FORM 10-Q

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)

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

For the quarterly period ended March 31, 2006

OR

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

For the transition period from ____ to ________________

Commission file number 001-4802

Becton, Dickinson and Company

(Exact name of registrant as specified in its charter)

New Jersey	22-0760120
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1 Becton Drive, Franklin Lakes, New Jersey 07417-1880

(Address of principal executive offices)
(Zip Code)

(201) 847-6800

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year,
if changed since last report)

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

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class of Common Stock	Shares Outstanding as of March 31, 2006
Common stock, par value $1.00	247,317,640

BECTON, DICKINSON AND COMPANY
FORM 10-Q
For the quarterly period ended March 31, 2006

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ITEM 1. FINANCIAL STATEMENTS
BECTON, DICKINSON AND COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
Thousands of Dollars

	March 31, 2006	September 30, 2005
	(Unaudited)	
Assets		
Current Assets:		
Cash and equivalents	$ 776,534	$ 1,042,890
Short-term investments	89,751	86,808
Trade receivables, net	864,697	842,806
Inventories:		
Materials	107,345	93,963
Work in process	153,124	139,772
Finished products	582,243	542,214
	842,712	775,949
Prepaid expenses, deferred taxes and other	232,917	226,861
Total Current Assets	2,806,611	2,975,314
Property, plant and equipment	4,428,539	4,305,129
Less allowances for depreciation and amortization	2,472,947	2,371,411
	1,955,592	1,933,718
Goodwill	551,228	470,049
Core and Developed Technology, Net	246,753	165,381
Other Intangibles, Net	102,624	101,558
Capitalized Software, Net	203,744	229,793
Other	256,226	196,156
Total Assets	$ 6,122,778	$ 6,071,969
Liabilities and Shareholders' Equity		
Current Liabilities:		
Short-term debt	$ 305,998	$ 206,509
Payables and accrued expenses	981,301	1,092,866
Total Current Liabilities	1,287,299	1,299,375
Long-Term Debt	956,539	1,060,833
Long-Term Employee Benefit Obligations	204,877	301,933
Deferred Income Taxes and Other	165,188	125,876
Commitments and Contingencies		
Shareholders' Equity:		
Common stock	332,662	332,662
Capital in excess of par value	772,677	615,846
Retained earnings	5,071,393	4,805,852
Deferred compensation	10,803	10,280
Common shares in treasury – at cost	(2,491,046)	(2,297,493)
Accumulated other comprehensive loss	(187,614)	(183,195)
Total Shareholders' Equity	3,508,875	3,283,952
Total Liabilities and Shareholders' Equity	$ 6,122,778	$ 6,071,969

See notes to condensed consolidated financial statements

BECTON, DICKINSON AND COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
Thousands of Dollars, Except Per-share Data
(Unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2006	2005	2006	2005
Revenues	$ 1,449,317	$ 1,365,530	$ 2,863,378	$ 2,653,899
Cost of products sold	710,635	678,018	1,386,376	1,312,519
Selling and administrative	369,779	366,339	737,653	707,427
Research and development	129,099	65,988	198,424	128,071
Total Operating Costs and Expenses	1,209,513	1,110,345	2,322,453	2,148,017
Operating Income	239,804	255,185	540,925	505,882
Interest expense	(19,805)	(13,044)	(36,565)	(27,371)
Interest income	16,991	8,488	31,662	13,693
Other expense, net	(451)	(2,242)	(1,614)	(5,103)
Income From Continuing Operations Before Income Taxes	236,539	248,387	534,408	487,101
Income tax provision	80,301	61,878	160,310	106,194
Income From Continuing Operations	156,238	186,509	374,098	380,907
(Loss) Income From Discontinued Operations, net	(2,170)	1,641	(2,170)	2,594
Net Income	$ 154,068	$ 188,150	$ 371,928	$ 383,501
<u>Basic Earnings Per Share:</u>				
Income from Continuing Operations	$ 0.63	$ 0.74	$ 1.51	$ 1.51
(Loss) Income from Discontinued Operations	$ (0.01)	$ 0.01	$ (0.01)	$ 0.01
Basic Earnings Per Share (A)	$ 0.62	$ 0.74	$ 1.50	$ 1.52
<u>Diluted Earnings Per Share:</u>				
Income from Continuing Operations	$ 0.60	$ 0.71	$ 1.45	$ 1.45
(Loss) Income from Discontinued Operations	$ (0.01)	$ 0.01	$ (0.01)	$ 0.01
Diluted Earnings Per Share (A)	$ 0.60	$ 0.72	$ 1.45	$ 1.46
Dividends Per Common Share	$ 0.215	$ 0.18	$ 0.43	$ 0.36

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

See notes to condensed consolidated financial statements

BECTON, DICKINSON AND COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Thousands of Dollars
(Unaudited)

