

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)

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

For the quarterly period ended March 31, 2000

OR

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 . No .

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 April 30, 2000
Common stock, par value \$1.00	252,428,019

BECTON, DICKINSON AND COMPANY

FORM 10-Q

For the quarterly period ended March 31, 2000

TABLE OF CONTENTS

Part I. FINANCIAL INFORMATION	Page Number
Item 1. Financial Statements	
Condensed Consolidated Balance Sheets	3
Condensed Consolidated Statements of Income	4
Condensed Consolidated Statements of Cash Flows	5
Notes to Condensed Consolidated Financial Statements	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.....	10
Item 3. Quantitative and Qualitative Disclosures About Market Risk..	14
Part II. OTHER INFORMATION	

Item 1	Legal Proceedings	15
Item 2	Changes in Securities and Use of Proceeds	16
Item 3	Defaults Upon Senior Securities	16
Item 4	Submission of Matters to a Vote of Security Holders.....	16
Item 5	Other Information	17
Item 6	Exhibits and Reports on Form 8-K	17
Signature	19
Exhibits	20

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

<TABLE>
<CAPTION>

Assets	March 31, 2000	September 30, 1999
-----	-----	-----
	(Unaudited)	
Current Assets:		
<S>	<C>	<C>
Cash and equivalents	\$ 65,064	\$ 59,932
Short-term investments	11,310	4,660
Trade receivables, net	768,874	812,544
Inventories (Note 2):		
Materials	170,724	160,332
Work in process	107,695	94,627
Finished products	407,082	387,574
	-----	-----
Prepaid expenses, deferred taxes and other	685,501	642,533
	177,481	164,056
	-----	-----
Total Current Assets	1,708,230	1,683,725
Property, plant and equipment	3,038,348	2,932,804
Less allowances for depreciation and amortization	1,551,828	1,501,655
	-----	-----
	1,486,520	1,431,149
Goodwill, Net	514,228	526,942
Core and Developed Technology, Net	318,900	329,460
Other Intangibles, Net	171,276	178,285
Other	331,546	287,397
	-----	-----
Total Assets	\$ 4,530,700	\$ 4,436,958
	=====	=====
Liabilities and Shareholders' Equity		

Current Liabilities:		
Short-term debt	\$ 729,721	\$ 631,254
Payables and accrued expenses	734,913	698,068
	-----	-----
Total Current Liabilities	1,464,634	1,329,322
Long-Term Debt	819,927	954,169
Long-Term Employee Benefit Obligations	327,613	344,068
Deferred Income Taxes and Other	44,121	40,711
Commitments and Contingencies	-	-
Shareholders' Equity:		
Preferred stock	45,066	46,717
Common stock	332,662	332,662
Capital in excess of par value	62,208	44,626
Retained earnings	2,686,022	2,539,020
Unearned ESOP compensation	(20,856)	(20,310)
Deferred compensation	6,463	5,949
Shares in treasury - at cost	(988,364)	(997,333)
Accumulated other comprehensive income	(248,796)	(182,643)

Total Shareholders' Equity	1,874,405	1,768,688
Total Liabilities and Shareholders' Equity	\$4,530,700	\$ 4,436,958

</TABLE>

See notes to condensed consolidated financial statements

3

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

<TABLE>
<CAPTION>

	Three Months Ended March 31,		Six Months Ended March 31,	
	2000	1999	2000	
1999				
<S>	<C>	<C>	<C>	<C>
Revenues	\$ 925,132	\$ 873,964	\$ 1,784,296	\$
1,642,930				
Cost of products sold	473,987	429,260	923,938	
814,970				
Selling and administrative	244,063	233,004	477,901	
456,120				
Research and development	57,175	67,251	110,918	
116,561				
Total Operating Costs and Expenses	775,225	729,515	1,512,757	
1,387,651				
Operating Income	149,907	144,449	271,539	
255,279				
Interest expense, net	(21,199)	(18,758)	(42,756)	
(36,629)				
Other income, net	36,399	1,460	38,073	
2,485				
Income Before Income Taxes	165,107	127,151	266,856	
221,135				
Income tax provision	45,936	37,037	72,391	
54,863				
Net Income	\$ 119,171	\$ 90,114	\$ 194,465	\$
166,272				
Earnings Per Share:				
Basic	\$.47	\$.36	\$.77	\$
.66				
Diluted	\$.45	\$.34	\$.74	\$
.63				
Dividends Per Common Share	\$.0925	\$.085	\$.185	\$
.17				

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</TABLE>

See notes to condensed consolidated financial statements

4

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

<TABLE>
<CAPTION>

	Six Months Ended March 31,	
	2000	1999
Operating Activities		
<S>	<C>	<C>
Net income	\$ 194,465	\$ 166,272
Adjustments to net income to derive net cash provided by operating activities:		
Depreciation and amortization	141,469	128,484
Gain on sale of investment	(33,159)	-
Purchased in-process research and development	-	16,800
Change in working capital	(24,949)	(204,207)
Other, net	(10,577)	17,708
Net Cash Provided by Operating Activities	267,249	125,057
Investing Activities		
Capital expenditures	(165,621)	(132,855)
Acquisitions of businesses, net of cash acquired	(21,573)	(153,247)
Change in investments, net	34,876	(18,159)
Capitalized software	(28,603)	(28,863)
Other, net	(15,206)	(30,683)
Net Cash Used for Investing Activities	(196,127)	(363,807)
Financing Activities		
Change in short-term debt	(7,247)	371,349
Proceeds of long-term debt	-	185
Payments of long-term debt	(29,941)	(108,395)
Issuance of common stock from treasury	19,338	15,383
Dividends paid	(47,196)	(43,163)
Net Cash (Used for) Provided by Financing Activities	(65,046)	235,359
Effect of exchange rate changes on cash and equivalents	(944)	(6,005)
Net increase (decrease) in cash and equivalents	5,132	(9,396)
Opening Cash and Equivalents	59,932	83,251
Closing Cash and Equivalents	\$ 65,064	\$ 73,855

</TABLE>

See notes to condensed consolidated financial statements

5

BECTON, DICKINSON AND COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Dollar and Share Amounts in Thousands, Except Per-share Data
March 31, 2000

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 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 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 1999 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. Prior year information has been reclassified to conform to current year presentation.

