70,199 and $2,466, respectively, and the associated income tax benefit recognized was $35,155, $19,941 and $937, respectively.

Stock Appreciation Rights

Beginning with the annual share-based grant in November 2005, the Company granted SARs and discontinued the issuance of stock options. 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 vest over a four-year period and have a ten-year term, similar to the previously granted stock options. The fair value was estimated on the date of grant using a lattice-based binomial option valuation model that uses the following weighted-average assumptions: risk-free interest rate of 4.48%; expected volatility of 28%; expected dividend yield of 1.46% and expected life of 6.5 years. Expected volatility is based upon historical volatility for the Company's common stock and other factors. The expected term of SARs granted is derived from the output of the model, using assumed exercise rates based on historical exercise and termination patterns, and represents the period of time that options 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 weighted average grant date fair value of SARs granted during 2006 was $18.43.

A summary of SARs outstanding as of September 30, 2006, and changes during the year then ended is as follows:

	SARs	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Balance at October 1	—	$ —		
Granted	1,737,863	59.16		
Exercised	(188)	59.16		
Forfeited, canceled or expired	(53,134)	59.16		
Balance at September 30	1,684,541	$ 59.16	9.14	$ 19,397
Vested and expected to vest at September 30	1,517,533	$ 59.16	9.14	$ 17,474
Exercisable at September 30	14,459	$ 59.16	9.14	$ 166

Stock options

All stock option grants are for a ten-year term. Stock options issued after November 2001 vest over a four-year period. Stock options issued prior to November 2001 vested over a three-year period. Stock options granted in 2005 were valued based on the grant date fair value of those awards, using a lattice-based binomial option valuation model that used the following weighted-average assumptions: risk-free interest rate of 3.93%; expected volatility of 29%; expected dividend yield of 1.28% and expected life of 6.5 years.

The weighted average grant date fair value of stock options granted during the years 2005 and 2004 was $17.16 and $13.25, respectively. Stock options granted in 2004 were valued based on the grant date fair value of those awards, using the Black-Scholes option pricing model. See Note 2 for further discussion.

A summary of stock options outstanding as of September 30, 2006, and changes during the year then ended is as follows:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Balance at October 1	23,727,924	$ 33.68		
Granted	—	—		
Exercised	(5,060,992)	29.21		
Forfeited, canceled or expired	(412,942)	34.69		
Balance at September 30	18,253,990	$ 34.90	5.31	$ 652,923
Vested and expected to vest at September 30	17,825,685	$ 34.75	5.26	$ 640,329
Exercisable at September 30	13,970,936	$ 32.95	4.72	$ 527,027

Cash received from the exercising of stock options in 2006, 2005 and 2004 was $147,831, $123,613 and $173,883, respectively. The actual tax benefit realized for tax deductions from stock option exercises totaled $48,751, $44,958 and $52,131, respectively. The total intrinsic value of stock options exercised during the years 2006, 2005 and 2004 was $168,752, $134,342 and $157,293, respectively.

Performance-Based Restricted Stock Units

Performance-based restricted stock units cliff vest three years after the date of grant, and are tied to the Company's performance against pre-established targets, including its compound growth rate of consolidated revenues and average return on invested capital, over a three-year performance period. Under the Company's long-term incentive program, the actual payout under these awards may vary from zero to 250% of an employee's target payout, based on the Company's actual performance over the three-year performance period. 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.

A summary of performance-based restricted stock units outstanding as of September 30, 2006, and changes during the year then ended is as follows:

	Stock Units	Weighted Average Conversion Price
Balance at October 1	1,750,660	$ 51.16
Granted	1,368,368	59.16
Converted	(1,500)	55.18
Forfeited or canceled	(104,415)	56.04
Balance at September 30[(A)]	3,013,113	$ 54.62
Expected to vest at September 30[(B)]	1,709,621	$ 53.87

(A) Based on 250% of the target payout.

(B) Net of expected forfeited units and units in excess of the expected performance payout of 264,514 and 1,038,978, respectively.