	Six Months Ended March 31, 2006	Six Months Ended March 31, 2005
Operating Activities		
Net income	$ 371,928	$ 383,501
Loss (Income) from discontinued operations, net	2,170	(2,594)
Income from continuing operations	374,098	380,907
Adjustments to income from continuing operations to derive net cash provided by operating activities:		
Depreciation and amortization	198,123	193,042
Share-based compensation	58,447	28,145
Acquired in-process research and development	53,300	—
Change in working capital	(227,822)	(82,578)
Pension obligation	(104,762)	(62,167)
Other, net	28,847	5,150
Net Cash Provided by Continuing Operating Activities	380,231	462,499
Investing Activities		
Capital expenditures	(151,005)	(108,178)
Capitalized software	(10,085)	(10,433)
Purchases of investments, net	(5,170)	(19,118)
Acquisition of GeneOhm, net of cash acquired	(230,433)	—
Other, net	(36,456)	(20,849)
Net Cash Used for Continuing Investing Activities	(433,149)	(158,578)
Financing Activities		
Change in short-term debt	(516)	91,636
Payments of long-term debt	(326)	(104,384)
Repurchase of common stock	(224,995)	(224,934)
Issuance of common stock from treasury	94,671	97,811
Excess tax benefit from stock option exercises	26,478	26,314
Dividends paid	(106,728)	(92,326)
Net Cash Used for Continuing Financing Activities	(211,416)	(205,883)
Discontinued Operations (Revised – See Note 9)		
Net cash (used for) provided by operating activities	(2,170)	2,265
Net cash provided by investing activities	—	1,583
Net cash used for financing activities	—	(12)
Net Cash (Used for) Provided by Discontinued Operations	(2,170)	3,836
Effect of exchange rate changes on cash and equivalents	148	4,245
Net (decrease) increase in cash and equivalents	(266,356)	106,119
Opening Cash and Equivalents	1,042,890	719,378
Closing Cash and Equivalents	$ 776,534	$ 825,497

See notes to condensed consolidated financial statements

Dollar and Share Amounts in Thousands, Except Per-share Data

Note 1 - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, in the opinion of the management of the Company, include all adjustments which are of a normal recurring nature, necessary for a fair presentation of the financial position and the results of operations and cash flows for the periods presented. However, the financial statements do not include all information and footnotes required for a presentation in accordance with U.S. generally accepted accounting principles. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included or incorporated by reference in the Company's 2005 Annual Report on Form 10-K. The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the full year. Certain reclassifications have been made to prior year amounts to conform to current year presentation.

Note 2 – Comprehensive Income

Comprehensive income was comprised of the following:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2006	2005	2006	2005
Net Income	$ 154,068	$ 188,150	$ 371,928	$ 383,501
Other Comprehensive (Loss) Income, Net of Tax				
Foreign currency translation adjustments	24,686	(27,284)	(2,919)	122,647
Unrealized losses on investments, net of amounts recognized	(808)	(3,631)	(2,587)	(2,271)
Unrealized (losses) gains on cash flow hedges, net of amounts realized	(1,647)	3,117	1,087	(2,548)
Comprehensive Income	$ 176,299	$ 160,352	$ 367,509	$ 501,329

The amount of unrealized losses or gains on investments and cash flow hedges in comprehensive income has been adjusted to reflect any realized gains and recognized losses included in net income during the three and six months ended March 31, 2006 and 2005.

Note 3 - Earnings per Share

The computations of basic and diluted earnings per share (shares in thousands) were as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2006	2005	2006	2005
Income from continuing operations	$ 156,238	$ 186,509	$ 374,098	$ 380,907
Preferred stock dividends	—	—	—	(367)
Income from continuing operations available to common shareholders (A)	156,238	186,509	374,098	380,540
Preferred stock dividends – using “if converted” method	—	—	—	367
Income from continuing operations available to common shareholders after assumed conversions (B)	$ 156,238	$ 186,509	$ 374,098	$ 380,907
Average common shares outstanding (C)	248,088	253,427	248,067	252,317
Dilutive stock equivalents from stock plans	10,211	8,589	9,078	8,848
Shares issuable upon conversion of preferred stock	—	—	—	1,228
Average common and common equivalent shares outstanding – assuming dilution (D)	258,299	262,016	257,145	262,393
Basic earnings per share – income from continuing operations (A/C)	$ 0.63	$ 0.74	$ 1.51	$ 1.51
Diluted earnings per share – income from continuing operations (B/D)	$ 0.60	$ 0.71	$ 1.45	$ 1.45

Note 4 - Contingencies

The Company is involved, both as a plaintiff and a defendant, in various legal proceedings and claims which arise in the ordinary course of business.

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 it 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 of litigation, the Company could incur charges in excess of any currently established accruals and, to the extent available, excess liability insurance. In the opinion of management, any such future charges, individually or in the aggregate, could have a material adverse effect on the Company’s consolidated results of operations and consolidated net cash flows in the period or periods in which they are recorded or paid. Further discussion of legal proceedings is included in Part II of this report.

Note 5 – 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 Company evaluates segment performance based upon operating income. Segment operating income represents revenues reduced by product costs and operating expenses. Financial information for the Company’s segments was as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2006	**2005**	**2006**	**2005**
Revenues				
Medical	$ 795,338	$ 731,665	$ 1,566,038	$ 1,425,487
Diagnostics	434,079	429,769	877,933	843,552
Biosciences	219,900	204,096	419,407	384,860
Total Revenues (A)	$ 1,449,317	$ 1,365,530	$ 2,863,378	$ 2,653,899