Note 2 - Inventory Valuation

An actual valuation of inventory under the LIFO method can be made only at the end of each fiscal year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations are based on management's estimates of expected year-end inventory levels and costs.

Note 3 - Comprehensive Income

Comprehensive income for the Company includes the following:

<TABLE>
<CAPTION>

<S>	Three Months Ended March 31,		Six Months Ended March 31,	
	<C> 2000	<C> 1999	<C> 2000	<C> 1999
Net income	\$ 119,171	\$ 90,114	\$ 194,465	\$ 166,272
Other Comprehensive Income, Net of Tax				
Foreign currency translation adjustments	(39,033)	(72,785)	(77,718)	(79,667)
Unrealized (loss) gain on investments, net of amounts realized	(1,503)	2,482	11,565	(4,251)
Comprehensive Income	\$ 78,635	\$ 19,811	\$ 128,312	\$ 82,354

</TABLE>

6

During the second quarter of fiscal 2000, the Company sold portions of an investment for a net gain of approximately \$33,000 before taxes. The proceeds from these sales were approximately \$38,000. The cost of this investment was determined based upon the specific identification method. The amount of unrealized gains or losses on investments in comprehensive income has been adjusted to reflect the realized gains included in net income for investments sold during the year.

Note 4 - Earnings per Share

The following table sets forth the computations of basic and diluted earnings per share:

<TABLE>
<CAPTION>

<S>	Three Months Ended March 31,		Six Months Ended March 31,	
	<C> 2000	<C> 1999	<C> 2000	<C> 1999
Net income	\$ 119,171	\$ 90,114	\$ 194,465	\$ 166,272
Preferred stock dividends	(732)	(785)	(1,478)	(1,576)
Income available to common shareholders (A)	118,439	89,329	192,987	164,696
Preferred stock dividends - using "if converted" method	732	785	1,478	1,576
Additional ESOP contribution - using "if converted" method	(165)	(201)	(339)	(405)
Income available to common shareholders after assumed				

conversions (B)	\$ 119,006	\$ 89,913	\$ 194,126	\$ 165,867
Average common shares outstanding (C)	252,055	249,276	251,690	248,793
Dilutive stock equivalents from stock plans	6,432	10,308	6,407	11,291
Shares issuable upon conversion of preferred stock	4,889	5,230	4,889	5,230
Average common and common equivalent shares outstanding - assuming dilution (D)	263,376	264,814	262,986	265,314
Basic earnings per share (A/C)	\$.47	\$.36	\$.77	\$.66
Diluted earnings per share (B/D)	\$.45	\$.34	\$.74	\$.63

</TABLE>

7

Note 5 - Contingencies

The Company is 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. In the opinion of the Company, the results of these matters, individually and in the aggregate, are not expected to have a material impact on its results of operations, financial condition or cash flows.

Note 6 - Segment Data

The Company's organizational structure is based upon its three principal business segments: BD Medical Systems, BD Biosciences, and BD Preanalytical Solutions. The Company evaluates performance based upon operating income. Segment operating income represents revenues reduced by product costs and operating expenses.

Financial information for the Company's segments is as follows:

<S>	Three Months Ended March 31,		Six Months Ended March 31,	
	<C> 2000	<C> 1999	<C> 2000	<C> 1999
Revenues				
Medical Systems	\$ 489,329	\$ 483,779	\$ 951,935	\$ 908,944
Biosciences	296,317	262,325	560,733	485,604
Preanalytical Solutions	139,486	127,860	271,628	248,382
Total Revenues (A)	\$ 925,132	\$ 873,964	\$ 1,784,296	\$ 1,642,930

</TABLE>

Segment Operating Income

<S>	<C>	<C>	<C>	<C>
Medical Systems	\$ 95,487	\$ 100,505	\$ 190,188	\$ 181,331
Biosciences	46,763	28,490	72,074	57,947
Preanalytical Solutions	34,679	32,091	61,987	60,220
Total Segment Operating Income	176,929	161,086	324,249	299,498
Unallocated Expenses (B)	(11,822)	(33,935)	(57,393)	(78,363)
Income Before Income Taxes	\$ 165,107	\$ 127,151	\$ 266,856	\$ 221,135

</TABLE>

(A) Intersegment revenues are not material.

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

Note 7 - Special Charges

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The Company recorded special charges in fiscal 1999 and 1998 associated with two restructuring programs, primarily designed to improve the Company's cost structure, refocus certain businesses, and write down impaired assets. A summary of the special charge accrual activity during the first six months of fiscal 2000 follows:

	Severance	Restructuring	Other
	-----	-----	-----
Accrual Balances at September 30, 1999	\$ 13,100	\$ 9,250	\$ 6,100
Payments	(3,500)	(5,000)	(1,700)
	-----	-----	-----
Accrual Balances at March 31, 2000	\$ 9,600	\$ 4,250	\$ 4,400
	=====	=====	=====

The 1998 restructuring plan included charges associated with the restructuring of certain manufacturing operations. As of March 31, 2000, approximately 100 positions have been eliminated, and the Company expects that an additional 150 people will be affected by this plan, upon the closure of a U.S. surgical blade plant scheduled for the first half of fiscal year 2002. The remaining 1998 restructuring accruals related to this closure consist primarily of severance.

Note 8 - Acquisition Reserves

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During fiscal year 1997, the Company acquired Difco Laboratories Incorporated ("Difco"). The assumed liabilities for the Difco acquisition included approximately \$17,500 for severance and other exit costs associated with the closing of certain Difco facilities. As of March 31, 2000, approximately \$3,700 of these reserves remained. The Company expects to substantially utilize these remaining reserves over the next three months.

Note 9 - Product Recall

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On February 23, 2000, the Company announced that it was voluntarily recalling certain manufacturing lots of the BD Insyte(R) AutoGuard(TM) shielded IV catheter after receiving reports of localized skin irritation following product use. The actual percentage of products for which the Company received reports was less than .01 percent of such products used. While there have been no confirmed reports of serious problems or complications, the Company decided to voluntarily recall this product in order to minimize additional concerns. The Company has since adjusted its Insyte AutoGuard manufacturing process to address the problem, and shipments of this product resumed at the beginning of the third quarter.