The weighted average grant date fair value of performance-based restricted stock units granted during the years 2005 and 2004 was $54.41 and $38.93, respectively. At September 30, 2006, the weighted average remaining contractual term of performance-based restricted stock units is 1.47 years.

Time-Vested Restricted Stock Units

Time-vested restricted stock units generally cliff vest three years after the date of grant, 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 in the case of certain key executives 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.

A summary of time-vested restricted stock units outstanding as of September 30, 2006, and changes during the year then ended is as follows:

	Stock Units	Weighted Average Conversion Price
Balance at October 1	630,057	$ 52.54
Granted	599,152	59.62
Converted	(8,330)	56.13
Forfeited or canceled	(54,161)	56.91
Balance at September 30	1,166,718	$ 55.95
Expected to vest at September 30	1,050,046	$ 55.95

The weighted average grant date fair value of time-vested restricted stock units granted during the years 2005 and 2004 was $54.48 and $38.78, respectively. At September 30, 2006, the weighted average remaining contractual term of the time- vested restricted stock units is 2.55 years.

The amount of unrecognized compensation expense for all non-vested share-based awards as of September 30, 2006, is approximately $120.7 million, which is expected to be recognized over a weighted-average remaining life of approximately 1.9 years. At September 30, 2006, 3,308,995 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, 2006, the Company estimates that it has sufficient shares held in treasury to satisfy these payments in 2007.

Other Stock Plans

The Company has a Stock Award Plan, which allows for grants of common shares to certain key employees. Distribution of 25% or more of each award is deferred until after retirement or involuntary termination, upon which the deferred portion of the award is distributable in five equal annual installments. The balance of the award is distributable over five years from the grant date, subject to certain conditions. In February 2004, this plan was terminated with respect to future grants upon the adoption of the 2004 Plan. At September 30, 2006 and 2005, awards for 270,762 and 283,003 shares, respectively were outstanding.

The Company has a Restricted Stock Plan for Non-Employee Directors which reserves for issuance 300,000 shares of the Company's common stock. No restricted shares were issued in 2006.

The Company has a Directors' Deferral Plan, which provides a means to defer director compensation, from time to time, on a deferred stock or cash basis. As of September 30, 2006, 119,701 shares were held in trust, of which 9,979 shares represented Directors' compensation in 2006, in accordance with the provisions of the plan. Under this plan, which is unfunded, directors have an unsecured contractual commitment from the Company.

The Company also has a Deferred Compensation Plan that allows certain highly-compensated employees, including executive officers, to defer salary,

annual incentive awards and certain equity-based compensation. As of September 30, 2006, 192,647 shares were issuable under this plan.

14 Earnings per Share

For the years ended September 30, 2006, 2005 and 2004, the computations of basic and diluted earnings per share (shares in thousands) were as follows:

	2006	2005	2004
Income from continuing operations	**$ 755,591**	$ 692,283	$ 582,504
Preferred stock dividends	**—**	(367)	(2,115)
Income from continuing operations available to common shareholders (A)	**755,591**	691,916	580,389
Preferred stock dividends – using "if converted" method	**—**	367	2,115
Additional ESOP contribution – using "if converted" method	**—**	—	(52)
Income from continuing operations available to common shareholders after assumed conversions (B)	**$ 755,591**	$ 692,283	$ 582,452
Average common shares outstanding (C)	**247,067**	251,429	252,011
Dilutive stock equivalents from stock plans	**9,487**	8,671	7,948
Shares issuable upon conversion of preferred stock	**—**	612	3,378
Average common and common equivalent shares outstanding – assuming dilution (D)	**256,554**	260,712	263,337
Basic earnings per share – income from continuing operations (A divided by C)	**$ 3.06**	$ 2.75	$ 2.30
Diluted earnings per share – income from continuing operations (B divided by D)	**$ 2.95**	$ 2.66	$ 2.21

15 Segment Data

The Company's organizational structure is based upon its three principal business segments: BD Medical ("Medical"), BD Diagnostics ("Diagnostics") and BD Biosciences ("Biosciences").