	Three Months Ended March 31,		Six Months Ended March 31,	
	2006	2005	2006	2005
Segment Operating Income				
Medical	$ 193,479	$ 162,484	$ 406,602	$ 325,805
Diagnostics	59,721 (B)	116,779	181,239 (B)	219,675
Biosciences	54,023	46,178	101,077	83,477
Total Segment Operating Income	307,223	325,441	688,918	628,957
Unallocated Items (C)	(70,684)	(77,054)	(154,510)	(141,856)
Income from Continuing Operations Before Income Taxes	$ 236,539	$ 248,387	$ 534,408	$ 487,101

	Three Months Ended March 31,		Six Months Ended March 31,	
	2006	2005	2006	2005
Revenues by Organizational Units				
BD Medical				
Medical Surgical Systems	$ 424,581	$ 402,292	$ 852,744	$ 811,856
Diabetes Care	188,294	162,196	371,990	320,874
Pharmaceutical Systems	167,109	152,771	310,872	263,456
Ophthalmic Systems	15,354	14,406	30,432	29,301
	$ 795,338	$ 731,665	$ 1,566,038	$ 1,425,487
BD Diagnostics				
Preanalytical Systems	$ 226,861	$ 204,835	$ 449,024	$ 413,356
Diagnostic Systems	207,218	224,934	428,909	430,196
	$ 434,079	$ 429,769	$ 877,933	$ 843,552
BD Biosciences				
Immunocytometry Systems	$ 123,574	$ 113,760	$ 236,426	$ 213,860
Pharmingen	41,597	37,925	78,543	71,626
Discovery Labware	54,729	52,411	104,438	99,374
	$ 219,900	$ 204,096	$ 419,407	$ 384,860
Total	$ 1,449,317	$ 1,365,530	$ 2,863,378	$ 2,653,899

(A) *Intersegment revenues are not material.*
(B) *Includes the in-process research and development charge related to the GeneOhm acquisition. See Note 8 for additional information.*
(C) *Includes primarily share-based compensation expense; interest, net; foreign exchange; and corporate expenses.*

Note 6 – Share-Based Compensation

The Company grants share-based awards under the 2004 Employee and Director Equity-Based Compensation Plan (the "2004 Plan"), which provides for long-term incentive compensation to employees and directors. 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.

Beginning with the annual share-based grant in November 2005 under the 2004 Plan, the Company granted stock appreciation rights ("SARs") in addition to performance-based restricted stock units and time-vested restricted stock units, and discontinued the issuance of stock options. SARs vest over a four-year period and have a ten-year term, similar to the previously granted stock options. SARs represent the right to receive, upon exercise, shares of common stock having a value equal to the difference between the market price of common stock on the date of exercise and the exercise price on the date of grant.

Compensation expense relating to share-based payments is recognized in net income using a fair value measurement method. Under the fair value method, the estimated fair value of awards is charged to income on a straight-line basis over the requisite service period, which is generally the vesting period.

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

	Three Months Ended March 31,		Six Months Ended March 31,	
	2006	2005	2006	2005
Selling and administrative expense	$ 17,572	$ 12,747	$ 42,574	$ 21,855
Cost of products sold	3,827	2,360	9,679	3,908
Research and development expense	2,405	1,448	6,194	2,382
Income From Continuing Operations Before Income Taxes	$ 23,804	$ 16,555	$ 58,447	$ 28,145
Net Income	$ 15,921	$ 11,963 (A)	$ 39,132	$ 20,457 (A)

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

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

The amount of unrecognized compensation expense for all non-vested share-based awards as of March 31, 2006 was approximately $160,555, which is expected to be recognized over a weighted-average remaining life of approximately 2.3 years.

The fair values of SARs granted during the annual share-based grant in November of 2006 and stock options granted during the annual share-based grant in November of 2005 were estimated on the date of grant using a lattice-based binomial valuation model based on the following assumptions: risk-free interest rates of 4.48% and 3.93%, respectively; expected volatility of 28% and 29%, respectively; expected dividend yield of 1.46% and 1.28%, respectively; and expected life of 6.5 years for both periods.

Note 7 – Benefit Plans

The Company has defined benefit pension plans covering substantially all of its employees in the United States and certain foreign locations. The Company also provides certain postretirement healthcare and life insurance benefits to qualifying domestic retirees. Other postretirement benefit plans in foreign countries are not material.

Net pension and postretirement cost included the following components for the three months ended March 31:

	Pension Plans		Other Postretirement Benefits	
	2006	2005	2006	2005
Service cost	$ 18,860	$ 15,294	$ 1,017	$ 913
Interest cost	18,106	16,698	3,716	3,832
Expected return on plan assets	(20,150)	(14,710)	—	—
Amortization of prior service cost	50	83	(1,558)	(1,558)
Amortization of loss	6,876	5,708	1,753	1,520
Other	—	—	16	16
Net pension and postretirement cost	$ 23,742	$ 23,073	$ 4,944	$ 4,723

Net pension and postretirement cost included the following components for the six months ended March 31:

	Pension Plans		Other Postretirement Benefits	
	2006	2005	2006	2005
Service cost	$ 36,495	$ 30,588	$ 2,034	$ 1,826
Interest cost	35,355	33,396	7,432	7,664
Expected return on plan assets	(39,293)	(29,420)	—	—
Amortization of prior service cost	95	166	(3,116)	(3,116)
Amortization of loss	13,672	11,416	3,506	3,040
Other	—	—	32	32
Net pension and postretirement costs	$ 46,324	$ 46,146	$ 9,888	$ 9,446

The Company made discretionary contributions to its U.S. pension plan of $150,000 and $50,000 during the first quarter of 2006 and 2005, respectively and $35,000 in the second quarter of 2005. In addition, the Company made a discretionary contribution to a foreign pension plan of approximately $18,000 during the first quarter of 2005.

