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, 2005 **COMMISSION FILE NUMBER 1-4802**

BECTON, DICKINSON AND COMPANY

(Exact name of registrant as specified in its charter)

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

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

None

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 S No £

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. £

Indicate by checkmark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).
Yes S No £

As of March 31, 2005, 252,043,008 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 $14,724,352,527.

Documents Incorporated by Reference

(1) Portions of the registrant's Annual Report to Shareholders for the fiscal year ended September 30, 2005 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 31, 2006 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, 2005 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. 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 Medical's principal product lines include needles, syringes and catheters for medication delivery; insulin injection devices and blood glucose monitors for 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 devices; sharps disposal containers; and home healthcare products such as ACE® brand elastic bandages.

BD Diagnostics

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

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. The primary markets served by BD Biosciences are research and clinical laboratories; hospitals and transplant centers; blood banks; and biotechnology and pharmaceutical companies. 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.

Discontinued Operations

On August 31, 2005, BD completed the sale of the Clontech unit of the BD Biosciences segment ("Clontech"). Clontech's results of operations are reported as Discontinued Operations for all periods presented in the financial statements incorporated herein by reference as part of Exhibit 13.

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 (including 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, 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 foregoing factors, as well as local commercial and economic policies and political uncertainties.

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 2005. 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, although an incidence of the influenza virus can affect demand for certain medical devices in the BD Medical segment and respiratory and flu diagnostic products of the BD Diagnostics segment in various countries.

Raw Materials

BD purchases many different types of raw materials, including plastics, glass, metals, yarn and yarn goods, 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 $272 million, $236 million and $224 million on research and development during the fiscal years ended September 30, 2005, 2004 and 2003, respectively.

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., NHS in the U.K., MHLW 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 or 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 identify and address reimbursement issues and minimize negative outcomes in this regard, it has no control over payer decision-making with respect to coverage and adequate payment level for BD products. Additionally, many payers continue to explore cost containment strategies that could potentially impact coverage and/or payment levels for current or future 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.

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, 2005, BD had 25,571 employees, of whom 11,624 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 Becton, Dickinson and Company ("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. 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 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. We have responded to the VRC's letter of inquiry and are cooperating fully with the UN in connection with this matter.

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. Patents attained by competitors, particularly as patents on our products expire, may also adversely impact our competitive position. While we believe our opportunities for sustained, profitable growth are considerable, actions of competitors could impact our revenue growth and earnings.

- Recently, it has been reported that an FDA advisory panel has recommended approval by the FDA of a new inhaled form of insulin, which, if approved, could adversely impact sales of our insulin injection devices. However, we believe that any impact would be mitigated by certain factors, including the convenience and efficacy of insulin injections, the high degree of satisfaction with insulin needles by patients who inject insulin, and our expectation that many insulin injectors would need to continue to inject at least once per day to control their blood sugar levels, even when inhaled insulin is used.

- 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 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 2. *Properties*.

BD's executive offices are located in Franklin Lakes, New Jersey. As of November 30, 2005, BD owned and leased approximately 13,835,000 square feet of manufacturing, warehousing, administrative and research facilities throughout the world. The U.S. facilities, including Puerto Rico, comprise approximately 5,895,000 square feet of owned and 1,987,000 square feet of leased space. The international facilities comprise approximately 3,723,000 square feet of owned and 2,230,000 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, Colorado, Connecticut, Georgia, Illinois, Indiana, Maryland, Massachusetts, Michigan, Missouri, Nebraska, New Jersey, New York, North Carolina, South Carolina, Tennessee, Texas, Utah, Washington, DC, Wisconsin and Puerto Rico.

The international facilities are grouped as follows:

—Canada includes approximately 123,000 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 1,843,000 square feet of owned and 1,071,000 square feet of leased space.

—Latin America includes facilities in Argentina, Brazil, Chile, Colombia, Guatemala, Mexico, Peru, Uruguay and Venezuela, and is comprised of approximately 776,000 square feet of owned and 716,000 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 1,104,000 square feet of owned and 320,000 square feet of leased space.

The following table summarizes property information by business segment:

Category	Corporate	Biosciences	Diagnostics	Medical	Mixed(A)	Total
Leased						
Sites	3	13	3	90	23	132
Square feet	15,000	283,000	32,000	1,823,000	2,064,000	4,217,000
Manufacturing square Footage	0	15,000	0	335,000	0	350,000
Manufacturing sites	0	2	0	6	0	8
Owned						
Sites	2	4	12	24	6	48
Square feet	446,000	613,000	2,257,000	5,056,000	1,246,000	9,618,000
Manufacturing square Footage	0	265,000	1,292,000	3,092,000	252,000	4,901,000
Manufacturing sites	0	4	12	24	2	42
Total						
Sites	5	17	15	114	29	180
Square feet	461,000	896,000	2,289,000	6,879,000	3,310,000	13,835,000
Manufacturing square Footage	0	280,000	1,292,000	3,427,000	252,000	5,251,000
Manufacturing sites	0	6	12	30	2	50

(A) Facilities used by all business segments.

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

In 1986, BD acquired a business that manufactured, among other things, latex surgical gloves. In 1995, BD divested this glove business. BD, along with a number of other manufacturers, has been named as a defendant in approximately 524 product liability lawsuits related to natural rubber latex that have been filed in various state and Federal courts. 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, 463 of these cases have been closed with no liability to BD (462 of which were closed with prejudice), and 45 cases have been settled for an aggregate de minimis amount.

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), which was filed on July 22, 1998, the trial court granted class certification on June 6, 2005. BD has filed an appeal of the trial court's ruling.

- 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.

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

In Illinois, the matter of *McCaster vs. Becton Dickinson* (Case No. 04L 012544) was settled on July 5, 2005 for an amount that is not material to BD's results of operations, financial condition or cash flows. This case was originally filed as a purported class action needlestick case in the Circuit Court of Cook County and had been refiled in November 2004 as an individual personal injury case.

A purported class action suit was brought against BD under the caption *Danielle Cardozo, by her litigation guardian Darlene Cardozo v. Becton, Dickinson and Company* (Civil Action No. S83059, Supreme Court, British Columbia) on November 6, 2003. The suit alleged personal injury to persons in British Columbia who received test results generated by the *BD ProbeTec* ET instrument, and sought money damages. BD has reached a settlement in this case for an amount that is not material to BD's results of operations, financial condition or cash flows.

BD has insurance policies in place, and believes that a substantial portion of potential liability, if any, in the latex and class action matters would be covered by insurance. In order to protect our rights to additional coverage, BD filed an action for declaratory judgment under the caption *Becton Dickinson and Company vs. Adriatic Insurance Company et al.* (Docket No. MID-L-3649-99MT, Middlesex County Superior Court) in New Jersey state court. BD has withdrawn this action, with the right to refile, so that settlement discussions with the insurance companies may proceed.

On August 3, 2004, BD was served with an administrative subpoena issued by the United States Attorney's Office in Dallas, Texas (the "U.S. Attorney") in connection with an investigation the U.S. Attorney is conducting of transactions between another company and certain of its suppliers, including BD. BD has fully responded to the subpoena. BD believes that its transactions with the other company have fully complied with the law and that BD is not currently a target of the investigation.

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 (an independent member of BD's board of directors, Gary Mecklenburg, also serves as the non-executive chairman of HRDI). The subpoena indicates that it was issued as part of an investigation into possible violations of the antitrust laws. BD believes that its participation in HRDI complies fully with the law and has no additional information regarding the investigation at this time. BD is responding to the subpoena.

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." On June 7, 2005, Jabo's Pharmacy, Inc. filed a purported class action lawsuit against BD under the caption *Jabo's Pharmacy, Inc., et. al. v. Becton Dickinson & Company* (Case No. 2:05-CV-00162, United States District Court, Greenville, Tennessee) seeking monetary damages. The complaint alleges that BD violated federal and various state antitrust laws, resulting in the charging of higher prices for BD's products to plaintiff and other purported class members. Unlike the complaints described above, which were brought on behalf of direct purchasers of BD's products, the Jabo's Pharmacy complaint is brought on behalf of indirect purchasers of BD's products. The plaintiffs in each of these cases seek monetary damages. BD has made a motion before the Judicial Panel on Multidistrict Litigation to transfer all of the above actions for coordinated or consolidated pre-trial proceedings. The panel heard BD's motion on November 17, 2005, but has not yet issued a decision.

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.

BD was a defendant in the matter of *Dynovation Medical, Inc. et al v. Becton Dickinson and Company* (Civil Action No. 505CV73, U.S. District Court, Eastern District of Texas). The plaintiffs in the suit had alleged, among other things, that BD materially breached its license agreement with Dynovation relating to BD's *Insyte Autoguard* IV catheter product, and that BD's safety blood collection sets infringed certain Dynovation patents. This suit was concluded in September 2005 resulting in BD receiving a fully-paid up patent license from Dynovation.

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 as 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 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	54	Director since 1999; Chairman, President and Chief Executive Officer since February 2002; and, prior thereto, President and Chief Executive Officer from January 2000 to February 2002.
Donna M. Boles	52	Vice President—Human Resources since June 2005; Vice President, Human Resources, BD Medical from April 2001 to May 2005; Vice President, Human Resources, BD Diagnostic Systems from January 2001 to April 2001; and, prior thereto, Director, North American Human Resources, BD Microbiology Systems, BD Biosciences and BD Diagnostic Systems from January 1998 to December 2000.
Gary M. Cohen	46	President—BD Medical.
John R. Considine	55	Executive Vice President and Chief Financial Officer.
Vincent A. Forlenza	52	President—BD Biosciences since March 2003; and, prior thereto, Senior Vice President—Technology, Strategy and Development from February 1999 to March 2003.
William A. Kozy	53	President—BD Diagnostics since November 2003; President—BD Clinical Laboratory Solutions and Company Operations from May 2002 to November 2003; and, prior thereto, Senior Vice President—Company Operations from November 2000 to May 2002.
Jeffrey S. Sherman	50	Vice President and General Counsel since January 2004; Vice President and Associate General Counsel of Wyeth from July 2001 to December 2003; and, prior thereto, in various capacities in the Wyeth Law Department.

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 30, 2005, there were approximately 9,366 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.

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, 2005.

For the Three Months Ended September 30, 2005	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, 2005	204,080	$ 55.35	200,000	6,743,614
August 1–31, 2005	1,644,066	$ 54.17	1,642,000	5,101,614
September 1–30, 2005	757,075	$ 53.85	756,700	4,344,914
Total	2,605,221	$ 54.17	2,598,700	4,344,914

(1) Includes 5,068 shares purchased during the quarter in open market transactions by the trustee under the Deferred Compensation Plan and the 1996 Directors' Deferral Plan, and 1,453 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 23, 2004 (the "2004 Program"). There is no expiration date for the 2004 Program. On November 22, 2005, the Board of Directors of BD authorized an additional repurchase program for 10 million shares.

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 Operations.***

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 18 herein and on pages 33-63 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, 2005. 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, 2005 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 and Executive Officers of the Registrant.***

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—Committee Membership and Function—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, 2005 (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 "Report of the Corporate Governance and Nominating Committee—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—Non-Management Directors' Compensation" and "Compensation of Named Executives" 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 captions "Equity Compensation Plan Information" and "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.***

The information required by this item will be contained under the caption "Board of Directors—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.

BD's independent registered public accounting firm, Ernst & Young LLP ("E&Y"), has notified the Audit Committee of the BD Board of Directors that E&Y performed certain non-audit services for BD in New Zealand that were inconsistent with standards for auditor independence under applicable auditor rules. Specifically, E&Y disclosed to the Audit Committee that, between 1996 and 2005, an affiliate of E&Y had acted as the company secretary and registered office for a local BD subsidiary. Fees were paid to the E&Y affiliate for tax compliance services, but no separate amounts were identified as applying to the corporate secretarial and registered office services. The Audit Committee has had discussions with E&Y regarding E&Y's independence in light of these activities. E&Y advised the Audit Committee of its conclusion that E&Y's independence is not impaired as to BD as a result of these activities, based upon, among other things, the ministerial nature of the services performed and the fact that no fees were specifically paid for these services. Although E&Y's review of its non-audit services is ongoing, BD is not aware of the performance by E&Y of any other non-audit services performed by E&Y that were inconsistent with standards for auditor independence under applicable auditor rules, other than as previously disclosed. In November 2005, E&Y issued its letter to BD pursuant to Rule 3600T of the Public Company Accounting Oversight Board ("PCAOB"), in which it reported that it is independent under applicable SEC and PCAOB standards.

PART IV

Item 15. ***Exhibits and 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, 2005, 2004 and 2003 (page 37)
- Consolidated Statements of Comprehensive Income—Years ended September 30, 2005, 2004 and 2003 (page 37)
- Consolidated Balance Sheets—September 30, 2005 and 2004 (page 38)
- Consolidated Statements of Cash Flows—Years ended September 30, 2005, 2004 and 2003 (page 39)
- Notes to Consolidated Financial Statements (pages 40-62)

(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 18)

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 on page 19 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: December 9, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on the 9th day of December, 2005 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)**	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/ GARY A. MECKLENBURG **(Gary A. Mecklenburg)**	Director
/s/ JAMES F. ORR **(James F. Orr)**	Director

Name	Capacity
/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

BECTON, DICKINSON AND COMPANY

VALUATION AND QUALIFYING ACCOUNTS
Years Ended September 30, 2005, 2004 and 2003
(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
2005				
Against trade receivables:				
For doubtful accounts	$ 37,409	$ 2,627	$ 6,652 (A)	$ 33,384
For cash discounts	14,952	24,205	24,932	14,225
Total	$ 52,361	$ 26,832	$ 31,584	$ 47,609
2004				
Against trade receivables:				
For doubtful accounts	$ 32,672	$ 4,863	$ 126 (A)	$ 37,409
For cash discounts	14,321	22,978	22,347	14,952
Total	$ 46,993	$ 27,841	$ 22,473	$ 52,361
2003				
Against trade receivables:				
For doubtful accounts	$ 27,300	$ 8,246	$ 2,874 (A)	$ 32,672
For cash discounts	10,508	27,273	23,460	14,321
Total	$ 37,808	$ 35,519	$ 26,334	$ 46,993

(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 November 22, 2005	Incorporated by reference to Exhibit C to the registrant's Current Report on Form 8-K dated November 21, 2005
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)
4(e)(i)	Rights Agreement, dated November 28, 1995, as amended and restated as of March 28, 2000, between the registrant and EquiServe Trust Company, N.A., which includes as Exhibit A thereto, the Form of Rights Certificate, and as Exhibit B thereto, the Summary of Rights to Purchase Preferred Stock (the "Amended and Restated Rights Agreement")	Incorporated by reference to Exhibit 4(e)(i) to the registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2000
4(e)(ii)	Amendment No. 1 to the Amended and Restated Rights Agreement, dated as of April 24, 2000	Incorporated by reference to Exhibit 4(e)(ii) to the registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2000

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 (b)(i) to the registrant’s Quarterly Report on Form 10-Q for the period ended March 31, 2000
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(b)(ii) to the registrant’s Quarterly Report on Form 10-Q for the period ended March 31, 2000
10(a)(iii)	Form of Employment Agreement, effective January 1, 2006, with executive officers relating to employment following a change of control of the registrant	Filed with this report
10(a)(iv)	Form of Employment Agreement, effective January 1, 2006, with corporate officers (other than executive officers) relating to employment following a change of control of the registrant	Filed with this report
10(b)	Stock Award Plan, as amended and restated as of May 25, 2004	Incorporated by refence 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)	Amendments dated November 22, 2005 to the Deferred Compensation Plan	Filed with this report
10(e)	1996 Directors’ Deferral Plan, as amended as of May 25, 2004	Incorporated by reference to Exhibit 10(a) of the registrant’s Quarterly Report on Form 10-Q for the period ended June 30, 2004
10(f)(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(f)(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(g)(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(g)(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(g)(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(g)(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
10(h)(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

Exhibit Number	Description	Method of Filing
10(h)(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(i)(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(i)(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(j)(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(j)(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(k)	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(l)	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(m)	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(n)(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(n)(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(o)	2002 Stock Option Plan	Incorporated by reference to Appendix A to the registrant's Proxy Statement dated January 2, 2002
10(p)	2004 Employee and Director Equity-Based Compensation Plan, as amended and restated as of March 23, 2004	Incorporated by reference to Exhibit 10 to the registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2004
10(q)	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(r)	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(s)	Aircraft Time Sharing Agreement between Becton, Dickinson and Company and Edward J. Ludwig dated as of December 7, 2005	Filed with this report
10(t)	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

Exhibit Number	Description	Method of Filing
13	Portions of the registrant's Annual Report to Shareholders for fiscal year 2005	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

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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.

EXHIBIT 10(a)(iii)

EMPLOYMENT AGREEMENT

AGREEMENT, dated as of the 1st day of January, 2006 (this “Agreement”), by and between Becton, Dickinson and Company, a New Jersey corporation (the “Company”), and _____________ (the “Executive”).