The major product lines in the Medical segment include needles, syringes and intravenous catheters, including safety-engineered devices, for medication delivery; syringes and pen needles for the self-injection of insulin and other drugs used in the treatment of diabetes; prefillable drug delivery devices provided to pharmaceutical companies and sold to end-users as drug/device combinations; surgical blades and regional anesthesia needles; critical care monitoring devices; ophthalmic surgical instruments; sharps disposal containers; and home healthcare products. The major products and services in the Diagnostics segment are integrated systems for specimen collection; an extensive line of safety-engineered specimen blood collection products and systems; plated media; automated blood culturing systems; molecular testing systems for sexually transmitted diseases and healthcare-associated infections; microorganism identification and drug susceptibility systems; and rapid diagnostic assays. The major product lines in the Biosciences segment include fluorescence activated cell sorters and analyzers; cell imaging systems; monoclonal antibodies and kits; reagent systems for life sciences research; tools to aid in drug discovery and growth of tissue and cells; and diagnostic assays.

The Company evaluates performance of its business segments based upon operating income. Segment operating income represents revenues reduced by product costs and operating expenses.

Distribution of products is primarily through distributors, as well as directly to hospitals, laboratories and other end-users. Sales to a distributor which supplies the Company's products to many end users accounted for approximately 11% of revenues in 2006, 2005 and 2004, respectively and included products from the Medical and Diagnostics segments. No other customer accounted for 10% or more of revenues in each of the three years presented.

Revenues [A]	**2006**	2005	2004
Medical	**$ 3,203,456**	$ 2,958,088	$ 2,680,165
Diagnostics	**1,754,866**	1,657,064	1,531,639
Biosciences	**876,505**	799,529	722,941
	$ 5,834,827	$ 5,414,681	$ 4,934,745

Segment Operating Income			
Medical	**$ 767,672[B]**	$ 710,551	$ 566,582[D]
Diagnostics	**399,212[C]**	413,908	359,370
Biosciences	**213,068**	175,339	155,888
Total Segment Operating Income	**1,379,952**	1,299,798	1,081,840
Unallocated Expenses[E]	**(344,995)[F]**	(294,944)[F]	(328,972)[G]
Income From Continuing Operations Before Income Taxes	**$ 1,034,957**	$ 1,004,854	$ 752,868

Segment Assets			
Medical	**$ 2,835,613**	$ 2,656,320	$ 2,703,643
Diagnostics	**1,485,959**	1,245,769	1,217,620
Biosciences	**727,634**	678,286	706,728
Total Segment Assets	**5,049,206**	4,580,375	4,627,991
Corporate and All Other [H]	**1,775,319**	1,552,418	1,060,894
Discontinued Operations	**—**	—	63,694
	$ 6,824,525	$ 6,132,793	$ 5,752,579

Capital Expenditures			
Medical	**$ 270,910**	$ 184,525	$ 158,728
Diagnostics	**104,815**	99,742	79,782
Biosciences	**38,952**	22,218	16,560
Corporate and All Other	**44,631**	11,143	10,648
	$ 459,308	$ 317,628	$ 265,718

Depreciation and Amortization			
Medical	**$ 212,807**	$ 202,825	$ 187,254
Diagnostics	**116,072**	102,882	97,731
Biosciences	**63,383**	64,599	55,878
Corporate and All Other	**12,833**	17,190	16,361
	$ 405,095	$ 387,496	$ 357,224

(A) Intersegment revenues are not material.

(B) Includes the $63,414 charge related to BGM exit costs, as discussed in Note 3.

(C) Includes the in-process research and development charge related to the GeneOhm acquisition, as discussed in Note 3.

(D) Includes the $45,024 charge related to BGM products as discussed in Note 16.

(E) Includes interest, net; foreign exchange; and corporate expenses.

(F) Includes share-based compensation expense, as discussed in Note 2.

(G) Includes the litigation settlement of $100,000 as discussed in Note 16.

(H) Includes cash and investments and corporate assets.