Note 8 – Acquisition

On February 14, 2006, the Company acquired GeneOhm Sciences, Inc. (“GeneOhm”), a company that develops molecular diagnostic testing for the rapid detection of bacterial organisms, including those known to cause healthcare-associated infections. The acquisition provides the Company with expanded entry into the emerging field of healthcare-associated infections. The acquisition was accounted for as a business combination and the results of operations of GeneOhm were included in the Company’s results as of the acquisition date. Proforma information was not provided as the impact of the acquisition did not have a material effect on the Company’s consolidated results. The purchase price consisted of an up-front cash payment of $230,433, including transaction costs, and may include additional contingent payments of up to $25,000, based on future events occurring on or before December 31, 2007. The purchase price was allocated based upon the fair values of the assets and liabilities acquired. The allocation of the purchase price resulted in deferred tax assets of $34,888 consisting of net operating loss carry forwards and credits; other intangible assets, primarily core and developed technology, of $92,300; deferred tax liabilities of $31,400 associated with other intangible assets, and other net assets of $2,508. Core and developed technology will be amortized on a straight-line basis over its estimated useful life of approximately 15 years. The excess of the purchase price over the fair value of the assets acquired of $78,837 was recorded as goodwill, which was allocated to the Diagnostics segment. In connection with the acquisition, the Company also incurred a charge of $53,300 for acquired in-process research and development, which was recorded as Research and development expense. This charge, based on fair value, is associated with several products that have not reached technological feasibility and do not have alternative future use at the acquisition date. The fair value of each product was determined based upon the present value of projected cash flows utilizing an income approach reflecting the appropriate risk-adjusted discount rate based on the applicable technological and commercial risk of each product. These cash flows took into account the income and expenses associated with the further development and commercialization of the underlying products. The ongoing activity associated with each of these products is not material to the Company’s research and development expense.

Note 9 – Discontinued Operations

In August 2005, the Company completed the sale of the Clontech unit of the Biosciences segment. Clontech's results of operations are reported separately as discontinued operations. During the three months ended March 31, 2006, the Company recorded certain post-closing adjustments to discontinued operations.

Results of discontinued operations were as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2006	2005	2006	2005
Revenues	$ —	$ 15,236	$ —	$ 28,675
(Loss) income from discontinued operations before income taxes	(3,500)	2,656	(3,500)	4,232
Income tax benefit (provision)	1,330	(1,015)	1,330	(1,638)
(Loss) income From discontinued operations, net	$ (2,170)	$ 1,641	$ (2,170)	$ 2,594

The Company has separately presented operating, investing and financing cash flows attributable to discontinued operations, which in the prior year were reported on a combined basis. In addition, the Consolidated Statements of Cash Flows for prior annual and interim periods were revised as follows:

	Three Months Ended December 31,		Years Ended September 30,		
	2005	2004	2005	2004	2003
Discontinued Operations (Revised)					
Net cash (used for) provided by operating activities	$ —	$ (1,458)	$ 1,000	$ (1,063)	$ 2,153
Net cash (used for) provided by investing activities	—	(53)	1,260	(1,601)	(330)
Net cash used for financing activities	—	(6)	(15)	(62)	(2,826)
Net Cash (Used for) Provided by Discontinued Operations	$ —	$ (1,517)	$ 2,245	$ (2,726)	$ (1,003)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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.

BD's 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 second quarter 2006 financial and operational performance. BD reported second quarter revenues of $1.449 billion, an increase of 6% from the same period a year ago, and reflected volume increases of approximately 9%, offset by a decrease due to unfavorable foreign currency translation of approximately 3%. Sales in the United States of safety-engineered devices grew 13% to $220 million in the second quarter of 2006.International sales of safety-engineered devices grew 14% to $77 million in the second quarter of 2006, including an estimated 4 to 5 percent unfavorable impact due to foreign currency translation. Overall, international revenue growth of 2% for the three-month period included a 5% unfavorable impact of foreign currency translation for the three-month period. As further discussed in our 2005 Annual Report on Form 10-K, we 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 the period. We purchase option and forward contracts to partially protect against adverse foreign exchange rate movements.

Our balance sheet remains strong with net cash provided by continuing operations at approximately $380 million for the six months ended March 31, 2006, and our debt-to-capitalization ratio (shareholders' equity, net non-current deferred income tax liabilities, and debt) decreasing to 25.7% at March 31, 2006 from 27.3% at September 30, 2005.

Our ability to sustain our long-term growth will depend on a number of factors, including our ability to expand our core business (including geographical expansion), develop innovative new products with higher gross profit margins across our business segments, and continue to improve operating efficiency and organizational effectiveness. Numerous factors can affect our ability to achieve these goals, including without limitation, 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 may reduce the impact of economic downturns, the international nature of our business and our ability to meet the needs of the worldwide healthcare industry with cost-effective and innovative products.

During fiscal 2006, we continued to experience higher resin purchase costs, primarily due to recent increases in world oil prices. BD purchases supplies of resins, which are oil-based components used in the manufacture of certain products. The impact of any further increases in resin purchase costs for the remainder of the year are expected to be mitigated through continued improvement in our profit margins resulting from increased sales of products with higher margins, cost reduction programs, productivity improvements and, to a lesser extent, periodic price increases and adjustments.