WHEREAS, the Board of Directors of the Company (the “Board”), has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined herein). The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change of Control and to encourage the Executive’s full attention and dedication to the Company in the event of any threatened or pending Change of Control, and to provide the Executive with compensation and benefits arrangements upon a Change of Control that ensure that the compensation and benefits expectations of the Executive will be satisfied and that are competitive with those of other corporations. Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

Section 1. **Certain Definitions.** (a) “Effective Date” means the first date during the Change of Control Period (as defined herein) on which a Change of Control occurs. Notwithstanding anything in this Agreement to the contrary, if a Change of Control occurs and if the Executive’s employment with the Company is terminated prior to the date on which the Change of Control occurs, and if it is reasonably demonstrated by the Executive that such termination of employment (1) was at the request of a third party that has taken steps reasonably calculated to effect a Change of Control or (2) otherwise arose in connection with or anticipation of a Change of Control, then “Effective Date” means the date immediately prior to the date of such termination of employment.

(b) “Change of Control Period” means the period commencing on the date hereof and ending on the third anniversary of the date hereof; *provided*, *however*, that, commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof, the “Renewal Date”), unless previously terminated, the Change of Control Period shall be automatically extended so as to terminate three years from such Renewal Date, unless, at least 60 days prior to the Renewal Date, the Company shall give notice to the Executive that the Change of Control Period shall not be so extended.

(c) “Affiliated Company” means any company controlled by, controlling or under common control with the Company.

(d) “Change of Control” means:

(1) 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 1(d), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (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 Sections 1(d)(3)(A), 1(d)(3)(B) and 1(d)(3)(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.

(2) Individuals who, as of the date hereof, 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 the date hereof whose election, or nomination for election 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 consents by or on behalf of a Person other than the Board.

(3) Consummation of a reorganization, merger, consolidation or sale or other disposition of all or substantially 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

(4) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

Section 2. **Employment Period.** The Company hereby agrees to continue the Executive in its employ, subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the second anniversary of the Effective Date (the "Employment Period"). The Employment Period shall terminate upon the Executive's termination of employment for any reason.

Section 3. **Terms of Employment.** (a) **Position and Duties.** (1) During the Employment Period, (A) the Executive's position, authority, duties and responsibilities (including offices, titles and reporting requirements) shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Effective Date and (B) the Executive's services shall be performed at the office where the Executive was employed immediately preceding the Effective Date or at any other location less than 35 miles from such office.

(2) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period, it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that, to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) **Compensation.** (1) **Base Salary.** During the Employment Period, the Executive shall receive an annual base salary (the "Annual Base Salary") at an annual rate at least equal to 12 times the highest monthly base salary paid or payable, including any base salary that has been earned but deferred, to the Executive by the Company and the Affiliated Companies in respect of the 12-month period immediately preceding the month in which the Effective Date occurs. The Annual Base Salary shall be paid at such intervals as the Company pays executive salaries generally. During the Employment Period, the Annual Base Salary shall be reviewed at least annually, beginning no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date. Any increase in the Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. The Annual Base Salary shall not be reduced after any such increase and the term "Annual Base Salary" shall refer to the Annual Base Salary as so increased.

(2) **Annual Bonus.** In addition to the Annual Base Salary, the Executive shall be awarded, for each fiscal year ending during the Employment Period, an annual bonus (the "Annual Bonus") in cash at least equal to the Recent Annual Bonus. "Recent Annual Bonus" shall mean the Executive's average bonus earned under the Company's Performance Incentive Plan, or any comparable bonus under any predecessor or successor plan, for the last three full fiscal years prior to the Effective Date (or for such lesser number of full fiscal years prior to the Effective Date for which the Executive was eligible to earn such a bonus, and annualized in the case of any bonus earned for a partial fiscal year). Notwithstanding the foregoing, the "Recent Annual Bonus" shall mean the amount determined by multiplying (i) the Executive's target annual bonus percentage in effect for the fiscal year in which the Effective Date occurs times (ii) the Annual Base Salary, if that amount is higher than the amount determined pursuant to the preceding sentence, or if the Executive has not been eligible to earn such a bonus for any period prior to the Effective Date. Each such Annual Bonus shall be paid no later than the end of the fourth month of the fiscal year next following the fiscal year for which the Annual Bonus is awarded, unless the Executive shall elect to defer the receipt of such Annual Bonus.

(3) **Incentive, Savings and Retirement Plans.** During the Employment Period, the Executive shall be entitled to participate in all cash incentive, equity incentive, savings and retirement plans, practices, policies, and programs applicable generally to other peer executives of the Company and the Affiliated Companies, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and the Affiliated Companies for the Executive under such plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and the Affiliated Companies.

(4) **Welfare Benefit Plans.** During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and the Affiliated Companies (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company and the Affiliated Companies, but in no event shall such plans, practices, policies and programs provide the Executive with benefits that are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and the Affiliated Companies.

(5) **Expenses.** During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and the Affiliated Companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect

generally at any time thereafter with respect to other peer executives of the Company and the Affiliated Companies.

(6) **Fringe Benefits.** During the Employment Period, the Executive shall be entitled to fringe benefits, including, without limitation, tax and financial planning services and, if applicable, payment of club dues and use of an automobile and payment of related expenses, in accordance with the most favorable plans, practices, programs and policies of the Company and the Affiliated Companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and the Affiliated Companies.

(7) **Office and Support Staff.** During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to secretarial and other assistance, at least equal to the most favorable of the foregoing provided to the Executive by the Company and the Affiliated Companies at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and the Affiliated Companies.

(8) **Vacation.** During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and the Affiliated Companies as in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and the Affiliated Companies.

Section 4. Termination of Employment. (a) **Death or Disability.** The Executive's employment shall terminate automatically if the Executive dies during the Employment Period. If the Company determines in good faith that the Disability (as defined herein) of the Executive has occurred during the Employment Period (pursuant to the definition of "Disability"), it may give to the Executive written notice in accordance with Section 11(b) of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), *provided* that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. "Disability" means the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness that is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

(b) **Cause.** The Company may terminate the Executive's employment during the Employment Period for Cause. "Cause" means:

(1) the willful and continued failure of the Executive to perform substantially the Executive's duties (as contemplated by Section 3(a)(1)(A)) with the Company or any

Affiliated Company (other than any such failure resulting from incapacity due to physical or mental illness or following the Executive's delivery of a Notice of Termination for Good Reason), after a written demand for substantial performance is delivered to the Executive by the Board or the Chief Executive Officer of the Company that specifically identifies the manner in which the Board or the Chief Executive Officer of the Company believes that the Executive has not substantially performed the Executive's duties, or

(2) the willful engaging by the Executive in illegal conduct or gross misconduct that is materially and demonstrably injurious to the Company.

For purposes of this Section 4(b), no act, or failure to act, on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer of the Company or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board (excluding the Executive, if the Executive is a member of the Board) at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel for the Executive, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in Section 4(b)(1) or 4(b)(2), and specifying the particulars thereof in detail.

(c) **Good Reason.** The Executive's employment may be terminated by the Executive for Good Reason or by the Executive voluntarily without Good Reason. "Good Reason" means:

(1) the assignment to the Executive of any duties inconsistent in any significant respect with the Executive's position, authority, duties or responsibilities as contemplated by Section 3(a), or any significant diminution in such position, authority, duties or responsibilities (including offices, titles and reporting requirements), excluding for this purpose an inadvertent action not taken in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(2) any failure by the Company to comply with any of the provisions of Section 3(b), other than an inadvertent failure not occurring in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(3) the Company's requiring the Executive (i) to be based at any office or location other than as provided in Section 3(a)(1)(B), (ii) to be based at a location other than the principal executive offices of the Company if the Executive was employed at such location immediately preceding the Effective Date, or (iii) to travel on Company

business to a substantially greater extent than required immediately prior to the Effective Date;

(4) any purported termination by the Company of the Executive's employment otherwise than as expressly permitted by this Agreement; or

(5) any failure by the Company to comply with and satisfy Section 10(c).

For purposes of this Section 4(c), any determination of Good Reason made by the Executive shall be conclusive, provided such determination is made in good faith and on the basis of facts that the Executive reasonably believed to constitute Good Reason.

(d) **Notice of Termination.** Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 11(b). "Notice of Termination" means a written notice that (1) indicates the specific termination provision in this Agreement relied upon, (2) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, and (3) if the Date of Termination (as defined herein) is other than the date of receipt of such notice, specifies the Date of Termination (which Date of Termination shall be not more than 30 days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance that contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's respective rights hereunder.

(e) **Date of Termination.** "Date of Termination" means (1) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified in the Notice of Termination (which date shall not be more than 30 days after the giving of such notice), as the case may be, (2) if the Executive's employment is terminated by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination, and (3) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

Section 5. **Obligations of the Company upon Termination.** **(a) Good Reason; Other Than for Cause, Death or Disability.** If, during the Employment Period, the Company terminates the Executive's employment other than for Cause, Death or Disability or the Executive terminates employment for Good Reason:

(1) the Company shall pay to the Executive, in a lump sum in cash within 30 days after the Date of Termination, the aggregate of the following amounts:

(A) the sum of (i) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (ii) the product of (x) the higher of (I) the Executive's average bonus earned under the Company's

Performance Incentive Plan, or any comparable bonus under any predecessor or successor plan, for the last three full fiscal years prior to the Date of Termination (or for such lesser number of full fiscal years prior to the Date of Termination for which the Executive was eligible to earn such a bonus, and annualized in the case of any bonus earned for a partial fiscal year) and (II) the Annual Bonus paid or payable, to the Executive with respect to the fiscal year that includes the date of termination, with the amount of such Annual Bonus being determined based on the assumption that the target level of performance has been achieved (the "Target Bonus") (such higher amount, the "Highest Annual Bonus") and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination and the denominator of which is 365, and (iii) any accrued vacation pay, in each case, to the extent not theretofore paid (the sum of the amounts described in subclauses (i), (ii) and (iii), the "Accrued Obligations");

(B) the amount equal to the product of (i) three and (ii) the sum of (x) the Executive's Annual Base Salary and (y) the Highest Annual Bonus.

(C) an amount equal to the excess of (i) the actuarial equivalent of the benefit under the Company's qualified defined benefit retirement plan (the "Retirement Plan") (utilizing actuarial assumptions no less favorable to the Executive than those in effect under the Retirement Plan immediately prior to the Effective Date) and any excess or supplemental retirement plan in which the Executive participates (collectively, the "SERP") that the Executive would receive if the Executive's employment continued for three years after the Date of Termination, assuming for this purpose that (1) all accrued benefits are fully vested, (2) that the Executive's compensation in each of the three years is that required by Sections 3(b)(1) and 3(b)(2), and (3) that the Executive is three years older than the Executive is on the Date of Termination, over (ii) the actuarial equivalent of the Executive's actual benefit (paid or payable), if any, under the Retirement Plan and the SERP as of the Date of Termination;

(2) for three years after the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue welfare benefits to the Executive and/or the Executive's family at least equal to those that would have been provided to them in accordance with the plans, programs, practices and policies described in Section 3(b)(4) if the Executive's employment had not been terminated or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and the Affiliated Companies and their families, *provided*, *however*, that, if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until three years after the Date of Termination and to have retired on the last day of such period;

(3) the Company shall, at its sole expense as incurred, provide the Executive with outplacement services the scope and provider of which shall be selected by the Executive in the Executive's sole discretion; provided, that the cost of such outplacement shall not exceed the lesser of (i) 30% of the sum of the Executive's Annual Base Salary and Target Bonus and (ii) $100,000; and

(4) to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or that the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and the Affiliated Companies (such other amounts and benefits, the "Other Benefits").

(b) **Death.** If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, the Company shall provide the Executive's estate or beneficiaries with the Accrued Obligations and the timely payment or delivery of the Other Benefits, and shall have no other severance obligations under this Agreement. The Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of the Other Benefits, the term "Other Benefits" as utilized in this Section 5(b) shall include, without limitation, and the Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and the Affiliated Companies to the estates and beneficiaries of peer executives of the Company and the Affiliated Companies under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive's estate and/or the Executive's beneficiaries, as in effect on the date of the Executive's death with respect to other peer executives of the Company and the Affiliated Companies and their beneficiaries.

(c) **Disability.** If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, the Company shall provide the Executive with the Accrued Obligations and the timely payment or delivery of the Other Benefits, and shall have no other severance obligations under this Agreement. The Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of the Other Benefits, the term "Other Benefits" as utilized in this Section 6(c) shall include, and the Executive shall be entitled after the Disability Effective Date to receive, disability and other benefits at least equal to the most favorable of those generally provided by the Company and the Affiliated Companies to disabled executives and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their families at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time thereafter generally with respect to other peer executives of the Company and the Affiliated Companies and their families.

(d) **Cause; Other Than for Good Reason.** If the Executive's employment is terminated for Cause during the Employment Period, the Company shall provide to the Executive (1) the Executive's Annual Base Salary through the Date of Termination, (2) the

amount of any compensation previously deferred by the Executive, and (3) the Other Benefits, in each case, to the extent theretofore unpaid, and shall have no other severance obligations under this Agreement. If the Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, the Company shall provide to the Executive the Accrued Obligations and the timely payment or delivery of the Other Benefits, and shall have no other severance obligations under this Agreement. In such case, all the Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.

Section 6. **Non-exclusivity of Rights.** Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or the Affiliated Companies and for which the Executive may qualify, nor, subject to Section 11(f), shall anything herein limit or otherwise affect such rights as the Executive may have under any other contract or agreement with the Company or the Affiliated Companies. Amounts that are vested benefits or that the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or the Affiliated Companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement, except as explicitly modified by this Agreement. Notwithstanding the foregoing, if the Executive receives payments and benefits pursuant to Section 5(a) of this Agreement, the Executive shall not be entitled to any severance pay or benefits under any severance plan, program or policy of the Company and the Affiliated Companies, unless otherwise specifically provided therein in a specific reference to this Agreement.

Section 7. **Full Settlement.** The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense, or other claim, right or action that the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred (within 10 days following the Company's receipt of an invoice from the Executive), to the full extent permitted by law, all legal fees and expenses that the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus, in each case, interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Internal Revenue Code of 1986, as amended (the "Code").

Section 8. **Certain Additional Payments by the Company.**

(a) Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any Payment would be subject to the Excise Tax, then the Executive shall be entitled to receive an additional payment (the "Gross-Up Payment") in an amount such that, after payment by the Executive of all taxes (and any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes

(and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Notwithstanding the foregoing provisions of this Section 8(a), if it shall be determined that the Executive is entitled to the Gross-Up Payment, but that the Parachute Value of all Payments do not exceed 110% of the Safe Harbor Amount, then no Gross-Up Payment shall be made to the Executive and the amounts payable under this Agreement shall be reduced so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount. The reduction of the amounts payable hereunder, if applicable, shall be made by first reducing the payments under Section 5(a)(1)(B), unless an alternative method of reduction is elected by the Executive, and in any event shall be made in such a manner as to maximize the Value of all Payments actually made to the Executive. For purposes of reducing the Payments to the Safe Harbor Amount, only amounts payable under this Agreement (and no other Payments) shall be reduced. If the reduction of the amount payable under this Agreement would not result in a reduction of the Parachute Value of all Payments to the Safe Harbor Amount, no amounts payable under the Agreement shall be reduced pursuant to this Section 8(a). The Company's obligation to make Gross-Up Payments under this Section 8 shall not be conditioned upon the Executive's termination of employment.

(b) Subject to the provisions of Section 8(c), all determinations required to be made under this Section 8, including whether and when a Gross-Up Payment is required, the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by such nationally recognized certified public accounting firm as may be designated by the Executive (the "Accounting Firm"), subject to any required pre-approval of the Audit Committee of the Board. The Accounting Firm shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that there has been a Payment or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control, the Executive may appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 8, shall be paid by the Company to the Executive within 5 days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments that will not have been made by the Company should have been made (the "Underpayment"), consistent with the calculations required to be made hereunder. In the event the Company exhausts its remedies pursuant to Section 8(c) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable, but no later than 10 business days after the Executive is informed in writing of such claim. The Executive shall

apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which the Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that the Company desires to contest such claim, the Executive shall:

(1) give the Company any information reasonably requested by the Company relating to such claim,

(2) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(3) cooperate with the Company in good faith in order effectively to contest such claim, and

(4) permit the Company to participate in any proceedings relating to such claim;

provided, *however*, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest, and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 8(c), the Company shall control all proceedings taken in connection with such contest, and, at its sole discretion, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the applicable taxing authority in respect of such claim and may, at its sole discretion, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; *provided*, *however*, that, if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis, and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties) imposed with respect to such advance or with respect to any imputed income in connection with such advance; and *provided*, *further*, that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which the Gross-Up Payment would be payable hereunder, and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 8(c), the Executive becomes entitled to receive any refund with

respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 8(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 8(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

(e) Notwithstanding any other provision of this Section 8, the Company may, in its sole discretion, withhold and pay over to the Internal Revenue Service or any other applicable taxing authority, for the benefit of the Executive, all or any portion of the Gross-Up Payment, and the Executive hereby consents to such withholding.

(f) Definitions. The following terms shall have the following meanings for purposes of this Section 8.

(i) "Excise Tax" shall mean the excise tax imposed by Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(ii) The "Net After-Tax Amount" of a Payment shall mean the Value of a Payment net of all taxes imposed on the Executive with respect thereto under Sections 1 and 4999 of the Code and applicable state and local law, determined by applying the highest marginal rates that are expected to apply to the Executive's taxable income for the taxable year in which the Payment is made.

(iii) "Parachute Value" of a Payment shall mean the present value as of the date of the change of control for purposes of Section 280G of the Code of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2), as determined by the Accounting Firm for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

(iv) A "Payment" shall mean any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise.