Revenues by Organizational Units	**2006**	2005	2004
BD Medical			
Medical Surgical Systems	**$ 1,748,743**	$ 1,661,150	$ 1,540,723
Diabetes Care	**753,343**	674,020	586,190
Pharmaceutical Systems	**639,694**	563,271	497,421
Ophthalmic Systems	**61,676**	59,647	55,831
	$ 3,203,456	$ 2,958,088	$ 2,680,165
BD Diagnostic			
Preanalytical Systems	**$ 927,759**	$ 854,831	$ 787,996

Diagnostic Systems	**827,107**	802,233	743,643
	$ 1,754,866	$ 1,657,064	$ 1,531,639
BD Biosciences			
Immunocytometry Systems	**$ 502,847**	$ 452,383	$ 397,151
Pharmingen	**157,349**	140,585	135,650
Discovery Labware	**216,309**	206,561	190,140
	$ 876,505	$ 799,529	$ 722,941
	$ 5,834,827	$ 5,414,681	$ 4,934,745

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), Europe, and Other, which is composed of Canada, Latin America, Japan and Asia Pacific.

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

	2006	2005	2004
Revenues			
United States	**$ 2,828,023**	$ 2,590,951	$ 2,435,889
Europe	**1,764,600**	1,671,112	1,482,793
Other	**1,242,204**	1,152,618	1,016,063
	$ 5,834,827	$ 5,414,681	$ 4,934,745
Long-Lived Assets			
United States	**$ 1,934,994**	$ 1,687,808	$ 1,687,276
Europe	**893,495**	823,694	805,179
Other	**540,925**	424,165	398,453
Corporate	**269,858**	221,812	220,337
	$ 3,639,272	$ 3,157,479	$ 3,111,245

16 Litigation Settlement and Other Charges

Litigation Settlement

In July 2004, the Company entered into an agreement to settle the lawsuit filed against it by Retractable Technologies, Inc. ("RTI"). RTI alleged that the Company and other defendants conspired to exclude it from the market and to maintain the Company's market share by entering into long-term contracts in violation of state and Federal antitrust laws. RTI also asserted claims for business disparagement, common law con spiracy and tortious interference with business relationships. The settlement was also paid in July 2004 and was in exchange for a general release of all claims (excluding certain patent matters) and a dismissal of the case with prejudice, which means this case cannot be re-filed. The Company recorded the related pretax charge of $100,000 ($63,000 after taxes and approximately 24 cents per diluted share) in the Company's results of operations in 2004.

Blood Glucose Monitoring Charges

The Company recorded a pre-tax charge of $45,024 to Cost of products sold in its results of operations during 2004 related to its blood glucose monitoring products, which included a reserve of $6,473 in connection with the voluntary product recall of certain lots of BGM test strips and the write-off of $29,803 of certain test strip inventories. Based upon internal testing, it was determined that certain BGM test strip lots, produced by the Company's manufacturing partner, were not performing within the Company's specifications. As a result, the Company decided to recall the affected lots and dispose of the non-conforming product in inventory. In addition, the charge reflected the Company's decision to focus its sales and marketing efforts on the *BD Logic* and Paradigm Link® blood glucose meters in the United States, and to discontinue support of the *BD Latitude* system product offering in the United States, resulting in a write-off of $8,748 of related blood glucose meters and fixed assets. The accrual for product to be returned related to this product recall has been fully utilized.

Quarterly Data (unaudited)
Thousands of dollars, except per share amounts

	2006				
	1st	**2nd**	**3rd**	**4th[C]**	**Year[C]**
Revenues	**$ 1,414,061**	**$ 1,449,317**	**$ 1,483,698**	**$ 1,487,751**	**$ 5,834,827**
Gross Profit	**738,320**	**738,682**	**750,755**	**720,217**	**2,947,974**
Income from Continuing Operations	**217,860**	**156,238[B]**	**206,373**	**175,120**	**755,591[B]**
Earnings per Share:					
Income from Continuing Operations	**.88**	**.63**	**.84**	**.71**	**3.06**
Loss from Discontinued Operations	**—**	**(.01)**	**—**	**—**	**(.01)**
Basic Earnings per Share[A]	**.88**	**.62**	**.84**	**.71**	**3.04**
Income from Continuing Operations	**.85**	**.60**	**.81**	**.69**	**2.95**
Loss from Discontinued Operations	**—**	**(.01)**	**—**	**—**	**(.01)**
Diluted Earnings per Share[A]	**.85**	**.60**	**.81**	**.68**	**2.93**

