

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008 COMMISSION FILE NUMBER 1-4802

BECTON, DICKINSON AND COMPANY

(Exact name of registrant as specified in its charter)

New Jersey
(State or other jurisdiction of
incorporation or organization)
1 Becton Drive
Franklin Lakes, New Jersey
(Address of principal executive offices)

22-0760120
(I.R.S. Employer
Identification No.)
07417-1880
(Zip code)

(201) 847-6800

(Registrant's telephone number, including area code)

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

Title of each class	Name of each exchange on which registered
Common Stock, par value \$1.00	New York Stock Exchange

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

None

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

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

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

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

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

Large accelerated filer Accelerated filer Non-accelerated filer

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

As of March 31, 2008, the aggregate market value of the registrant's outstanding common stock held by non-affiliates of the registrant was approximately \$20,897,758,525.

As of October 31, 2008, 243,115,261 shares of the registrant's common stock were outstanding.

Documents Incorporated by Reference

(1) Portions of the registrant's Annual Report to Shareholders for the fiscal year ended September 30, 2008 are incorporated by reference into Parts I and II hereof.

(2) Portions of the registrant's Proxy Statement for the Annual Meeting of Shareholders to be held February 3, 2009 are incorporated by reference into Part III hereof.

PART I

Item 1. *Business.*

General

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

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

Business Segments

BD’s operations consist of three worldwide business segments: BD Medical, BD Diagnostics and BD Biosciences. Information with respect to BD’s business segments is included in Note 15 to the consolidated financial statements contained in the portions of BD’s Annual Report to Shareholders for the fiscal year ended September 30, 2008 attached hereto as Exhibit 13, and is incorporated herein by reference.

BD Medical

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

BD Diagnostics

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

BD Biosciences

BD Biosciences produces research and clinical tools that facilitate the study of cells, and the components of cells, to gain a better understanding of normal and disease processes. That information is used to aid the discovery and development of new drugs and vaccines, and to improve the diagnosis and management of diseases. BD Biosciences’ principal product lines include fluorescence-activated cell sorters and analyzers; cell imaging systems, monoclonal antibodies and kits for performing cell analysis; reagent systems for life sciences research; tools to aid in drug discovery and growth of tissue and cells; cell culture media supplements for biopharmaceutical manufacturing; and diagnostic assays. The primary markets served by BD Biosciences are research and clinical laboratories; hospitals and transplant centers; blood banks; and biotechnology and pharmaceutical companies.

Acquisitions

On May 12, 2008, BD acquired 100% of the outstanding stock of Cytopeia Inc., a privately-held corporation that develops and markets advanced flow cytometry cell sorting instruments. The acquisition advances BD's position in rapidly emerging areas of cell-based research, such as cell therapy research, stem cell research, drug discovery and development, and marine biology. See further discussion of this acquisition in Note 3 to the consolidated financial statements contained in Exhibit 13, which is incorporated herein by reference.

International Operations

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

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

Distribution

BD's products are marketed in the U.S. and internationally through independent distribution channels and directly to end-users by BD and independent sales representatives. Sales to a single U.S. distributor that supplies products from the BD Medical and BD Diagnostics segments to many end-users accounted for approximately 9% of total BD revenues in fiscal 2008. However, the end-users of BD's products have access to those products through other distributors, and, as a result, BD believes that sales to this distributor would be replaced largely, if not entirely, by other sales if BD no longer sold products to this distributor. Order backlog is not material to BD's business inasmuch as orders for BD products generally are received and filled on a current basis, except for items temporarily out of stock. BD's worldwide sales are not generally seasonal, with the exception of certain medical devices in the BD Medical segment and respiratory and flu diagnostic products in the BD Diagnostics segment that relate to seasonal diseases such as influenza.

Raw Materials

BD purchases many different types of raw materials, including plastics, glass, metals, textiles, paper products, agricultural products, electronic and mechanical sub-assemblies and various biological, chemical and petrochemical products. Certain raw materials (primarily related to the BD Biosciences segment) are not available from multiple sources. In the case of certain principal raw materials that are available from multiple sources, for various reasons (including quality assurance and cost effectiveness), BD elects to purchase these raw materials from sole suppliers. In other cases where there are regulatory requirements relating to qualification of suppliers, BD may not be able to establish additional or replacement sources on a timely basis. While BD works closely with its suppliers to ensure continuity of supply, the termination, reduction or interruption in supply of these sole-sourced raw materials could impact our ability to manufacture and sell certain of our products.

Research and Development

BD conducts its research and development activities at its operating units and at BD Technologies in Research Triangle Park, North Carolina. Substantially all of BD's research and development activities are conducted in the U.S. BD also collaborates with certain universities, medical centers and other entities on research and development programs. BD also retains individual consultants to support its efforts in specialized fields. BD

spent approximately \$396 million, \$360 million and \$302 million on research and development during the fiscal years ended September 30, 2008, 2007 and 2006, respectively. In addition, BD incurred acquired in-process research and development charges of \$122 million related to the acquisitions of TriPath and Plaso in fiscal year 2007, and \$53 million related to the acquisition of GeneOhm in fiscal year 2006.

Intellectual Property and Licenses

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

Competition

BD operates in the increasingly complex and challenging medical technology marketplace whose dynamics are changing. Technological advances and scientific discoveries have accelerated the pace of change in medical technology, and regulation of increasingly more sophisticated and complex medical products is increasing. Companies of varying sizes compete in the global medical technology field. Some are more specialized than BD with respect to particular markets, and some have greater financial resources than BD. New companies have entered the field, particularly in the areas of safety-engineered devices and in life sciences, and established companies have diversified their business activities into the medical technology area. Other firms engaged in the distribution of medical technology products have become manufacturers of medical devices and instruments as well. Acquisitions and collaborations by and among other companies seeking a competitive advantage also affect the competitive environment. In addition, the entry into the market of manufacturers located in China and other low-cost manufacturing locations are creating increased pricing pressures, particularly in developing markets. Some competitors have also established manufacturing sites or have contracted with suppliers located in these countries as a means to lower their costs. New entrants may also appear, particularly from these low-cost countries.

BD competes in this evolving marketplace on the basis of many factors, including price, quality, innovation, service, reputation, distribution and promotion. The impact of these factors on BD's competitive position varies among BD's various product offerings. In order to implement one of its core strategies—to increase revenue growth by focusing on products that deliver greater benefits to patients, healthcare workers and researchers—and maintain an advantage in the competitive environment in which it operates, BD continues to make investments in research and development, quality management, quality improvement, product innovation and productivity improvement.

Third-Party Reimbursement

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

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

Regulation

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

Prior to marketing or selling most of its products, BD must secure approval from the FDA and counterpart non-U.S. regulatory agencies. Following the introduction of a product, these agencies engage in periodic reviews of BD's manufacturing processes and product performance. These regulatory controls can affect the time and cost associated with the development, introduction and continued availability of new products. Where possible, BD anticipates these factors in its product development and planning processes.

These agencies possess the authority to take various administrative and legal actions against BD, such as product recalls, product seizures and other civil and criminal sanctions. BD also undertakes voluntary compliance actions such as voluntary recalls.

In November 2006, we received a warning letter from the FDA resulting from an inspection of our facility in San Lorenzo, Puerto Rico, at which we manufacture certain blood collection products. In response to the warning letter, BD developed and implemented a comprehensive corrective and preventive action plan that was reviewed by the FDA during a re-inspection of the San Lorenzo facility that was completed in fiscal year 2007. The FDA found all warning letter commitments met and satisfactory and closed out the warning letter in fiscal year 2008.

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

Employees

As of September 30, 2008, BD had 28,277 employees, of whom 12,649 were employed in the United States (including Puerto Rico). BD believes that its employee relations are satisfactory.

Other Matters

Becton Dickinson France, S.A. ("BD-France"), a subsidiary of BD, was listed among approximately 2,200 other companies in an October 27, 2005 report of the Independent Inquiry Committee ("IIC") of the United Nations ("UN") as having been involved in humanitarian contracts in which unauthorized payments were suspected of having been made to the Iraqi Government in connection with the UN's Oil-for-Food Programme (the "Programme"). In connection with the IIC's report, Becton Dickinson AG, a Swiss subsidiary of BD, received a letter of inquiry from the Vendor Review Committee ("VRC") of the United Nations Procurement Service dated November 22, 2005. The letter of inquiry said that the VRC is reviewing Becton Dickinson AG's registration status in light of BD-France being listed in the IIC's report and asked us for any information we might provide relating to the findings of the report. BD conducted an internal review and found no evidence that BD or any BD employee made, authorized, or approved improper payments to the Iraqi Government in connection with the Programme. The representative utilized by BD in Iraq also unequivocally denied having made any such payments, and BD was unable to find any evidence of such payments being made by this representative. BD has also reported the results of its internal review to the VRC. In May 2008, BD received a letter from the U.N. stating that Becton, Dickinson AG has been suspended from the U.N. Secretariat Procurement Division's vendor roster for a minimum period of six months. BD has sought review of the suspension. BD believes that the suspension has not had or will not have a material adverse effect on BD.

In May 2007, the French Judicial Police conducted searches of BD-France's offices in France with respect to the matters that were the subject of the 2005 IIC report. We were informed that it is one of a number of companies named in the IIC report that is being investigated by the French Judicial Police. We are cooperating fully with the investigation.

Available Information

BD maintains a website at www.bd.com. BD makes available its Annual Reports on Form 10-K, its Quarterly Reports on Form 10-Q, and its Current Reports on Form 8-K (and amendments to those reports) as soon as reasonably practicable after those reports are electronically filed with or furnished to the Securities and Exchange Commission ("SEC"). These filings may be found at www.bd.com/investors. Printed copies of the foregoing documents may also be obtained, without charge, by contacting: Investor Relations, Becton, Dickinson and Company, 1 Becton Drive, Franklin Lakes, New Jersey 07417-1880, phone: 1-800-284-6845.

Forward-Looking Statements

BD and its representatives may from time-to-time make certain forward-looking statements in publicly-released materials, both written and oral, including statements contained in this report and filings with the SEC and in our other reports to shareholders. Additional information regarding our forward-looking statements is contained in the "Financial Review" contained in Exhibit 13.

Item 1A. Risk Factors.

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

Current economic conditions could adversely affect our operations.

Financial markets in the United States and abroad have experienced extreme disruption, including severely diminished liquidity and credit availability. While these conditions and the current economic downturn have not impaired our ability to access credit markets or adversely affected our operations to date, there can be no assurance that these conditions will not adversely affect our business in the future, particularly if there is further deterioration in the world financial markets and major economies. The current conditions may also adversely affect the business of our customers and the amount spent on healthcare generally. This could result in a decrease in the demand for our products and services, longer sales cycles, slower adoption of new technologies and increased price competition. In addition, these conditions may adversely affect our suppliers, such as resin suppliers that do substantial business with the automotive industry, which could cause disruptions in our ability to produce our products.

Inflation could adversely affect the results of our operations.

Our results of operations could be negatively impacted by inflation in the cost of raw materials, components, freight and energy. In particular, BD purchases supplies of resins, which are oil-based components used in the manufacture of certain products. Any significant increases in resin purchase costs could impact future operating results. Increases in the price of oil can also increase BD's costs for packaging and transportation. If we are unable to mitigate these cost increases, our profitability may be adversely affected.

We are subject to foreign currency exchange risk.

Over half of our fiscal year 2008 revenues were derived from international operations. Our revenues outside the U.S. may be adversely affected by fluctuations in foreign currency exchange rates. Recently, worldwide currencies have experienced extreme volatility. A discussion of the financial impact of exchange rate fluctuations and the ways and extent to which we attempt to mitigate such impact is contained under the heading "Financial Instrument Market Risk" under "Financial Review" contained in Exhibit 13, which is incorporated herein by reference. We cannot predict with any certainty changes in foreign currency exchange rates or the degree to which we can mitigate these risks.

BD's future growth is dependent upon the development of new products, and there can be no assurance that such products will be developed.

A significant element of our strategy is to increase revenue growth by focusing on products that deliver greater benefits to patients, healthcare workers and researchers. The development of these products requires significant research and development, clinical trials and regulatory approvals. The results of our product development efforts may be affected by a number of factors, including BD's ability to innovate, develop and manufacture new products, complete clinical trials, obtain regulatory approvals and reimbursement in the United States and abroad, or gain and maintain market approval of our products. In addition, patents attained by others can preclude or delay our commercialization of a product. There can be no assurance that any products now in development or that we may seek to develop in the future will achieve technological feasibility, obtain regulatory approval, or gain market acceptance.

The medical device industry is very competitive.

The medical device industry is subject to rapid technological changes, and we face significant competition across our product lines and in each market in which our products are sold. We face this competition from a wide range of companies. These include large medical device companies, some of which may have greater financial and marketing resources than us. We also face competition from firms that are more specialized than us with respect to particular markets. Non-medical device companies, including pharmaceutical companies, also offer or are attempting to develop alternative therapies for disease states that may be delivered without a medical device. See "Competition" under Item 1. Business. The development of new or improved products, processes or technologies by other companies (such as needle-free injection technology) may render our products or proposed products obsolete or less competitive. In addition, the entry into the market of manufacturers located in China and other low-cost manufacturing locations are creating increased pricing pressures, particularly in developing markets. Some competitors have also established manufacturing sites or have contracted with suppliers located in these countries as a means to lower their costs. New entrants may also appear, particularly from these low-cost countries.