Our anticipated revenue growth over the next three years, excluding any impact relating to foreign exchange, is expected to come from the following:

- Core business growth and expansion, including the continued transition to safety-engineered devices; and
- Development in each business segment of new products and services that provide increased benefits to patients, healthcare workers and researchers.

On February 14, 2006, BD acquired GeneOhm Sciences, Inc. ("GeneOhm"), a company that has developed molecular diagnostic testing for the rapid detection of bacterial organisms, including those known to cause healthcare-associated infections. In connection with the acquisition, BD incurred a charge of $53 million for acquired in-process research and development. See Note 8 for additional discussion.

Results of Operations

Revenues

Refer to Note 5 in the Notes to Condensed Consolidated Financial Statements for segment financial data.

Medical Segment – Second quarter revenues of $795 million represented an increase of $64 million, or 9%, from the prior year's quarter, including an estimated $19 million or a 3% unfavorable impact due to foreign currency translation. Primary drivers of this growth were strong sales in the Diabetes Care and Pharmaceutical Systems units. Medical revenues also reflect the continued conversion in the United States to safety-engineered products, which accounted for sales of $123 million, as compared with $115 million in the prior year's quarter. The growth rate of safety-engineered products benefited, in part, from a favorable comparison to the prior year's second quarter revenues, which were negatively impacted by reductions in inventory by a major U.S. distributor. International sales of safety-engineered products of $22 million grew 7% from the prior year's quarter, including an estimated 3 to 4 percent unfavorable impact due to foreign currency translation. For the six-month period ended March 31, 2006, U.S. sales of safety-engineered products were $255 million, as compared with $241 million in the prior year's period. In addition, international sales of safety-engineered products of $44 million grew 13% from the prior year's period, including an estimated 2 to 3 percent unfavorable impact due to foreign currency translation. For the six-month period ended March 31, 2006, total BD Medical segment revenues increased by 10% from the prior year period.

Diagnostics Segment – Second quarter revenues of $434 million represented an increase of $4 million, or 1%, over the prior year quarter, including an estimated $10 million, or 2%, unfavorable impact due to foreign currency translation. The Preanalytical Systems unit of the segment reported revenue growth of 11 percent over the prior year's quarter, benefiting from both *BD Vacutainer* Push Button Blood Collection Set sales in the current year's quarter and a favorable comparison to the prior year's revenues, which were negatively impacted by reductions in inventory by a major U.S. distributor. U.S. sales of safety-engineered products totaled $97 million, compared with $79 million in the prior year's quarter. International sales of safety-engineered products of $55 million grew 16% from the prior year's quarter, including an estimated 4 to 5 percent unfavorable impact due to foreign currency translation. For the six-month period ended March 31, 2006, the Preanalytical Systems unit of the segment reported 9% revenue growth and included U.S. sales of safety-engineered products of $193 million, compared with $165 million in the prior year's period. Preanalytical Systems revenues for the six-month period also included international sales of safety-engineered products of $107 million, which grew 18% from the prior year's period, including an estimated 3 to 4 percent unfavorable impact due to foreign currency translation. Second quarter revenues in the Diagnostics Systems unit of the segment declined 8%, despite strong sales from diagnostic instrument platforms. This decline in revenues was primarily due to a relatively mild flu season in fiscal 2006 compared with 2005, in both Japan and the United States. In addition, second quarter revenues were negatively impacted by the timing of early sales of flu diagnostic tests in the first fiscal quarter of 2006 and a comparison to strong sales of flu diagnostic tests in the prior year's quarter in Japan. For the six-month period ended March 31, 2006, total BD Diagnostics segment revenues increased by 4% from the prior year period.

Biosciences Segment – Second quarter revenues of $220 million represented an increase of $16 million or 8% over the prior year's quarter, including an estimated $7 million, or 3%, unfavorable impact due to foreign currency translation. Flow cytometry instruments and reagent sales continued to be the primary growth contributors. Sales in the Discovery Labware unit as well as sales of cell imaging products also contributed to sales growth. For the six-month period ended March 31, 2006, total BD Biosciences segment revenues increased by 9% from the prior year period, representing continued strong sales of flow cytometry instruments and reagents.

Segment Operating Income

Medical Segment
Segment operating income for the second quarter was $193 million, or 24.3% of Medical revenues, compared to $162 million, or 22.2%, in the prior year's quarter. The increase in operating income as a percentage of revenues reflected increased sales of products that have relatively high gross profit margins, in particular insulin delivery products, and improved manufacturing efficiencies which more than offset higher raw material costs associated with resin-based products. See further discussion on gross profit margin below. Selling and administrative expense as a percent of Medical revenues in the second quarter of 2006 was low compared with the second quarter of 2005. Certain incremental investments to support the BGM initiative were more than offset by tight controls on base spending. Research and development expenses for the quarter grew 8.3% as the segment continues to invest in the development of innovative products. Segment operating income for the six-month period was $407 million, or 26.0% of Medical revenues, compared to $326 million, or 22.9%, in the prior year's period.