(v) The "Safe Harbor Amount" means the maximum Parachute Value of all Payments that the Executive can receive without any Payments being subject to the Excise Tax.

(vi) "Value" of a Payment shall mean the economic present value of a Payment as of the date of the change of control for purposes of Section 280G of the Code, as determined by the Accounting Firm using the discount rate required by Section 280G(d)(4) of the Code.

Section 9. **Confidential Information.** The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or the Affiliated Companies, and their respective businesses, which information, knowledge or data shall have been obtained by the Executive

during the Executive's employment by the Company or the Affiliated Companies and which information, knowledge or data shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those persons designated by the Company. In no event shall an asserted violation of the provisions of this Section 9 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

Section 10. **Successors.** (a) This Agreement is personal to the Executive, and, without the prior written consent of the Company, shall not be assignable by the Executive other than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. Except as provided in Section 10(c), without the prior written consent of the Executive this Agreement shall not be assignable by the Company.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. "Company" means the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid that assumes and agrees to perform this Agreement by operation of law or otherwise.

Section 11. **Miscellaneous.** (a) This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified other than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

if to the Executive:

if to the Company:
Becton, Dickinson and Company
1 Becton Drive
Franklin Lakes, NJ 07417-1880
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such United States federal, state or local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Sections 4(c)(1) through 4(c)(5), shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, subject to Section 1(a), prior to the Effective Date, the Executive's employment may be terminated by either the Executive or the Company at any time prior to the Effective Date, in which case the Executive shall have no further rights under this Agreement. From and after the Effective Date, except as specifically provided herein, this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof.

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IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from the Board, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

____

[Name]

BECTON, DICKINSON AND COMPANY

By___________________________________

Exhibit 10(a)(iv)

EMPLOYMENT AGREEMENT

AGREEMENT, dated as of the 1st day of January, 2006 (this “Agreement”), by and between Becton, Dickinson and Company, a New Jersey corporation (the “Company”), and _____________ (the “Executive”).

WHEREAS, the Board of Directors of the Company (the “Board”), has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined herein). The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change of Control and to encourage the Executive’s full attention and dedication to the Company in the event of any threatened or pending Change of Control, and to provide the Executive with compensation and benefits arrangements upon a Change of Control that ensure that the compensation and benefits expectations of the Executive will be satisfied and that are competitive with those of other corporations. Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

Section 1. **Certain Definitions.** (a) “Effective Date” means the first date during the Change of Control Period (as defined herein) on which a Change of Control occurs. Notwithstanding anything in this Agreement to the contrary, if a Change of Control occurs and if the Executive’s employment with the Company is terminated prior to the date on which the Change of Control occurs, and if it is reasonably demonstrated by the Executive that such termination of employment (1) was at the request of a third party that has taken steps reasonably calculated to effect a Change of Control or (2) otherwise arose in connection with or anticipation of a Change of Control, then “Effective Date” means the date immediately prior to the date of such termination of employment.

(b) “Change of Control Period” means the period commencing on the date hereof and ending on the third anniversary of the date hereof; *provided*, *however*, that, commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof, the “Renewal Date”), unless previously terminated, the Change of Control Period shall be automatically extended so as to terminate three years from such Renewal Date, unless, at least 60 days prior to the Renewal Date, the Company shall give notice to the Executive that the Change of Control Period shall not be so extended.

(c) “Affiliated Company” means any company controlled by, controlling or under common control with the Company.

(d) “Change of Control” means:

(1) 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 1(d), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (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 Sections 1(d)(3)(A), 1(d)(3)(B) and 1(d)(3)(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.

(2) Individuals who, as of the date hereof, 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 the date hereof whose election, or nomination for election 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 consents by or on behalf of a Person other than the Board.

(3) Consummation of a reorganization, merger, consolidation or sale or other disposition of all or substantially 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

(4) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

Section 2. **Employment Period.** The Company hereby agrees to continue the Executive in its employ, subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the second anniversary of the Effective Date (the "Employment Period"). The Employment Period shall terminate upon the Executive's termination of employment for any reason.

Section 3. **Terms of Employment.** (a) **Position and Duties.** (1) During the Employment Period, (A) the Executive's position, authority, duties and responsibilities (including offices, titles and reporting requirements) shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Effective Date and (B) the Executive's services shall be performed at the office where the Executive was employed immediately preceding the Effective Date or at any other location less than 35 miles from such office.

(2) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period, it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that, to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) **Compensation.** (1) **Base Salary.** During the Employment Period, the Executive shall receive an annual base salary (the "Annual Base Salary") at an annual rate at least equal to 12 times the highest monthly base salary paid or payable, including any base salary that has been earned but deferred, to the Executive by the Company and the Affiliated Companies in respect of the 12-month period immediately preceding the month in which the Effective Date occurs. The Annual Base Salary shall be paid at such intervals as the Company pays executive salaries generally. During the Employment Period, the Annual Base Salary shall be reviewed at least annually, beginning no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date. Any increase in the Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. The Annual Base Salary shall not be reduced after any such increase and the term "Annual Base Salary" shall refer to the Annual Base Salary as so increased.

(2) **Annual Bonus.** In addition to the Annual Base Salary, the Executive shall be awarded, for each fiscal year ending during the Employment Period, an annual bonus (the "Annual Bonus") in cash at least equal to the Recent Annual Bonus. "Recent Annual Bonus" shall mean the Executive's average bonus earned under the Company's Performance Incentive Plan, or any comparable bonus under any predecessor or successor plan, for the last three full fiscal years prior to the Effective Date (or for such lesser number of full fiscal years prior to the Effective Date for which the Executive was eligible to earn such a bonus, and annualized in the case of any bonus earned for a partial fiscal year). Notwithstanding the foregoing, the "Recent Annual Bonus" shall mean the amount determined by multiplying (i) the Executive's target annual bonus percentage in effect for the fiscal year in which the Effective Date occurs times (ii) the Annual Base Salary, if that amount is higher than the amount determined pursuant to the preceding sentence, or if the Executive has not been eligible to earn such a bonus for any period prior to the Effective Date. Each such Annual Bonus shall be paid no later than the end of the fourth month of the fiscal year next following the fiscal year for which the Annual Bonus is awarded, unless the Executive shall elect to defer the receipt of such Annual Bonus.

(3) **Incentive, Savings and Retirement Plans.** During the Employment Period, the Executive shall be entitled to participate in all cash incentive, equity incentive, savings and retirement plans, practices, policies, and programs applicable generally to other peer executives of the Company and the Affiliated Companies, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and the Affiliated Companies for the Executive under such plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and the Affiliated Companies.

(4) **Welfare Benefit Plans.** During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and the Affiliated Companies (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company and the Affiliated Companies, but in no event shall such plans, practices, policies and programs provide the Executive with benefits that are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and the Affiliated Companies.

(5) **Expenses.** During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and the Affiliated Companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect

generally at any time thereafter with respect to other peer executives of the Company and the Affiliated Companies.

(6) **Fringe Benefits.** During the Employment Period, the Executive shall be entitled to fringe benefits, including, without limitation, tax and financial planning services and, if applicable, payment of club dues and use of an automobile and payment of related expenses, in accordance with the most favorable plans, practices, programs and policies of the Company and the Affiliated Companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and the Affiliated Companies.

(7) **Office and Support Staff.** During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to secretarial and other assistance, at least equal to the most favorable of the foregoing provided to the Executive by the Company and the Affiliated Companies at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and the Affiliated Companies.

(8) **Vacation.** During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and the Affiliated Companies as in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and the Affiliated Companies.

Section 4. Termination of Employment. (a) **Death or Disability.** The Executive's employment shall terminate automatically if the Executive dies during the Employment Period. If the Company determines in good faith that the Disability (as defined herein) of the Executive has occurred during the Employment Period (pursuant to the definition of "Disability"), it may give to the Executive written notice in accordance with Section 11(b) of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), *provided* that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. "Disability" means the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness that is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

(b) **Cause.** The Company may terminate the Executive's employment during the Employment Period for Cause. "Cause" means:

(1) the willful and continued failure of the Executive to perform substantially the Executive's duties (as contemplated by Section 3(a)(1)(A)) with the Company or any

Affiliated Company (other than any such failure resulting from incapacity due to physical or mental illness or following the Executive's delivery of a Notice of Termination for Good Reason), after a written demand for substantial performance is delivered to the Executive by the Board or the Chief Executive Officer of the Company that specifically identifies the manner in which the Board or the Chief Executive Officer of the Company believes that the Executive has not substantially performed the Executive's duties, or

(2) the willful engaging by the Executive in illegal conduct or gross misconduct that is materially and demonstrably injurious to the Company.

For purposes of this Section 4(b), no act, or failure to act, on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer of the Company or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board (excluding the Executive, if the Executive is a member of the Board) at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel for the Executive, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in Section 4(b)(1) or 4(b)(2), and specifying the particulars thereof in detail.

(c) **Good Reason.** The Executive's employment may be terminated by the Executive for Good Reason or by the Executive voluntarily without Good Reason. "Good Reason" means:

(1) the assignment to the Executive of any duties inconsistent in any significant respect with the Executive's position, authority, duties or responsibilities as contemplated by Section 3(a), or any significant diminution in such position, authority, duties or responsibilities (including offices, titles and reporting requirements), excluding for this purpose an inadvertent action not taken in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(2) any failure by the Company to comply with any of the provisions of Section 3(b), other than an inadvertent failure not occurring in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(3) the Company's requiring the Executive (i) to be based at any office or location other than as provided in Section 3(a)(1)(B), (ii) to be based at a location other than the principal executive offices of the Company if the Executive was employed at such location immediately preceding the Effective Date, or (iii) to travel on Company

business to a substantially greater extent than required immediately prior to the Effective Date;

(4) any purported termination by the Company of the Executive's employment otherwise than as expressly permitted by this Agreement; or

(5) any failure by the Company to comply with and satisfy Section 10(c).

For purposes of this Section 4(c), any determination of Good Reason made by the Executive shall be conclusive, provided such determination is made in good faith and on the basis of facts that the Executive reasonably believed to constitute Good Reason.

(d) **Notice of Termination.** Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 11(b). "Notice of Termination" means a written notice that (1) indicates the specific termination provision in this Agreement relied upon, (2) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, and (3) if the Date of Termination (as defined herein) is other than the date of receipt of such notice, specifies the Date of Termination (which Date of Termination shall be not more than 30 days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance that contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's respective rights hereunder.

(e) **Date of Termination.** "Date of Termination" means (1) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified in the Notice of Termination (which date shall not be more than 30 days after the giving of such notice), as the case may be, (2) if the Executive's employment is terminated by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination, and (3) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

Section 5. Obligations of the Company upon Termination. (a) Good Reason; Other Than for Cause, Death or Disability. If, during the Employment Period, the Company terminates the Executive's employment other than for Cause, Death or Disability or the Executive terminates employment for Good Reason:

(1) the Company shall pay to the Executive, in a lump sum in cash within 30 days after the Date of Termination, the aggregate of the following amounts:

(A) the sum of (i) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (ii) the product of (x) the higher of (I) the Executive's average bonus earned under the Company's

Performance Incentive Plan, or any comparable bonus under any predecessor or successor plan, for the last three full fiscal years prior to the Date of Termination (or for such lesser number of full fiscal years prior to the Date of Termination for which the Executive was eligible to earn such a bonus, and annualized in the case of any bonus earned for a partial fiscal year) and (II) the Annual Bonus paid or payable, to the Executive with respect to the fiscal year that includes the date of termination, with the amount of such Annual Bonus being determined based on the assumption that the target level of performance has been achieved (the "Target Bonus") (such higher amount, the "Highest Annual Bonus") and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination and the denominator of which is 365, and (iii) any accrued vacation pay, in each case, to the extent not theretofore paid (the sum of the amounts described in subclauses (i), (ii) and (iii), the "Accrued Obligations");

(B) the amount equal to the product of (i) *[severance multiple]* and (ii) the sum of (x) the Executive's Annual Base Salary and (y) the Highest Annual Bonus.

(C) an amount equal to the excess of (i) the actuarial equivalent of the benefit under the Company's qualified defined benefit retirement plan (the "Retirement Plan") (utilizing actuarial assumptions no less favorable to the Executive than those in effect under the Retirement Plan immediately prior to the Effective Date) and any excess or supplemental retirement plan in which the Executive participates (collectively, the "SERP") that the Executive would receive if the Executive's employment continued for *[severance multiple]* years after the Date of Termination, assuming for this purpose that (1) all accrued benefits are fully vested, (2) that the Executive's compensation in each of the *[severance multiple]* years is that required by Sections 3(b)(1) and 3(b)(2), and (3) that the Executive is *[severance multiple]* years older than the Executive is on the Date of Termination, over (ii) the actuarial equivalent of the Executive's actual benefit (paid or payable), if any, under the Retirement Plan and the SERP as of the Date of Termination;

(2) for *[severance multiple]* years after the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue welfare benefits to the Executive and/or the Executive's family at least equal to those that would have been provided to them in accordance with the plans, programs, practices and policies described in Section 3(b)(4) if the Executive's employment had not been terminated or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and the Affiliated Companies and their families, *provided*, *however*, that, if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the

Executive shall be considered to have remained employed until *[severance multiple]* years after the Date of Termination and to have retired on the last day of such period;

(3) the Company shall, at its sole expense as incurred, provide the Executive with outplacement services the scope and provider of which shall be selected by the Executive in the Executive's sole discretion; provided, that the cost of such outplacement shall not exceed the lesser of (i) 30% of the sum of the Executive's Annual Base Salary and Target Bonus and (ii) $100,000; and

(4) to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or that the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and the Affiliated Companies (such other amounts and benefits, the "Other Benefits").

(b) **Death.** If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, the Company shall provide the Executive's estate or beneficiaries with the Accrued Obligations and the timely payment or delivery of the Other Benefits, and shall have no other severance obligations under this Agreement. The Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of the Other Benefits, the term "Other Benefits" as utilized in this Section 5(b) shall include, without limitation, and the Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and the Affiliated Companies to the estates and beneficiaries of peer executives of the Company and the Affiliated Companies under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive's estate and/or the Executive's beneficiaries, as in effect on the date of the Executive's death with respect to other peer executives of the Company and the Affiliated Companies and their beneficiaries.

(c) **Disability.** If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, the Company shall provide the Executive with the Accrued Obligations and the timely payment or delivery of the Other Benefits, and shall have no other severance obligations under this Agreement. The Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of the Other Benefits, the term "Other Benefits" as utilized in this Section 6(c) shall include, and the Executive shall be entitled after the Disability Effective Date to receive, disability and other benefits at least equal to the most favorable of those generally provided by the Company and the Affiliated Companies to disabled executives and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their families at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time thereafter generally with respect to other peer executives of the Company and the Affiliated Companies and their families.

(d) **Cause; Other Than for Good Reason**. If the Executive's employment is terminated for Cause during the Employment Period, the Company shall provide to the Executive (1) the Executive's Annual Base Salary through the Date of Termination, (2) the amount of any compensation previously deferred by the Executive, and (3) the Other Benefits, in each case, to the extent theretofore unpaid, and shall have no other severance obligations under this Agreement. If the Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, the Company shall provide to the Executive the Accrued Obligations and the timely payment or delivery of the Other Benefits, and shall have no other severance obligations under this Agreement. In such case, all the Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.

Section 6. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or the Affiliated Companies and for which the Executive may qualify, nor, subject to Section 11(f), shall anything herein limit or otherwise affect such rights as the Executive may have under any other contract or agreement with the Company or the Affiliated Companies. Amounts that are vested benefits or that the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or the Affiliated Companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement, except as explicitly modified by this Agreement. Notwithstanding the foregoing, if the Executive receives payments and benefits pursuant to Section 5(a) of this Agreement, the Executive shall not be entitled to any severance pay or benefits under any severance plan, program or policy of the Company and the Affiliated Companies, unless otherwise specifically provided therein in a specific reference to this Agreement.

Section 7. Full Settlement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense, or other claim, right or action that the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred (within 10 days following the Company's receipt of an invoice from the Executive), to the full extent permitted by law, all legal fees and expenses that the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus, in each case, interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Internal Revenue Code of 1986, as amended (the "Code").

Section 8. Certain Additional Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any Payment would be subject to the Excise

Tax, then the Executive shall be entitled to receive an additional payment (the "Gross-Up Payment") in an amount such that, after payment by the Executive of all taxes (and any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Notwithstanding the foregoing provisions of this Section 8(a), if it shall be determined that the Executive is entitled to the Gross-Up Payment, but that the Parachute Value of all Payments do not exceed 110% of the Safe Harbor Amount, then no Gross-Up Payment shall be made to the Executive and the amounts payable under this Agreement shall be reduced so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount. The reduction of the amounts payable hereunder, if applicable, shall be made by first reducing the payments under Section 5(a)(1)(B), unless an alternative method of reduction is elected by the Executive, and in any event shall be made in such a manner as to maximize the Value of all Payments actually made to the Executive. For purposes of reducing the Payments to the Safe Harbor Amount, only amounts payable under this Agreement (and no other Payments) shall be reduced. If the reduction of the amount payable under this Agreement would not result in a reduction of the Parachute Value of all Payments to the Safe Harbor Amount, no amounts payable under the Agreement shall be reduced pursuant to this Section 8(a). The Company's obligation to make Gross-Up Payments under this Section 8 shall not be conditioned upon the Executive's termination of employment.