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

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

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

We have manufacturing sites all over the world. In addition, in some instances, the manufacturing of certain of our product lines is concentrated in one or more of our plants. As a result, weather, natural disasters (including pandemic disease), terrorism, political change, or damage to one or more of our facilities could adversely affect our ability to manufacture our products.

BD is subject to a number of pending lawsuits.

BD is a defendant in a number of pending lawsuits, including purported class action lawsuits for alleged antitrust violations and product liability, and could be subject to additional lawsuits in the future. A more detailed description of these lawsuits is contained in Item 3. Legal Proceedings. Given the uncertain nature of litigation generally, we are not able in all cases to estimate the amount or range of loss that could result from an unfavorable

outcome of the litigation to which we are a party. In view of these uncertainties, we could incur charges in excess of any currently established accruals and, to the extent available, excess liability insurance. Any such future charges, individually or in the aggregate, could adversely effect BD's results of operations and cash flows.

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

The medical device industry has experienced a significant amount of consolidation. As a result of this consolidation, competition to provide goods and services to customers has increased. In addition, group purchasing organizations and integrated health delivery networks have served to concentrate purchasing decisions for some customers, which has placed pricing pressure on medical device suppliers. Further consolidation in the industry could exert additional pressure on the prices of our products.

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

Our sales depend, in part, on the extent to which healthcare providers and facilities are reimbursed by government authorities, private insurers and other third-party payers for the costs of our products. The coverage policies and reimbursement levels of third-party payers may affect which products customers purchase and the prices they are willing to pay for these products. Legislative or administrative reforms to reimbursement systems in the U.S. or abroad could significantly reduce reimbursement for procedures using BD medical devices, or result in denial of reimbursement for those products. See "Third-Party Reimbursement" under Item 1. Business.

Product defects could adversely affect the results of our operations.

The design, manufacture and marketing of medical devices involve certain inherent risks. Manufacturing or design defects, unanticipated use of our products, or inadequate disclosure of risks relating to the use of the product can lead to injury or other adverse events. These events could lead to recalls or safety alerts relating to our products (either voluntary or required by the FDA or similar governmental authorities in other countries), and could result, in certain cases, in the removal of a product from the market. Any recall could result in significant costs, as well as negative publicity and damage to our reputation that could reduce demand for our products. Personal injuries relating to the use of our products can also result in product liability claims being brought against us. In some circumstances, such adverse events could also cause delays in new product approvals.

We may experience difficulties implementing our enterprise resource planning system.

We have initiated a project to upgrade our enterprise resource planning ("ERP") system. Our ERP system is critical to our ability to accurately maintain books and records, record transactions, provide important information to our management and prepare our financial statements. The design and implementation of the new ERP system will require the investment of significant financial and human resources. The total cost needed to implement the new ERP system may turn out to be more than we currently anticipate. In addition, we may not be able to successfully implement the new ERP system without experiencing difficulties. Any disruptions, delays or deficiencies in the design and implementation of the new ERP system could adversely affect our ability to process orders, ship products, provide services and customer support, send invoices and track payments, fulfill contractual obligations or otherwise operate our business, which could, in turn, adversely affect our results of operations, financial condition and cash flows.

BD is subject to extensive regulation.

BD is subject to extensive regulation by the FDA pursuant to the Federal Food, Drug and Cosmetic Act, by comparable agencies in foreign countries, and by other regulatory agencies and governing bodies. Most of BD's products must receive clearance or approval from the FDA or counterpart non-U.S. regulatory agencies before they can be marketed or sold. The process for obtaining marketing approval or clearance may take a significant period of time and require the expenditure of substantial resources. The process may also require changes to our products or result in limitations on the indicated uses of the products. In addition, regulatory requirements outside the U.S. change frequently, requiring prompt action to maintain compliance, particularly when product modifications are required.

Following the introduction of a product, these agencies also periodically review our manufacturing processes and product performance. Our failure to comply with the applicable good manufacturing practices, adverse event reporting, clinical trial and other requirements of these agencies could delay or prevent the production, marketing or sale of our products and result in fines, delays or suspensions of regulatory clearances, closure of manufacturing sites, seizures or recalls of products and damage to our reputation.

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

While our strategy to increase revenue growth is driven primarily by internal product development, we will seek to supplement our growth through strategic acquisitions, investments and alliances. Such transactions are inherently risky. The success of any acquisition, investment or alliance may be affected by a number of factors, including our ability to properly assess and value the potential business opportunity or to successfully integrate it into our existing business. There can be no assurance that any past or future transaction will be successful.

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

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

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

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

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

Many of BD's businesses rely on patent, trademark and other intellectual property rights. While we do not believe that the loss of any one patent or other intellectual property asset would materially adversely affect BD operations, these intellectual property assets, in the aggregate, are of material importance to our business. BD can lose the protection afforded by these intellectual property assets through patent expirations, legal challenges or governmental action. Patents attained by competitors, particularly as patents on our products expire, may also adversely affect our competitive position. The loss of a significant portion of our portfolio of intellectual property assets may have an adverse effect on our earnings, financial condition or cash flows.

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

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

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

Our ability to compete effectively depends upon our ability to attract and retain executives and other key employees, including people in technical, marketing, sales and research positions. Competition for experienced employees, particularly for persons with specialized skills, can be intense. The Company's ability to recruit such talent will depend on a number of factors, including compensation and benefits, work location and work environment. If we cannot effectively recruit and retain qualified executives and employees, our business could be adversely affected.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

BD's executive offices are located in Franklin Lakes, New Jersey. As of November 1, 2008, BD owned and leased approximately 16,061,566 square feet of manufacturing, warehousing, administrative and research facilities throughout the world. The U.S. facilities, including Puerto Rico, comprise approximately 6,813,412 square feet of owned and 1,858,102 square feet of leased space. The international facilities comprise approximately 5,940,130 square feet of owned and 1,449,922 square feet of leased space. Sales offices and distribution centers included in the total square footage are also located throughout the world.

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

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

The U.S. facilities include facilities in Arizona, California, Connecticut, Florida, Georgia, Illinois, Indiana, Maryland, Massachusetts, Michigan, Missouri, Nebraska, New Jersey, North Carolina, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Washington, DC, Washington, Wisconsin and Puerto Rico.

The international facilities are grouped as follows:

—Canada includes approximately 65,650 square feet of owned and 152,891 square feet of leased space.

—Europe and Eastern Europe, Middle East and Africa include facilities in Austria, Belgium, Denmark, Egypt, England, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Kenya, the Netherlands, Norway, Poland, Russia, Saudi Arabia, South Africa, Spain, Sweden, Switzerland, Turkey and the United Arab Emirates, and are comprised of approximately 2,686,331 square feet of owned and 692,642 square feet of leased space.

—Latin America includes facilities in Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Peru and Venezuela, and is comprised of approximately 1,385,454 square feet of owned and 253,054 square feet of leased space.

—Asia Pacific includes facilities in Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Pakistan, the Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam, and is comprised of approximately 1,802,695 square feet of owned and 351,335 square feet of leased space.

The following table summarizes property information by business segment.

	Corporate	Biosciences	Medical	Diagnostics	Mixed (A)	Total
Leased						
Sites	2	11	70	12	35	130
Square feet	5,112	315,648	1,245,104	227,271	1,514,889	3,308,024
Manufacturing square footage	0	29,914	291,353	46,213	0	367,480
Manufacturing sites	0	3	7	3	0	13
Owned						
Sites	2	6	24	13	9	54
Square feet	489,094	831,330	6,210,561	2,519,385	2,703,172	12,753,542
Manufacturing square footage	0	395,330	3,988,933	1,456,561	300,550	6,141,374
Manufacturing sites	0	6	24	13	2	45
Total						
Sites	4	17	94	25	44	184
Square feet	494,206	1,146,978	7,455,665	2,746,656	4,218,061	16,061,566
Manufacturing square footage	0	425,244	4,280,286	1,502,774	300,550	6,508,854
Manufacturing sites	0	9	31	16	2	58

(A) Facilities used by all business segments.

Item 3. Legal Proceedings.

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

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

BD is also named as a defendant in four purported class action suits brought on behalf of indirect purchasers of BD's products, alleging that BD violated federal antitrust laws, resulting in the charging of higher prices for BD's products to the plaintiff and other purported class members. The cases filed are as follows: *Jabo's Pharmacy, Inc., et. al. v. Becton Dickinson & Company* (Case No. 2:05-CV-00162, U.S. District Court, Greenville, Tennessee), filed on June 7, 2005; *Drug Mart Tallman, Inc., et. al. v. Becton Dickinson and Company* (Case No. 2:06-CV-00174, U.S. District Court, Newark, New Jersey), filed on January 17, 2006; *Medstar v. Becton Dickinson* (Case No. 06-CV-03258-JLL (RJH), U.S. District Court, Newark, New Jersey), filed on May 18, 2006; and *The Hebrew Home for the Aged at Riverdale v. Becton Dickinson and Company* (Case No. 07-CV-2544, U.S. District Court, Southern District of New York), filed on March 28, 2007. A fifth purported class action on behalf of indirect purchasers (*International Multiple Sclerosis Management Practice v. Becton Dickinson & Company* (Case No. 2:07-cv-10602, U.S. District Court, Newark, New Jersey), filed on April 5, 2007) was voluntarily withdrawn by the plaintiff.

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

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

In June 2007, Retractable Technologies, Inc. ("RTI") filed a complaint against BD under the caption *Retractable Technologies, Inc. vs. Becton Dickinson and Company* (Civil Action No. 2:07-cv-250, U.S. District Court, Eastern District of Texas). RTI alleges that the BD Integra™ syringes infringe patents licensed exclusively to RTI. In its complaint, RTI also alleges that BD engaged in false advertising with respect to certain of BD's safety-engineered products in violation of the Lanham Act; acted to exclude RTI from various product markets and to maintain its market share through, among other things, exclusionary contracts in violation of state and federal antitrust laws; and engaged in unfair competition. In January 2008, the court granted BD's motion to sever the patent and non-patent claims into separate cases. The non-patent claims have been stayed, pending resolution of RTI's patent claims. The trial on the patent claims is currently scheduled to commence in March 2009. RTI seeks money damages and injunctive relief. On April 1, 2008, RTI filed a complaint against BD under the caption *Retractable Technologies, Inc. and Thomas J. Shaw v. Becton Dickinson and Company* (Civil Action No. 2:08-cv-141, U.S. District Court, Eastern District of Texas). RTI alleges that the BD Integra™ syringes infringe another patent licensed exclusively to RTI. RTI seeks money damages and injunctive relief. On August 29, 2008, the court ordered the consolidation of these two cases.

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

- In Ohio, *Grant vs. Becton Dickinson et al.* (Case No. 98CVB075616, Franklin County Court), on September 21, 2006, the Ohio Court of Appeals reversed the trial court's grant of class certification. The matter has been remanded to the trial court for a determination of whether the class can be redefined.
- In South Carolina, a suit has been filed on behalf of an unspecified number of healthcare workers seeking class action certification in state court under the caption *Bales vs. Becton Dickinson et al.* (Case No. 98-CP-40-4343, Richland County Court of Common Pleas), filed on November 25, 1998.

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

BD, along with a number of other manufacturers, was named as a defendant in approximately 524 product liability lawsuits in various state and Federal courts related to natural rubber latex gloves which BD ceased manufacturing in 1995. Cases pending in Federal court are being coordinated under the matter *In re Latex Gloves Products Liability Litigation* (MDL Docket No. 1148) in Philadelphia, and analogous procedures have been implemented in the state courts of California, Pennsylvania, New Jersey and New York. Generally, these actions allege that medical personnel have suffered allergic reactions ranging from skin irritation to anaphylaxis as a result of exposure to medical gloves containing natural rubber latex. Since the inception of this litigation, 467 of these cases have been closed with no liability to BD, and 46 cases have been settled for an aggregate de minimis amount.

On May 28, 2004, Therasense, Inc. ("Therasense") filed suit against BD (*Therasense, Inc. and Abbott Laboratories v. Nova Biomedical Corporation and Becton, Dickinson and Company* (Case Number: C 04-02123 WDA, U.S. District Court, Northern District of California)) asserting that BD's blood glucose monitoring products infringe four Therasense patents and seeking money damages. On August 10, 2004, in response to a motion filed by Therasense in the U.S. District Court for the District of Massachusetts, the court transferred to the

court in California an action previously filed by BD against Therasense requesting a declaratory judgment that BD's products do not infringe the Therasense patents and that the Therasense patents are invalid. On April 4, 2008, the Court granted BD summary judgment with respect to two of the patents asserted against BD, finding no infringement by BD. On June 24, 2008, the Court ruled that a third patent asserted against BD was invalid and unenforceable. On August 8, 2008, a jury delivered a verdict in BD's favor, finding that the last of the four patents asserted against BD was invalid. Abbott/Therasense have appealed some of these decisions, and it is possible that other decisions will also be appealed after the Court rules on post-trial motions.