In the current quarter, the Company recorded recall costs of approximately \$13,000, which consisted primarily of costs associated with product returns, disposal of the affected product, and other direct recall costs. These recall costs were reported in cost of products sold.

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

of Operations

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Recent Developments

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During the second quarter of fiscal 2000, we sold portions of an investment for a net gain of approximately \$33 million before taxes. The proceeds from these sales were approximately \$38 million. The cost of this investment was determined based upon the specific identification method.

On February 23, 2000, we announced that we were voluntarily recalling certain manufacturing lots of the BD Insyte(R) AutoGuard(TM) shielded IV catheter after receiving reports of localized skin irritation following product use. The actual percentage of products for which we received reports was less than .01 percent of such products used. While there have been no confirmed reports of serious problems or complications, we decided to voluntarily recall this product in order to minimize additional concerns. We have since adjusted our Insyte AutoGuard manufacturing process to address the problem, and shipments of this

product resumed at the beginning of the third quarter. In the second quarter, we recorded recall costs of approximately \$13 million, which consisted primarily of costs associated with product returns, disposal of the affected product, and other direct recall costs. These recall costs were reported in cost of products sold. The recall modestly affected second quarter revenues in the BD Medical Systems segment due to the product being temporarily unavailable. We do not expect revenues for the balance of the year to be further affected by this recall.

Results of Operations

Second quarter revenues exceeded prior year revenues by 6%. Revenues for the six months increased \$141 million or 9% from last year. Revenue growth was unfavorably affected by the strengthened dollar against the Euro as compared to the prior year. The impact of foreign currency translation reduced revenues by an estimated \$18 million and \$29 million for the three and six month periods, respectively. Revenues for the quarter were modestly affected by the voluntary product recall and the shifting of purchases by customers into the first quarter in anticipation of potential Year 2000 disruptions.

<TABLE>
<CAPTION>

<S> Segment Revenues (Dollars in millions)	Three Months Ended March 31,			Six Months Ended March 31,		
	<C> 2000	<C> 1999	<C> % Change	<C> 2000	<C> 1999	<C> % Change
Medical Systems						
United States	\$232	\$227	3	\$439	\$419	5
International	257	257	-	513	490	5
Total	\$489	\$484	1	\$952	\$909	5
Biosciences						
United States	\$171	\$142	20	\$322	\$266	21
International	125	120	4	239	220	9
Total	\$296	\$262	13	\$561	\$486	16

</TABLE>

10

<TABLE>
<CAPTION>

<S> Segment Revenues (Dollars in millions)	Three Months Ended March 31,			Six Months Ended March 31,		
	<C> 2000	<C> 1999	<C> % Change	<C> 2000	<C> 1999	<C> % Change
Preanalytical Solutions						
United States	\$78	\$69	13	\$148	\$133	11
International	61	59	4	124	115	7
Total	\$139	\$128	9	\$272	\$248	9
Total Revenues						
United States	\$482	\$438	10	\$908	\$817	11
International	443	436	2	876	826	6
Total	\$925	\$874	6	\$1,784	\$1,643	9

</TABLE>

Recent acquisitions, primarily in the United States, added about \$20 million to BD Biosciences ("Biosciences") revenues and about \$9 million to BD Medical Systems ("Medical") revenues for the quarter. Medical segment revenues increased 4% for the quarter after excluding the estimated unfavorable impact of foreign currency translation. Such revenues were reduced by the shifting of purchases, primarily in Europe, into the first quarter, in anticipation of potential disruptions related to the Year 2000, the impact of the product recall, and the absence of revenues from divested home health care products. Biosciences revenues, which increased 14% for the quarter after excluding the estimated unfavorable impact of foreign currency translation, reflected strong growth in

flow cytometry products. BD Preanalytical ("Preanalytical") revenues increased 12% for the quarter after excluding the estimated unfavorable impact of foreign currency translation. Worldwide revenues for the Medical and Preanalytical segments reflected good growth in sales of advanced protection devices. International revenues grew approximately 6% for the quarter after excluding the unfavorable impact of foreign currency translation.

Medical segment operating income decreased 5% from the prior year's quarter primarily due to the factors discussed above. Biosciences segment operating income for the quarter grew 7%, excluding last year's purchased in-process research and development charge, primarily due to revenue growth. Amortization associated with 1999 acquisitions for this segment also affected the growth rate. Preanalytical segment operating income increased 8% from the prior year's quarter reflecting the increase in sales growth in advanced protection devices. (See Note 6 in "Notes to Condensed Consolidated Financial Statements" for additional segment income information.)

Reported gross profit margin was 48.8% for the quarter and 48.2% for the six months. Excluding the product recall costs, gross profit margin would have been 50.2% for the quarter and 49% for the six months, compared with last year's ratios of 50.9% and 50.4%, respectively. This decline reflects a less profitable mix of products sold and higher costs associated with the scale up of production of advanced protection devices.

Selling and administrative expense was 26.4% of revenues for the quarter and 26.8% for the six months compared with the prior year's ratios of 26.7% and 27.8%, respectively. The improvement in the ratio reflects savings achieved through spending controls and productivity improvements.

11

Investment in research and development was 6.2% of revenues for both the quarter and six months. Excluding a \$15 million charge for purchased in-process research and development associated with an acquisition completed during the second quarter of fiscal 1999, last year's ratios were 5.9% for the quarter and 6.2% for the six months.

Operating income increased 4% and 6% for the quarter and six months, respectively. Operating margin was 16.2% for the quarter and 15.2% for the six months. Excluding the product recall costs and last year's in-process research and development charge, operating margin for the quarter and six months would have been 17.6% and 16%, respectively, compared with last year's ratios of 18.3% and 16.5%, respectively. This decline primarily reflects the decrease in gross profit margin, as discussed earlier.