(b) Subject to the provisions of Section 8(c), all determinations required to be made under this Section 8, including whether and when a Gross-Up Payment is required, the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by such nationally recognized certified public accounting firm as may be designated by the Executive (the "Accounting Firm"), subject to any required pre-approval of the Audit Committee of the Board. The Accounting Firm shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that there has been a Payment or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control, the Executive may appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 8, shall be paid by the Company to the Executive within 5 days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments that will not have been made by the Company should have been made (the "Underpayment"), consistent with the calculations required to be made hereunder. In the event the Company exhausts its remedies pursuant to Section 8(c) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable, but no later than 10 business days after the Executive is informed in writing of such claim. The Executive shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which the Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that the Company desires to contest such claim, the Executive shall:

(1) give the Company any information reasonably requested by the Company relating to such claim,

(2) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(3) cooperate with the Company in good faith in order effectively to contest such claim, and

(4) permit the Company to participate in any proceedings relating to such claim;

provided, *however*, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest, and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 8(c), the Company shall control all proceedings taken in connection with such contest, and, at its sole discretion, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the applicable taxing authority in respect of such claim and may, at its sole discretion, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; *provided*, *however*, that, if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis, and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties) imposed with respect to such advance or with respect to any imputed income in connection with such advance; and *provided*, *further*, that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which the Gross-Up Payment would be payable hereunder, and the Executive shall be entitled to

settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 8(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 8(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 8(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

(e) Notwithstanding any other provision of this Section 8, the Company may, in its sole discretion, withhold and pay over to the Internal Revenue Service or any other applicable taxing authority, for the benefit of the Executive, all or any portion of the Gross-Up Payment, and the Executive hereby consents to such withholding.

(f) Definitions. The following terms shall have the following meanings for purposes of this Section 8.

(i) "Excise Tax" shall mean the excise tax imposed by Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(ii) The "Net After-Tax Amount" of a Payment shall mean the Value of a Payment net of all taxes imposed on the Executive with respect thereto under Sections 1 and 4999 of the Code and applicable state and local law, determined by applying the highest marginal rates that are expected to apply to the Executive's taxable income for the taxable year in which the Payment is made.

(iii) "Parachute Value" of a Payment shall mean the present value as of the date of the change of control for purposes of Section 280G of the Code of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2), as determined by the Accounting Firm for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

(iv) A "Payment" shall mean any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise.

(v) The "Safe Harbor Amount" means the maximum Parachute Value of all Payments that the Executive can receive without any Payments being subject to the Excise Tax.

(vi) "Value" of a Payment shall mean the economic present value of a Payment as of the date of the change of control for purposes of Section 280G of the Code, as determined by the Accounting Firm using the discount rate required by Section 280G(d)(4) of the Code.

Section 9. **Confidential Information.** The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or the Affiliated Companies, and their respective businesses, which information, knowledge or data shall have been obtained by the Executive during the Executive's employment by the Company or the Affiliated Companies and which information, knowledge or data shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those persons designated by the Company. In no event shall an asserted violation of the provisions of this Section 9 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

Section 10. **Successors.** (a) This Agreement is personal to the Executive, and, without the prior written consent of the Company, shall not be assignable by the Executive other than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. Except as provided in Section 10(c), without the prior written consent of the Executive this Agreement shall not be assignable by the Company.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. "Company" means the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid that assumes and agrees to perform this Agreement by operation of law or otherwise.

Section 11. **Miscellaneous.** (a) This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified other than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

if to the Executive:

____

if to the Company:
Becton, Dickinson and Company

1 Becton Drive
Franklin Lakes, NJ 07417-1880
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such United States federal, state or local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Sections 4(c)(1) through 4(c)(5), shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, subject to Section 1(a), prior to the Effective Date, the Executive's employment may be terminated by either the Executive or the Company at any time prior to the Effective Date, in which case the Executive shall have no further rights under this Agreement. From and after the Effective Date, except as specifically provided herein, this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from the Board, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

____

[Name]

BECTON, DICKINSON AND COMPANY

By ______________________________

Edward J. Ludwig
Chairman, President and Chief Executive Officer

EXHIBIT 10(d)(ii)

On November 22, 2005, the Board of Directors of Becton, Dickinson and Company adopted a resolution to amend the Becton, Dickinson and Company Deferred Compensation Plan (which amendments will be reflected in an overall restatement of the Plan, which shall be amended to reflect provisions consistent with Section 409A of the Internal Revenue Code):

(1) To provide for a participant's ability to make a deferral election by March 15, 2005 for compensation otherwise payable in 2005 after the election is made.

(2) To provide for a participant's ability to make a deferral election by March 15, 2005 for the Performance Incentive Plan (PIP) award earned during the 2005 fiscal year (which is otherwise payable in 2006).

(3) To provide for a participant's ability to make a deferral election by March 15, 2005 for performance-based restricted stock units awarded in 2004 (which are otherwise payable in 2007).

(4) To provide for a participant's ability to make a deferral election by March 15, 2005 for time-vested restricted stock units awarded in 2004 and 2005 (which are otherwise payable in 2007 and 2008, respectively).

EXHIBIT 10(s)

AIRCRAFT TIME SHARING AGREEMENT

This Aircraft Time Sharing Agreement ("Agreement") is made and entered into as of the 7th day of December, 2005, by and between Becton, Dickinson and Company, a New Jersey corporation ("BD"), and Edward J. Ludwig.

WHEREAS, BD operates (i) a Falcon 50 aircraft bearing Federal Aviation Administration ("FAA") Registration No. N800BD and Manufacturer's Serial No. 224, 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 September 27, 2005 (the "Resolution"), authorized and encouraged Mr. Ludwig to use the Aircraft for all personal air travel purposes to the extent practicable within business constraints, taking into account competing business use for the Aircraft, and when appropriate, to be accompanied by members of his family while in the Aircraft;

WHEREAS, BD desires to make such Aircraft available to Mr. Ludwig for the above operations on a time sharing basis in accordance with §91.501 of the Federal Aviation Regulations ("FARs"), which would permit a flight or flights carrying Mr. Ludwig and any family members on the Aircraft 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 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 only for his own account, 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 his guests 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.

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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: /s/ John R. Considine

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

/s/ Edward J. Ludwig
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: /s/ Dean J. Paranicas
Name: Dean J. Paranicas
Title: Manager

Financials

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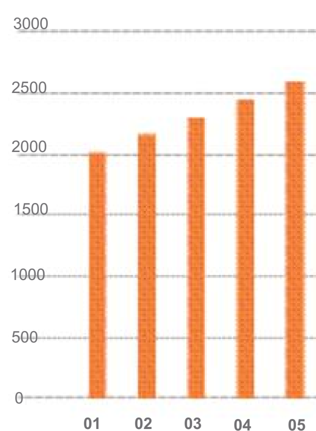

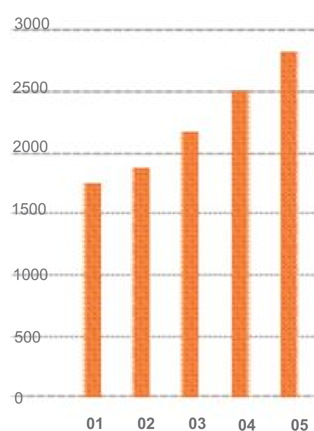

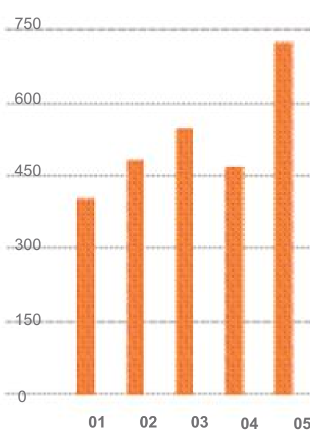

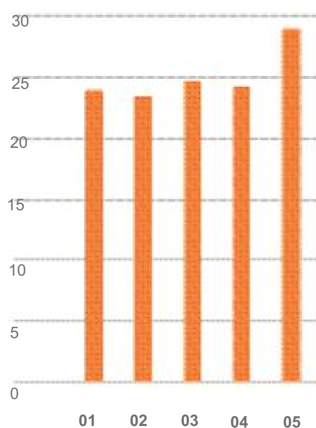

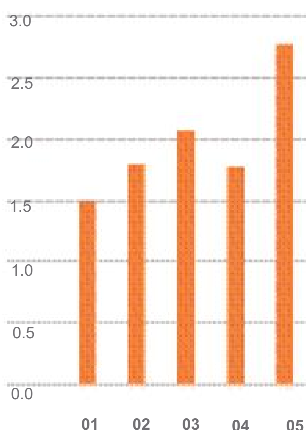

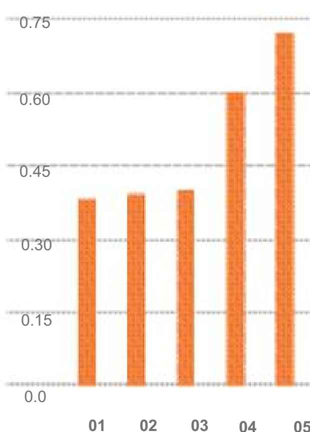

Summary

Ten-Year Summary of Selected Financial Data

Years Ended September 30
Dollars in millions, except per-share amounts

	2005	2004	2003	2002
Operations				
Revenues	$ 5,414.7	$ 4,934.7	$ 4,463.5	$ 3,960.4
Research and Development Expense	271.6	235.6	224.2	207.2
Operating Income	1,031.2	787.3	761.2	674.5
Interest Expense, Net	19.3	29.6	36.5	33.2
Income From Continuing Operations Before Income Taxes	1,004.9	752.9	722.0	627.5
Income Tax Provision	312.6	170.4	167.0	148.1
Net Income	722.3	467.4	547.1	480.0
Basic Earnings Per Share	2.87	1.85	2.14	1.85
Diluted Earnings Per Share	2.77	1.77	2.07	1.79
Dividends Per Common Share	.72	.60	.40	.39
Financial Position				
Current Assets	$ 2,975.3	$ 2,641.3	$ 2,503.5	$ 2,091.4
Current Liabilities	1,299.4	1,050.1	1,059.4	1,271.5
Property, Plant and Equipment, Net	1,933.7	1,881.0	1,831.8	1,750.4
Total Assets	6,072.0	5,752.6	5,572.3	5,029.0
Long-Term Debt	1,060.8	1,171.5	1,184.0	803.0
Shareholders' Equity	3,284.0	3,067.9	2,897.0	2,480.9
Book Value Per Common Share	13.26	12.30	11.54	9.71
Financial Relationships				
Gross Profit Margin	50.8%	49.3%	48.5%	48.3%
Return on Revenues(E)	12.8%	11.8%	12.4%	12.1%
Return on Total Assets(B)(E)	17.9%	14.1%	14.4%	13.6%
Return on Equity(E)	21.8%	19.5%	20.6%	20.0%
Debt to Capitalization(D)(E)	27.3%	28.1%	30.5%	32.7%
Additional Data				
Number of Employees	25,600	25,000	24,800	25,200
Number of Shareholders	9,442	9,654	9,868	10,050
Average Common and Common Equivalent Shares Outstanding– Assuming Dilution (millions)	260.7	263.3	263.6	268.2
Depreciation and Amortization	$ 387.5	$ 357.2	$ 335.8	$ 296.6
Capital Expenditures	317.6	265.7	259.2	255.7

(A) Includes cumulative effect of accounting change of $36.8 ($.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 2005.

	2001	2000	1999	1998	1997	1996
Operations						
Revenues	$ 3,667.6	$ 3,544.7	$ 3,412.6	$ 3,116.9	$ 2,810.5	$ 2,769.8
Research and Development Expense	199.6	212.8	220.7	217.9	180.6	154.2
Operating Income	632.5	507.4	477.3	405.4	450.5	431.2
Interest Expense, Net	55.3	74.2	72.0	56.3	39.4	37.4
Income From Continuing Operations Before Income Taxes	535.2[A]	512.7	404.8	340.9	422.6	393.7
Income Tax Provision	134.2	122.0	96.9	104.3	122.6	110.2
Net Income	401.7[A]	392.9	275.7	236.6	300.1	283.4
Basic Earnings Per Share	1.55[A]	1.54	1.09	.95	1.21	1.10
Diluted Earnings Per Share	1.49[A]	1.49	1.04	.90	1.15	1.05
Dividends Per Common Share	.38	.37	.34	.29	.26	.23
Financial Position						
Current Assets	$ 1,930.1	$ 1,847.6	$ 1,843.0	$ 1,542.8	$ 1,312.6	$ 1,276.8
Current Liabilities	1,285.4	1,382.4	1,358.6	1,091.9	678.2	766.1
Property, Plant and Equipment, Net	1,701.3	1,565.5	1,423.9	1,302.7	1,250.7	1,244.1
Total Assets	4,790.8	4,505.1	4,437.0	3,846.0	3,080.3	2,889.8
Long-Term Debt	782.8	778.5	954.0	765.2	665.4	468.2
Shareholders' Equity	2,321.7	1,956.0	1,768.7	1,613.8	1,385.4	1,325.2
Book Value Per Common Share	8.96	7.72	7.05	6.51	5.68	5.36
Financial Relationships						
Gross Profit Margin	48.7%	48.6%	49.9%	50.6%	49.7%	48.4%
Return on Revenues[E]	11.9%[C]	11.0%	9.0%	7.6%	10.7%	10.2%
Return on Total Assets[B][E]	13.6%	13.4%	11.6%	11.7%	15.9%	15.2%
Return on Equity[E]	20.3%[C]	21.0%	18.2%	15.8%	22.1%	20.8%
Debt to Capitalization[D][E]	34.0%	41.7%	47.6%	41.4%	36.3%	34.3%
Additional Data						
Number of Employees	24,800	25,000	24,000	21,700	18,900	17,900
Number of Shareholders	10,329	10,822	11,433	9,784	8,944	8,027
Average Common and Common Equivalent Shares Outstanding– Assuming Dilution (millions)	268.8	263.2	264.6	262.1	259.6	267.6
Depreciation and Amortization	$ 293.2	$ 273.7	$ 257.8	$ 228.7	$ 209.8	$ 200.5
Capital Expenditures	364.1	371.0	311.4	181.4	170.3	145.9

Financial Review

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 2005 financial and operational performance. 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%. U.S. revenues increased 6% to $2.6 billion. International revenues increased 13% to $2.8 billion. 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 $842 million in 2005, compared with $775 million in 2004. International sales of safety-engineered devices were approximately $273 million in 2005 compared with $203 million in 2004. In 2006, we expect U.S. sales of safety-engineered devices to increase about 8%. We are also anticipating growth of international safety sales of about 20%.

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 one-time 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 writeoff of certain blood glucose strip inventory and other actions taken with respect to our blood glucose monitoring ("BGM") products.

Our financial position remains strong with net cash provided by continuing operating activities of approximately $1.2 billion for 2005 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 27.3% at September 30, 2005, from 28.1% at September 30, 2004.

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, U.S. and global economic conditions, 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. These include the non-discretionary nature of the demand for many of our core products, which reduces the impact of economic downturns, our international diversification and our ability to meet the needs of the worldwide healthcare industry with cost-effective and innovative products.

In 2005, general inflation did not have a material impact on our overall operations. However, it is possible that general inflation rates will rise in 2006 and beyond, and could have a greater impact on worldwide economies and consequently, on BD. In 2005, we experienced higher resin purchase costs, primarily due to recent increases in world oil prices and shortages of supply. BD currently expends approximately $150 to $170 million per year to purchase supplies of resins, which are oil-based components used in the manufacture of certain BD products. However, we continue to strive to improve our profit margins through increased sales of products with higher margins, cost reduction programs, productivity improvements and, to a lesser extent, periodic price increases and adjustments. For example, in 2006, we expect our gross profit margin to improve by 30 to 40 basis points over 2005.

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

Ÿ Core business growth and expansion;
Ÿ Expanding the sale of our high-quality products around the globe; and,
Ÿ Development in each business segment of new products and services that provide increased benefits to patients, healthcare workers and researchers.

Accounting Change

Effective October 1, 2004, we adopted SFAS No. 123 (R). This statement requires compensation cost relating to share-based payment transactions to be recognized in net income using a fair-value measurement method. In November 2004, equity-based awards were granted to employees under a new long-term incentive program, which consisted of stock options and restricted stock awards. See Note 13 of the Notes Consolidated Financial Statements for a discussion of the valuation methodology used in estimating the fair value of these equity-based awards.

In previous years, we had used stock options as our primary form of incentive compensation and such stock options were accounted for under the intrinsic value method under Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees." This method measured share-based compensation expense as the amount by which the market price of the stock on the date of grant exceeded the exercise price. Under APB No. 25, no share-based compensation expense was recognized for stock options since the exercise price equaled the market price of the underlying stock on the date of grant. We elected the modified prospective transition method for adopting SFAS No. 123(R) and therefore, prior periods were not restated. Under this method, the provisions of SFAS No. 123(R) were 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. See Note 2 of the Notes to Consolidated Financial Statements for additional discussion.