On September 19, 2007, BD was served with a qui tam complaint filed by a private party against BD in the United States District Court, Northern District of Texas, alleging violations of the Federal False Claims Act ("FCA") and the Texas False Claims Act (the "TFCA") (*U.S. ex rel Fitzgerald v. BD et al.* (Civil Action No. 3:03-CV-1589, U.S. District Court, Northern District of Texas). The suit alleges that a group purchasing organization's practices with its suppliers, including BD, inflated the costs of healthcare reimbursement. Under the FCA, the United States Department of Justice, Civil Division has a certain period of time in which to decide whether to join the claim against BD as an additional plaintiff; if not, the private plaintiff is free to pursue the claim on its own. A similar process is followed under the TFCA. To BD's knowledge, no decision has yet been made by the Civil Division or the State of Texas whether to join this claim. In September 2008, the Court dismissed certain of the plaintiff's claims, but denied the Company's motion to dismiss with respect to other claims.

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

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

BD is a party to a number of Federal proceedings in the United States brought under the Comprehensive Environment Response, Compensation and Liability Act, also known as "Superfund," and similar state laws. The affected sites are in varying stages of development. In some instances, the remedy has been completed, while in others, environmental studies are commencing. For all sites, there are other potentially responsible parties that may be jointly or severally liable to pay all cleanup costs.

Given the uncertain nature of litigation generally, BD is not able in all cases to estimate the amount or range of loss that could result from an unfavorable outcome of the litigation to which BD is a party. In accordance with U.S. generally accepted accounting principles, BD establishes accruals to the extent probable future losses are estimable (in the case of environmental matters, without considering possible third-party recoveries). In view of the uncertainties discussed above, BD could incur charges in excess of any currently established accruals and, to the extent available, excess liability insurance. In the opinion of management, any such future charges, individually or in the aggregate, could have a material adverse effect on BD's consolidated results of operations and consolidated cash flows.

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

None.

Executive Officers of the Registrant

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

<u>Name</u>	<u>Age</u>	<u>Position</u>
Edward J. Ludwig	57	Director since 1999; Chairman, President and Chief Executive Officer since February 2002.
Donna M. Boles	55	Senior Vice President—Human Resources since June 2006; Vice President—Human Resources from June 2005 to June 2006; and, prior thereto, Vice President, Human Resources, BD Medical.
Scott P. Bruder	46	Senior Vice President and Chief Technology Officer since September 2007; Worldwide Vice President, Johnson & Johnson Regenerative Therapeutics, LLC from December 2005 to August 2007; Worldwide Vice President, DePuy Biologics, a unit of DePuy, Inc., a Johnson & Johnson Company, from October 2003 to November 2005; and, prior thereto, Worldwide Vice President, Orthobiologics, DePuy Spine, DePuy Orthopaedics, and DePuy Mitek, operating companies within DePuy, Inc.
Gary M. Cohen	49	Executive Vice President since June 2006; and, prior thereto, President—BD Medical.
John R. Considine	58	Vice Chairman and Chief Financial Officer since March 2008; Senior Executive Vice President and Chief Financial Officer from June 2006 to March 2008; and, prior thereto, Executive Vice President and Chief Financial Officer.
David T. Durack	63	Senior Vice President—Corporate Medical Affairs since June 2006; and, prior thereto, Vice President—Corporate Medical Affairs.
Vincent A. Forlenza	55	Executive Vice President since June 2006; President—BD Biosciences from March 2003 to June 2006; and, prior thereto, Senior Vice President—Technology, Strategy and Development.
A. John Hanson	64	Executive Vice President since June 2006; and, prior thereto, President—BD Europe.
William A. Kozy	56	Executive Vice President since June 2006; President—BD Diagnostics from November 2003 to June 2006; President—BD Clinical Laboratory Solutions and Company Operations from May 2002 to November 2003; and, prior thereto, Senior Vice President—Company Operations.
Jeffrey S. Sherman	53	Senior Vice President and General Counsel since June 2006; Vice President and General Counsel from January 2004 to June 2006; and, prior thereto, Vice President and Associate General Counsel of Wyeth.
Patricia B. Shrader	58	Senior Vice President—Corporate Regulatory and External Affairs since June 2006; Vice President, Corporate Regulatory and External Affairs from February 2005 to June 2006; Vice President, Corporate Regulatory, Public Policy and Communication from March 2004 to February 2005; and, prior thereto, Vice President—Regulatory Affairs.

PART II

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

BD's common stock is listed on the New York Stock Exchange. As of October 31, 2008, there were approximately 8,787 shareholders of record. Additional information required by this item appears under the caption "Common Stock Prices and Dividends" on page 63 of Exhibit 13, and is incorporated herein by reference. Certain other information required by this item will be contained under the captions "Equity Compensation Plan Information" and "Ownership of BD Stock" in BD's Proxy Statement, and such information is incorporated herein by reference.

Issuer Repurchases of Equity Securities

The table below sets forth certain information regarding BD's purchases of its common stock during the fiscal quarter ended September 30, 2008.

Issuer Purchases of Equity Securities

<u>For the Three Months Ended September 30, 2008</u>	<u>Total Number of Shares Purchased (1)</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)</u>	<u>Maximum Number of Shares that may yet be Purchased Under the Plans or Programs</u>
July 1-31, 2008	353,115	\$ 85.11	350,000	6,619,514
August 1-31, 2008	502,790	\$ 85.37	500,000	6,119,514
September 1-30, 2008	263,979	\$ 87.76	263,600	5,855,914
Total	<u>1,119,884</u>	<u>\$ 85.85</u>	<u>1,113,600</u>	<u>5,855,914</u>

- (1) Includes for the quarter 3,650 shares purchased in open market transactions by the trustees under BD's Deferred Compensation Plan and 1996 Directors' Deferral Plan. Also includes 2,634 shares delivered to BD in connection with stock option exercises.
- (2) These repurchases were made pursuant to a repurchase program for 10 million shares announced on July 24, 2007. A repurchase program for an additional 10 million shares was announced on November 25, 2008. Neither program has an expiration date.

Item 6. Selected Financial Data.

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

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

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

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

The information required by this item is included in the text contained under the caption "Financial Instrument Market Risk" on pages 23-24 of, and in notes 1 and 9 to the consolidated financial statements contained in, Exhibit 13, and each is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data.

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

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

None.

Item 9A. Controls and Procedures.

An evaluation was conducted by BD's management, with the participation of BD's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of BD's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of September 30, 2008. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were, as of the end of the period covered by this report, effective and designed to ensure that material information relating to BD and its consolidated subsidiaries would be made known to them by others within these entities. There were no changes in BD's internal control over financial reporting during the fiscal quarter ended September 30, 2008 identified in connection with the above-referenced evaluations that has materially affected, or is reasonably likely to materially affect, the internal control over financial reporting.

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

Item 9B. Other Information.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information relating to directors and the Audit Committee of the BD Board of Directors required by this item will be contained under the captions Proposal 1. "Election of Directors" and "Board of Directors—Committee Membership and Function—Audit Committee" in a definitive proxy statement involving the election of directors, which the registrant will file with the SEC not later than 120 days after September 30, 2008 (the "Proxy Statement"), and such information is incorporated herein by reference.

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

Certain other information required by this item will be contained under the captions "Ownership of BD Common Stock—Section 16(a) Beneficial Ownership Reporting Compliance" and "Corporate Governance—Significant Governance Practices—Business Conduct and Compliance Guide" in BD's Proxy Statement, and such information is incorporated herein by reference.

Item 11. Executive Compensation.

The information required by this item will be contained under the captions "Board of Directors—Non-Management Directors' Compensation," "Corporate Governance—Significant Governance Practices—Compensation Committee Interlocks and Insider Participation," "Compensation Discussion and Analysis," "Report of the Compensation and Benefits Committee," and "Compensation of Named Executive Officers" in BD's Proxy Statement, and such information is incorporated herein by reference.

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

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

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

The information required by this item will be contained under the caption “Corporate Governance—Significant Governance Practices—Director Independence/Certain Relationships and Related Transactions” in BD’s Proxy Statement, and such information is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

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

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) *Financial Statements*

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

- Reports of Independent Registered Public Accounting Firm (pages 34-35)
- Consolidated Statements of Income—Years ended September 30, 2008, 2007 and 2006 (page 36)
- Consolidated Statements of Comprehensive Income—Years ended September 30, 2008, 2007 and 2006 (page 37)
- Consolidated Balance Sheets—September 30, 2008 and 2007 (page 38)
- Consolidated Statements of Cash Flows—Years ended September 30, 2008, 2007 and 2006 (page 39)
- Notes to Consolidated Financial Statements (pages 40-62)

(b) *Financial Statement Schedules*

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

Schedule II—Valuation and Qualifying Accounts (page 20)

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

(c) *Exhibits*

See the Exhibit Index beginning on page 19 hereof for a list of all management contracts, compensatory plans and arrangements required by this item (Exhibit Nos. 10(a)(i) through 10(p)), and all other Exhibits filed or incorporated by reference as a part of this report.

SIGNATURES

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

BECTON, DICKINSON AND COMPANY

By: _____ /s/ DEAN J. PARANICAS
Dean J. Paranicas
Vice President, Corporate Secretary
and Public Policy

Dated: November 26, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on the 26th day of November, 2008 by the following persons on behalf of the registrant and in the capacities indicated.

<u>Name</u>	<u>Capacity</u>
_____ /s/ EDWARD J. LUDWIG (Edward J. Ludwig)	Chairman, President and Chief Executive Officer (Principal Executive Officer)
_____ /s/ JOHN R. CONSIDINE (John R. Considine)	Vice Chairman and Chief Financial Officer (Principal Financial Officer)
_____ /s/ WILLIAM A. TOZZI (William A. Tozzi)	Vice President–Finance (Principal Accounting Officer)
Basil L. Anderson*	Director
Henry P. Becton, Jr.*	Director
Edward F. DeGraan*	Director
Claire M. Fraser-Liggett*	Director
Marshall O. Larsen*	Director
Adel A.F. Mahmoud*	Director
Gary A. Mecklenburg*	Director
Cathy E. Minehan*	Director
James F. Orr*	Director
Willard J. Overlock, Jr.*	Director
Bertram L. Scott*	Director
Alfred Sommer*	Director

*By: _____ /s/ DEAN J. PARANICAS
Dean J. Paranicas
Attorney-in-fact

BECTON, DICKINSON AND COMPANY
VALUATION AND QUALIFYING ACCOUNTS
Years Ended September 30, 2008, 2007 and 2006
(Thousands of dollars)

<u>Col. A</u>	<u>Col. B</u>	<u>Col. C</u>	<u>Col. D</u>	<u>Col. E</u>
<u>Description</u>	<u>Balance at Beginning of Period</u>	<u>Additions Charged to Costs and Expenses</u>	<u>Deductions/ Other</u>	<u>Balance at End of Period</u>
2008				
Against trade receivables:				
For doubtful accounts	\$ 29,238	\$ 5,405	\$ 7,934(A)	\$ 26,709
For cash discounts	10,412	50,055	51,562	8,905
Total	<u>\$ 39,650</u>	<u>\$ 55,460</u>	<u>\$ 59,496</u>	<u>\$ 35,614</u>
2007				
Against trade receivables:				
For doubtful accounts	\$ 28,440	\$ 2,550	\$ 1,752(A)	\$ 29,238
For cash discounts	9,816	39,575	38,979	10,412
Total	<u>\$ 38,256</u>	<u>\$ 42,125</u>	<u>\$ 40,731</u>	<u>\$ 39,650</u>
2006				
Against trade receivables:				
For doubtful accounts	\$ 33,384	\$ 1,115	\$ 6,059(A)	\$ 28,440
For cash discounts	14,225	36,161	40,570	9,816
Total	<u>\$ 47,609</u>	<u>\$ 37,276</u>	<u>\$ 46,629</u>	<u>\$ 38,256</u>

(A) Accounts written off.