Net interest expense was \$6 million higher for the six months compared with the prior year, due to additional borrowings to fund prior year acquisitions. Other income, net was \$35 million higher for the quarter and \$36 million higher for the six months compared with the prior year, primarily due to the gain on the sale of an investment in the second quarter.

The income tax rate was 27.8% for the quarter and 27.1% for the six months and reflected the higher rate on the gain on investment sale as well as the product recall costs. The prior year's second quarter rate of 29.1% reflected the lack of a tax benefit associated with the in-process research and development charge. Excluding these items, the second quarter rate would have been 26% for both years.

Net income of \$119 million and diluted earnings per share of \$.45 increased 32% over the prior year, reflecting the items discussed above.

Financial Condition

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During the first six months of 2000, cash provided by operating activities was \$267 million compared with \$125 million during the first six months of last year. This improvement reflects lower build-up of inventories and lower trade receivable balances compared with the prior year's second quarter as well as more stringent cash management policies. Capital expenditures during the first six months were \$166 million compared with last year's amount of \$133 million. We expect capital spending for fiscal 2000 to be about \$375 million, reflecting increased investment in additional manufacturing capacity for advanced protection devices. Capitalized software represents expenditures associated with our enterprise-wide business systems upgrade program.

Trade receivables of \$769 million decreased \$44 million from fiscal year-end levels primarily from increased collection activity. Inventory levels increased \$43 million since fiscal year-end primarily due to the building of inventory needed for the acceleration of revenues over the third and fourth quarters.

As of March 31, 2000, total debt of \$1.5 billion represented 45.1% of total capital (shareholders' equity, net non-current deferred income tax liabilities, and debt), down from 45.4% a year ago. Because of our strong credit rating, we believe we have the capacity to arrange additional borrowings should the need arise.

Year 2000 Update

We designed and implemented a company-wide Year 2000 plan to ensure that our computer equipment and software and devices with date-sensitive embedded technology would be Year 2000-compliant. In other words, we sought to ensure that our equipment and software and these devices would be able to distinguish between the year 1900 and the year 2000 and would function properly with respect to all dates, whether in the twentieth or twenty-first centuries.

Based upon our identification, assessment, remediation and testing efforts, we believe we have completed all modifications to and replacements of our computer equipment and software that were necessary to avoid any potential Year 2000-related disruptions or malfunctions that had been identified. We have not experienced any major disruptions to our business nor are we aware of any significant Year 2000-related disruptions impacting our customers or suppliers.

As of March 31, 2000, we incurred approximately \$17 million in total costs related to our Year 2000 project, which was funded through operating cash flows. We do not anticipate any additional significant costs related to our plan. None of our other information technology projects have been delayed or deferred as a result of the implementation of the plan.

Adoption of New Accounting Standards

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities". This Statement requires that all derivatives be recorded in the balance sheet as either an asset or liability measured at fair value and that changes in fair value be recognized currently in earnings unless specific hedge accounting criteria are met. In June 1999, the FASB issued SFAS No. 137, which deferred the effective date of SFAS No. 133. As a result, we will be adopting the provisions of this Statement no later than our first quarter of fiscal 2001. We are in the process of evaluating this Statement and have not yet determined the future impact on our consolidated financial statements.

In December 1999, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements". This SAB provides the SEC's views in applying generally accepted accounting principles to selected revenue recognition issues. We are required to adopt the provisions of this SAB no later than our first quarter of fiscal 2001. We are in the process of evaluating this SAB and have not yet determined the future impact on our consolidated financial statements.

Forward-Looking Statements

This interim report on Form 10-Q may contain certain forward looking statements (as defined under Federal securities laws) regarding the performance for Becton, Dickinson and Company ("BD"), including future revenues, products and income, which are based upon current expectations of BD and involve a number of business risks and uncertainties. Actual results could vary materially from anticipated results described in any forward-looking statement. Factors that could cause actual results to vary materially include, but are not limited to, competitive factors, changes in regional, national or foreign

economic conditions, changes in interest or foreign currency exchange rates, delays in product introductions, litigation, the effects of Year 2000-related issues, and changes in health care or other governmental regulation, as well as other factors discussed herein and in other of BD's filings with the Securities and Exchange Commission.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in information reported since the fiscal year ended September 30, 1999.

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.

Latex Cases

As described more fully in our 1999 Annual Report on Form 10-K, we, along with a number of other manufacturers, have been named as a defendant in approximately 365 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 and New Jersey. We are vigorously defending these lawsuits.

Needle-Stick Cases

Also as discussed in our 1999 Annual Report on Form 10-K, we have been named as a defendant in eleven product liability lawsuits relating to health care workers who allegedly sustained accidental needle sticks, but have not become infected with any disease. Another manufacturer and several medical product distributors also have been named as defendants in most of these cases. The cases have been filed on behalf of an unspecified number of health care workers in eleven different states seeking class action certification under the laws of these states.

On January 13, 2000, in the matter of Usrey v. Becton, Dickinson and Company, et al. (Case No. 342-173329-98, Tarrant County District Court), filed in Texas court on April 9, 1998, the Court signed an order conditionally granting plaintiffs' motion for class certification on behalf of certain Texas health care workers, subject to modification and alteration under Texas procedural law. Under Texas law, the order is subject to an immediate appeal, and any trial in the matter is stayed pending appeal. An appeal from the order was filed on February 1, 2000 and we will otherwise continue to vigorously defend this matter.

On January 13, 2000, in the matter of Benner v. Becton, Dickinson and Company, et al., originally filed on June 1, 1999 in Supreme Court of the State of New York (Case No. 99-111372) and removed to federal court on July 1, 1999 (No. 99 Civ. 4785, United States District Court, Southern District of New York), the Court granted our motion to dismiss the plaintiff's complaint for failure to state a cause of action. The Benner matter was an action seeking class action certification on behalf of certain New York health care workers alleging that syringes and other medical devices were defectively designed. The Court dismissed the complaint without prejudice, giving the plaintiff twenty-one days within which to file an amended complaint, which has been stayed subject to further court order.