	2005				
	1st	**2nd**	**3rd**	**4th**	**Year**
Revenues	$ 1,288,369	$ 1,365,530	$ 1,381,306	$ 1,379,476	$ 5,414,681
Gross Profit	653,868	687,512	694,542	716,730	2,752,652
Income from Continuing Operations	194,398	186,509	189,801	121,575	692,283[D]
Earnings per Share:					
Income from Continuing Operations	.77	.74	.75	.49	2.75
Income from Discontinued Operations	—	.01	—	.11	.12
Basic Earnings per Share[A]	.78	.74	.75	.60	2.87
Income from Continuing Operations[A]	.74	.71	.73	.47	2.66
Income from Discontinued Operations[A]	—	.01	—	.11	.11
Diluted Earnings per Share[A]	.75	.72	.73	.58	2.77

(A) Total per share amounts may not add due to rounding.

(B) Includes the in-process research and development charge related to the GeneOhm acquisition, as discussed in Note 3.

(C) Includes the impact of the BGM exit costs, as discussed in Note 3.

(D) Includes the tax charge of $77,200 in the fourth quarter related to the planned repatriation of foreign earnings in 2006 under the American Jobs Creation Act of 2004, as discussed in Note 6.

Corporate Information

Annual Meeting
1:00 p.m.
Tuesday, January 30, 2007
Hilton Short Hills
41 John F. Kennedy Parkway
Short Hills, NJ 07078

This annual report is not a solicitation of proxies.

Direct Stock Purchase Plan

The Direct Stock Purchase Plan established through Computershare Trust Company, N.A., enhances the services provided to existing shareholders and facilitates initial investments in BD shares. Plan documentation and additional information may be obtained by calling Computershare Trust Company, N.A., at 1-866-238-5345, or by accessing the "Buy Shares" feature located within the Investor Centre of Computershare's website at www.computershare.com.

NYSE Symbol
BDX

On March 1, 2006, Edward J. Ludwig, Chairman, President and Chief Executive Officer, submitted to the NYSE the Written Affirmation required by the rules of the NYSE certifying that he was not aware of any violations by BD of NYSE Corporate Governance listing standards.

The certifications of Mr. Ludwig and John R. Considine, Senior Executive Vice President and Chief Financial Officer, made pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 regarding the quality of BD's public disclosure, have been filed as exhibits to the Company's 2006 Annual Report on Form 10-K.

Transfer Agent and Registrar
Computershare Trust Company, N.A.
250 Royall Street
Canton, MA 02021
Phone: 1-877-498-8861
International: 781-575-2726
Internet: www.computershare.com

Common Stock Prices and Dividends (per common share)

By Quarter	2006		
	High	**Low**	**Dividends**
First	**$ 60.72**	**$ 50.07**	**$ 0.215**
Second	**65.76**	**58.97**	**0.215**
Third	**65.28**	**58.31**	**0.215**
Fourth	**70.67**	**58.84**	**0.215**

By Quarter	2005		
	High	Low	Dividends
First	$ 57.83	$ 49.52	$ 0.180
Second	59.98	53.90	0.180
Third	59.65	51.27	0.180
Fourth	55.65	51.30	0.180

Shareholder Information

At November 15, 2006, there were approximately 9,102 shareholders of record. BD's Statement of Corporate Governance Principles, BD's Business Conduct and Compliance Guide, the charters of BD's Committees of the Board of Directors, BD's reports and statements filed with or furnished to the Securities and Exchange Commission and other information, are posted on BD's website at www.bd.com/investors/. Shareholders may receive, without charge, printed copies of these documents, including BD's 2006 Annual Report on Form 10-K, by contacting:

Investor Relations
BD
1 Becton Drive
Franklin Lakes, NJ 07417-1880
Phone: 1-800-284-6845
Internet: www.bd.com

Independent Auditors
Ernst & Young LLP
5 Times Square
New York, NY 10036-6530
Phone: 212-773-3000
Internet: www.ey.com

Interlink is a registered trademark of Baxter International Inc.