As a result of the adoption of SFAS No. 123(R) and the granting of restricted stock unit awards in November 2004, we recorded share-based compensation expense in 2005 as follows:

(millions of dollars)	2005
Selling and administrative expense	$ 54
Cost of products sold	10
Research and development expense	6
Total	$ 70

Share-based compensation expense was recorded in corporate unallocated expense for segment reporting purposes. For 2006, we estimate share-based compensation expense will reduce diluted earnings per share from continuing operations by about $.23, as compared with $.19 in 2005.

Results of Continuing Operations

Medical Segment

Medical revenues in 2005 of $3.0 billion increased $278 million, or 10%, over 2004, which includes an estimated impact of favorable foreign currency translation of 3%.

The following is a summary of revenues by organizational unit:

(millions of dollars)	2005	2004	Total Change	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. We expect revenues of BGM products to be about $115 million in 2006. Revenue growth in the Pharmaceutical Systems unit was primarily attributable to a 19% increase in international sales. For 2006, we expect the full year revenue growth for the Medical Segment to be about 5% to 6%, which includes an estimated unfavorable impact of foreign currency of about 2%.

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 below. Operating income as a percentage of revenues reflects gross margin improvement from increased sales 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 expenses 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 includes an estimated favorable impact of foreign currency translation of 2%.

The following is a summary of revenues by organizational unit:

(millions of dollars)	2005	2004	Total Change	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. For 2006, we expect the full year revenue growth for the Diagnostics Segment to be about 5% to 6%, which includes an estimated unfavorable impact of foreign currency of about 2%.

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 increased sales 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 expenses in 2005 increased $6 million, or 8%, reflecting spending on new programs, and were 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 includes an estimated impact of favorable foreign currency translation of 2%.

The following is a summary of revenues by organizational unit:

(millions of dollars)	2005	2004	Total Change	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. For 2006, we expect the full year revenue growth for the Biosciences Segment to be about 8% to 9%, which includes an estimated unfavorable impact of foreign currency of about 2%.

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 increased sales 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 expenses in 2005 increased $5 million, or 10%, reflecting spending on new product development and advanced technology, particularly in the Immunocytometry Systems unit.

Geographic Revenues

On a geographic basis, 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, Canada, Europe, and Latin American regions contributed double-digit revenue growth in 2005.

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.

Gross Profit Margin

Gross profit margin was 50.8% in 2005, compared with 49.3% in 2004. Gross profit margin in the current year 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, as discussed below, 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 increased sales 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% unfavor-able impact of higher raw material costs and intangible asset writedowns of 0.1%. We expect gross profit margin to improve by 30 to 40 basis points for fiscal 2006.

Operating Expenses

Selling and administrative expense (“SSG&A”) of $1.4 billion in 2005 was 26.8% of revenues, compared with $1.3 billion or 26.6% of revenues, in 2004. SSG&A 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. In 2006, SSG&A as a percentage of revenues is expected to decrease by 40 to 50 basis points.

Research and development (“R&D”) in 2005 was $272 million, or 5.0% of revenues, compared with $236 million, or 4.8% of revenues, in 2004. R&D in 2005 included $6 million of share-based compensation expense, which amounted to 0.1% of revenues. The increase in R&D 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. In 2006, we expect R&D to grow about 12%.

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 the $45 million of BGM charges and the $100 million litigation settlement, both discussed further below.

Non-Operating Expense and Income
Interest expense was $56 million in 2005 compared with $45 million in 2004 and reflects 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 reflects 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 0.2% benefit relating to share-based compensation and 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. In 2006, we expect our effective tax rate to be about 26%.

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 in the aggregate by $127 million and diluted earnings per share from continuing operations by $.49 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 17 of the Notes to Consolidated Financial Statements for additional discussion.

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, 2005, a 10% appreciation of the U.S. dollar over a one-year period would increase pre-tax earnings by $29 million, while a 10% depreciation of the U.S. dollar would increase pre-tax earnings by $15 million. Comparatively, considering our derivative instruments outstanding at September 30, 2004, a

10% appreciation of the U.S. dollar over a one-year period would have increased pre-tax earnings by $39 million, while a 10% depreciation of the U.S. dollar would have decreased pre-tax earnings by $6 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, 2005 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, 2005 and 2004, 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, 2005 and 2004 by approximately $40 million and $42 million, respectively. A 10% decrease in interest rates would increase the fair value of our long-term debt and interest rate swaps at September 30, 2005 and 2004 by approximately $34 million and $46 million, respectively.

Liquidity and Capital Resources

Cash Flows from Continuing Operating Activities

Cash provided by continuing operating activities, which continues to be our primary source of funds to finance operating needs and capital expenditures, 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. In 2006, capital expenditures are expected to be in the $400 million range.

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 to approximately $450 million in 2004. At September 30, 2005, 4.3 million common shares remained available for purchase under a November 2004 Board of Directors' authorization to repurchase up to 10 million common shares. For 2006, we expect that cash used to repurchase common shares will be about $450 million. In 2005, the Company 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 year-end, 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 27.3% from 28.1% last year. Cash and equivalents were $1,043 million and $719 million at September 30, 2005 and 2004, respectively.

We have in place a commercial paper borrowing program that is available to meet our short-term financing needs, including working capital requirements. Borrowings outstanding under this program were $200 million at September 30, 2005. 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 18-to-1 to 21-to-1. The facility, under which there were no borrowings outstanding at September 30, 2005, 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, 2005, our long-term debt was rated “A2” by Moody’s and “A+” by Standard and Poor’s, and our commercial 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 determined that we will repatriate approximately $1.3 billion in fiscal 2006. As a result, we recorded a one-time tax charge of $77 million in the fourth quarter of 2005 attributable to the planned repatriation of these earnings. 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	2006	2007 to 2008	2009 to 2010	2011 and Thereafter
Short-term debt	$ 207	$ 207	$ —	$ —	$ —
Long-term debt[(A)]	1,819	60	208	307	1,244
Operating leases	142	42	59	26	15
Purchase obligations[(B)]	216	183	28	5	—
Total[(C)]	$ 2,384	$ 492	$ 295	$ 338	$ 1,259

(A) Long-term debt obligations include expected principal and interest obligations, including interest rate swaps. The interest rate forward curve at September 30, 2005 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 2006 relating to pension plans are not expected to be material.

2004 Compared With 2003

Worldwide revenues in 2004 were $4.9 billion, an increase of 11% over 2003, and included the estimated favorable impact of foreign currency translation of 5%. The remainder of the growth resulted primarily from volume increases in all segments.

Medical Segment

Medical revenues in 2004 of $2.7 billion increased 9% over 2003, which includes an estimated impact of favorable foreign currency translation of 5%.

The following is a summary of revenues by organizational unit:

(millions of dollars)	2004	2003	Total Change	Foreign Exchange Impact
Medical Surgical Systems	$ 1,541	$ 1,426	8%	4%
Diabetes Care	586	542	8%	4%
Pharmaceutical Systems	497	436	14%	9%
Ophthalmic Systems	56	53	6%	6%
Total Revenues	$ 2,680	$ 2,457	9%	5%

Revenue growth in the Medical Surgical Systems unit of this segment included U.S. safety-engineered product sales of $459 million compared with $412 million in 2003. Revenue growth in the Diabetes Care unit included sales of BGM meters, test strips, and related disposables in the United States and Canada of $42 million compared with $15 million in 2003. Growth in the Diabetes Care unit was negatively affected by the decline in the home healthcare product area. Revenue growth in the Pharmaceutical Systems unit reflects the adverse impact of customer buying patterns to support product launches in 2003. Revenue growth in the Medical Surgical Systems unit and Pharmaceutical Systems unit reflected lower sales of *BD* Bifurcated Needles used in the administration of smallpox vaccines, which were $2 million and $26 million in 2004 and 2003, respectively.

Medical operating income was $567 million in 2004, which included $45 million of BGM charges, as discussed further below, compared with $556 million in 2003. Medical operating income in 2004 also reflected gross profit margin improvement resulting from the continued conversion to safety-engineered devices from conventional products and $15 million of benefits of the 2002 manufacturing restructuring program, partially offset by higher research and development spending to support several new product initiatives.

Diagnostics Segment

Diagnostics revenues in 2004 of $1.5 billion increased 12% over 2003, which includes an estimated impact of favorable foreign currency translation of 4%.

The following is a summary of revenues by organizational unit:

(millions of dollars)	2004	2003	Total Change	Foreign Exchange Impact
Preanalytical Systems	$ 788	$ 707	11%	4%
Diagnostic Systems	744	667	12%	4%
Total Revenues	$ 1,532	$ 1,374	12%	4%

Revenues in the Preanalytical Systems unit included U.S. safety-engineered device sales of $317 million compared with $272 million in 2003. Revenues in the Diagnostic Systems unit reflected strong worldwide sales of its respiratory and flu diagnostic tests in Japan and the United States over 2003. This unit also experienced strong worldwide sales of its molecular diagnostic platform, *BD ProbeTec* ET, which reported incremental sales of $18 million over 2003, and good worldwide performance in the more traditional infectious disease categories.

Diagnostics operating income was $359 million in 2004 compared with $302 million in 2003. This increase primarily reflected gross profit margin improvement resulting from increased sales of products that have higher overall gross profit margins, including safety-engineered products and the *BD ProbeTec* ET platform.

Biosciences Segment

Biosciences revenues in 2004 of $723 million increased 14% over 2003, which includes an estimated impact of favorable foreign currency translation of 5%.

The following is a summary of revenues by organizational unit:

(millions of dollars)	2004	2003	Total Change	Foreign Exchange Impact
Immunocytometry Systems	$ 397	$ 332	20%	6%
Pharmingen	136	121	12%	5%
Discovery Labware	190	180	6%	4%
Total Revenues	$ 723	$ 633	14%	5%

Revenue growth in the Immunocytometry Systems unit was driven by sales of the newly introduced *BD FACSCanto* and *BD FACSArray* analyzers and continued strong market acceptance of the *BD FACSAria* cell sorter, as well as strong growth of cell analysis reagents.

Biosciences operating income was $156 million in 2004 compared with $101 million in 2003, which included non-cash charges of $27 million, as discussed below. Biosciences 2004 operating income reflected sales growth resulting from new instrument introductions and increased sales of cell analysis reagents.

Geographic Revenues

On a geographic basis, revenues outside the United States in 2004 increased 15% over 2003 to $2.5 billion. This increase includes an estimated impact of favorable foreign currency translation of 9%. International sales of safety-engineered devices were approximately $200 million in 2004. International sales growth was led by strong sales of immunocytometry systems reagents and instruments as well as prefillable syringes in Europe. Also contributing to the growth were strong sales of respiratory and flu diagnostic tests in the Diagnostic Systems unit in Japan.

Revenues in the United States in 2004 of $2.4 billion increased 6% over 2003, primarily from strong sales of safety-engineered devices and prefillable syringes. Sales in the Diabetes Care unit included $40 million related to BGM meters, test strips and related disposables. The Diagnostic Systems unit reported incremental sales of $10 million over 2003 of the *BD ProbeTec* ET in the United States.

BGM Charges

We recorded a pre-tax charge of $45 million to Cost of prod-ucts sold in 2004 related to our BGM products. The charge included a reserve of $6 million in connection with the voluntary product recall of certain lots of BGM test strips and the write-off of $30 million of certain test strip inventories. In addition, the charge reflected our decision to focus 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, which decision resulted in a write-off of $9 million of related blood glucose meters and fixed assets. See Note 19 of the Notes to Consolidated Financial Statements for further discussion.

Non-Cash Charges

We recorded non-cash charges of $27 million in 2003 in Cost of products sold. These charges resulted from the decision to discontinue the development of certain products and product applications associated with the *BD IMAGN* instrument platform in the Biosciences segment. As a result, we recorded an impairment charge of $27 million for the related intangible assets and inventory. See Note 3 of the Notes to Consolidated Financial Statements for further discussion.

Gross Profit Margin

Gross profit margin was 49.3% in 2004, which included $45 million of BGM charges, compared with 48.5% in 2003, which included $27 million of non-cash charges. Gross profit margin primarily reflected increased sales of products with higher gross profit margins, including safety-engineered products, BGM products and the *BD ProbeTec* ET instrument platform. In addition, gross profit margin benefited from approximately $15 million of savings achieved from the 2002 Medical restructuring plan.

Operating Expenses

SSG&A expense of $1.3 billion in 2004 was 26.6% of revenues, compared to $1.2 billion in 2003, or 26.5% of revenues. This increase was primarily the result of increased investment in various strategic initiatives, in particular, blood glucose monitoring products, as well as a weaker U.S. dollar.

R&D in 2004 was $236 million, or 4.8% of revenues, compared with $224 million, or 5% of revenues, in 2003. Substantially all R&D efforts are in the United States and therefore are not impacted by foreign currency translation. However, the revenue increase attributable to foreign currency translation had the effect of decreasing R&D expenses as a percentage of sales.

The litigation settlement of $100 million in 2004, as discussed in Note 16 of the Notes to Consolidated Financial Statements, related to the pre-tax charge to record the settlement of the litigation brought by Retractable Technologies, Inc.

Non-Operating Expense and Income

Interest expense was $45 million in 2004, compared with $43 million in 2003. Interest income was $15 million in 2004, compared with $7 million in 2003. This increase was due primarily to interest income arising from tax refunds received in connection with the conclusion of certain tax examinations during 2004, as well as higher levels of interest-bearing investments.

Income Taxes

The effective tax rate in 2004 was 22.6%, and reflected a 1% benefit relating to the BGM charges and a 1.5% benefit relating to the litigation settlement. The effective tax rate in 2003 was 23.1%, which included the impact from the 2003 non-cash charges.

Income and Diluted Earnings per Share from Continuing Operations

Income from continuing operations and diluted earnings per share from continuing operations in 2004 were $583 million and $2.21, respectively, and included the impact of the BGM charges and litigation settlement in 2004, which reduced income from continuing operations in the aggregate by $91 million and diluted earnings per share from continuing operations in 2004 by $.35. Income from continuing operations and diluted earnings per share from continuing operations in 2003 were $555 million and $2.10, respectively. Non-cash charges in 2003 reduced income from continuing operations by $16 million and diluted earnings per share from continuing operations in 2003 by $.06.

Liquidity and Capital Resources

Cash Flows from Continuing Operating Activities
Cash provided by continuing operations was $1.1 billion in 2004, compared to $903 million in 2003.

Cash Flows from Continuing Investing Activities
Capital expenditures were $266 million in 2004, compared to $259 million in 2003. Medical and Diagnostics capital spending, which totaled $159 million and $80 million, respectively, in 2004, included spending for various capacity expansions as well as for safety devices. Biosciences capital spending, which totaled $17 million in 2004, included spending on manufacturing capacity expansions.

In the fourth quarter of 2004, we spent approximately $24 million, net of cash acquired, to purchase Atto Bioscience, Inc. See Note 5 of the Notes to Consolidated Financial Statements for additional discussion.

Cash Flows from Continuing Financing Activities
Net cash used for financing activities was $507 million in 2004, as compared with $289 million during 2003, and included the repurchase of shares of our common stock for approximately $450 million, compared with approximately $350 million in 2003. Total debt at September 30, 2004, was $1.2 billion compared with $1.3 billion at September 30, 2003. Short-term debt declined to 4% of total debt at the end of 2004, from 9% at the end of 2003. Floating rate debt was 55% of total debt at the end of both 2004 and 2003. Our weighted average cost of total debt at the end of 2004 was 4.3%, up from 3.8% at the end of 2003 due to higher short-term interest rates. Debt-to-capitalization at September 30, 2004 improved to 28.1% from 30.5% in 2003. Cash and equivalents were $719 million and $520 million at September 30, 2004 and 2003, respectively.

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. However, we believe that given the current facts and circumstances, it is unlikely that applying any such alternative judgments would materially impact 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 riskof 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 distributors 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 postretirement 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 reduced our discount rate for the U.S. pension and postretirement plans at September 30, 2005 from 6.0% to 5.50% and at September 30, 2004 from 6.25% to 6.0%.

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, 2005, the one-year rate of return on assets for our U.S. pension plans was 12.8%, the five-year rate of return was 3.2%, and the ten-year rate of return was 8.3%. 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

Effective October 1, 2004, we adopted SFAS No. 123(R). This statement requires compensation cost relating to share-based payment transactions to be recognized in net income using a fair-value measurement method.

Prior to October 1, 2004, 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 discussion in Note 13 of the Notes to Consolidated Financial Statements concerning the Company's methodology for determining fair value for its share-based awards.

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. Patents attained by competitors, particularly as patents on our products expire, may also adversely impact our competitive position. While we believe our opportunities for sustained, profitable growth are considerable, actions of competitors could impact our revenue growth and earnings.
- Recently, it has been reported that the U.S. Food and Drug Administration ("FDA") advisory panel has recommended approval by the FDA of a new inhaled form of insulin, which, if approved, could adversely impact sales of our insulin injection devices. However, we believe that any impact would be mitigated by certain factors, including the convenience and efficacy of insulin injections, the high degree of satisfaction with insulin needles by patients who inject insulin, and our expectation that many insulin injectors would need to continue to inject at least once per day to control their blood sugar levels, even when inhaled insulin is used.
- 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.

Reports of Management

Management's Responsibilities

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

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

The Board of Directors monitors the internal control system, including internal accounting and financial reporting controls, through its Audit Committee, which consists of 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, 2005.