EXHIBIT INDEX

Exhibit Number	Description	Method of Filing
3(a)(i)	Restated Certificate of Incorporation, as amended January 22, 1990	Incorporated by reference to Exhibit 3(a) to the registrant's Annual Report on Form 10-K for fiscal year ended September 30, 1990
3(a)(ii)	Amendment to the Restated Certificate of Incorporation, as of August 5, 1996	Incorporated by reference to Exhibit 3(a) to the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1996
3(a)(iii)	Amendment to the Restated Certificate of Incorporation, as of August 10, 1998	Incorporated by reference to Exhibit 3(b) to the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1998
3(b)	By-Laws, as amended and restated as of September 30, 2008	Incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K dated September 30, 2008
4(d)	Indenture, dated as of March 1, 1997, between the registrant and The Chase Manhattan Bank (now JPMorgan Chase Bank) The registrant hereby agrees to furnish to the Commission upon request a copy of any other instruments which define the rights of holders of long-term debt of the registrant.	Incorporated by reference to Exhibit 4(a) to Form 8-K filed by the registrant on July 31, 1997
10(a)(i)	Form of Employment Agreement with executive officers relating to employment following a change of control of the registrant	Incorporated by reference to Exhibit 10(a)(iii) to the registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2005
10(a)(ii)	Form of Employment Agreement with corporate officers (other than executive officers) relating to employment following a change of control of the registrant	Incorporated by reference to Exhibit 10(a)(iv) to the registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2005
10(b)	Stock Award Plan, as amended and restated as of January 1, 2006	Incorporated by reference to Exhibit 10(a) to the registrant's Quarterly Report on Form 10-Q for the period ended February 8, 2006
10(c)	Performance Incentive Plan, as amended and restated September 30, 2008	Incorporated by reference to Exhibit 10(c) to the registrant's Current Report on Form 8-K for the dated September 30, 2008
10(d)(i)	Deferred Compensation and Retirement Benefit Restoration Plan, as amended and restated as of November 26, 2008	Filed with this report
10(d)(ii)	1996 Directors' Deferral Plan, as amended and restated as of November 26, 2008	Filed with this report
10(f)(ii)	Employee Participation Agreement dated November 27, 2000 between the registrant and John R. Considine	Incorporated by reference to Exhibit 10(i)(iii) to the registrant's Annual Report on Form 10-K for the period ended September 30, 2000
10(f)(ii)	Agreement dated December 18, 2000 between the registrant and John R. Considine	Incorporated by reference to Exhibit 10(i)(iv) to the registrant's Annual Report on Form 10-K for the period ended September 30, 2000
10(g)(i)	1994 Restricted Stock Plan for Non Employee Directors	Incorporated by reference to Exhibit A to the registrant's Proxy Statement dated January 5, 1994
10(g)(ii)	Amendment to the 1994 Restricted Stock Plan for Non-Employee Directors as of November 26, 1996	Incorporated by reference to Exhibit 10(j)(ii) to the registrant's Annual Report on Form 10-K for the

fiscal year ended September 30, 1996

10(h)(i) 1995 Stock Option Plan, as amended and restated
January 27, 1998

Incorporated by reference to Exhibit 10(k) to the
registrant's Annual Report on Form 10-K for the
fiscal year ended September 30, 1998

Exhibit Number	Description	Method of Filing
10(h)(ii)	Amendments dated as of April 24, 2000 to the 1995 Stock Option Plan, as amended and restated January 27, 1998	Incorporated by reference to Exhibit 10(k) to the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2000
10(i)(i)	1998 Stock Option Plan	Incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q/A for the period ended March 31, 1998
10(i)(ii)	Amendments dated as of April 24, 2000 to the 1998 Stock Option Plan	Incorporated by reference to Exhibit 10(l) to the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2000
10(j)	Australian, French and Spanish addenda to the Becton, Dickinson and Company Stock Option Plans	Incorporated by reference to Exhibit 10(m) to the registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1998
10(k)	Indian addendum to the Becton, Dickinson and Company Stock Option Plans	Incorporated by reference to Exhibit 10(n) to registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1999
10(l)	China and Japan addenda to Becton, Dickinson and Company Stock Option Plans	Incorporated by reference to Exhibit 10(n)(i) to registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2002
10(m)(i)	Non-Employee Directors 2000 Stock Option Plan	Incorporated by reference to Exhibit 10(o) to the registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2000
10(m)(ii)	Amendments dated as of April 24, 2000 to the Non-Employee Directors 2000 Stock Option Plan	Incorporated by reference to Exhibit 10(o) to the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2000
10(n)	2002 Stock Option Plan	Incorporated by reference to Appendix A to the registrant's Proxy Statement dated January 2, 2002
10(o)	2004 Employee and Director Equity-Based Compensation Plan, as amended and restated as of November 25, 2008	Filed with this report
10(p)	Terms of Awards under 2004 Employee and Director Equity-Based Compensation Plan	Filed with this report
10(q)	Amended and Restated Aircraft Time Sharing Agreement between Becton, Dickinson and Company and Edward J. Ludwig dated as of September 22, 2006	Incorporated by reference to Exhibit 10(r) to the registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2006
10(r)	Amended and Restated Five-Year Credit Agreement, dated as of August 13, 2004 among the registrant and the banks named therein	Incorporated by reference to Exhibit 10(d) of the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2004
13	Portions of the registrant's Annual Report to Shareholders for fiscal year 2008	Filed with this report
21	Subsidiaries of the registrant	Filed with this report
23	Consent of independent registered public accounting firm	Filed with this report
24	Power of Attorney	Filed with this report
31	Certifications of Chief Executive Officer and Chief Financial Officer, pursuant to SEC Rule 13(a)-14(a)	Filed with this report

Copies of any Exhibits not accompanying this Form 10-K are available at a charge of 25 cents per page by contacting: Investor Relations, Becton, Dickinson and Company, 1 Becton Drive, Franklin Lakes, New Jersey 07417-1880, Phone: 1-800-284-6845.

BECTON, DICKINSON AND COMPANY
DEFERRED COMPENSATION AND RETIREMENT BENEFIT RESTORATION PLAN
As Amended and Restated as of November 26, 2008

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BECTON, DICKINSON AND COMPANY

DEFERRED COMPENSATION AND RESTORATION PLAN

Including Amendments Adopted through December 31, 2008

FOREWORD

Effective as of August 1, 1994 (the "Effective Date"), Becton, Dickinson and Company (the "Company") adopted the Becton, Dickinson and Company Salary and Bonus Deferral Plan (the "Plan") for the benefit of certain of its employees. The Plan is intended to be an unfunded plan of deferred compensation primarily for the benefit of a select group of management and highly compensated employees. To the extent that the Plan permits the voluntary deferral of bonuses, the Plan is intended to amend and replace the Bonus Deferral Option of the Becton, Dickinson and Company Executive Bonus Plan.

The purpose of the Plan is to permit those employees of the Company who are part of a select group of management or highly compensated employees to defer, pursuant to the provisions of the Plan, a portion of the salaries, bonuses and other remuneration (including certain equity-based compensation) otherwise payable to them.

Effective as of August 15, 1996, the Board of Directors of the Company amended the Plan to permit Participants to have their deferred salaries or deferred bonuses considered to be invested in Common Stock of the Company, to permit those Participants to vote a number of shares of Common Stock equal to the number considered to be held for their benefit under the Plan, and for certain other purposes.

Effective as of November 1, 2001, the Plan was amended and restated to rename the Plan as the Becton, Dickinson and Company Deferred Compensation Plan, and to modify the deferral opportunities and the distribution and withdrawal options under the Plan, and to make certain other modifications deemed desirable.

Effective as of March 22, 2004, the Plan was amended and restated to permit Participants to defer certain equity-based compensation awarded under the Becton, Dickinson and Company Stock Award Plan (the "Stock Award Plan") and the Becton, Dickinson and Company 2004 Employee and Director Equity-Based Compensation Plan (the "Equity-Based Compensation Plan").

Effective as of January 1, 2005, the Plan was amended (in operation and through various separate amendments and related documents) in several respects to comply with the requirements of Code Section 409A. In addition, effective as of December 31, 2008, the Plan was further amended to: (1) consolidate the provisions of the Becton, Dickinson and Company Retirement Benefit Restoration Plan with this Plan (reflecting the consolidated administration of the two plans); and (2) bring the consolidated Plan into compliance with the written plan requirements of Code Section 409A. Notwithstanding any provision to the contrary in this Plan, each provision in this Plan shall be interpreted to permit the deferral of compensation in accordance with Code Section 409A, and any provision that would conflict with such requirements shall not be valid or enforceable.

ARTICLE I

Definitions

- Section 1.1 “Account” or Accounts” means the bookkeeping account or accounts established under the Plan, if any, on behalf of a Participant and includes earnings credited thereon or losses charged thereto.
- Section 1.2 “Agreement” means an agreement entered into between an Eligible Employee and the Company, as agreed to by the Compensation and Benefits Committee of the Board of Directors of the Company (or any committee successor thereto), to participate in the provisions of this Plan related to Restoration Plan benefits and delineating certain terms and conditions with respect to such participation including (but not limited to) the benefits (if any) that are to be provided to the Eligible Employee in lieu of or in addition to the benefits described under the terms of this Plan.
- Section 1.3 “Annual Open Enrollment Period” means the annual period designated by the Committee, which ends not later than the December 31 of a Plan Year, during which a Participant may make or change deferral and/or distribution elections under this Plan.
- Section 1.4 “Base Salary” means the base salary or wages otherwise taken into account under the SIP, determined in accordance with the provisions of such plan, but without regard to the limitation on compensation otherwise required under Code Section 401(a)(17), and without regard to any deferrals of the foregoing of compensation under this or any other plan of deferred compensation maintained by the Company.
- Section 1.5 “Beneficiary” or “Beneficiaries” means the beneficiary or beneficiaries who, pursuant to the provisions of this Plan, is or are to receive the amount, if any, payable under this Plan upon the death of a Participant.
- Section 1.6 “Board of Directors” means the Board of Directors of the Company.
- Section 1.7 “Bonus” means the annual bonus payable under the Company’s Performance Incentive Plan, or any successor thereto.
- Section 1.8 “Change in Control” of the Company means any of the following events:
- (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 13(d)(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 1.8, the

following acquisitions shall not constitute a Change in 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 1.8(3)(A), 1.8(3)(B) and 1.8(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 of the initial agreement or of the action of the Board providing for such Business Combination; or

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

- Section 1.9 “Code” means the Internal Revenue Code of 1986, as amended, or any successor statute.
- Section 1.10 “Committee” means the committee that is responsible for administering the Plan. The Committee shall consist of three or more employees of the Company as determined by, and appointed by, the Board of Directors. The Committee may delegate pursuant to a written authorization (including, by way of illustration, through a contract, memorandum, or other written delegation document) any or all of its responsibilities involving ongoing day-to-day administration or ministerial acts, as set forth in this Plan to one or more individuals or service- providers. In any case where this Plan refers to the Committee, such reference is deemed to be a reference to any delegate of the Committee appointed for such purpose.
- Section 1.11 “Common Stock” means the common stock (\$1.00 par value) of the Company, including any shares into which it may be split, subdivided or combined.
- Section 1.12 “Company” means Becton, Dickinson and Company and any successor to such corporation by merger, purchase or otherwise.
- Section 1.13 “Company Discretionary Credits” means the amounts credited to a Participant’s Company Discretionary Credit Account, if any, pursuant to Section 3.5.
- Section 1.14 “Company Discretionary Credit Account” means the bookkeeping account established under Section 3.5, if any, on behalf of a Participant and includes any earnings credited thereon or losses charged thereto pursuant to Article IV.
- Section 1.15 “Company Matching Credits” means the amounts credited to a Participant’s Company Matching Credit Account, if any, pursuant to Section 3.4.
- Section 1.16 “Company Matching Credit Account” means the bookkeeping account established under Section 3.4, if any, on behalf of a Participant and includes any earnings credited thereon or losses charged thereto pursuant to Article IV.
- Section 1.17 “Deferral Election” means the Participant’s election to participate in this Plan and defer amounts eligible for deferral in accordance with the Plan terms. Except as the context otherwise requires, references herein to Deferral Elections include any subsequent modifications of a prior Deferral Election.
- Section 1.18 “Deferred Bonus” means the amount of a Participant’s Bonus that such Participant has elected to defer until a later year pursuant to an election under

Section 3.2. Reference in this Plan to a Participant's "Basic Deferred Bonus" shall mean the first six percent (6%) of a Participant's Bonus that such Participant has elected to defer under this Plan in any Plan Year. Reference in this Plan to a Participant's "Supplemental Deferred Bonus" shall mean any Bonus deferred by a Participant under the Plan that does not constitute Basic Deferred Bonus.

- Section 1.19 "Deferred Bonus Account" means the bookkeeping account established under Section 3.2 on behalf of a Participant, and includes any earnings credited thereon or losses charged thereto pursuant to Article IV.
- Section 1.20 "Deferred Bonus Election" means the election by a Participant under Section 3.2 to defer a portion of the Participant's Bonus until a later year.
- Section 1.21 "Deferred Equity-Based Compensation" means the amount of a Participant's Equity-Based Compensation that such Participant has elected to defer until a later year pursuant to an election under Section 3.3.
- Section 1.22 "Deferred Equity-Based Compensation Account" means the bookkeeping account established under Section 3.3 on behalf of a Participant, and includes any earnings credited thereon or losses charged thereto pursuant to Section 5.3(b) .
- Section 1.23 "Deferred Equity-Based Compensation Election" means the election by a Participant under Section 3.3 to defer a portion of the Participant's Equity-Based Compensation.
- Section 1.24 "Deferred Restoration Distribution" means the amount of a Participant's distributable Restoration Plan Benefit that such Participant has elected to defer under this Plan pursuant to an election under Section 3.6.
- Section 1.25 "Deferred Restoration Distribution Account" means the bookkeeping account established under Section 3.6 on behalf of a Participant, and includes any earnings credited thereon or losses charged thereto pursuant to Article IV.
- Section 1.26 "Deferred Restoration Distribution Election" means the election by a Participant under Section 3.6 to defer all or a portion of the Participant's distributable Restoration Plan Benefit.
- Section 1.27 "Deferred Salary" means the amount of a Participant's Base Salary that such Participant has elected to defer until a later year pursuant to an election under Section 3.1. Reference in this Plan to a Participant's "Basic Deferred Salary" shall mean the first six percent (6%) of a Participant's Base Salary that such Participant has elected to defer under the Plan in any Plan Year. Reference in this Plan to a Participant's "Supplemental Deferred Salary" shall mean any Base Salary deferred by a Participant under the Plan that does not constitute Basic Deferred Salary.