Reconciliations to adjusted amounts (in millions)		**2006**		2005
Revenues	**$**	**5,835**	$	5,415
BGM exit costs		**5**		—
Revenues – adjusted	**$**	**5,840**	$	5,415
Gross profit	**$**	**2,948**	$	2,753
BGM exit costs		**51**		—
Gross profit –adjusted	**$**	**2,999**	$	2,753
as a % of adjusted revenues		**51.4%**		50.8%
Research and development (R&D) expense	**$**	**360**	$	272
Acquired in-process R&D –GeneOhm		**(53)**		—
R&D expense –adjusted	**$**	**307**	$	272
% change from 2005		**13%**		
Operating income	**$**	**1,050**	$	1,031
Insurance settlement		**(17)**		—
Acquired in-process R&D –GeneOhm		**53**		—
BGM exit costs		**63**		—
Operating income – adjusted	**$**	**1,150**	$	1,031
% change from 2005		**12%**		
as a % of adjusted revenues		**19.7%**		19.0%

Amounts may not add due to rounding.

SUBSIDIARIES OF BECTON, DICKINSON AND COMPANY

Name of Subsidiary	State of Jurisdiction of Incorporation	Percentage of Voting Securities Owned
Atto BioScience, Inc.	Delaware	100%
B-D (Cambridge U.K.) Ltd.	United Kingdom	100% (1)
BD Biosciences, Systems and Reagents Inc.	California	100%
BD Holding S. de R.L. de C.V.	Mexico	100% (1)
BD Matrex Holdings, Inc.	Delaware	100%
BD Norge AS	Norway	100% (1)
BD Ophthalmic Systems Limited	United Kingdom	100% (1)
BD Rapid Diagnostic (Suzhou) Co., Ltd.	China	100% (1)
BDX INO LLC	Delaware	100%
Becton Dickinson A/S	Denmark	100% (1)
Becton Dickinson AcuteCare Holdings, Inc.	Delaware	100%
Becton Dickinson AcuteCare, Inc.	Massachusetts	100% (1)
Becton Dickinson Advanced Pen Injection Systems GmbH	Switzerland	100% (1)
Becton Dickinson Argentina S.R.L.	Argentina	100% (1)
Becton Dickinson Asia Limited	Hong Kong	100% (1)
Becton Dickinson Asia Pacific Limited	British Virgin Islands	100%
Becton Dickinson Austria GmbH	Austria	100% (1)
Becton Dickinson Benelux N.V.	Belgium	100% (1)
Becton Dickinson Canada Inc.	Canada	100% (1)
Becton Dickinson Caribe Ltd.	Cayman Islands	100% (1)
Becton Dickinson Catheter Systems Singapore Pte. Ltd.	Singapore	100% (1)
Becton Dickinson Cellular Imaging Systems B.V.	Netherlands	100% (1)
Becton Dickinson Colombia Ltda.	Colombia	100% (1)
Becton Dickinson Critical Care Systems Pte. Ltd.	Singapore	100% (1)
Becton Dickinson Czechia s.r.o.	Czech Republic	100% (1)
Becton Dickinson del Uruguay S.A.	Uruguay	100% (1)
Becton Dickinson Distribution Center N.V.	Belgium	100% (1)
Becton Dickinson East Africa Ltd.	Kenya	100% (1)
Becton Dickinson Foreign Sales Corporation	Barbados	100% (1)
Becton Dickinson Guatemala S.A.	Guatemala	100% (1)
Becton Dickinson Hellas S.A.	Greece	100% (1)
Becton Dickinson Holdings GmbH	Germany	100% (1)
Becton Dickinson Hungary Kft.	Hungary	100% (1)
Becton Dickinson India Private Limited	India	100% (1)
Becton Dickinson Infusion Therapy AB	Sweden	100% (1)
Becton Dickinson Infusion Therapy B.V.	Netherlands	100% (1)
Becton Dickinson Infusion Therapy Holdings AB	Sweden	100% (1)
Becton Dickinson Infusion Therapy Holdings Inc.	Delaware	100%
Becton Dickinson Infusion Therapy Systems Inc., S.A. de C.V.	Mexico	100% (1)
Becton Dickinson Infusion Therapy UK	United Kingdom	100% (1)
Becton Dickinson Infusion Therapy Systems Inc.	Delaware	100%
Becton Dickinson Infusion Therapy Holdings UK Limited	United Kingdom	100% (1)
Becton Dickinson Insulin Syringe, Ltd.	Cayman Islands	100% (1)
Becton Dickinson Ithalat Ihracat Limited Sirketi	Turkey	100% (1)
Becton Dickinson Korea Holding, Inc.	Delaware	100%
Becton Dickinson Korea Ltd.	Korea	100% (1)
Becton Dickinson Malaysia, Inc.	Oregon	100%
Becton Dickinson (Mauritius) Limited	Mauritius	100%
Becton Dickinson Medical (S) Pte. Ltd.	Singapore	100% (1)
Becton Dickinson Medical Devices Co. Shanghai Ltd.	P.R.C.	100% (1)
Becton Dickinson Medical Devices Co. Ltd., Suzhou	P.R.C.	100%
Becton Dickinson Medical Products Pte. Ltd.	Singapore	100%
Becton Dickinson Ltd.	New Zealand	100% (1)
Becton Dickinson O.Y.	Finland	100% (1)
Becton Dickinson Overseas Services Ltd.	Nevada	100%
Becton Dickinson Pen Limited	Ireland	100% (1)
Becton Dickinson Penel Limited	Cayman Islands	100% (1)
Becton Dickinson Philippines, Inc.	Philippines	100% (1)
Becton Dickinson Polska Ltd. Sp. z.o.o.	Poland	100% (1)
Becton Dickinson Pty. Ltd.	Australia	100% (1)