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
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, 2005 and 2004, and the related consolidated statements of income, comprehensive income, and cash flows for each of the three years in the period ended September 30, 2005. 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, 2005 and 2004, and the consolidated results of its operations and its cash flows for each of the three years in the period ended September 30, 2005, 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, 2005, 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 18, 2005, expressed an unqualified opinion thereon.

ERNST & YOUNG LLP
New York, New York
November 18, 2005

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, 2005, 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, 2005, 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, 2005, 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, 2005 and 2004, and the related consolidated statements of income, comprehensive income and cash flows for each of the three years in the period ended September 30, 2005 and our report dated November 18, 2005 expressed an unqualified opinion thereon.

ERNST & YOUNG LLP
New York, New York
November 18, 2005

Financial Statements

Consolidated Statements of Income

Years Ended September 30
Thousands of dollars, except per-share amounts

	2005	2004	2003
Operations			
Revenues	**$ 5,414,681**	$ 4,934,745	$ 4,463,509
Cost of products sold	**2,662,029**	2,500,362	2,296,637
Selling and administrative expense	**1,449,856**	1,311,467	1,181,403
Research and development expense	**271,626**	235,649	224,237
Litigation settlement	**—**	100,000	—
Total Operating Costs and Expenses	**4,383,511**	4,147,478	3,702,277
Operating Income	**1,031,170**	787,267	761,232
Interest expense	**(55,673)**	(44,832)	(43,477)
Interest income	**36,421**	15,225	6,928
Other expense, net	**(7,064)**	(4,792)	(2,725)
Income From Continuing Operations Before Income Taxes	**1,004,854**	752,868	721,958
Income tax provision	**312,571**	170,364	167,028
Income from Continuing Operations	**692,283**	582,504	554,930
Income (loss) from Discontinued Operations Net of income tax benefit of $14,439, $7,961 and $4,378	**29,980**	(115,102)	(7,874)
Net Income	**$ 722,263**	$ 467,402	$ 547,056
Basic Earnings Per Share			
Income from Continuing Operations	**$ 2.75**	$ 2.30	$ 2.17
Income (loss) from Discontinued Operations	**$ 0.12**	$ (0.46)	$ (0.03)
Basic Earnings Per Share[(A)]	**$ 2.87**	$ 1.85	$ 2.14
Diluted Earnings Per Share			
Income from Continuing Operations	**$ 2.66**	$ 2.21	$ 2.10
Income (loss) from Discontinued Operations	**$ 0.11**	$ (0.44)	$ (0.03)
Diluted Earnings Per Share	**$ 2.77**	$ 1.77	$ 2.07

(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

	2005	2004	2003
Net Income	$ 722,263	$ 467,402	$ 547,056
Other Comprehensive (Loss) Income, Net of Tax			
Foreign currency translation adjustments	(17,742)	83,522	207,107
Minimum pension liability adjustment	4,494	(6,730)	(9,248)
Unrealized (loss) gain on investments, net of amounts recognized	(1,112)	242	9,653
Unrealized loss on cash flow hedges, net of amounts realized	(135)	(2,461)	(5,499)
Other Comprehensive (Loss) Income, Net of Tax	(14,495)	74,573	202,013
Comprehensive Income	$ 707,768	$ 541,975	$ 749,069

See notes to consolidated financial statements

Consolidated Balance Sheets

Years Ended September 30
Thousands of dollars, except per-share amounts and numbers of shares

	2005	2004
Assets		
Current Assets		
Cash and equivalents	$ 1,042,890	$ 719,378
Short-term investments	86,808	32,119
Trade receivables, net	842,806	807,380
Inventories	775,949	738,778
Prepaid expenses, deferred taxes and other	226,861	279,985
Assets held for sale	—	63,694
Total Current Assets	2,975,314	2,641,334
Property, Plant and Equipment, Net	1,933,718	1,880,997
Goodwill	470,049	473,211
Core and Developed Technology, Net	165,381	188,541
Other Intangibles, Net	101,558	93,466
Capitalized Software, Net	229,793	283,918
Other	196,156	191,112
Total Assets	$ 6,071,969	$ 5,752,579
Liabilities		
Current Liabilities		
Short-term debt	$ 206,509	$ 49,289
Accounts payable	252,262	206,941
Accrued expenses	439,894	384,936
Salaries, wages and related items	329,864	307,996
Income taxes	70,846	86,739
Liabilities held for sale	—	14,181
Total Current Liabilities	1,299,375	1,050,082
Long-Term Debt	1,060,833	1,171,506
Long-Term Employee Benefit Obligations	301,933	374,222
Deferred Income Taxes and Other	125,876	88,906
Commitments and Contingencies	—	—
Shareholders' Equity		
ESOP convertible preferred stock–$1 par value: authorized–1,016,949 shares; issued and outstanding–527,819 shares in 2004	—	31,142
Preferred stock, series A - $1 par value: authorized–500,000 shares; none issued	—	—
Common stock–$1 par value: authorized–640,000,000 shares; issued–332,662,160 shares in 2005 and 2004	332,662	332,662
Capital in excess of par value	615,846	414,515
Retained earnings	4,805,852	4,264,778
Deferred compensation	10,280	10,222
Common stock in treasury–at cost–84,977,933 shares in 2005 and 83,327,295 shares in 2004	(2,297,493)	(1,816,756)
Accumulated other comprehensive loss	(183,195)	(168,700)
Total Shareholders' Equity	3,283,952	3,067,863
Total Liabilities and Shareholders' Equity	$ 6,071,969	$ 5,752,579

See notes to consolidated financial statements

Consolidated Statements of Cash Flows

Years Ended September 30
Thousands of dollars

	2005	2004	2003
Operating Activities			
Net income	$ 722,263	$ 467,402	$ 547,056
(Income) loss from discontinued operations, net	(29,980)	115,102	7,874
Income from continuing operations, net	692,283	582,504	554,930
Adjustments to income from continuing operations to derive net cash provided by continuing operating activities:			
Depreciation and amortization	387,496	357,224	335,759
Share-based compensation	70,199	2,466	—
Deferred income taxes	63,229	(31,345)	5,921
BGM charges	—	38,551	—
Change in operating assets:			
Trade receivables	(41,618)	(15,854)	31,450
Inventories	(44,346)	30,096	(49,854)
Prepaid expenses, deferred taxes and other	12,636	(2,466)	8,596
Accounts payable, income taxes and other liabilities	142,254	99,447	65,500
Pension obligation	(58,842)	48,045	(47,382)
Other, net	638	(5,942)	(1,987)
Net Cash Provided by Continuing Operating Activities	1,223,929	1,102,726	902,933
Investing Activities			
Capital expenditures	(317,628)	(265,718)	(259,218)
Capitalized software	(18,922)	(39,190)	(64,782)
Change in short-term investments	(43,775)	(31,298)	1,975
Purchases of long-term investments	(1,171)	(10,149)	(4,399)
Acquisition of business, net of cash acquired	—	(24,251)	—
Proceeds from discontinued operations	62,051	—	—
Other, net	(62,566)	(24,628)	(21,987)
Net Cash Used for Continuing Investing Activities	(382,011)	(395,234)	(348,411)
Financing Activities			
Change in short-term debt	157,211	(56,509)	(319,608)
Proceeds of long-term debt	—	—	404,683
Payment of long-term debt	(104,522)	(21,682)	(6,386)
Repurchase of common stock	(549,999)	(449,930)	(349,998)
Issuance of common stock	123,494	173,606	86,618
Excess tax benefit from stock option exercises	31,545	—	—
Dividends paid	(182,236)	(152,376)	(104,148)
Net Cash Used for Continuing Financing Activities	(524,507)	(506,891)	(288,839)
Net Cash Provided by (Used for) Discontinued Operations	2,245	(2,726)	(1,003)
Effect of exchange rate changes on cash and equivalents	3,856	1,617	12,091
Net Increase in Cash and Equivalents	323,512	199,492	276,771
Opening Cash and Equivalents	719,378	519,886	243,115
Closing Cash and Equivalents	$ 1,042,890	$ 719,378	$ 519,886

See notes to consolidated financial statements

Notes to Consolidated Financial Statements

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

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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 intercompany 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 are stated at cost plus accrued interest, which approximates market. The Company considers all highly liquid investments with a maturity of 90 days or less when purchased to be cash equivalents.

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 amor-tization 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 $243,355, $221,545 and $217,553 in fiscal 2005, 2004 and 2003, respectively.

Goodwill and Other Intangible Assets

Goodwill is reviewed annually for impairment in accordance with the provisions of 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 estimated fair value of a reporting unit with its carrying value. Core and developed

technology continues to be 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 the provisions of SFAS No. 142, these trademarks are no longer amortized but are reviewed annually for impairment. See Note 3 for further discussion.

Capitalized Software

Capitalized software, including costs capitalized in accordance with the AICPA's 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 $71,416, $66,319 and $52,602 for 2005, 2004 and 2003, 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 sales arrangements entered into beginning in the fourth quarter of 2003, the Biosciences segment began to recognize revenue in accordance with Emerging Issues Task Force ("EITF") 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 $219,617, $205,280 and $190,472 in 2005, 2004 and 2003, 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. See Note 9 for additional discussion on financial instruments.

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 the provisions of 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 and 2003, 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

The Company adopted SFAS No. 123(R) effective October 1, 2004. This statement requires compensation expense relating to share-based payments to be recognized in net income using a fair-value measurement method. Under the fair value method, the estimated fair value of awards is charged to income on a straight-line basis over the requisite service period, which is generally the vesting period. The Company elected the modified prospective method 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 new long-term incentive program. See Note 13 for further discussion.

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

	2005
Income From Continuing Operations Before Income Taxes	$ 70,199
Net Income[(A)]	$ 50,258
Basic Earnings Per Share [(A)]	$ 0.20
Diluted Earnings Per Share [(A)]	$ 0.19

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

Prior to October 1, 2004, the Company accounted for share-based employee compensation under the provisions of 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 following 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 and 2003.

	2004	2003
Net Income, as reported	$ 467,402(A)	$ 547,056
Less share-based compensation expense, net of tax	32,027	35,941
Pro-forma net income	$ 435,375	$ 511,115
Reported earnings per share:		
Basic	$ 1.85	$ 2.14
Diluted	$ 1.77	$ 2.07
Pro-forma earnings per share:		
Basic	$ 1.72	$ 2.00
Diluted	$ 1.66	$ 1.95

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

The 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 and 2003: risk-free interest rates of 3.85% and 3.66%, respectively; expected volatility of 32.5% and 33.2%, respectively; expected dividend yields of 1.16% and 1.21%, respectively; and expected lives of six years for each year presented. The Black-Scholes model is a trading pricing model that does not reflect either the non-traded nature of employee stock options or the limited transferability of such options. This model also does not consider restrictions on trading for all employees, including certain restrictions imposed on senior management of the Company. Therefore, if the Company had used an option pricing model other than Black-Scholes, pro-forma results different from those shown above may have been reported.

Other Postretirement Benefits

The Company adopted Financial Accounting Standards Board Staff Position ("FSP") 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" (the "Act"), on a prospective basis effective January 1, 2004. The Act introduces a prescription drug benefit under Medicare, as well as a federal subsidy to sponsors of retiree healthcare benefit plans that provide a benefit that is at least actuarially equivalent to Medicare. This adoption resulted in a reduction of the Company's accumulated postretirement benefit obligation of $26,409 at October 1, 2003 and a reduction of the net periodic benefit cost of $3,654 and $2,053 for the years ended September 30, 2005 and 2004, respectively. See Note 4 for more information about the Company's benefit plans.

3 Other Intangible Assets

Other intangible assets at September 30 consisted of:

	2005		2004	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets				
Core and developed technology	$ 274,615	$ 109,234	$ 297,342	$ 108,801
Patents, trademarks, and other	338,391	246,060	311,682	229,047
	$ 613,006	$ 355,294	$ 609,024	$ 337,848
Unamortized intangible assets				
Trademarks	$ 9,227		$ 10,831	

Intangible amortization expense was $33,405, $31,467 and $31,413 in 2005, 2004 and 2003, respectively. The estimated aggregate amortization expense for the fiscal years ending September 30, 2006 to 2010 are as follows: 2006–$32,600; 2007–$32,600; 2008–$31,500; 2009–$29,000; 2010–$27,700.

During 2003, the Company decided to discontinue the development of certain products and product applications associated with the *BD IMAGN* instrument platform in the Biosciences segment. As a result, the Company recorded an impairment loss of $26,717 in Cost of products sold. This loss included the write down of $25,230 of core and developed technology, $960 of indefinite-lived trademarks and $527 of licenses.

4 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 post-retirement 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		
	2005	2004	2003	**2005**	2004	2003
Service cost	**$ 61,836**	$ 57,013	$ 44,798	**$ 3,657**	$ 3,510	$ 3,159
Interest cost	**66,837**	62,825	54,072	**15,321**	14,492	14,484
Expected return on plan assets	**(59,372)**	(51,923)	(47,190)	**—**	—	—
Amortization of prior service cost	**211**	180	85	**(6,233)**	(6,233)	(6,233)
Amortization of loss	**22,951**	17,586	13,121	**6,164**	4,116	3,342
Amortization of net obligation	**134**	132	11	**—**	—	—
Net curtailment gain	**—**	(300)	(147)	**—**	—	—
Net pension and postretirement costs	**$ 92,597**	$ 85,513	$ 64,750	**$ 18,909**	$ 15,885	$ 14,752

Net pension cost attributable to foreign plans included in the preceding table was $16,772, $16,053 and $13,302 in 2005, 2004 and 2003, respectively.

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

	Pension Plans		Other Postretirement Benefits	
	2005	2004	**2005**	2004
Change in benefit obligation:				
Benefit obligation at October 1	**$ 1,185,394**	$ 1,058,645	**$ 263,678**	$ 255,106
Service cost	**61,836**	57,013	**3,657**	3,510
Interest cost	**66,837**	62,825	**15,321**	14,492
Plan amendments	**195**	761	**—**	—
Benefits paid	**(57,818)**	(55,401)	**(22,279)**	(18,282)
Actuarial loss	**164,161**	46,726	**20,820**	35,261
Other, includes translation	**(7,513)**	14,825	**—**	(26,409)(A)
Benefit obligation at September 30	**$ 1,413,092**	$ 1,185,394	**$ 281,197**	$ 263,678
Change in plan assets:				
Fair value of plan assets at October 1	**$ 735,167**	$ 685,585	**$ —**	$ —
Actual return on plan assets	**109,778**	56,018	**—**	—
Employer contribution	**151,439**	37,468	**—**	—
Benefits paid	**(57,818)**	(55,401)	**—**	—
Other, includes translation	**(4,646)**	11,497	**—**	—
Fair value of plan assets at September 30	**$ 933,920**	$ 735,167	**$ —**	$ —
Funded status at September 30:				
Unfunded benefit obligation	**$ (479,172)**	$ (450,227)	**$ (281,197)**	$ (263,678)
Unrecognized net transition obligation	**(904)**	1,150	**—**	—
Unrecognized prior service cost	**6,154**	4,321	**(19,153)**	(25,386)
Unrecognized net actuarial loss	**509,765**	420,678	**106,811**	93,033
Prepaid (accrued) benefit cost	**$ 35,843**	$ (24,078)	**$ (193,539)**	$ (196,031)
Amounts recognized in the Consolidated Balance Sheets at September 30 are as follows:				
Prepaid benefit cost	**$ 39,005**	$ 25,857	**$ —**	$ —
Intangible asset	**1,327**	1,168	**—**	—
Accrued benefit liability	**(148,403)**	(201,650)	**(193,539)**	(196,031)
Accumulated other comprehensive loss before income taxes	**143,914**	150,547	**—**	—
Net amount recognized	**$ 35,843**	$ (24,078)	**$ (193,539)**	$ (196,031)

(A) Relates to the adoption of FSP 106-2 as discussed in Note 2.

Foreign pension plan assets at fair value included in the preceding table were $261,841 and $207,765 at September 30, 2005 and 2004, respectively. The foreign pension plan projected benefit obligations were $339,466 and $279,029 at September 30, 2005 and 2004, 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 $1,149,504, $840,405 and $695,635, respectively as of September 30, 2005 and $1,034,223, $796,256 and $597,155, respectively as of September 30, 2004.

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

	2005	2004	2003
Net Cost			
Discount rate:			
U.S. plans(A)	**6.00%**	6.25%	6.75%
Foreign plans (average)	**4.95**	4.90	5.18
Expected return on plan assets:			
U.S. plans	**8.00**	8.00	8.00
Foreign plans (average)	**6.60**	6.72	7.15
Rate of compensation increase:			
U.S. plans(A)	**4.25**	4.25	4.00
Foreign plans (average)	**2.98**	2.92	3.17
Benefit Obligation			
Discount rate:			
U.S. plans(A)	**5.50**	6.00	6.25
Foreign plans (average)	**4.19**	4.95	4.90
Rate of compensation increase:			
U.S. plans(A)	**4.25**	4.25	4.25
Foreign plans (average)	**2.92**	2.98	2.92

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

At September 30, 2005 the assumed healthcare trend rates were 10% pre and post age 65, gradually decreasing to an ultimate rate of 5% beginning in 2011. At September 30, 2004 the corresponding assumed healthcare trend rates were 10% pre and post age 65, gradually decreasing to an ultimate rate of 5% beginning in 2010. 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, 2005 by $14,404 and the aggregate of the service cost and interest cost components of 2005 annual expense by $821. A one percentage point decrease in the assumed healthcare cost trend rates in each year would decrease the accumulated postretirement benefit obligation as of September 30, 2005 by $12,802 and the aggregate of the 2005 service cost and interest cost by $713.