Diagnostics Segment
Segment operating income for the second quarter was $60 million, or 13.8% of Diagnostics revenues, compared to $117 million, or 27.2%, in the prior year's quarter. Segment operating income for the current quarter includes the in-process research and development charge of $53 million associated with the GeneOhm acquisition, as further discussed above, which reduced operating income as a percentage of Diagnostics revenues by 12.3%. Gross profit margin was slightly lower than the second quarter of 2005, in part, due to lower flu diagnostic revenues, which have relatively high overall gross profit margins. See further discussion on gross profit margin below. Selling and administrative expense as a percentage of Diagnostics revenues in the second quarter of 2006 was slightly below the comparable amount in the second quarter of 2005 primarily due to tight controls on spending. Research and development expenses in the second quarter of 2006 increased $56 million, which includes the in-process research and development charge. Segment operating income for the six-month period was $181 million, or 20.6% of Diagnostics revenues, compared to $220 million, or 26.0%, in the prior year's period.

Biosciences Segment
Segment operating income for the second quarter was $54 million, or 24.6% of Biosciences revenues, compared to $46 million, or 22.6%, in the prior year's quarter. The increase in operating income as a percentage of revenues reflected an increase in sales of products, in particular, flow cytometry instruments and reagents. Selling and administrative expense as a percent of Biosciences revenues for the quarter was lower compared with the prior year's quarter. This decrease was attributable to revenue growth combined with continued effective spending control. Research and development expenses in the prior year's quarter increased $1.4 million, or 8.8%, reflecting spending on new product development. Segment operating income for the six-month period was $101 million, or 24.1% of Biosciences revenues, compared to $83 million, or 21.7%, in the prior year's period.

Gross Profit Margin
Gross profit margin was 51.0% for the second quarter and 51.6% for the six-month period, compared with 50.3% and 50.5%, respectively, for the comparable prior year periods. Gross profit margin in the second quarter of fiscal 2006 as compared to the prior period reflected an

estimated 1.0% improvement relating to increased sales of products with relatively high margins. This improvement was partially offset by an estimated 0.3%, primarily relating to higher raw material costs and an increase in share-based compensation. Gross profit margin in the six-month period of fiscal 2006 as compared to the prior period reflected an estimated 1.0% improvement relating to increased sales of products with relatively high margins, an estimated 0.3% improvement associated primarily with productivity gains and a 0.2% improvement resulting from foreign currency activity. These gross profit margin improvements were partially offset by an estimated 0.2% relating to higher raw material costs and an increase in share-based compensation of 0.2%. We expect gross profit margin to improve, on a reported basis, by about 50 to 60 basis points in fiscal 2006.

Selling and Administrative Expense

Selling and administrative expense was 25.5% of revenues for the second quarter and 25.8% for the six-month period, compared with 26.8% and 26.7%, respectively, for the prior year's periods. Aggregate expenses for the current period reflect increases in base spending of $10 million, in line with inflation, in expenses related to the BGM initiative of $7 million and in share-based compensation expense of $5 million. These increases in selling and administrative expense were partially offset by proceeds from an insurance settlement of $10 million received in connection with the Company's previously owned latex glove business and a favorable foreign exchange impact of $9 million. Aggregate expenses in the six-month period reflect increases in share-based compensation expense of $21 million, in base spending of $16 million, in line with inflation, and in expenses related to the BGM initiative of $15 million. These increases were partially offset by proceeds from insurance settlements of $17 million, as further discussed above, and a favorable foreign exchange impact of $14 million. Selling and administrative expense as a percentage of revenues is expected to decrease, on a reported basis, by about 40 basis points in fiscal 2006.

Research and Development Expense

Research and development expense was $129 million, or 8.9% of revenues for the second quarter, compared with the prior year's amount of $66 million, or 4.8% of revenues. Research and development expense was $198 million, or 6.9% of revenues for the six-month period in the current year, compared with the prior year's amount of $128 million, or 4.8% of revenues. The in-process research and development charge of $53 million associated with the GeneOhm acquisition was recorded to research and development expense in the three and six-month periods of 2006, respectively. Research and development expenditures also reflect increased spending for new programs in each of our segments for the three and six-month periods of 2006. We anticipate research and development expense to increase, on a reported basis, about 33% for fiscal 2006, including the in-process research and development charge.

Non-Operating Expense and Income

Interest expense increased to $20 million in the second quarter and $37 million in the six-month period compared with $13 million and $27 million, respectively, for the prior year's periods. These increases reflect higher debt levels and the impact of higher interest rates on floating rate debt and on interest rate swap transactions, consisting of fair value hedges of certain fixed-rate debt instruments, under which the difference between fixed and floating interest rates is exchanged at specified intervals. Interest income increased to $17 million in the second quarter and $32 million in the six-month period from $8 million and $14 million, respectively, in the prior year's periods. These increases reflect higher interest rates and cash balances.

Income Taxes
The income tax rate was 33.9% for the second quarter. The six-month tax rate was 30.0% compared with the prior year's rate of 21.8%. The increase is principally due to the lack of a tax benefit related to the acquired in-process research and development charge associated with the GeneOhm acquisition. The six-month rate reflected a provision of approximately 0.3% relating to proceeds received from insurance settlements, as further discussed above. The prior year's rate reflected an estimated 2.3% benefit due to the reversal of tax reserves in the first quarter in connection with the conclusion of tax examinations in four non-U.S. jurisdictions. The Company expects the reported tax rate for the full year to be approximately 27%.