On March 9, 2000, in the matter of Brown v. Becton, Dickinson and Company, et al. (Case No. 9811-3474, Court of Common Pleas of Philadelphia County), filed in Pennsylvania Court on May 7, 1999, the Court signed an order granting our preliminary objections and dismissing plaintiff's claims. The Brown matter was an action seeking class action certification on behalf of certain Pennsylvania health care workers alleging that syringes and other medical

15

devices were defectively designed. The Court dismissed plaintiff's strict liability claims with prejudice, and dismissed plaintiff's negligence claim with leave to replead within twenty days. On March 29, 2000, Plaintiff Christine McGeehan filed a complaint against the Company under the same case number. Plaintiff Harriet Brown is not named in this complaint. We intend to vigorously defend this matter.

To date no other class has been certified in these cases. Generally, these actions allege that health care workers have sustained needle sticks using hollow-bore needle devices manufactured by us and, as a result, require medical testing, counseling and/or treatment.

Summary

In our opinion, the outcome of the above matters, individually and in the aggregate, are not expected to have a material effect on our results of operations, financial condition or cash flows.

Not applicable.

Item 3. Defaults Upon Senior Securities.

Not applicable.

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

a.) Our Annual Meeting of Shareholders was held on February 8, 2000.

c.) i. A management proposal for the election of five directors, each for three-year terms, was voted upon as follows:

Nominee -----	Votes For ---	Votes Withheld -----
Harry N. Beaty, M.D	223,942,838	2,387,851
Clateo Castellini	223,646,261	2,684,428
Edward J. Ludwig	223,971,706	2,358,983
Frank A. Olson	223,911,107	2,419,582
Willard J. Overlock, Jr	223,968,933	2,361,756

ii.) A management proposal to approve the selection of Ernst & Young, LLP as independent auditors for the fiscal year 2000 was voted upon. 224,855,321 shares were voted for the proposal, 735,773 shares were voted against, and 739,595 shares abstained.

16

iii.) A shareholder proposal requesting the Board of Directors take the necessary steps to provide for cumulative voting in the election of directors was voted upon. 64,608,705 shares were voted for the proposal, 117,533,508 shares were voted against and 18,950,630 shares abstained.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits and Reports on Form 8-K.

a) Exhibits

3 (b) - By-Laws, as amended and restated as of March 28, 2000.

4 (e) (i) - Amended and Restated Rights Agreement, dated as of March 28, 2000, between Becton, Dickinson and Company and First Chicago Trust Company of New York, as Rights Agent, including the form of Rights Certificate as Exhibit A and the Summary of Rights to Purchase Preferred Stock as Exhibit B (the "Amended and Restated Rights Agreement").

4 (e) (ii) - Amendment No. 1 to the Amended and Restated Rights Agreement, dated as of April 24, 2000.

10 (b) (i) - Form of Employment Agreement providing for certain payments to Executive Officers in the event of a discharge or significant change in such officers' respective duties after a change of control of the registrant.

10 (b) (ii) - Form of Employment Agreement providing for certain payments to Corporate Officers in the event of a discharge or significant change in such officer's respective duties after a change of control of the registrant.

10 (o) - Non-Employee Directors 2000 Stock Option Plan.

27 Financial Data Schedule.

b) Reports on Form 8-K

During the three-month period ended March 31, 2000, we filed three Current Reports on Form 8-K:

- (i) In a report dated January 13, 2000, we updated the status of two of our product liability lawsuits.

17

- (ii) In a report dated January 20, 2000, we announced our results for the quarter ended December 31, 1999.
- (iii) In a report dated February 23, 2000, we announced our voluntary recall of certain manufacturing lots of the BD Insyte (R) Autoguard (TM) shielded IV catheter.

18

SIGNATURE

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)

Date May 12, 2000

/s/ Richard M. Hyne

Richard M. Hyne
Vice President and Controller
(Principal Financial and Accounting Officer)

19

EXHIBIT INDEX

Exhibit Number -----	Description -----	Method of Filing -----
3 (b)	By-Laws, as amended and restated as of March 28, 2000	Incorporated by reference to Exhibit 3 (b) to the registrant's Report on Form 8-K filed on April 20, 2000.
4 (e) (i)	Amended and Restated Rights Agreement, dated as of November 28, 1995 and Amended and Restated as of March 28, 2000, between Becton, Dickinson and Company and First Chicago Trust Company of New York, as Rights Agent, including the form of Rights Certificate as Exhibit A and the Summary of Rights to Purchase Preferred Stock as Exhibit B (the "Amended and Restated Rights Agreement").	Incorporated by reference to Exhibit 1 to the Amendment to a Registration Statement filed by the registrant on April 18, 2000 on Form 8-A/A.
4 (e) (ii)	Amendment No. 1 dated as of April 24, 2000, to the Amended and Restated Rights Agreement.	Incorporated by reference to Exhibit 1 to the Amendment to a Registration Statement filed by the Registrant on May 12, 2000 on Form 8-A/A.
10 (b) (i)	Form of Employment Agreement providing for certain payments to Executive Officers in the event of a discharge or significant change in such officers' respective duties after a change of control of the registrant.	Filed with this report.

10 (b) (ii)	Form of Employment Agreement providing for certain payments to Corporate Officers in the event of a discharge or significant change in such officers' respective duties after a change of control of the registrant.	Filed with this report.
10 (o)	Non-Employee Directors 2000 Stock Option Plan.	Filed with this report.
27	Financial Data Schedule	Filed with this report

EMPLOYMENT AGREEMENT

AGREEMENT, dated as of the 24th day of April, 2000 (this "Agreement"), by and between Becton, Dickinson and Company, a New Jersey corporation (the "Company"), and (name) (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 current Company and 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

2

(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 third 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 (including status, offices, titles and reporting requirements), authority, duties and responsibilities 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.

3

(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 highest bonus earned under the Company's 1997 Management 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 third 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

4

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:

5

(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 respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 3(a), or any other diminution in such position, authority, duties or responsibilities (whether or not occurring solely as a result of the Company's ceasing to be a publicly traded entity), excluding for this purpose an isolated, insubstantial and 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 isolated, insubstantial and inadvertent failure not occurring in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive;

6

(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 good faith determination of Good Reason made by the Executive shall be conclusive.