Becton Dickinson (Pty) Ltd.	South Africa	100% (1)
Becton Dickinson Sdn. Bhd.	Malaysia	100% (1)
Becton Dickinson Service (Pvt.) Ltd.	Pakistan	100%
Becton Dickinson Sample Collection GmbH	Switzerland	100% (1)
Becton Dickinson (Thailand) Limited	Thailand	100% (1)
Becton Dickinson Venezuela, C.A.	Venezuela	100% (1)
Becton Dickinson Venture LLC	Delaware	100%
BD Ventures LLC	New Jersey	100%
Becton Dickinson, S.A.	Spain	100% (1)
Becton Dickinson (Royston) Limited	United Kingdom	100% (1)
Becton, Dickinson A.G.	Switzerland	100% (1)
Becton, Dickinson Aktiebolag	Sweden	100% (1)
Becton, Dickinson and Company, Ltd.	Ireland	100% (1)
Becton, Dickinson B.V.	Netherlands	100% (1)
Becton Dickinson de Mexico, S.A. de C.V.	Mexico	100% (1)
Becton Dickinson France S.A.S.	France	100% (1)
Becton Dickinson GmbH	Germany	100% (1)
Becton, Dickinson Industrias Cirurgicas, Ltda.	Brazil	100% (1)

Becton, Dickinson Italia S.p.A.	Italy	100% (1)
B-D U.K. Holdings Limited	United Kingdom	100% (1)
Becton Dickinson U.K. Limited	United Kingdom	100% (1)
Bedins Vermont Indemnity Company	Vermont	100%
Benex Ltd.	Ireland	100% (1)
BioVenture Centre Pte. Ltd.	Singapore	92%
BTP Immunization Systems, LLC	New Jersey	100%
Clontech Laboratories UK Limited	United Kingdom	100% (1)
Corporativo BD de Mexico, S. de R.L. de C.V.	Mexico	100% (1)
Critical Device Corporation	California	100%
D.L.D., Ltd.	Bermuda	100% (1)
Dantor S.A.	Uruguay	100% (1)
Difco Laboratories Incorporated	Michigan	100%
Difco Laboratories Limited	United Kingdom	100% (1)
Discovery Labware, Inc.	Delaware	100%
Distribuidora BD, S.A. de C.V.	Mexico	100% (1)
EPV S.A. de C.V.	Mexico	100% (1)
Franklin Lakes Enterprises, L.L.C.	New Jersey	100%
GeneOhm Sciences, Inc.	Delaware	100%
GeneOhm Sciences Canada Inc.	Canada	100% (1)
GeneOhm Sciences Europe, N.V.	Belgium	100% (1)
GeneOhm Sciences UK Ltd.	United Kingdom	100% (1)
Healthcare Holdings in Sweden AB	Sweden	100% (1)
IBD Holdings LLC	Delaware	50% (1)
Johnston Laboratories, Inc.	Maryland	100% (1)
Luther Medical Products, Inc.	California	100% (1)
Staged Diabetes Management LLC	New Jersey	50% (1)
Matrex Salud, de R.L. de C.V.	Mexico	50% (1)
Med-Safe Systems, Inc.	California	100%
Nippon Becton Dickinson Company, Ltd.	Japan	100% (1)
PharMingen	California	100%
Phase Medical, Inc.	California	100% (1)
PreAnalytiX GmbH	Switzerland	50% (1)
Promedicor de Mexico, S.A. de C.V.	Mexico	100% (1)
Saf-T-Med Inc.	Delaware	100%

(1) owned by a wholly-owned subsidiary of Becton, Dickinson and Company