- Section 1.28 “Deferred Salary Account” means the bookkeeping account established under Section 3.1 on behalf of a Participant, and includes any earnings credited thereon or losses charged thereto pursuant to Article V.
- Section 1.29 “Deferred Salary Election” means the election by a Participant under Section 3.1 to defer until a later year a portion of his or her Base Salary.
- Section 1.30 “Deferred Stock Account” means the bookkeeping account established under Section 5.3(b) on behalf of a Participant and includes, in addition to amounts stated in that Section, any Dividend Reinvestment Return credited thereon.
- Section 1.31 “Deferred Stock Election” means the election by a Participant under Section 5.3(b) to have applicable deferred amounts credited in the form of Common Stock to the Participant’s Deferred Stock Account.
- Section 1.32 “Disability” means a Participant’s total disability as defined below and determined in a manner consistent with Code Section 409A and the regulations thereunder:
- (i) The Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or
 - (ii) The Participant is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company.
- A Participant will be deemed to have suffered a Disability if determined to be totally disabled by the Social Security Administration.
- Section 1.33 “Disabled” means that a Participant is totally and permanently disabled as defined in the Company’s Long-Term Disability Plan. With respect to payments of amounts in excess of a Participant’s Grandfathered Deferred Compensation Plan Deferrals or Grandfathered Restoration Plan Benefit on account of disability, the term “Disabled” means a disability that meets the standard for disability under Code Section 409A and the guidance issued thereunder.
- Section 1.34 “Dividend Reinvestment Return” means the amounts which are credited to each Participant’s Deferred Stock Account pursuant to Section 5.3(b) to reflect dividends declared by the Company on its Common Stock.
- Section 1.35 “Equity-Based Compensation” means (i) November 24, 2003, awards granted under the Stock Award Plan and (ii) Restricted Stock Units, Performance Units, and Other Stock-Based Awards granted under Sections 7, 8, and 9 of the Equity-

Based Compensation Plan, and does not include any such awards that qualify as vested stock, restricted stock, stock option awards, or stock appreciation rights.

- Section 1.36 “Equity-Based Compensation Plan” means the Becton, Dickinson and Company 2004 Employee and Director Equity-Based Compensation Plan.
- Section 1.37 “ERISA” means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute.
- Section 1.38 “Fiscal Year” means the fiscal year of the Company, which currently is the twelve-month period commencing on the first day of October and ending on the last day of September of the following calendar year.
- Section 1.39 “Grandfathered Deferred Compensation Plan Deferrals” means amounts deferred under the terms of this Plan as in effect as of December 31, 2004 (and the earnings credited thereon before, on or after January 1, 2005) for which (i) the Participant had a legally binding right as of December 31, 2004, to be paid the amount, and (ii) such right to the amount was earned and vested as of December 31, 2004 and was credited to the Participant’s Account.
- Section 1.40 “Grandfathered Restoration Plan Benefit” means amounts deferred under the terms of the Restoration Plan as in effect as of December 31, 2004 for which the Participant had a legally binding right as of December 31, 2004 and which amount was earned and vested as of December 31, 2004. The calculation of a Participant’s Grandfathered Restoration Plan Benefit shall equal the present value of the amount to which the Participant would have been entitled under the Restoration Plan if the Participant voluntarily terminated employment on December 31, 2004, and received a payment of the benefits available from the Restoration Plan on the earliest possible date allowed under the Restoration Plan to receive a payment of benefits following the termination of employment, and received the benefits in the form with the maximum value. Notwithstanding the foregoing, for any subsequent taxable year of the Participant, the Grandfathered Restoration Plan Benefit may increase to equal the present value of the benefit the Participant actually becomes entitled to, in the form and at the time actually paid, determined under the terms of the Restoration Plan, as in effect on October 3, 2004, without regard to any further services rendered by the Participant after December 31, 2004, or any other events affecting the amount of or the entitlement to benefits (other than the Participant’s election with respect to the time or form of an available benefit). For purposes of calculating the present value of a benefit under this Section, actuarial assumptions and methods to be used will be the same as those used to value benefits under the Becton, Dickinson and Company Retirement Plan and shall otherwise be made in accordance with Reg. §1.409A- 6(a)(3)(i).
- Section 1.41 “Investment Election” means the Participant’s election to have deferred amounts credited with hypothetical earnings credits (or losses) that track the investment

performance of the Investment Options and/or Common Stock in accordance with Article V.

- Section 1.42 “Investment Options” means those hypothetical targeted investment options designated by the Committee as measurements of the rate of return to be credited to (or charged against) amounts deferred to Participants’ Accounts.
- Section 1.43 “Other Stock-Based Awards” means awards granted under Section 9 of the Equity-Based Compensation Plan.
- Section 1.44 “Participant” means a common law employee of the Company who meets the eligibility and participation requirements set forth in Article II.
- Section 1.45 “Performance Units” means awards granted under Section 8 of the Equity-Based Compensation Plan.
- Section 1.46 “Plan” means the Becton, Dickinson and Company Deferred Compensation and Retirement Benefit Restoration Plan as from time to time in effect. Previously, the terms of this Plan were determined under the terms of the Restoration Plan and the Becton, Dickinson and Company Deferred Compensation Plan (previously the Becton, Dickinson and Company Salary and Bonus Deferral Plan), which are hereby consolidated into a single document.
- Section 1.47 “Plan Year” means the calendar year.
- Section 1.48 “Restricted Stock Units” means Restricted Stock Units granted under Section 7 of the Equity-Based Compensation Plan.
- Section 1.49 “Restoration Plan” means the Becton, Dickinson and Company Retirement Benefit Restoration Plan, as amended and restated from time to time.
- Section 1.50 “Restoration Plan Benefit” means the Participant’s benefit described in Article IV of this Plan.
- Section 1.51 “Retirement Plan” means the Becton, Dickinson and Company Retirement Plan, as it may be amended and restated from time to time.
- Section 1.52 “SIP” means the Becton, Dickinson and Company Savings Incentive Plan.
- Section 1.53 “Separation from Service” means a termination of employment or other separation from service from the Company as described in Code Section 409A and the regulations thereunder.
- Section 1.54 “Specified Employee” means a person identified in accordance with procedures adopted by the Committee that reflect the requirements of Code Section 409A(a)(2)(B)(i) and applicable guidance thereunder.

- Section 1.55 “Spouse” means the individual to whom the Participant is legally married on the date of death or other benefit commencement.
- Section 1.56 “Stock Award Plan” means the Becton, Dickinson and Company Stock Award Plan as the same may be amended from time to time.
- Section 1.57 “Stock Trust” means the Becton, Dickinson and Company Deferred Salary and Bonus Trust established as of August 15, 1996 between the Company and Wachovia Bank of North Carolina, N. A. , as amended from time to time thereafter.
- Section 1.58 “Total Eligible Compensation” means the base salary or wages and bonus otherwise taken into account under the SIP, determined in accordance with the provisions of such plan, but without regard to the limitation on compensation otherwise required under Code Section 401(a)(17), and without regard to any deferrals of the foregoing of compensation under this or any other plan of deferred compensation maintained by the Company.

ARTICLE II
Eligibility and Participation

Section 2.1

Eligibility.

- (a) Only “Eligible Employees” who meet the conditions of this Article II shall be eligible to become a Participant in this Plan. Unless the Committee determines otherwise, any employee of the Company (or any subsidiary or affiliate of the Company) who participates in the Retirement Plan and whose benefits under the Retirement Plan are limited pursuant to the provisions included in the Retirement Plan in order to comply with Code Sections 401(a)(17) or 415, shall be an Eligible Employee with respect to benefits payable under Article IV and Section 3.6 (*i.e.*, eligibility for the restoration portion of the Plan). An “Eligible Employee” for purposes of Sections 3.1, 3.2, 3.3, 3.4, and 3.5 (*i.e.*, eligibility for the deferred compensation portion of the Plan) is an individual who meets the following requirements:
- (i) the individual is a common law employee of a unit of the Company (or of one of its subsidiaries) to which the Plan has been adopted pursuant to a decision by, or with the approval of, the Board of Directors;
 - (ii) the individual is not a nonresident alien of the United States receiving no United States source income within the meaning of Sections 861(a)(3) or 911(d)(2) of the Code; and
 - (iii) the employee has annualized Base Salary of \$100,000 or more for the calendar year in which the Deferral Election is required to be made.
- (b) The Committee shall have the ability to adjust, prospectively for any Plan Year, the dollar limitation in Section 2.1(a) (iii). The Committee may also:
- (i) designate as ineligible particular individuals, groups of individuals or employees of business units who otherwise would be eligible under Section 2.1(a); or
 - (ii) designate as eligible particular individuals, groups of individuals or employees of business units who otherwise would be ineligible under Section 2.1(a);

provided, however, that any such designations shall be made in a manner consistent with the requirements of Code Section 409A and the regulations and other guidance thereunder to avoid adverse tax consequences to affected Participants.

- (c) An employee who, at any time, ceases to meet the foregoing eligibility requirements, as determined in the sole discretion of the Committee, shall thereafter cease to be a Participant eligible to continue making deferrals under the Plan, effective as of the first day of the Plan Year coincident with or next following the date of such cessation of eligibility in a manner consistent with the requirements of Code Section 409A and the regulations and other guidance issued thereunder to avoid adverse tax consequences to affected Participants, and any deferral elections then in effect shall cease to be effective as of the first day of such Plan Year. In such case, the individual may remain a Participant in the Plan with respect to amounts already deferred prior to the date such individual ceased to be an active Participant.

Section 2.2

Participation.

- (a) General Rule. An Eligible Employee shall become an active Participant in the Plan at such time as the Eligible Employee either: (i) makes a timely Deferral Election pursuant to Subsections (b) and (c) herein; and/or (ii) meets the requirements under Subsection (d) with respect to eligibility for a Restoration Plan Benefit.
- (b) Deferral Election. As soon as practicable after the Committee determines that an individual is an Eligible Employee, the Committee shall provide the Eligible Employee with the appropriate election forms with which to make a Deferral Election. The Eligible Employee shall make the Deferral Election in the manner set forth in Section 2.2(c) and within the time periods set forth in Article III. In the case of an employee who first becomes an Eligible Employee under this Plan (and is not eligible for any other plan with which this Plan is aggregated for purposes of Code Section 409A) during a Plan Year, such Deferral Election may be made within the first thirty (30) days of eligibility with respect to any Base Salary to be earned thereafter for the remainder of the Plan Year. In the case of an employee who first becomes an Eligible Employee under this Plan (and is not eligible for any other plan with which this Plan is aggregated for purposes of Code Section 409A) during a Plan Year, such Deferral Election within the first thirty (30) days of eligibility may also be made with respect to any Equity-Based Compensation awarded or granted at the time of hire and to be earned after the date of the Deferral Election. If the Participant does not return the completed forms to the Committee at such time as required by the Committee, the Participant will not be allowed to participate in the Plan until the next Annual Open Enrollment Period. All Deferral Elections hereunder (including any modifications of prior Deferral Elections otherwise permitted under the Plan) may be made in accordance with written, electronic or telephonic procedures prescribed by the Committee.

- (c) Contents of Deferral Election. A Participant's Deferral Election must be made in the manner designated by the Committee and must be accompanied by:
- (i) any election to defer Base Salary and/or Bonus and a single deferral period election with respect to Supplemental Deferred Salary as well as a separate deferral period election with respect to Supplemental Deferred Bonus, and;
 - (ii) any election to defer Equity-Based Compensation and a deferral period election with respect to Equity-Based Compensation, as determined by the Committee;
 - (iii) any election to defer payment of Restoration Plan Benefits (if applicable) and any Company Discretionary Credits and a separate deferral period election with respect to each such separate category of deferral;
 - (iv) an Investment Election (except with respect to an Equity-Based Compensation Election, which shall automatically be credited to a Deferred Stock Account for investment return purposes);
 - (v) a designation of a Beneficiary or Beneficiaries to receive any deferred amounts owed upon the Participant's death;
 - (vi) subject to Section 2.2(c)(i), a designation as to the form of distribution for each separate year's deferral and each separate category of deferral (Company Matching Credit deferrals will be subject to the Participant's distribution option elections with respect to Base Salary provided, however, that if the Participant does not make a Base Salary election but does make a Bonus deferral election, then the Participant's Company Matching Credit deferrals will be subject to the Participant's distribution option elections with respect to Bonus); provided, however, that if no specific election is made with respect to any deferred amount, the Participant will be deemed to have elected to receive such amounts in the form of a lump sum distribution (in cash and, solely to the extent distributable amounts are credited to the Participant's Deferred Stock Account at the time of the distribution, shares of Common Stock);
 - (vii) an application for a policy of life insurance under which the Participant is the insured and the Company is the sole owner of and beneficiary under such policy; and
 - (viii) such additional information as the Committee deems necessary or appropriate.