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 2006, the Company made a discretionary contribution to its U.S. pension plan in October 2005 of $150 million.

Expected benefit payments are as follows:

	Pension Plans	Other Postretirement Benefits
2006	$ 67,230	$ 21,652
2007	61,005	21,983
2008	66,919	22,316
2009	76,686	22,593
2010	83,315	22,848
2011–2015	562,418	113,917

Expected receipts of the subsidy under the Act, as discussed in Note 2, which are not reflected in the expected other post-retirement benefit payments included in the preceding table, are as follows: 2006, $2,378; 2007, $2,275; 2008, $2,296; 2009, $2,287; 2010, $2,245; 2011–2015, $10,272.

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

	2005	2004
Equity securities	**63.0%**	66.9%
Debt securities	**34.1**	30.1
Other	**2.9**	3.0
Total	**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 the provisions of 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 $22,680, $17,295 and $11,561 in 2005, 2004 and 2003, respectively.

5 Acquisition

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. The purchase price has been allocated to assets acquired and liabilities assumed based on estimated fair values as follows:

Inventories	$ 1,780
Property, plant and equipment	972
Core and developed technology	5,400
Goodwill	15,569
Other assets, net	979

In connection with this acquisition, a charge of $1,100 was recorded in connection with purchased in-process research and development. The results of operations of the acquired company were included in the consolidated results of the Company 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.

6 Income Taxes

The provision for income taxes from continuing operations consisted of:

	2005	2004	2003
Current:			
Federal	**$120,172**	$ 91,669	$103,825
State and local, including Puerto Rico	**4,269**	3,362	3,880
Foreign	**124,901**	106,678	53,402
	249,342	201,709	161,107
Deferred:			
Domestic	**75,948**	(4,308)	6,209
Foreign	**(12,719)**	(27,037)	(288)
	63,229	(31,345)	5,921
	$312,571	$170,364	$167,028

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

	2005	2004	2003
Domestic, including Puerto Rico	**$ 433,670**	$291,973	$355,032
Foreign	**571,184**	460,895	366,926
	$1,004,854	$752,868	$721,958

In accordance with SFAS No. 109, “Accounting for Income Taxes,” deferred tax assets and liabilities are netted on the balance sheet by separate tax jurisdictions. At September 30, 2005 and 2004, net current deferred tax assets of $75,382 and $100,605, respectively, were included in Prepaid expenses, deferred taxes and other. There were no net non-current deferred tax assets in 2005 and 2004. Net current deferred tax liabilities of $1,949 and $1,346, respectively, were included in Current Liabilities– Income taxes. Net non-current deferred tax liabilities of $98,007 and $61,819, respectively, were included in Deferred Income Taxes and Other. Deferred taxes are not provided on substantially all undistributed earnings of foreign subsidiaries that are indefinitely reinvested. At September 30, 2005, the cumulative amount of such undistributed earnings indefinitely reinvested outside the United States was $655,617. 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 determined that it will repatriate approximately $1.3 billion in 2006. The Company recorded a one-time charge of $77,200 in the fourth quarter of 2005 attributable to the planned repatriation of these earnings.

Deferred income taxes at September 30 consisted of:

	2005		2004	
	Assets	**Liabilities**	Assets	Liabilities
Compensation and benefits	**$154,085**	**$ —**	$170,148	$ —
Property and equipment	**—**	**147,188**	—	141,382
Repatriation of foreign earnings under the AJCA	**—**	**77,200**	—	—
Loss and credit carryforwards	**78,806**	**—**	33,552	—
Other	**178,244**	**139,205**	127,200	124,723
	411,135	**363,593**	330,900	266,105
Valuation allowance	**(72,116)**	**—**	(27,355)	—
	$339,019	**$ 363,593**	$303,545	$ 266,105

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, 2005, the Company had deferred state tax assets for net state operating losses and credit carryforwards of $30,667 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 2006 and 2012. The Company also has federal and state capital loss carryforward deferred tax assets of $37,626 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:

	2005	2004	2003
Federal statutory tax rate	**35.0%**	35.0%	35.0%
State and local income taxes, net of federal tax benefit	**0.6**	0.3	0.4
Effect of foreign and Puerto Rico earnings and foreign tax credits	**(10.3)**	(9.9)	(8.4)
Effect of Research, Empowerment Zone, Extraterritorial Income tax benefits	**(2.0)**	(2.5)	(3.0)
Repatriation of foreign earnings under the AJCA	**7.7**	—	—
Other, net	**0.1**	(0.3)	(0.9)
	31.1%	22.6%	23.1%

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: 2005–$75,150 and $0.29; 2004–$55,461 and $0.21; and 2003–$42,050 and $0.16. The tax holidays expire at various dates through 2023.

The Company made income tax payments, net of refunds, of $183,867 in 2005, $146,574 in 2004 and $110,739 in 2003.

7 Supplemental Financial Information

Other Expense, Net

Other expense, net in 2005 totaled $7,064, which included foreign exchange losses (net 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.

Other expense, net in 2003 totaled $2,725, which included write downs of certain investments of $3,030 and the write-off of intangible assets of $1,841. These charges were partially offset by foreign exchange gains of $1,875 (net of hedging costs).

Trade Receivables, Net

Allowances for doubtful accounts and cash discounts netted against trade receivables were $47,609 and $52,361 at September 30, 2005 and 2004, respectively.

Inventories

	2005	2004
Materials	**$ 93,963**	$ 96,020
Work in process	**139,772**	132,841
Finished products	**542,214**	509,917
	$775,949	$738,778

Property, Plant and Equipment, Net

	2005	2004
Land	**$ 69,029**	$ 62,039
Buildings	**1,214,682**	1,162,327
Machinery, equipment and fixtures	**2,955,716**	2,811,679
Leasehold improvements	**65,702**	68,177
	4,305,129	4,104,222
Less allowances for depreciation and amortization	**2,371,411**	2,223,225
	$1,933,718	$1,880,997

8 Debt

The components of Short-term debt consisted of:

	2005	2004
Loans payable:		
Domestic	$200,000	$ 33,100
Foreign	6,125	15,729
Current portion of long-term debt	384	460
	$206,509	$ 49,289

Domestic loans payable consist of commercial paper. Foreign loans payable consist of short-term borrowings from financial institutions. The weighted average interest rates for loans payable were 3.8% and 2.1% at September 30, 2005 and 2004, 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, 2005. In addition, the Company had short-term foreign lines of credit pursuant to informal arrangements of approximately $207,000 at September 30, 2005, of which $198,000 was unused.

Long-Term Debt consisted of:

	2005	2004
Domestic notes due through 2013 (average year-end interest rate: 3.2%–2005; 2.3%–2004)	$ 10,194	$ 10,415
Foreign notes due through 2007 (average year-end interest rate: 15.0%–2005 and 2004)	34	17
6.90% Notes due October 1, 2006	99,937	102,436
7.15% Notes due October 1, 2009	210,153	221,381
4.55% Notes due April 15, 2013	198,349	198,169
4.90% Notes due April 15, 2018	207,116	199,177
8.70% Debentures due January 15, 2025	—	104,861
7.00% Debentures due August 1, 2027	168,000	168,000
6.70% Debentures due August 1, 2028	167,050	167,050
	$1,060,833	$1,171,506

On January 15, 2005, the Company exercised the early redemption option available under the terms of our 8.7% Debentures, due January 15, 2025. Redemption was for the full $100 million in outstanding principal at a price of 103.949%. The Company had utilized an interest rate swap (designated as a fair value hedge) to effectively convert the fixed rate of interest under the debentures to a floating rate. The swap was terminated during the first quarter of 2005, which resulted in a gain, which largely offset the early redemption premium on the debentures.

In March 2003, the Company filed a registration statement with the Securities and Exchange Commission for one or more offerings of debt securities, common stock, warrants, purchase contracts and units, up to a total dollar amount of $750,000, including $100,000 of securities carried forward from a registration filed in October 1997. The remaining availability under the March 2003 registration statement is $350,000.

Long-term debt balances as of September 30, 2005 and 2004 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, 2007 to 2010 are as follows: 2007–$100,344; 2008–$393; 2009–$414; 2010–$210,589.

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

	2005	2004	2003
Charged to operations	$55,673	$ 44,832	$ 43,477
Capitalized	14,770	12,203	10,346
	$70,443	$ 57,035	$ 53,823

Interest paid, net of amounts capitalized, was $68,527 in 2005, $40,730 in 2004 and $32,649 in 2003.

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 under SFAS No. 133.

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, as defined by SFAS No. 133, 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 losses, exclusive of hedging costs, of $1,876, $9,110 and $1,732 to revenues in fiscal 2005, 2004 and 2003, respectively. Fiscal 2005, 2004 and 2003 revenues are net of hedging costs of $17,286, $15,124 and $9,876, 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 cost was $236 in fiscal 2005 and the net premium was $618 and $993 in fiscal 2004 and 2003, respectively. All outstanding contracts that were designated as cash flow hedges as of September 30, 2005 will mature by September 30, 2006. At September 30, 2005 and 2004, Accumulated other comprehensive loss included an unrealized gain of $872 and an unrealized loss of $5,106, respectively, net of tax, relating to foreign exchange derivatives that have been designated as cash flow hedges.

The Company enters into forward exchange contracts to hedge its net investments in certain foreign subsidiaries. These forward contracts are designated and effective as net investment hedges, as defined by SFAS No. 133. The Company recorded losses of $2,390, $3,690 and $15,304 in fiscal 2005, 2004 and 2003, respectively, to foreign currency translation adjustments in other Accumulated comprehensive 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, as defined by SFAS No. 133. 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 (loss) income. 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 (loss) income 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 $1,753.

At September 30, 2005 and 2004, Accumulated other comprehensive loss included an unrealized loss of $13,360 and $7,247, 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 investments, 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, net of taxes. Losses on available-for-sale securities are recognized when a loss is determined to be other than temporary or when realized. In accordance with the provisions of SFAS No. 133, forward exchange contracts and currency options are recorded at fair value. Fair values 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:

	2005		2004	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Assets:				
Currency options[(A)]	**$ 16,172**	**$ 16,172**	$ 8,618	$ 8,618
Forward exchange contracts[(A)]	**—**	**—**	5,805	5,805
Interest rate swaps[(A)]	**10,154**	**10,154**	30,142	30,142
Equity investments[(B)]	**24,918**	**24,918**	26,661	26,661
Liabilities:				
Forward exchange contracts[(C)]	**5,558**	**5,558**	—	—
Interest rate swaps[(C)]	**63**	**63**	10,912	10,912
Long-term debt	**1,060,833**	**1,113,311**	1,171,506	1,228,259

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

(B) Included in Other non-current assets.

(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. Short-term investments consist primarily of liquid investments with high quality financial institutions. The Company is exposed to credit loss in the event of nonperformance by financial institutions with which it conducts business. However, this loss is limited to the amounts, if any, by which the obligations of the counterparty to the financial instrument contract exceed the obligations of the Company. The Company also minimizes exposure to credit risk by dealing with a diversified group of major financial institutions.

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	Amount
Balance at September 30, 2002	$ 37,945	$ 332,662	$ 185,122	$ 3,507,349	$ (7,847)	$ 8,496	(77,132,248)	$ (1,137,583)
Net income				547,056				
Cash dividends:								
Common ($.40 per share)				(101,612)				
Preferred ($3.835 per share), net of tax benefits				(2,201)				
Common stock issued for:								
Employee stock plans, net			71,206				5,048,394	45,357
Business acquisitions			97				2,487	24
Common stock held in trusts, net						478	(18,440)	(478)
Reduction in unearned ESOP compensation for the year					4,154			
Repurchase of common stock							(9,784,200)	(349,998)
Adjustment for redemption provisions	(3,497)		753				355,125	2,744
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 ($3.835 per share), 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)**

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.

Preferred Stock Purchase Rights

In accordance with the Company's shareholder rights plan, each certificate representing a share of outstanding common stock of the Company also represents one Preferred Stock Purchase Right (a "Right"). Each whole Right entitles the registered holder to purchase from the Company one eight-hundredths of a share of Preferred Stock, Series A, par value $1.00 per share, at a price of $67.50. The Rights will not become exercisable unless and until, among other things, a third party acquires 15% or more of the Company's outstanding common stock. The Rights are redeemable under certain circumstances at $.01 per Right and will expire, unless earlier redeemed, on April 25, 2006. There are 500,000 shares of preferred stock designated Series A, none of which has been issued.

11 Other Comprehensive (Loss) Income

The components of Accumulated other comprehensive loss were as follows:

	2005	2004
Foreign currency translation adjustments	$ (90,413)	$ (72,671)
Minimum pension liability adjustment	(89,145)	(93,639)
Unrealized gains on investments	8,851	9,963
Unrealized losses on cash flow hedges	(12,488)	(12,353)
	$(183,195)	$(168,700)

The income tax (benefit) provision recorded in fiscal years 2005 and 2004 for the unrealized gains on investments were $(631) and $285, respectively. The income tax provision (benefit) recorded in fiscal years 2005 and 2004 for cash flow hedges were $534 and $(3,130), respectively. The income tax provision (benefit) recorded in fiscal years 2005 and 2004 for the minimum pension liability adjustment were $2,139 and $(4,042), respectively. Income taxes are generally not provided for translation adjustments.

The unrealized losses on cash flow hedges included in other comprehensive (loss) income for 2005 and 2004 are net of reclassification adjustments of $11,880 and $15,025, 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 2005 and 2004 were $7,282 and $9,209, respectively.

12 Commitments and Contingencies

Commitments

Rental expense for all operating leases amounted to $59,000 in 2005, $59,200 in 2004 and $53,400 in 2003. Future minimum rental commitments on noncancelable leases are as follows: 2006–$42,400; 2007–$34,500; 2008–$24,000; 2009–$15,600; 2010–$10,300 and an aggregate of $15,400 thereafter.

As of September 30, 2005, the Company has certain future purchase commitments aggregating to approximately $216,100, which will be expended over the next several years.

Contingencies

In 1986, the Company acquired a business that manufactured, among other things, latex surgical gloves. In 1995, the Company divested this glove business. The Company, along with a number of other manufacturers, has been named as a defendant in approximately 524 product liability lawsuits related to natural rubber latex that have been filed in various state and Federal courts. 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, 463 of these cases have been closed with no liability to the Company (462 of which were closed with prejudice), and 45 cases have been settled for an aggregate de minimis amount.

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), which was filed on July 22, 1998, the trial court granted class certification on June 6, 2005. The Company has filed an appeal of the trial court's ruling.
- 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.

In Illinois, the matter of *McCaster vs. Becton Dickinson* (Case No. 04L 012544) was settled on July 5, 2005 for an amount that is not material to the Company's results of operations, financial condition or cash flows. This case was originally filed as a purported class action needlestick case in the Circuit Court of Cook County and had been refiled in November 2004 as an individual personal injury case.

A purported class action suit was brought against the Company under the caption *Danielle Cardozo, by her litigation guardian Darlene Cardozo v. Becton, Dickinson and Company* (Civil Action No. S83059, Supreme Court, British Columbia) on November 6, 2003. The suit alleged personal injury to persons in British Columbia who received test results generated by the *BD ProbeTec* ET instrument, and sought money damages. The Company has reached a settlement in this case for an amount that is not material to the Company's results of operations, financial condition or cash flows.

The Company has insurance policies in place, and believes that a substantial portion of potential liability, if any, in the latex and class action matters would be covered by insurance. In order to protect our rights to additional coverage, the Company filed an action for declaratory judgment under the caption *Becton Dickinson and Company vs. Adriatic Insurance Company et al.* (Docket No. MID-L-3649-99MT, Middlesex County Superior Court) in New Jersey state court. The Company has withdrawn this action, with the right to refile, so that settlement discussions with the insurance companies may proceed.

On August 3, 2004, the Company was served with an administrative subpoena issued by the United States Attorney's Office in Dallas, Texas (the "U.S. Attorney") in connection with an investigation the U.S. Attorney is conducting of transactions between another company and certain of its suppliers, including the Company. The Company has fully responded to the subpoena. The Company believes that its transactions with the other company have fully complied with the law and that the Company is not currently a target of the investigation.

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 (an independent member of the Company's board of directors, Gary Mecklenburg, also serves as the non-executive chairman of HRDI). The subpoena indicates that it was issued as part of an investigation into possible violations of the antitrust laws. The Company believes that its participation in HRDI complies fully with the law and has no additional information regarding the investigation at this time. The Company is responding to the subpoena.

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." On June 7, 2005, Jabo's Pharmacy, Inc. filed a purported class action lawsuit against the Company under the caption *Jabo's Pharmacy, Inc., et. al. v. Becton Dickinson & Company* (Case No. 2:05-CV-00162, United States District Court, Greenville, Tennessee)

seeking monetary damages. The complaint alleges that the Company violated federal and various state antitrust laws, resulting in the charging of higher prices for the Company's products to plaintiff and other purported class members. Unlike the complaints described above, which were brought on behalf of direct purchasers of the Company's products, the Jabo's Pharmacy complaint is brought on behalf of indirect purchasers of the Company's products. The plaintiffs in each of these cases seek monetary damages. The Company has made a motion before the Judicial Panel on Multidistrict Litigation to transfer all of the above actions for coordinated or consolidated pre-trial proceedings. The panel heard the Company's motion on November 17, 2005, but has not yet issued a decision.