(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 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:

7

(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 Recent Annual Bonus and (II) the Annual Bonus paid or payable, including any bonus or portion thereof that has been earned but deferred (and annualized for any

fiscal year consisting of less than 12 full months or during which the Executive was employed for less than 12 full months), for the most recently completed fiscal year during the Employment Period, if any (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; and

(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 all accrued benefits are fully vested and assuming that the Executive's compensation in each of the three years is that required by Sections 3(b)(1) and 3(b)(2), 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;

8

(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 30% of the sum of the Executive's Annual Base Salary and Highest Annual Bonus; 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

9

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)(i)(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 Ernst & Young, LLP, or such other nationally recognized certified public accounting firm as may be designated by the Executive (the "Accounting Firm"). 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

12

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

13

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:

14

if to the Executive:

(name)

(address)

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.

15

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

Bridget M. Healy
Vice President and Secretary

16

EMPLOYMENT AGREEMENT

AGREEMENT, dated as of the 24th day of April, 2000 (this "Agreement"), by and between Becton, Dickinson and Company, a New Jersey corporation (the "Company"), and (name) (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 current Company and 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

2

(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 third 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 (including status, offices, titles and reporting requirements), authority, duties and responsibilities 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.

3

(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 highest bonus earned under the Company's 1997 Management 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 third 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

4

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:

5

(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 respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 3(a), or any other diminution in such position, authority, duties or responsibilities (whether or not occurring solely as a result of the Company's ceasing to be a publicly traded entity), excluding for this purpose an isolated, insubstantial and 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 isolated, insubstantial and inadvertent failure not occurring in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive;

6

(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 good faith determination of Good Reason made by the Executive shall be conclusive.

(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 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:

7

(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 Recent Annual Bonus and (II) the Annual Bonus paid or payable, including any bonus or portion thereof that has been earned but deferred (and annualized for any

fiscal year consisting of less than 12 full months or during which the Executive was employed for less than 12 full months), for the most recently completed fiscal year during the Employment Period, if any (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) two and (ii) the sum of (x) the Executive's Annual Base Salary and (y) the Highest Annual Bonus; and

(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 two years after the Date of Termination, assuming for this purpose that all accrued benefits are fully vested and assuming that the Executive's compensation in each of the three years is that required by Sections 3(b)(1) and 3(b)(2), 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 two 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;

8

(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 30% of the sum of the Executive's Annual Base Salary and Highest Annual Bonus; 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

9

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)(i)(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 Ernst & Young, LLP, or such other nationally recognized certified public accounting firm as may be designated by the Executive (the "Accounting Firm"). 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

12

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

13

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:

14

if to the Executive:

(name)

(address)

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.

15

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 -----
Bridget M. Healy
Vice President and Secretary

16

BECTON, DICKINSON AND COMPANY

NON-EMPLOYEE DIRECTORS 2000 STOCK OPTION PLAN

SECTION 1. PURPOSE

The purpose of the Becton, Dickinson and Company Non-Employee Directors 2000 Stock Option Plan is to attract and retain qualified persons who are not employees of Becton, Dickinson and Company ("BD" or the "Company") or any of its subsidiaries or affiliates for service as members of the Board of Directors of the Company, by providing such members with an interest in the Company's success and progress and closely aligning the directors' interests with those of the shareholders, through the grant to them of non-qualified stock options to purchase shares of the Company's common stock, par value \$1.00 per share.

SECTION 2- DEFINITIONS

Unless the context clearly indicates otherwise, the following terms, when used in this Plan, shall have the meanings set forth in this Section 2.

(a) "Board" shall mean the Board of Directors of BD.

(b) "Broker" shall mean a registered broker-dealer designated by the Company.

(c) "Cashless Exercise" shall mean a method of exercising a Stock Option under which a Grantee, in lieu of payment of the option price in cash, by check or by delivery of shares of Stock, delivers to the Broker irrevocable instructions to sell some or all of the shares of Stock acquired upon such exercise and, immediately upon receipt of the proceeds from this sale, to deliver to the Company the related option price and any related withholding taxes.

(d) "Change in Control" shall mean (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 2(d), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the

Company, or (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any affiliated company, (iv) any acquisition by any corporation pursuant to a transaction that complies with Sections 2(d)(3)(A), 2(d)(3)(B) and 2(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 April 24, 2000, 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 April 24, 2000 whose election, or nomination for election as a director by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or 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

2

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.

(e) "Committee" shall mean the Corporate Governance Committee of the Board or such other committee as may be designated by the Board, excluding, in each instance, any member of the Committee who is an employee or former employee of the Company who shall recuse him or herself from all deliberations, determinations and other actions undertaken by the Committee in connection with, relating to or arising under this Plan.

(f) "Company" shall mean BD.

(g) "Date of Exercise" shall mean the earlier of the date on which written notice of exercise, together with payment in full, if applicable, is received at the office of the agent designated for such purposes by the Secretary of the Company or, in the case of the Cashless Exercise of a Stock Option, the Date of Exercise shall mean the date the Broker executes The Grantee's sell order with respect to the underlying shares of Stock.

(h) "Director" shall mean any continuing non-employee member of the Company's Board of Directors.

(i) "Fair Market Value" shall mean for any day the mean of the highest and lowest selling prices of the Stock as reported on the Composite Tape for securities traded on the New York Stock Exchange.

(j) "Grantee" shall mean any Board member granted a Stock Option hereunder and shall also mean, to the extent contemplated and permitted by the Plan, executors, administrators, successors and transferees of the Grantee.

(k) "Granting Date" shall mean the date in each calendar year of the Annual Meeting of Shareholders of the Company.

(l) "Plan" shall mean the Becton, Dickinson and Company Non-Employee Directors 2000 Stock Option Plan as set forth herein and amended from time to time.

(m) "Stock" shall mean the Common Stock, par value \$1.00 per share, of the Company.

(n) "Stock Option" shall mean a Nonqualified Stock Option granted pursuant to the Plan to purchase shares of Stock.