- (d) Unless the Committee determines otherwise or unless otherwise provided in an Agreement, if any, an Eligible Employee who participates in the Retirement Plan and whose benefits under the Retirement Plan are limited pursuant to the provisions included in the Retirement Plan in order to comply with Code Sections 401(a)(17) or 415, shall automatically become a Participant in this Plan with respect to benefits payable under Article IV.
- (e) The participation of any Participant may be suspended or terminated by the Committee at any time, but no such suspension or termination shall operate to reduce any benefits accrued by the Participant under the Plan prior to the date of suspension or termination and, further, any such suspension or termination may only be done in a manner consistent with the requirements of Code Section 409A and the regulations and other guidance issued thereunder to avoid adverse tax consequences to affected Participants.

ARTICLE III
Deferral Elections and Deferral Periods

Section 3.1 Deferred Salary Election.

- (a) Each Participant who has elected to defer the maximum pre-tax elective deferral that is permitted for a calendar year under the SIP and under Code Section 402(g) may make a Deferred Salary Election with respect to Base Salary otherwise to be paid in such calendar year, provided that a valid Deferred Salary Election is made by the date specified in Section 3.1(b). A Participant may elect to defer from 1% to 75% of the Participant's Base Salary (in increments of 1%); provided, however, that the Participant must elect a Deferred Salary amount of at least \$5,000. Notwithstanding the foregoing, any Deferred Salary Election must be made in a manner that will ensure that the Participant is paid a sufficient amount of Base Salary that will allow adequate amounts available for (i) any pre-tax elective deferrals under the SIP, and (ii) any amounts to be deferred by the Participant in order to participate in any other benefit programs maintained by the Company.
- (b) Except with respect to Deferred Salary Elections made by Participants who first become eligible to participate during a Plan Year (which elections must be made as specified in Section 2.2(b)), a Deferred Salary Election with respect to Base Salary for a particular calendar year must be made during the time period specified by the Committee, but in no event later than the December 31 preceding the commencement of that calendar year or at such earlier time as determined by the Committee. Once a Deferred Salary Election is made, it shall be irrevocable after the final deadline established by the Committee for making the election. Such Deferred Salary shall be credited to the Participant's Deferred Salary Account as of the first business day after the last day of each payroll period.

Section 3.2 Deferred Bonus Election.

- (a) Each Participant who agrees to defer the maximum pre-tax elective deferral that is permitted for a calendar year under the SIP and under Code Section 402(g) may elect to make a Deferred Bonus Election with respect to a Bonus otherwise to be paid in the calendar year immediately following (or, in the discretion of the Committee, in a later year following) the year of the Participant's Deferred Bonus Election. A Participant may elect to defer from 1% to 100% of the Participant's Bonus (in increments of 1%); provided, however, that the Participant's Deferred Bonus Election must result in a deferral of at least \$5,000.
- (b) A Deferred Bonus Election with respect to any Bonus to be earned during a Fiscal Year must be made no later than the date that is six months before

the end of the performance period (which performance period shall not be less than twelve months) or such other earlier date designated by the Committee. Once made, a Deferred Bonus Election cannot be changed or revoked after the final deadline established by the Committee for making the election, except as provided herein. Such Deferred Bonus shall be credited to the Participant's Deferred Bonus Account as of the first business day in January of the year that the Bonus otherwise would have been paid to the Participant in the absence of any deferral hereunder.

Section 3.3

Deferred Equity-Based Compensation Election.

- (a) To the extent permitted by law on a tax deferred basis, each Participant may elect to make a Deferred Equity-Based Compensation Election with respect to Equity-Based Compensation otherwise to be granted in the calendar year immediately following (or, in the discretion of the Committee, in a later year following) the year of the Participant's Deferred Equity-Based Compensation Election. A Participant may elect to defer from 1% to 100% of the Participant's Equity-Based Compensation, and may make separate elections with respect to each of the Participant's Restricted Stock Units, Performance Units, Other Stock-Based Awards, and awards under the Stock Award Plan, provided, however, that the Participant's total Equity-Based Compensation Election must result in a deferral of at least 100 units of Equity-Based Compensation.
- (b) Except with respect to Deferred Equity-Based Compensation Elections made by Participants who first become eligible to participate during a Plan Year (which elections must be made as specified in Section 2.2(b)), a Deferred Equity-Based Compensation Election with respect to any Equity-Based Compensation to be granted in a particular calendar year must be made during the time period specified by the Committee, but in no event later than the December 31 preceding the commencement of that calendar year or at such earlier time as determined by the Committee. Notwithstanding the foregoing, with respect to a Deferred Equity-Based Compensation Election governing Restricted Stock Units that are designated as performance-based compensation by the Company and that qualify as performance-based compensation under Code Section 409A and any guidance thereunder, such Deferred Equity-Based Compensation Election must be made no later than the date that is six months before the end of the performance period (which performance period shall not be less than twelve months) or such other earlier date designated by the Company, provided, however, that to be eligible to make any such Deferred Equity-Based Compensation Election the Participant must have provided services to the Company (or one of its subsidiaries) from the later of the date the performance period starts or the date the performance criteria are established through the date the Deferred Equity-Based Compensation Election is made. Once made, a Deferred Equity-Based Compensation Election cannot be changed or revoked after the final deadline established

by the Committee for making the election, except as provided herein. Such Deferred Equity-Based Compensation shall be credited to the Participant's Deferred Equity-Based Compensation Account as soon as practicable after the Equity-Based Compensation otherwise would vest and be paid, and will be credited for investment tracking purposes to the Participant's Deferred Stock Account under Section 5.3(b).

Section 3.4

Company Matching Credits.

(a) Effective for deferrals made on or after January 1, 2008, if a Participant has made a Deferred Salary Election in accordance with Section 3.1 or a Deferred Bonus Election in accordance with Section 3.2, then the Participant shall be eligible to have Company Matching Credits credited to the Participant's Company Matching Credit Account in accordance with Section 3.4(b). The maximum potential Company Matching Credits for a Participant under this Plan for a Plan Year shall equal the difference between 4.5% of Total Eligible Compensation minus the maximum Company matching contribution available to the Participant under the SIP. That potential maximum amount shall be credited to a Participant's Company Matching Credit Account only if the Participant has deferred at least 6% of Total Eligible Compensation, taking into account deferrals under this Plan and pre-tax elective deferrals under the SIP. If a Participant has deferred less than 6% of Total Eligible Compensation, taking into account deferrals under this Plan and pre-tax elective deferrals under the SIP, then the actual Company Matching Credits to be credited to a Participant's Company Matching Credit Account shall equal 75% of the total of the Participant's Deferred Salary and Deferred Bonus under this Plan plus the Participant's pre-tax elective deferrals under the SIP, less the matching contribution to which the Participant is entitled under the SIP.

(b) Company Matching Credits under Section 3.4(a) shall be credited to the Participant's Company Matching Credit Account as soon as practicable as determined by the Committee after such deferral is credited to the Participant's Deferred Salary Account and/or Deferred Bonus Account, but in no event less frequently than on an annual basis, and shall be subject to the overall Plan Year limit on such amounts described in Section 3.4(a) and the vesting schedule described in Article V.

Section 3.5

Company Discretionary Credits.

The Company may, in its sole discretion, provide for additional credits to all or some Participants' Accounts at any time. Such amounts shall be credited to the Participant's Company Discretionary Credit Account and shall be subject to the vesting schedule established by the Company at the time such amounts are credited.

Deferred Restoration Distribution Election.

- (a) General Rule. Each Participant who is eligible to receive a Restoration Plan Benefit under the Plan may elect, in accordance with this Section 3.6, to make a Deferred Restoration Distribution Election with respect to a Restoration Plan Benefit that is otherwise to be paid to the Participant. If a Participant makes such an election, the Participant must elect to defer 100% of the value of the Participant's applicable Restoration Plan Benefit. To the extent a Participant's Restoration Plan Benefit is attributable to the final average pay benefit formula under the Retirement Plan, the value of such Restoration Plan Benefit shall equal the actuarial present value (at the time payment becomes due) of the portion of the Participant's (or Beneficiary's) Restoration Plan Benefit based on the final average pay formula, determined as of normal retirement age under the Retirement Plan, based on the Applicable Interest Rate and the Applicable Mortality Table (as such terms are defined in the Retirement Plan) used under the Retirement Plan for calculating present value. To the extent a Participant's Restoration Plan Benefit is attributable to the cash balance benefit formula under the Retirement Plan, the value of such Restoration Plan Benefit shall equal the Participant's Restoration Plan Benefit hypothetical account balance at such time. Once deferred, such amounts shall be credited to the Participant's Deferred Restoration Distribution Account as provided for in Article V. Amounts held in a Deferred Restoration Distribution Account may not be paid in the form of an annuity and may only be paid in a form otherwise available to amounts credited to a Deferred Salary Account, as provided for in Article VI.
- (b) Grandfathered Restoration Plan Benefit. With respect to amounts equal to a Participant's Grandfathered Restoration Plan Benefit, a Deferred Restoration Distribution Election with respect to any amounts payable during a particular calendar year must be made at least one year before the date that the Grandfathered Restoration Plan Benefit is otherwise payable to the Participant pursuant to Section 4.4. Once made, such a Deferred Restoration Distribution Election cannot be changed or revoked except as provided herein. If the Participant otherwise becomes entitled to a distribution of a Restoration Plan Benefit after having made such an election and before the end of such one-year period, such election shall be ineffective and the applicable Restoration Plan Benefit payment shall not be deferred hereunder. Any such Deferred Restoration Distribution shall be credited to the Participant's Deferred Restoration Distribution Account as soon as practicable after such amount would otherwise have been payable to the Participant. The amount in the Participant's Deferred Restoration Distribution Account attributable to the Participant's Grandfathered Restoration Plan Benefit shall be payable under this Plan as follows:

- (i) If the Participant has otherwise made a Deferred Salary Election under Section 3.1 for the year that the Participant made a Deferred Restoration Distribution Election, the amount credited to the Participant's Deferred Restoration Distribution Account shall be payable at the same time and in the same form of distribution as any such Deferred Salary.
 - (ii) If the Participant has not made a Deferred Salary Election but has otherwise made a Deferred Bonus Election under Section 3.2 for the year that the Participant made a Deferred Restoration Distribution Election, the amount credited to the Participant's Deferred Restoration Distribution Account shall be payable at the same time and in the same form of distribution as any such Deferred Bonus.
 - (iii) If the Participant has not made a Deferred Salary Election under Section 3.1 nor a Deferred Bonus Election under Section 3.2 for the year that the Participant made a Deferred Restoration Distribution Election, the amount credited to the Participant's Deferred Restoration Distribution Account equal to a Participant's Grandfathered Restoration Plan Benefit shall be payable in the form of a single lump sum payment at the Participant's termination of employment unless the Participant makes an election to change the time and form of payment of such amount in accordance with the terms of this Plan.
- (c) Non-Grandfathered Restoration Plan Benefit. A Participant's Deferred Restoration Distribution Election with respect to amounts in excess of a Participant's Grandfathered Restoration Plan Benefit payable during a particular calendar year must specify the time and form of payment otherwise the Participant's Deferred Restoration Plan Benefit shall be payable in the form of a single lump sum payment at the Participant's termination of employment. In addition, such Deferred Restoration Distribution Election shall not be effective unless the following requirements are met:
- (i) the election will not take effect until at least twelve months after the date on which the election is made and will not be recognized with respect to payments that would otherwise have commenced during such twelve-month period;
 - (ii) except for payments made on account of a Participant's death, the first payment with respect to which such election is made shall be deferred for a period of not less than five years from the date such payment would otherwise have been made;

- (iii) any election related to payments that would otherwise have commenced as of a specified time, as opposed to the Participant's Separation from Service, may not be made less than twelve months prior to the date on which such payments would otherwise have commenced; and
- (iv) any such additional deferral election shall not be effective if it would otherwise result in deferring amounts later than the mandatory distribution provisions of Article VI.

Section 3.7

Deferral Period.