Income from Continuing Operations and Diluted Earnings Per Share from Continuing Operations
Income from continuing operations and diluted earnings per share from continuing operations for the second quarter of 2006 were $156 million and 60 cents, respectively. This compared with income from continuing operations and diluted earnings per share from continuing operations for the prior year's second quarter of $187 million and 71 cents, respectively. The in-process research and development charge associated with the GeneOhm acquisition reduced income from continuing operations for the current quarter by $53 million and diluted earnings per share from continuing operations by 21 cents. Proceeds from an insurance settlement increased income from continuing operations for the current quarter by $10 million and diluted earnings per share from continuing operations by 2 cents. For the six-month periods, income from continuing operations and diluted earnings per share from continuing operations were $374 million and $1.45, respectively, in 2006, which reflected the in-process research and development charge, and $381 million and $1.45, respectively, in 2005. Proceeds from insurance settlements increased income from continuing operations in the six-month period by $17 million and diluted earnings per share from continuing operations by 4 cents. The prior year's six-month period included the effect of the reversal of tax reserves, as further discussed above, which increased income from continuing operations by $11 million and diluted earnings per share from continuing operations by 4 cents.

Liquidity and Capital Resources
Net cash provided by continuing operating activities, which continues to be our primary source of funds to finance operating needs and capital expenditures, was $380 million during the first six months of fiscal 2006, and $462 million in the same period in fiscal 2005. The decrease to the change in working capital of $228 million in the first six months of fiscal 2006, as compared to the prior year's period of $83 million, was primarily due to a decrease in accounts payable and accrued expenses. Net cash provided by operations in the current period was reduced by a change in the pension obligation of $105 million, which reflected a discretionary cash contribution of $150 million in the first quarter of 2006.

Net cash used for continuing investing activities for the first six months of the current year was $433 million, compared to $159 million in the prior year period. The current year amount reflects $230 million of cash paid for the GeneOhm acquisition. Capital expenditures were $151 million in the first six months of fiscal 2006 and $108 million in the same period in fiscal 2005. We expect capital spending for fiscal 2006 to be in the $400 million range.

Net cash used for continuing financing activities in the first six months of the current year was

$211 million, compared to $206 million in the prior year period. As of March 31, 2006, total debt of $1.3 billion represented 25.7% of total capital (shareholders' equity, net non-current deferred income tax liabilities, and debt), versus 27.3% at September 30, 2005. Short-term debt increased to 24% of total debt at the end of the six month period, from 16% at September 30, 2005.

For the first six months of the current and prior year, the Company repurchased approximately $225 million of its common stock. At March 31, 2006, approximately 0.7 million common shares remained available for purchase pursuant to a repurchase program for 10 million shares authorized by the Board of Directors (the "Board") in November 2004. The Board authorized an additional repurchase program for 10 million shares in November 2005. Stock repurchases were offset, in part, by the issuance of common stock from treasury due to the exercising of stock options by employees.

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 March 31, 2006. We maintain a $900 million syndicated credit facility 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 19-to-1 to 21-to-1. The facility, under which there were no borrowings outstanding at March 31, 2006, can be used to support the commercial paper program or for general corporate purposes. In addition, we have informal lines of credit outside the United States.

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.

As of March 31, 2006, we repatriated approximately $690 million of the approximately $1.3 billion of foreign earnings expected to be repatriated pursuant to our approved plan under the American Jobs Creation Act of 2004.

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, both written and oral, including statements contained in this report and filings with the Securities and Exchange Commission ("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 which 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, gross profit margins, various expenditures 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.
- Recently, the U.S. Food and Drug Administration (“FDA”) and European authorities have approved a new inhaled form of insulin for adults, which could adversely impact sales of our insulin injection devices.
- 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 energy costs and their effect on, among other things, the costs of producing our products.
- 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, if any, 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 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in information reported since the end of the fiscal year ended September 30, 2005.

Item 4. Controls and Procedures

An evaluation was carried out by BD’s management, with the participation of our 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 March 31, 2006. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were, as of the end of the period covered by this report, adequate and effective to ensure that material information relating to BD and its consolidated subsidiaries would be made known to them by others within these entities. There were no changes in our internal control over financial reporting during the fiscal quarter ended March 31, 2006 identified in connection with the above-referenced evaluation that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are involved, both as a plaintiff and a defendant, in various legal proceedings which arise in the ordinary course of business, including product liability and environmental matters as set forth in our 2005 Annual Report on Form 10-K and in our Quarterly Report on Form 10-Q for the first quarter of fiscal year 2006.

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 of litigation, 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 1A. Risk Factors

Not applicable.

I tem 2. Unregistered Sales of Equity Securities and Use of Proceeds

The table below sets forth certain information regarding our purchases of common stock of BD during the fiscal quarter ended March 31, 2006.

Issuer Purchases of Equity Securities

For the three months ended March 31, 2006	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2)
January 1 – 31, 2006	22,449	$ 63.64	—	12,644,914
February 1 – 28, 2006	1,160,213	$ 64.19	1,150,000	11,494,914
March 1 – 31, 2006	794,900	$ 63.70	794,900	10,700,014
Total	1,977,562	$ 63.99	1,944,900	10,700,014

(1) Includes for the quarter 4,747 shares purchased in open market transactions by the trustee under BD’s Deferred Compensation Plan and 1996 Directors’ Deferral Plan. Also includes 27,915 shares delivered to the Company 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 3. Defaults Upon Senior Securities.