On August 31, 2005, Daniels Sharpsmart filed suit against the Company, 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 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.

The Company was a defendant in the matter of *Dynovation Medical, Inc. et al v. Becton Dickinson and Company* (Civil Action No. 505CV73, U.S. District Court, Eastern District of Texas). The plaintiffs in the suit had alleged, among other things, that the Company materially breached its license agreement with Dynovation relating to the *BD Insyte Autoguard IV* catheter product, and that the Company's safety blood collection sets infringed certain Dynovation patents. The suit was concluded in September 2005 resulting in the Company receiving a fully-paid up patent license from Dynovation.

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 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 options, performance-based stock awards, stock appreciation rights, 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 and encourage employees and directors to act as equity owners of the Company. 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 2005 and 2004, the compensation expense for these plans charged to income was $70,199 and $2,466, respectively, and the associated income tax benefit recognized was $19,941 and $937, respectively. No compensation expense was charged to income in 2003.

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. Beginning with the November 2004 (fiscal 2005) stock option grants, 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 3.93%; expected volatility of 29%; expected dividend yield of 1.28% 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 options 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 stock options granted during the years 2005, 2004 and 2003 was $17.16, $13.25 and $10.20, respectively. Stock options granted in 2004 and 2003 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, 2005, 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	26,926,805	$ 31.15		
Granted	1,808,715	54.44		
Exercised	(4,607,210)	26.83		
Forfeited, canceled or expired	(400,386)	35.92		
Balance at September 30	23,727,924	$ 33.68	5.77	$ 444,811
Vested and expected to vest at September 30	22,898,297	$ 33.49	5.70	$ 433,730
Exercisable at September 30	15,431,655	$ 30.79	4.66	$ 334,002

Cash received from the exercising of stock options in 2005, 2004 and 2003 was $123,613, $173,883 and $86,364, respectively. The actual tax benefit realized for tax deductions from stock option exercises totaled $44,958, $52,131 and $29,969, respectively. The total intrinsic value of stock options exercised during the years 2005, 2004 and 2003 was $134,342, $157,293 and $91,276, 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 until the vesting date.

A summary of performance-based restricted stock units outstanding as of September 30, 2005, and changes during the year then ended is as follows:

	Stock Units	Weighted Average Conversion Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Balance at October 1	367,978	$ 38.93		
Granted	1,404,033	54.41		
Converted	(1,009)	54.41		
Forfeited or canceled	(20,342)	54.41		
Balance at September 30 [(A)]	1,750,660	$ 51.16	1.94	$ 91,787
Expected to vest at September 30 [(B)]	994,973	$ 51.16	1.94	$ 52,166

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

(B) Net of expected forfeited units and units in excess of the expected performance payout of 175,066 and 580,621, 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.

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 an assumed average retirement age. 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, 2005, and changes during the year then ended is as follows:

	Stock Units	Weighted Average Conversion Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Balance at October 1	77,915	$ 38.78		
Granted	571,669	54.48		
Converted	(5,887)	54.41		
Forfeited or canceled	(13,640)	54.41		
Balance at September 30	630,057	$ 52.54	3.47	$ 33,034
Expected to vest at September 30	567,051	$ 52.54	3.47	$ 29,731

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.

The amount of unrecognized compensation expense for all non-vested share-based awards as of September 30, 2005 is approximately $125.4 million, which is expected to be recognized over a weighted-average remaining life of approximately 2.1 years. As of September 30, 2005, 5,931,893 shares remain available for award under the original 9,000,000 share authorization of 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, 2005, the Company estimates that it has sufficient shares held in treasury to satisfy these payments in 2006.

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, 2005 and 2004, awards for 283,003 and 321,131 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 2005.

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, 2005, 111,868 shares were held in trust, of which 13,288 shares represented Directors' compensation in 2005, 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, 2005, 183,205 shares were issuable under this plan.

14 Earnings Per Share

For the years ended September 30, 2005, 2004 and 2003, the computations of basic and diluted earnings per share (shares in thousands) were as follows:

	2005	2004	2003
Income from continuing operations	**$692,283**	$ 582,504	$ 554,930
Preferred stock dividends	**(367)**	(2,115)	(2,344)
Income from continuing operations available to common shareholders(A)	**691,916**	580,389	552,586
Preferred stock dividends–using "if converted" method	**367**	2,115	2,344
Additional ESOP contribution–using " if converted" method	**—**	(52)	(502)
Income from continuing operations available to common shareholders after assumed conversions(B)	**$692,283**	$ 582,452	$ 554,428
Average common shares outstanding (C)	**251,429**	252,011	254,497
Dilutive stock equivalents from stock plans	**8,671**	7,948	5,402
Shares issuable upon conversion of preferred stock	**612**	3,378	3,736
Average common and common equivalent shares outstanding–assuming dilution(D)	**260,712**	263,337	263,635
Basic earnings per share–income from continuing operations (A divided by C)	**$ 2.75**	$ 2.30	$ 2.17
Diluted earnings per share–income from continuing operations (B divided by D)	**$ 2.66**	$ 2.21	$ 2.10

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; insulin injection devices and blood glucose monitors for 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 devices; sharps disposal containers; and home healthcare products. The major products and services in the Diagnostics segment are integrated systems for evacuated blood collection; an extensive line of safety-engineered specimen collection products and systems; plated media; automated blood culturing; molecular testing systems for sexually transmitted diseases; microorganism identification and drug susceptibility systems; and rapid manual testing products. 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 2005, 2004 and 2003, 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	2005	2004	2003
Medical	**$2,958,088**	$2,680,165	$2,456,876
Diagnostics	**1,657,064**	1,531,639	1,373,651
Biosciences	**799,529**	722,941	632,982
Total(A)	**$5,414,681**	$4,934,745	$4,463,509
Segment Operating Income			
Medical	**$ 710,551**	$ 566,582(B)	$ 556,284
Diagnostics	**413,908**	359,370	302,071
Biosciences	**175,339**	155,888	100,597(C)
Total Segment Operating Income	**1,299,798**	1,081,840	958,952
Unallocated Expenses(D)	**(294,944)(E)**	(328,972)(F)	(236,994)
Income From Continuing Operations Before Income Taxes	**$1,004,854**	$ 752,868	$ 721,958
Segment Assets			
Medical	**$2,656,320**	$2,703,643	$2,738,082
Diagnostics	**1,245,769**	1,217,620	1,128,878
Biosciences	**678,286**	706,728	717,455(C)
Total Segment Assets	**4,580,375**	4,627,991	4,584,415
Corporate and All Other (G)	**1,491,594**	1,060,894	792,535
Discontinued Operations	**—**	63,694	195,303
Total	**$6,071,969**	$5,752,579	$5,572,253
Capital Expenditures			
Medical	**$ 184,525**	$ 158,728	$ 167,168
Diagnostics	**99,742**	79,782	61,590
Biosciences	**22,218**	16,560	20,287
Corporate and All Other	**11,143**	10,648	10,173
Total	**$ 317,628**	$ 265,718	$ 259,218
Depreciation and Amortization			
Medical	**$ 202,825**	$ 187,254	$ 174,711
Diagnostics	**102,882**	97,731	86,882
Biosciences	**64,599**	55,878	55,896
Corporate and All Other	**17,190**	16,361	18,270
Total	**$ 387,496**	$ 357,224	$ 335,759

(A) Intersegment revenues are not material.

(B) Includes the $45,024 charge related to blood glucose monitoring products as discussed in Note 19.

(C) Includes $26,717 in 2003 of impairment charges discussed in Note 3.

(D) Includes interest, net; foreign exchange; corporate expenses; and certain legal defense costs.

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

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

(G) Includes cash and investments and corporate assets.

Revenues by Organizational Units	2005	2004	2003
BD Medical			
Medical Surgical Systems	**$1,661,150**	$1,540,723	$1,426,202
Diabetes Care	**674,020**	586,190	542,327
Pharmaceutical Systems	**563,271**	497,421	435,624
Ophthalmic Systems	**59,647**	55,831	52,723
	$2,958,088	$2,680,165	$2,456,876
BD Diagnostic			
Preanalytical Systems	**$ 854,831**	$ 787,996	$ 707,079
Diagnostic Systems	**802,233**	743,643	666,572
	$1,657,064	$1,531,639	$1,373,651
BD Biosciences			
Immunocytometry Systems	**$ 452,383**	$ 397,151	$ 332,386
Pharmingen	**140,585**	135,650	121,173
Discovery Labware	**206,561**	190,140	179,423
	$ 799,529	$ 722,941	$ 632,982
Total	**$5,414,681**	$4,934,745	$4,463,509

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.

	2005	2004	2003
Revenues			
United States	**$2,590,951**	$2,435,889	$2,296,318
Europe	**1,671,112**	1,482,793	1,277,994
Other	**1,152,618**	1,016,063	889,197
Total	**$5,414,681**	$4,934,745	$4,463,509
Long-Lived Assets			
United States	**$1,687,808**	$1,687,276	$1,652,508
Europe	**776,681**	805,179	778,375
Other	**410,354**	398,453	410,134
Corporate	**221,812**	220,337	227,777
Total	**$3,096,655**	$3,111,245	$3,068,794

16 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 conspiracy 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.

17 Discontinued Operations

On August 31, 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 are reported as discontinued operations for all periods presented in the accompanying Consolidated Statements of Income. Clontech’s statement of financial position is reported separately as Assets held for sale and Liabilities held for sale, respectively, in the accompanying Consolidated Balance Sheet at September 30, 2004.

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

	2005(A)	2004	2003
Revenues	**$ 49,670**	$ 60,513	$ 64,431
Income (loss) from discontinued operations before income taxes	**15,541**	(123,063)	(12,252)
Income tax benefit	**14,439**	7,961	4,378
Net income (loss) from discontinued operations	**$ 29,980**	$(115,102)	$ (7,874)

(A) 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%.

Assets held for sale at September 30 were as follows:

	2004
Current assets	$ 26,676
Property, plant and equipment	9,562
Core and developed technology	15,256
Other intangibles	8,785
Other assets	3,415
	$ 63,694

Liabilities held for sale at September 30 were as follows:

	2004
Current liabilities	$ 13,522
Other liabilities	659
	$ 14,181

18 Employee Stock Ownership Plan/Savings Incentive Plan

The Company has an Employee Stock Ownership Plan ("ESOP") as part of its voluntary defined contribution plan (Savings Incentive Plan) covering eligible employees in the United States. The ESOP was established to satisfy all or part of the Company's obligation to match 50% of employees' contributions, up to a maximum of 3% of each participant's salary. To accomplish this, in 1990, the ESOP borrowed $60,000 in a private debt offering and used the proceeds to purchase from the Company an issue of ESOP convertible preferred stock (the "ESOP Preferred Stock"). The ESOP Preferred Stock paid an annual dividend of $3.835 per share, a portion of which was used by the ESOP, together with the Company's contributions, to service the ESOP debt. Since the ESOP debt was guaranteed by the Company, it had been reflected on the Consolidated Balance Sheets as debt with a related amount shown in the Shareholders' Equity as Unearned ESOP compensation. In July 2004, the Company repaid the ESOP debt in full. In December 2004, the Trustee of the ESOP converted all of the outstanding shares of ESOP Preferred Stock into BD common stock. This was done in response to the November 2004 dividend declaration, which reflected a 20% increase in the common dividend versus the preceding quarter and increased the difference between the common dividend and the fixed dividend payable on the ESOP Preferred Stock (on an equivalent share basis). The share conversion occurred at the rate of 6.4 BD common shares for each share of ESOP Preferred Stock. In April 2005, the shares in the ESOP were allocated to plan participants. As a result, the Company meets its matching obligation by contributing cash to the ESOP, which is used by the Trustee of the ESOP to purchase BD common stock at prevailing market prices.

The amount of ESOP expense recognized is equal to the cost of shares allocated to plan participants. Prior to July 2004, the amount of ESOP expense recognized was equal to the cost of the ESOP Preferred Stock allocated to plan participants and the ESOP interest expense for the year, reduced by the amount of dividends paid on the ESOP Preferred Stock that were utilized by the plan to service the debt.

Selected financial data pertaining to the ESOP/Savings Incentive Plan follows:

	2005	2004	2003
Total expense of the Savings Incentive Plan	$ 6,905	$ 2,252	$ 2,626
Compensation expense (included in total expense above)	$ 6,905	$ 2,137	$ 2,168
Dividends on ESOP Preferred Stock used for debt service	$ —	$ 1,592	$ 2,344
Number of shares allocated at September 30 ESOP Preferred Stock	—	503,011	500,807

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 $136,460 at September 30, 2005.

19 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 ("BGM") 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 reflects 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. As of September 30, 2005, the accrual for product to be returned related to this product recall has been fully utilized and no further returns are anticipated.

Quarterly Data (unaudited)

Thousands of dollars, except per-share amounts

	2005				
	1st(B)	2nd(B)	3rd(B)	4th(B)	Year(B)
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(C)
Earnings Per Share:					
Income from Continuing Operations	.77	.74	.75	.49	2.75
Income from Discontinued Operations	—	.01	—	.11	.12
Basic Earnings Per Share	.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

	2004				
	1st	2nd	3rd	4th	Year
Revenues	$ 1,185,120	$ 1,253,633	$ 1,242,714	$ 1,253,278	$ 4,934,745
Gross Profit	550,865	624,117	627,101	632,300	2,434,383(D)
Income from Continuing Operations	124,925	164,083	110,162	183,334	582,504(D)(E)
Earnings Per Share:					
Income from Continuing Operations	.49	.65	.43	.73	2.30
Loss from Discontinued Operations	—	—	—	(.46)	(.46)
Basic Earnings Per Share	.50	.65	.43	.27	1.85
Income from Continuing Operations(A)	.48	.62	.42	.70	2.21
Loss from Discontinued Operations	—	—	—	(.44)	(.44)
Diluted Earnings Per Share	.48	.62	.41	.26	1.77

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

(B) Includes the impact of share-based compensation expense, as discussed further in Note 2.

(C) 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.

(D) Includes the $45,024 charge in the first quarter related to blood glucose monitoring (BGM) products, as discussed in Note 19.

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

Corporate Information

Annual Meeting
1:00 p.m.
Tuesday, January 31, 2006
Hilton Short Hills
41 John F. Kennedy Parkway
Short Hills, NJ 07078

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. Additional information may be obtained by calling Computershare Trust Company, N.A. at 1-866-238-5345.

NYSE Symbol
BDX

On March 2, 2005, 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, 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 2005 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
E-mail: equiserve@equiserve.com
Internet: www.computershare.com/equiserve

Common Stock Prices and Dividends (per common share)

By Quarter	2005		
	High	**Low**	**Dividends**
First	**$ 57.83**	**$ 49.52**	**$ 0.18**
Second	**59.98**	**53.90**	**0.18**
Third	**59.65**	**51.27**	**0.18**
Fourth	**55.65**	**51.30**	**0.18**

By Quarter	2004		
	High	Low	Dividends
First	$ 41.45	$ 35.71	$ 0.15
Second	49.89	41.03	0.15
Third	53.25	47.74	0.15
Fourth	51.81	46.41	0.15

Shareholder Information

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 and BD's reports and statements filed with or furnished to the Securities and Exchange Commission, are posted on BD's website at www.bd.com/investors/. Shareholders may receive, without charge, printed copies of these documents, including BD's 2005 Annual Report to the Securities and Exchange Commission on Form 10-K, by contacting:

Investor Relations
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Certain BD Biosciences products are intended for research use only, and not for use in diagnostic or therapeutic procedures.

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Reconciliations to adjusted amounts (in millions)	**2005**	2004
Gross profit	**$ 2,753**	$ 2,434
Share-based compensation expense	**10**	—
BGM charges	**—**	45
Gross profit-adjusted	**$ 2,762**	$ 2,479
as a % of revenues	**51.0%**	50.2%
Research and development (R&D) expense	**$ 272**	$ 236
Share-based compensation expense	**6**	—
R&D expense-adjusted	**$ 266**	$ 236
% change from 2004	**13.0%**	
Operating income	**$ 1,031**	$ 787
Share-based compensation expense	**70**	—
BGM charges	**—**	45
Litigation settlement	**—**	100
Operating income-adjusted	**$ 1,101**	$ 932
as a % of revenues	**20.3%**	18.9%

Amounts may not add due to rounding.

EXHIBIT 21

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)
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 de 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)
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%
Healthcare Holdings in Sweden AB	Sweden	100% (1)
IBD Holdings LLC	Delaware	50% (1)
Johnston Laboratories, Inc.	Maryland	100% (1)
Life Science Support & Service Company, Ltd.	Japan	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 report dated November 18, 2005, with respect to the consolidated financial statements of Becton, Dickinson and Company, included in the 2005 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 18, 2005, 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 and 333-104019 of Becton, Dickinson and Company;

of our report dated November 18, 2005, with respect to the consolidated financial statements of Becton, Dickinson and Company incorporated herein by reference, our report dated November 18, 2005, 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, incorporated herein by reference, 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
December 9, 2005

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: December 9, 2005

/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 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: December 9, 2005

/s/ JOHN R. CONSIDINE
John R. Considine
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, 2005 (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: December 9, 2005

/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, 2005 (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: December 9, 2005

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