- (a) In accordance with Section 2.2(b), and subject to the limitation of Section 3.7(b), each Participant must elect the deferral period for each separate category of deferral (including, effective for deferral elections made on or after January 1, 2005, any Restoration Plan Benefit or part thereof credited to a Participant's Deferred Restoration Distribution Account). Subject to the additional deferral provisions of Section 3.8 and the acceleration provisions of Article VI, a Participant's deferral period with respect to amounts deferred other than those described in Section 3.7(b) may be for a specified number of years or until a specified date, subject to any limitations that the Committee in its discretion may choose to apply (which limitations shall comply with the requirements for tax deferral under Code Section 409A), provided that, in all events, a deferral period must be for at least two (2) years from the first day of the Plan Year in which the deferred amounts would otherwise be payable (or, in the case of amounts described in Section 3.4, credited to the Participant's Account). However, notwithstanding the deferral period otherwise specified, payments shall be paid or begin to be paid under the Plan in accordance with the mandatory distribution provisions in Article VI and any election which would otherwise result in a deferral beyond any applicable mandatory distribution age is invalid.
- (b) Notwithstanding the provisions of Section 3.7(a) and Section 2.2(b), and subject to Section 6.1(f):
 - (i) all Basic Deferred Salary deferred by a Participant pursuant to Section 3.1,
 - (ii) all Basic Deferred Bonus deferred by a Participant pursuant to Section 3.2, and
 - (iii) all Company Matching Credits credited to a Participant's Company Matching Credit Account pursuant to Section 3.4

shall be deferred until the Participant's Separation from Service and may not be deferred to a specified date prior to such Participant's Separation from Service. The foregoing notwithstanding, in any case where the

Participant is a Specified Employee, payment of the amounts under this Section 3.7(b) on account of the Participant's Separation from Service shall be deferred until as soon as practicable after the earlier of (i) the first day of the seventh month following the Participant's Separation from Service (without regard to whether the Participant is reemployed on that date), or (ii) the date of the Participant's death, subject to any permitted further deferral election on account of a change in form of payment.

Section 3.8

Modification of Deferral Period.

- (a) Additional Deferral – Grandfathered Deferrals. With respect to any previously deferred Grandfathered Deferred Compensation Plan Deferrals or Grandfathered Restoration Plan Benefit credited to a Participant's Accounts, a Participant may request that the Committee approve an additional deferral period of at least two (2) years from the date the previously deferred amounts were otherwise payable. Any such request must be made by written notice to the Committee at least twelve (12) months before the expiration of the deferral period for any previously deferred amount with respect to which an additional deferral election is requested. A separate additional deferral election is required to be made for each separate category of previously deferred amounts that is treated as subject to a single deferral period election under Section 2.2(b) above. Each such additional deferral election request shall include a newly designated manner of payment election in accordance with the provisions of Section 6.2 below. No more than two such extensions may be elected by a Participant with respect to any specific deferred amount and no such additional deferral may result in amounts deferred beyond the mandatory distribution provisions of Article VI.
- (b) Additional Deferral – Non-Grandfathered Deferrals. With respect to any deferred amounts credited to a Participant's Accounts in excess of a Participant's Grandfathered Deferred Compensation Plan Deferrals or Grandfathered Restoration Plan Benefit an additional deferral election otherwise described in Section 3.8(a) may be made, provided that such election shall not be effective unless the following requirements are met:
 - (i) the election will not take effect until at least twelve months after the date on which the election is made and will not be recognized with respect to payments that would otherwise have commenced during such twelve-month period;
 - (ii) except for payments made on account of a Participant's death or financial hardship under Section 6.1(f), the first payment with respect to which such election is made shall be deferred for a period of not less than five years from the date such payment would otherwise have been made;

- (iii) any election related to payments that would otherwise have commenced as of a specified time, as opposed to the Participant's Separation from Service, may not be made less than twelve months prior to the date on which such payments would otherwise have commenced; and
 - (iv) any such additional deferral election shall not be effective if it would otherwise result in deferring amounts later than the mandatory distribution age provisions of Article VI.
- (c) Accelerated Distribution For Grandfathered Deferrals. With respect to any Grandfathered Deferred Compensation Plan Deferrals or Grandfathered Restoration Plan Benefit credited to a Participant's Accounts, a Participant may request that the Committee approve an accelerated deferral date with respect to amounts that are not otherwise payable for at least three (3) years from the date of such request, provided that the resulting accelerated deferral date may not be any earlier than two (2) years from the date of such Participant election. A separate deferral modification election is required to be made for each separate category of previously deferred amount that is treated as subject to a single deferral period election under Section 2.2(b) above. Each such modified deferral period request shall include a newly designated manner of payment election in accordance with the provisions of Section 6.2 below. No more than two such modifications may be elected by a Participant with respect to any specific deferred amount. No such election may be made with respect to any amounts deferred under this Plan in excess of any Grandfathered Deferred Compensation Plan Deferrals or Grandfathered Restoration Plan Benefit credited to a Participant's Accounts.

ARTICLE IV
Restoration Benefits

Section 4.1 Amount of Restoration Plan Benefit.

A Participant's Restoration Plan Benefit hereunder shall equal the excess (if any) of (i) the benefit that would have been payable under the Retirement Plan in respect of the Participant in the absence of the provisions included in the Retirement Plan in order to comply with Sections 401(a)(17) and 415 of the Code, over (ii) the benefit actually payable in respect of the Participant under the Retirement Plan.

Section 4.2 Pre-Retirement Restoration Death Benefit.

In the event of the death of a Participant before Restoration Plan Benefits have commenced to be paid hereunder (a pre-retirement death), the Participant's Beneficiary shall be entitled to a benefit equal to the excess (if any) of (i) the benefit that would have been payable under the Retirement Plan to the Beneficiary on account of the Participant's death in the absence of the provisions included in the Retirement Plan in order to comply with Sections 401(a)(17) and 415 of the Code, over (ii) the benefit actually payable to the Beneficiary on account of the Participant's death under the Retirement Plan. Such benefit is hereinafter referred to as a "Restoration Plan Death Benefit." Subject to Section 4.5, and notwithstanding the provisions of Section 4.4 (and any procedures adopted thereunder), and unless provided otherwise in a Participant's Agreement, if any, the Restoration Plan Death Benefit payable to a Beneficiary on account of a Participant's death before Restoration Plan Benefits have been paid or commenced to be paid hereunder (a pre-retirement death) shall be paid to the Participant's Beneficiary in a cash lump sum as soon as practicable following the earliest date that any such pre-retirement death benefit would otherwise be payable to such Beneficiary under the Retirement Plan (whether or not such Retirement Plan benefit is actually paid or commenced at such date).

Section 4.3 Early Retirement Adjustments.

The calculations made in Sections 4.1 and 4.2 shall reflect any applicable adjustments under the Retirement Plan for early commencement and the form of benefit elected.

Section 4.4 Payment of Restoration Plan Benefits.

- (a) Grandfathered Restoration Plan Benefit. Subject to Section 4.5, the further provisions of this Article IV, and a Participant's Agreement, if any, and unless deferred under Section 3.6, a Participant's Grandfathered Restoration Plan Benefit shall be paid to a Participant at such time and in such form as determined in accordance with procedures adopted and approved by the Compensation and Benefits Committee of the Board of Directors of the Company (or any committee successor thereto), which

procedures were in effect as of October 3, 2004. A copy of such procedures is attached hereto as Attachment A.

- (b) Non-Grandfathered Restoration Plan Benefit.¹ Except as otherwise provided herein, or otherwise provided in a Participant's Agreement, if any, and unless deferred under Section 3.6, Restoration Plan Benefit amounts in excess of the Grandfathered Restoration Plan Benefit shall be payable to a Participant as follows:
- (i) Normal Form of Payment. A Participant's vested Restoration Plan Benefit shall be paid in the "Normal Form of Payment," which is a single lump sum payment determined as follows:
- (A) FAP Participant. With respect to a Participant whose Restoration Plan Benefit is determined using the final average pay formula under the Retirement Plan, the Normal Form of Payment shall be a single lump sum payment that shall equal the actuarial present value (at the time payment becomes due) of the Participant's Restoration Plan Benefit based on the final average pay formula, determined as of normal retirement age under the Retirement Plan, based on the Applicable Interest Rate and the Applicable Mortality Table (as such terms are defined in the Retirement Plan) used under the Retirement Plan for calculating present values.
- (B) Cash Balance Participant. With respect to a Participant whose Restoration Plan Benefit is determined using the cash balance formula under the Retirement Plan, the Normal Form of Payment shall be a single lump sum payment equal to the Participant's Restoration Plan Benefit (at the time payment becomes due) determined in accordance with Section 4.1, expressed as an account balance benefit.

¹ By way of reference, the Retirement Plan was amended effective April 1, 2007 to add a cash balance formula for determining the benefits available under the Retirement Plan. Pursuant to the terms of the Retirement Plan, the cash balance formula is used to determine the benefits of participants who were hired by the Company on or after April 1, 2007 as well as those participants who were actively participating in the Retirement Plan on that date and who affirmatively elected to be covered under the cash balance provisions of the Plan. The benefits of participants who were active prior to April 1, 2007 and who did not elect cash balance coverage are determined under the Retirement Plan's final average pay formula. If any such participant terminates and is subsequently reemployed, that participant's benefit for service performed after reemployment will be determined under the cash balance provisions of the Retirement Plan, whereas his benefit attributable to his prior employment will be determined under the final average pay provisions of the Retirement Plan. Consistent with Section 409A and the guidance issued thereunder, and as confirmed in Q&A 39 of the ABA Section of Taxation's 2008 IRS Q&A Report, this Plan provides different time and form of payment with respect to separately identifiable amounts attributable to Restoration Plan Benefits calculated using the cash balance formula versus those calculated using the final average pay formula.

- (C) FAP and Cash Balance Participant. For a Participant whose Restoration Plan Benefit is determined using both the final average pay formula and the cash balance formula under the Retirement Plan, the Normal Form of Payment with respect to the portion of the Participant's Restoration Plan Benefit calculated using the final average pay formula under the Retirement Plan shall be as described in subparagraph (A) and the Normal Form of Payment with respect to the portion of the Participant's Restoration Plan Benefit calculated using the cash balance formula under the Retirement Plan shall be as described in subparagraph (B) above.

- (ii) Timing of Payment. A Participant's vested Restoration Plan Benefit shall be paid or commence to be paid in the Normal Form of Payment as follows:
 - (A) FAP Participant. Subject to subparagraph (D) below, if a Participant's Restoration Plan Benefit is determined using the final average pay formula under the Retirement Plan, amounts shall commence to be paid as soon as practicable after the later of (I) the Participant's Separation from Service or (II) the earliest date on which the Participant first becomes eligible to receive or commence receiving benefits under the Retirement Plan after Separation from Service (i.e., the earlier of attainment of age 55 with 10 years of service as determined under the Retirement Plan or age 65) regardless of the time benefits are actually paid or commence to be paid under the Retirement Plan.
 - (B) Cash Balance Participant. Subject to subparagraph (D) below, if a Participant's Restoration Plan Benefit is determined using the cash balance formula under the Retirement Plan, amounts shall be paid as soon as practicable after the Participant's Separation from Service.
 - (C) FAP and Cash Balance Participant. Subject to subparagraph (D) below, if a Participant's Restoration Plan Benefit is determined using both the final average pay formula and the cash balance formula under the Retirement Plan, payment shall commence with respect to the portion of the Participant's Restoration Plan Benefit calculated using the final average pay formula under the Retirement Plan on the date described in subparagraph (A) above and payment shall commence with respect to the portion of the Participant's Restoration Plan Benefit calculated using the

cash balance formula under the Retirement Plan on the date described in subparagraph (B) above.

- (D) Specified Employee. In any case where the Participant is a Specified Employee and the Participant's Restoration Plan Benefit in excess of the Participant's Grandfathered Restoration Plan Benefit is payable on account of the Specified Employee's Separation from Service, the Participant's Restoration Plan Benefit under this Section shall be paid or commence to be paid as soon as practicable following the earlier of (I) or (II) where: (I) is the later of (A) the date otherwise provided under the Plan or (B) the first day of the seventh month following the Participant's Separation from Service (without regard to whether the Participant is reemployed on that date); and (II) is the date of the Participant's death.
- (iii) The Participant's ability to elect an alternate form of distribution other than the Normal Form of Payment is described in Section 6.2. The death benefits attributable to a Participant's Restoration Plan Benefit under the Plan in the event of the Participant's death after Restoration Plan Benefit payments have commenced, if any, will be determined pursuant to the terms of the form of payment elected by the Participant.

Section 4.5

Payment of Restoration Plan Benefit Following Change in Control.

- (a) Grandfathered Restoration Plan Benefit. Notwithstanding the provisions of Section 4.4 (and any procedures adopted thereunder), and unless provided otherwise in a Participant's Agreement, if any, each Participant's Grandfathered Restoration Plan Benefit shall (to the extent not previously paid or commenced to be paid) be paid to the Participant in a cash lump sum as soon as practicable, but not later than 45 business days, after a Participant's termination of employment following a Change in Control.
- (b) Non-Grandfathered Restoration Plan Benefit – FAP Participant. Notwithstanding the provisions of Sections 4.4(b)(ii)(A) and 4.4(b)(ii)(C) (and any procedures adopted thereunder), and unless provided otherwise in a Participant's Agreement, if any, a Participant's Restoration Plan Benefit that is determined using the final average pay formula under the Retirement Plan and that is in excess of his Grandfathered Restoration Plan Benefit, if any, shall (to the extent not previously paid or commenced to be paid) be paid to the Participant in a cash lump sum as soon as practicable, but not later than 45 business days, after the Participant's Separation from Service following a Change in Control; provided, however, that such a distribution shall only be made if: (i) the Change in Control satisfies the requirements of Code Section 409A(a)(2)(A)(v) (and

the guidance issued thereunder) and such Separation from Service occurs within 2 years of the Change in Control; or (ii) distribution may otherwise be made under this Plan on account of Separation from Service.