SECTION 3. SHARES OF STOCK SUBJECT TO THE PLAN

Subject to adjustment pursuant to Section 9, 1,000,000 shares of Stock shall be reserved for issuance upon the exercise of Stock Options granted pursuant to this Plan. Shares delivered under the Plan may be authorized and unissued shares or issued shares held by the Company in its treasury. If any Stock Options expire or terminate without having been exercised, the shares of Stock covered by such Stock Options shall become available again for the grant of Stock Options hereunder.

SECTION 4. ADMINISTRATION OF THE PLAN

(a) The Plan shall be administered by the Committee. Subject to the express provisions of the Plan, the Committee shall have authority to interpret the Plan, to determine entitlement to Stock Options, to determine eligibility for grants of Stock Options, and to make all other determinations necessary or advisable for the administration and operation of the Plan.

(b) It is intended that the Plan and any transaction hereunder meet all of the requirements of Rule 16b-3 promulgated by the Securities and Exchange Commission, as such rule is currently in effect or as hereafter modified or amended, and all other applicable laws. If any provision of the Plan or any transaction would disqualify the Plan or such transaction under, or would not comply with, Rule 16b-3 or other applicable laws, such provision or transaction shall be construed or deemed amended to conform to Rule 16b-3 or such other applicable laws in each case to the extent permitted by law and deemed advisable by the Board.

(c) Any controversy or claim arising out of or related to this Plan shall be determined unilaterally by and at the sole discretion of the Committee. The Committee may obtain such advice or assistance as it deems appropriate from persons not serving on the Committee.

SECTION 5. ELIGIBILITY AND GRANTS

To be eligible to participate in the Plan, a director must not be an employee of the Company or of any of its subsidiaries or affiliates.

On the date in each calendar year of the Annual Meeting of Shareholders of the Company, each eligible director elected at or continuing to serve after such Annual Meeting shall be granted stock options to purchase such number of shares of stock as shall be determined by the Committee, based on the Fair Market Value of a share of stock on the business day immediately preceding such date, to have a monetary value of \$35,000, which determination shall be made by application of the Black Scholes ratio used by the Compensation and Benefits Committee of the Board to calculate the expected

4

value of the then most recent annual stock option grants made to the executive officers of the Company, PROVIDED, HOWEVER, that such

monetary value of \$35,000 may be increased or decreased by the Board, upon recommendation by the Committee, in January of each year, to reflect the competitive environment with respect to director compensation. Each grant of options shall be evidenced by a written notice duly executed and delivered by the Corporate Secretary of the Company to the Grantee.

SECTION 6. GRANTING OF STOCK OPTIONS

(a) OPTION PRICE. Subject to adjustment as provided in Section 9, the purchase price of each share of Stock subject to a Stock Option shall be 100% of the fair Market Value of a share of the Stock on the Granting Date, PROVIDED, HOWEVER, that such purchase price shall be increased if, and in the same proportion as, the option purchase price of the then most recent annual Stock Option grants made to the executive officers of the Company exceeded the Fair Market Value of a share of stock on the date such Stock Options were granted to them.

(b) TERM OF OPTIONS. Each Stock Option granted under the Plan

shall have a term of ten years from its date of grant, subject to earlier termination as provided in Section 8; PROVIDED, HOWEVER,

that the term of any Stock Option granted under the Plan shall be shortened if, and by the same amount of time as, the term of the then most recent annual Stock Options granted to the executive officers of the Company was less than ten years from their date of grant.

(c) VESTING OF STOCK OPTIONS. Each Stock Option shall become

50% exercisable after two years from its date of grant and 100% exercisable after three years from its date of grant (the "Vesting Terms"), subject to adjustment as provided in Sections 8 and 10, and subject to further adjustment, if and to the extent that, the terms pursuant to which the then most recent annual Stock Options granted to the executive officers of the Company become exercisable differ from the Vesting Terms.

(d) TRANSFERABILITY. Upon grant, each Stock Option shall

provide by its terms that it is not transferable otherwise than by will or the laws of descent and distribution and is exercisable, during the Grantee's lifetime, only by the Grantee, except to the same extent as otherwise permitted under the terms of the then most recent annual Stock Options granted to the executive officers of the Company. Subject to the foregoing, a permitted transferee shall be entitled to exercise a Stock Option at such times and to the extent that the Stock Option would otherwise be exercisable by the Grantee, or by the Grantee's executors, administrators and successors pursuant to Section 8(c).

(e) DEFERRAL OF RECEIPT OF SHARES. The Committee may establish

procedures whereby Directors may elect to defer the receipt of shares upon exercise of any Stock Option, for a specified period of time or until a specified future event.

5

(f) OTHER STOCK OPTIONS. Stock Options may be granted to a

Director who has previously received Stock Options whether such prior Stock Options are still outstanding, have previously been exercised or surrendered in whole or in part.

SECTION 7. EXERCISE OF STOCK OPTIONS

Except as otherwise provided with respect to the Cashless Exercise of a Stock Option, the Grantee shall pay the option price in full on the Date of Exercise of a Stock Option in cash, by check, or by delivery of full shares of Stock of the Company, duly endorsed for transfer to the Company with signature guaranteed, or by any combination thereof. Stock will be accepted at its Fair Market Value on the Date of Exercise. The Board or Committee may cause a legend to be placed prominently on certificates representing Stock issued pursuant to this Plan in order to give notice of the transferability restrictions and other obligations imposed by this Section and/or as imposed by Section 6.

SECTION 8. COMPLETION OF DIRECTORSHIP

Except as otherwise provided by the Board at the time the Stock Option is granted or in any amendment thereto, if a Grantee ceases to be a Director, then:

(a) in the event of a resignation or a termination of the service of a Grantee from the Board for any reason other than death, disability or retirement as contemplated under sub-sections (b) and (c) below, the Grantee may exercise each Stock Option held by him or her within three months after such termination (but not after the expiration date of the Stock Option) to the extent of the number of shares subject to the Stock Option which were purchasable pursuant to its terms at the date of termination; PROVIDED, HOWEVER, if the Grantee should die within three months

after such termination, each Stock Option held by the Grantee may be exercised by the Grantee's estate, or by any person who acquires the right to exercise by reason of the Grantee's death, at any time within a period of one year after death (but not after the expiration date of the Stock Option) to the extent of the number of shares subject to the Stock Option which were purchasable pursuant to its terms at the date of termination; and

PROVIDED FURTHER, that the Board may, in its discretion, cause the

Stock Options of such Grantee to become exercisable, and/or to remain exercisable, for a period of time subsequent to such resignation or termination, but in no event may the Stock Options remain exercisable after the tenth anniversary of their date of grant.