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Becton, Dickinson and Company of our reports dated November 17, 2006, with respect to the consolidated financial statements of Becton, Dickinson and Company, Becton, Dickinson and Company management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting of Becton, Dickinson and Company, included in the 2006 Annual Report to Shareholders of Becton, Dickinson and Company.

Our audits also included the financial statement schedule of Becton, Dickinson and Company listed in Item 15(b). This schedule is the responsibility of Becton, Dickinson and Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, as to which the date is November 17, 2006, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement Form S-8 Nos. 33-23055, 33-33791, 33-40787, 33-53375, 33-58367, 33-64115, 333-11885, 333-16091, 333-46089, 333-59238, 333-108052 and 333-118235 of Becton, Dickinson and Company, and,

(2) Registration Statement Form S-3 Nos. 333-23559, 333-38193, 333-104019 and 333-134143 of Becton, Dickinson and Company;

of our report dated November 17, 2006, with respect to the consolidated financial statements of Becton, Dickinson and Company incorporated herein by reference, our report dated November 17, 2006, with respect to Becton, Dickinson and Company management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting of Becton, Dickinson and Company, included herein, and our report included in the preceding paragraph with respect to the financial statement schedule of Becton, Dickinson and Company included in this Annual Report (Form 10-K) of Becton, Dickinson and Company.

/s/ ERNST & YOUNG, LLP

Ernst & Young, LLP

New York, New York
November 28, 2006

EXHIBIT 31

CERTIFICATIONS

I, Edward J. Ludwig, 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 13q-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 data; 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 30, 2006

/s/ EDWARD J. LUDWIG
Edward J. Ludwig
Chairman, President and
Chief Executive Officer

EXHIBIT 31

I, John R. Considine, 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 data; 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 30, 2006

/s/ JOHN R. CONSIDINE
John R. Considine
Senior Executive Vice President and
Chief Financial Officer

EXHIBIT 32

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, 2006 (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, Edward J. Ludwig, 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 30, 2006

/s/ EDWARD J. LUDWIG
Edward J. Ludwig
Chairman, President and
Chief Executive Officer

EXHIBIT 32

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, 2006 (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, John R. Considine, 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 30, 2006

/s/ JOHN R. CONSIDINE
John R. Considine
Senior Executive Vice President and
Chief Financial Officer