Not applicable.

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

Our Annual Meeting of Shareholders was held on January 31, 2006, at which the following matters were voted upon:

i.) A management proposal for the election of three directors for the terms indicated below was voted upon as follows:

Nominee	Term	Votes	
		For	Withheld
Edward J. Ludwig	3 Years	208,868,737	6,905,452
Willard J. Overlock, Jr.	3 Years	212,162,197	3,611,992
Bertram L. Scott	3 Years	209,297,765	6,476,424

The other directors whose term of office as a director continued after the meeting are: Basil L. Anderson, Henry P. Becton, Jr., Edward F. DeGraan, Gary A. Mecklenburg, James F. Orr, James E. Perrella, Alfred Sommer and Margaretha af Ugglas.

ii.) A management proposal to ratify the selection of Ernst & Young LLP as independent registered public accounting firm for the fiscal year ending September 30, 2006 was voted upon. 211,302,059 shares were voted for the proposal, 2,964,216 shares were voted against, and 1,507,914 shares abstained.

iii.) A shareholder proposal requesting that the Board of Directors publish a report evaluating the Company’s policies on brominated flame retardants and other toxic chemicals was voted upon. 14,393,882 shares were voted for the proposal, 150,699,713 shares were voted against, 26,390,342 shares abstained, and there were 24,290,252 broker non-votes.

iv.) A shareholder proposal requesting that the Board of Directors take the necessary steps to provide for cumulative voting in the election of directors was voted upon. 74,079,013 shares were voted for the proposal, 97,376,269 shares were voted against, 20,028,655 shares abstained, and there were 24,290,252 broker non-votes.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits

Exhibit 10(s)	Amended and Restated Aircraft Time Sharing Agreement between Becton, Dickinson and Company and Edward J. Ludwig dated as of March 28, 2006.
Exhibit 31	Certifications of Chief Executive Officer and Chief Financial Officer, pursuant to SEC Rule 13a - 14(a).
Exhibit 32	Certifications of Chief Executive Officer and Chief Financial Officer, pursuant to Rule 13a - 14(b) and Section 1350 of Chapter 63 of Title 18 of the U.S. Code.

SIGNATURES

Pursuant to the requirements 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

(Registrant)

Dated: May 9, 2006

/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
(Chief Accounting Officer)

INDEX TO EXHIBITS

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32	Certifications of Chief Executive Officer and Chief Financial Officer, pursuant to Rule 13a - 14(b) and Section 1350 of Chapter 63 of Title 18 of the U.S. Code.

AMENDED AND RESTATED
AIRCRAFT TIME SHARING AGREEMENT

This Amended and Restated Aircraft Time Sharing Agreement (“Agreement”) is made and entered into as of the 28th day of March, 2006, 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 March 28, 2006 (the “Resolution”), has authorized and encouraged Mr. Ludwig to use the Aircraft for all travel purposes, including personal use, to the extent practicable within business constraints, taking into account competing business use for the Aircraft;

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

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

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

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

(a) Fuel, oil, lubricants, and other additives;
(b) Travel expenses of the crew, including food, lodging, and ground transportation;
(c) Hangar and tie-down costs away from the Aircraft’s base of operation;
(d) Insurance obtained for the specific flight;
(e) Landing fees, airport taxes, and similar assessments;
(f) Customs, foreign permit, and similar fees directly related to the flight;

(g) In-flight food and beverages;
(h) Flight planning and weather contract services; and
(i) An additional charge equal to one hundred percent (100%) of the expenses listed in subsection (a) above.

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

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

(a) departure point;
(b) destination;
(c) proposed date and time of flight;
(d) number and identity of anticipated passengers;
(e) nature and extent of baggage and/or cargo to be carried;
(f) proposed date and time of return flight, if any; and
(g) any other information concerning the proposed flight that may be pertinent to or required by BD or its flight crew, including any request for a particular Aircraft.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[Remainder of Page Intentionally Left Blank]

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

BECTON, DICKINSON AND COMPANY

By: /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

CERTIFICATIONS

I, Edward J. Ludwig, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Becton, Dickinson and Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2006

/s/ Edward J. Ludwig

Edward J. Ludwig
Chairman, President and
Chief Executive Officer

I, John R. Considine, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Becton, Dickinson and Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2006

/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 Quarterly Report on Form 10-Q of Becton, Dickinson and Company for the quarter ended March 31, 2006 (the “Report”) for the purpose of complying with Rule 13a – 14(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Edward J. Ludwig, the Chief Executive Officer of Becton, Dickinson and Company, certify that:

1. such Report fully complies with the requirements of Section 13(a) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Becton, Dickinson and Company.

May 9, 2006

/s/ Edward J. Ludwig

Name: Edward J. Ludwig
Chief Executive Officer

The certification set forth below is being submitted in connection with the Quarterly Report on Form 10-Q of Becton, Dickinson and Company for the quarter ended March 31, 2006 (the "Report") for the purpose of complying with Rule 13a – 14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, John R. Considine, the Chief Financial Officer of Becton, Dickinson and Company, certify that:

1. such Report fully complies with the requirements of Section 13(a) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Becton, Dickinson and Company.

May 9, 2006

/s/ John R. Considine

Name: John R. Considine
Chief Financial Officer