(b) subject to the provisions of Section 8(c), if termination of Board service is (x) by reason of retirement from the Board (i) by a Grantee who has served on the Board for five full years or more and has attained the age of sixty, or (ii) by a Grantee entitled to the current receipt of benefits under any retirement plan maintained by the Company or any subsidiary thereof, or (y) by reason of disability, each Stock Option held by the Grantee shall, at the date of retirement or

6

disability, become exercisable to the extent of the total number of shares subject to the Stock Option, irrespective of the number of shares which would otherwise have been purchasable pursuant to the terms of the Stock Option at the date of retirement or disability, and shall otherwise remain in full force and effect in accordance with its terms; provided, however, that in the case of

termination by reason of disability, each Stock Option shall only be exercisable within a period of three years after the date of disability (but not after the expiration date of the option);

(c) if termination of Board service is by reason of the death of the Grantee, or if the Grantee dies after retirement or disability as referred to in Section 8(b), each Stock Option held by the Grantee may be exercised by the Grantee's estate, or by any person who acquires the right to exercise the Stock Option by reason of the Grantee's death, at any time within a period of three years after death (but not after the expiration date of the Stock Option) to the extent of the total number of shares subject to the Stock Option, irrespective of the number of shares which would have otherwise been purchasable pursuant to the terms of the Stock Option at the date of death.

SECTION 9. ADJUSTMENTS

In the event of any merger, consolidation, reorganization, recapitalization, rights offering, liquidation, stock dividend, stock split or other change in the corporate structure or capitalization affecting the Stock, the number and kind of shares that may be granted in the aggregate and to individual Directors under the Plan, the number and kind of shares subject to each outstanding Stock Option and the option prices under outstanding Stock Options, shall be adjusted automatically to prevent dilution or enlargement of rights, and the Board shall cause such automatic adjustment to be given effect.

SECTION 10. TENDER OFFER; CHANGE IN CONTROL

A Stock Option shall become immediately exercisable to the extent of the total number of shares subject to the Stock Option in the event of (i) a tender offer by a person or persons other than the Company for all or any part of the outstanding Stock if, upon consummation of the purchases contemplated, the offeror or offerors would own, beneficially or of record, an aggregate of more than 25% of the outstanding Stock, or (ii) a Change in Control of the Company.

SECTION 11. GENERAL PROVISIONS

(a) Each Stock Option shall be evidenced by a written instrument containing the terms and conditions set forth herein and such other terms and conditions, not inconsistent with this Plan, as the Committee shall approve.

7

(b) Nothing in this Plan shall be deemed to create any obligation on the part of the Board to nominate any director for re-election by the Company's shareholders.

(c) Notwithstanding any other provision of the Plan, the Company shall not be required to issue or deliver any shares of Stock under the Plan if the issuance or delivery of such shares shall constitute a violation of any provision of applicable law or

of any applicable rule or regulation of any governmental authority or national securities exchange, and the issuance or delivery of any shares of Stock upon the exercise of Stock Options may be postponed by the Company for such period as may be required to fulfill all of the following conditions;

(i) The listing, or approval for listing upon notice of issuance, of such shares on the New York Stock Exchange;

(ii) Any registration or other qualification of such shares under any state or federal law or regulation, or the maintaining in effect of any such registration or other qualification which the Committee may, in its discretion upon the advice of counsel, deem necessary or advisable; and

(iii) The obtaining of any other consent, approval or permit from any state or federal governmental agency which the Committee may, in its discretion upon the advice of counsel, determine to be necessary or advisable.

(d) The Company shall have the right to deduct from any payment or distribution under the Plan any federal, state or local taxes of any kind required by law to be withheld with respect to such payments or to take such other action as may be necessary to satisfy all obligations for the payment of such taxes. In case deliveries or distributions are made in shares of Stock, the Company shall have the right to retain the value of sufficient shares to equal the amount of tax to be withheld for such deliveries or distributions or to require a recipient to pay the Company in cash, in shares of stock previously owned by the Grantee, or a combination of cash and such shares of stock, for any such taxes required to be withheld on such terms and conditions prescribed by the Committee, prior to the issuance or delivery of any stock upon the exercise of Stock Options.

SECTION 12. AMENDMENT AND TERMINATION

(a) The Plan shall terminate on February 8, 2010 and no Stock Option shall be granted hereunder after that date, provided that -----
the Board may terminate the Plan at any time prior thereto.

(b) The Board may, from time to time, amend the Plan or any part thereof at anytime upon notice to the Committee.

8

(c) In addition, the Board shall have the authority to amend the Plan at any time without notice to the extent necessary to comply with all applicable laws and regulations and/or qualify the Plan under applicable securities, tax or employee benefit laws and regulations (including any amendment deemed necessary to ensure that the Company may comply with any regulatory requirement referred to in Section 11).

(d) Subject to Section 12(c), no termination or amendment of the Plan may, without the consent of a Grantee to whom a Stock Option shall theretofore have been granted, adversely affect the rights of such Grantee under such Stock Option.

SECTION 13. GOVERNING LAW

This Plan and the Stock Options granted hereunder shall be governed by, and construed and interpreted in accordance with, the applicable laws of the United States of America and of the State of New Jersey.

SECTION 14. EFFECTIVE DATE

The Plan shall become effective February 8, 2000 upon its approval by the Board hereunder. The Stock Options granted on such date shall be granted subject to satisfaction by the Company of all applicable legal and regulatory requirements and the exercise of such Stock Options shall be expressly subject to the fulfillment of the conditions set forth in Section 11(c) above.

9

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This schedule contains summary financial information extracted from the Company's Consolidated Financial Statements and is qualified in its entirety by reference to such financial statements.

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<F1>These items are consolidated only at year-end

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