- (c) Specified Employee. In any case where the Participant is a Specified Employee and the Participant's Restoration Plan Benefit in excess of the Participant's Grandfathered Restoration Plan Benefit is payable pursuant to Section 4.5(b) on account of the Specified Employee's Separation from Service within 2 years of a qualified Change in Control, payment of the Participant's Restoration Plan Benefit under this Section shall be deferred until the earlier of (i) first day of the seventh month following the Participant's Separation from Service (without regard to whether the Participant is reemployed on that date), or (ii) the date of the Participant's death.

Section 4.6

Restoration Plan Benefit on Account of Disability Retirement.

- (a) Grandfathered Restoration Plan Benefit. Notwithstanding the provisions of Section 4.4 (and in accordance with any procedures adopted thereunder), and unless provided otherwise in a Participant's Agreement, if any, a Participant who terminates employment on account of a Disability Retirement (as determined under the Retirement Plan) may make a written request to the Committee to receive payment of his Grandfathered Restoration Plan Benefit in a single lump sum as soon as practicable thereafter; provided however, that payment to a Participant under this Section 4.6 shall only be made if the Committee, in its sole and absolute discretion, determines to make such payment. Any decision by the Committee hereunder shall be final and binding. If a Participant's request is denied, payment of the Participant's Plan benefits shall be made in accordance with the otherwise applicable provisions of the Plan (and any procedures then in effect).
- (b) Non-Grandfathered Restoration Plan Benefit. Notwithstanding anything in the Plan to the contrary, if a Participant suffers a Disability and becomes Disabled, that portion of the Participant's Restoration Plan Benefit in excess of the Grandfathered Restoration Plan Benefit shall be paid on account of Disability in the form of a single lump sum cash payment as soon as practicable following the later of (i) the date the Participant attains age 65; or (ii) the date of the Participant's Disability. The amount of any such lump sum payment in respect of a Disabled Participant hereunder whose Restoration Plan Benefit is determined using the final average pay formula under the Retirement Plan shall equal the actuarial present value of the Participant's vested Restoration Plan Benefit determined as of the date such benefit payment becomes due hereunder, based on the Applicable Interest Rate and the Applicable Mortality Table (as such terms are defined in the Retirement Plan) used under the Retirement Plan for calculating the present value of optional forms of

payment at the time payment is due under the Plan. The amount of any such lump sum payment in respect of a Disabled Participant hereunder whose Restoration Plan Benefit is determined using the cash balance formula under the Retirement Plan shall be the Participant's Restoration Plan Benefit as of the date such benefit payment becomes due hereunder, determined in accordance with Section 4.1. If such a Participant dies or incurs a Separation from Service prior to the date of payment under this Section 4.6(b), payment shall be made in accordance with the otherwise applicable provisions of this Plan.

ARTICLE V
Participants' Accounts

Section 5.1 Crediting of Employee Deferrals and Company Matching and Discretionary Credits.

Deferrals to this Plan that are made under Article III shall be credited to the Participant's Accounts in accordance with such rules established by the Committee from time to time. Each Participant's Accounts shall be administered in a way to permit separate Deferral Elections, deferral periods, and Investment Elections with respect to various Plan Year deferrals and compensation types as the Committee determines, in its sole discretion, are necessary or appropriate.

Section 5.2 Investment Election.

Participants' Investment Elections with respect to deferred amounts hereunder shall be made pursuant to the written, telephonic or electronic methods prescribed by the Committee and subject to such rules on Investment Elections and Investment Options as established by the Committee from time to time. Upon receipt by the Committee, and in accordance with rules established by the Committee, an Investment Election shall be effective as soon as practicable after receipt and processing of the election by the Committee. Investment Elections will continue in effect until changed by the Participant. An eligible Participant may change a prior Investment Election (or default Investment Election) with respect to deferred amounts on a monthly basis, by notifying the Committee, at such time and in such manner as approved by the Committee. Any such changed Investment Election may result in amending Investment Elections for prior deferrals or for future deferrals or both.

Section 5.3 Hypothetical Earnings.

- (a) General. Subject to Section 5.2, except as otherwise provided herein, additional hypothetical bookkeeping amounts shall be credited to (or deducted from) a Participant's Accounts to reflect the earnings (or losses) that would have been experienced had the deferred amounts been invested in the Investment Options selected by the Participant as targeted rates of return, net of all fees and expenses otherwise associated with the Investment Options. The Committee may add or delete Investment Options, on a prospective basis, by notifying all Participants whose Accounts are hypothetically invested in such Investment Options, in advance, and soliciting elections to transfer deferred amounts so that they track investments in other Investment Options then available.
- (b) Company Stock Investment Option. Instead of having deferred amounts credited with hypothetical earnings (or losses) in accordance with Section 5.3(a), and subject to Section 5.2, a Participant may elect to have all or part of the Participant's deferred amounts (in whole percentage

increments) credited in the form of Common Stock to a Deferred Stock Account. Such an election may be made as a part of the Participant's Deferral Election and thereafter on the same basis as Participants are permitted to make other Investment Elections and using the same or similar procedures as Participants use to make other Investment Elections under Section 5.2. In addition, any amounts credited to a Participant's Accounts other than the Participant's Deferred Stock Account may be transferred for hypothetical investment tracking purposes to the Participant's Deferred Stock Account. In all events, once amounts are credited to a Participant's Deferred Stock Account, no Investment Election may cause amounts credited to a Participant's Deferred Stock Account to be transferred for hypothetical investment tracking purposes to a Participant's Accounts other than the Participant's Deferred Stock Account. All distributions of amounts credited to a Participant's Deferred Stock Account may only be distributed in whole shares of Common Stock (with cash for fractional shares).

A Participant's Deferred Stock Account will be credited:

- (i) as of the first business day after the last day of each bi-weekly payroll period, with the number of shares of Common Stock (in whole shares and fractional shares, as determined by the Committee) determined by dividing the Participant's deferred amounts attributable to Deferred Salary for such bi-weekly payroll period subject to the Deferred Stock Election by the price for shares of Common Stock, determined by the Committee, as of the day such deferred amounts are credited to the Participant's Account; and
- (ii) annually, as of the first business day in January of each calendar year, with the number of shares of Common Stock (in whole shares and fractional shares, as determined by the Committee) determined by dividing the portion of the Participant's Deferred Bonus and Company Matching Credits subject to the Deferred Stock Election by the price for shares of Common Stock, determined by the Committee, as of the day such deferred amounts are credited to the Participant's Accounts; and
- (iii) at such other times as the Committee determines with respect to all other deferred amounts under the Plan, with the number of shares of Common Stock (in whole shares and fractional shares, as determined by the Committee) determined by dividing the portion of the Participant's deferred amounts to be credited in the Deferred Stock Account by the price for shares of Common Stock, determined by the Committee, as of the day such deferred amounts are credited to the Participant's Account, or, in the case of deferred

amounts measured in stock units, by crediting the account with the same number of shares of Common Stock.

If the Company enters into transactions involving stock splits, stock dividends, reverse splits or any other recapitalization transactions, the number of shares of Common Stock credited to a Participant's Deferred Stock Account will be adjusted (in whole shares and fractional shares, as determined by the Committee) so that the Participant's Deferred Stock Account reflects the same equity percentage interest in the Company after the recapitalization as was the case before such transaction.

If at least a majority of the Company's stock is sold or exchanged by its shareholders pursuant to an integrated plan for cash or property (including stock of another corporation) or if substantially all of the assets of the Company are disposed of and, as a consequence thereof, cash or property is distributed to the Company's shareholders, each Participant's Deferred Stock Account will, to the extent not already so credited under this Section 5.3(b), be (i) credited with the amount of cash or property receivable by a Company shareholder directly holding the same number of shares of Common Stock as is credited to such Participant's Deferred Stock Account and (ii) debited by that number of shares of Common Stock surrendered by such equivalent Company shareholder.

Each time the Company declares a dividend on its Common Stock, each Participant's Deferred Stock Account will be credited with a Dividend Reinvestment Return equal to that number of shares of Common Stock (in whole shares and fractional shares, as determined by the Committee) determined by dividing (i) the amount that would have been paid (or the fair market value thereof, if the dividend is not paid in cash) to the Participant on the total number of shares of Common Stock credited to the Participant's Deferred Stock Account had that number of shares of Common Stock been held by such Participant by (ii) the price for shares of Common Stock, determined by the Committee, as of the dividend payment date.

(c) Limitations on Allocations and Reallocations to and From Deferred Stock Account.

Pursuant to the Policy Statement on Insider Trading and Compliance, as the same may be amended (the "Policy"), there are time periods (each, a "blackout period") during which time Participants may not effect transactions, directly or indirectly, in Company equity securities. Under the Policy, the Company's Corporate Secretary may also impose additional blackout periods with respect to some or all Participants. Participants whose ability to effect transactions is prohibited during such blackout periods also will be prohibited during such periods from making any Investment Election or Deferred Stock Election that affects the

amount credited to the Participant's Deferred Stock Account. The Committee, at the direction of the Company's Corporate Secretary, shall adopt and implement procedures to ensure that the provisions of this Paragraph are carried out. In all events, with respect to amounts in excess of a Participant's Grandfathered Deferred Compensation Plan Deferrals and Grandfathered Restoration Plan Benefit, to the extent that the blackout period results in a deferral of payment under the Plan, payment must be made at the earliest date at which the Company reasonably anticipates that the making of the payment will not cause a violation of federal securities laws or other applicable law.

Section 5.4

Vesting.

- (a) Deferred Amounts. At all times a Participant shall be fully vested in his Deferred Salary, Deferred Bonus, Deferred Equity-Based Compensation, and Deferred Restoration Distribution Accounts hereunder (including any earnings or losses and Dividend Reinvestment Return thereon). A Participant shall become vested in any Company Matching Credits in the same manner and to the same extent as the Participant is vested in matching contributions otherwise credited to the Participant under the SIP. A Participant shall become vested in any Company Discretionary Credits pursuant to the vesting schedule established by the Company at the time such Credits, if any, are made. Except as otherwise provided in Section 6.1(b) (death) or Section 6.1(c) (disability), if a Participant incurs a Separation from Service at any time prior to becoming fully vested in amounts credited to the Participant's Accounts hereunder, the nonvested amounts credited to the Participant's Accounts shall be immediately forfeited and the Participant shall have no right or interest in such nonvested deferred amounts.
- (b) Restoration Plan Benefit. A Participant shall be vested in his Restoration Plan Benefit, if any, to the extent he is vested in his benefit under the Retirement Plan as determined pursuant to the provisions of the Retirement Plan.

Section 5.5

Account Statements.

Within 60 days following the end of each Plan Year (or at such more frequent times determined by the Committee), the Committee shall furnish each Participant with a statement of Account which shall set forth the balances of the individual's Accounts as of the end of such Plan Year (or as of such time determined by the Committee), inclusive of tracked earnings (or losses) and any Dividend Reinvestment Return. In addition, the Committee shall maintain records reflecting each year's deferrals separately by type of compensation.

ARTICLE VI
Distributions and Withdrawals

Section 6.1

Timing of Distributions.

- (a) Timing of Distribution – Distributions of Vested Accounts Other than Death, Disability, or Scheduled Distributions. The time and form of payment of Restoration Plan Benefits that are not otherwise deferred under Section 3.6 of the Plan are governed by the provisions of Article IV and those provisions of this Article VI specifically referring to Restoration Plan Benefit payment options. Except as otherwise provided herein, in the case of a Participant who incurs a Separation from Service before retirement from active employment (as defined below), a Participant's vested Accounts shall be paid or commence to be paid, in the form of distribution elected in a particular Deferral Election (subject to Section 6.2), as soon as practicable (as determined by the Committee) after the Participant's Separation from Service. In the case of a Participant who retires from active employment hereunder (as defined below), and subject to Section 6.1(e) and Section 6.1(f), a Participant's vested Accounts shall be paid or commence to be paid, in the form of distribution elected in a particular Deferral Election (subject to Section 6.2), as soon as practicable (as determined by the Committee) following the later of: (I) the date the Participant retires from active employment (or, in the case of certain Equity-Based Compensation that vests one year after retirement, one year after retirement), or (II) the date otherwise specified in the Participant's Deferral Election; provided however that, in all events distributions under this subparagraph (II) of deferred amounts in excess of the Participant's Grandfathered Restoration Plan Benefits must be made (or commence to be paid) as of the earlier of the Participant's attainment of age 70 or death. For purposes of this Section 6.1(a), a Participant "retires from active employment" if:
- (i) the Participant Separates from Service or an affiliate after having attained age 65;
 - (ii) the Participant Separates from Service after having attained age 55 with ten years of service (as determined under the Retirement Plan) or an affiliate; or
 - (iii) with respect to Grandfathered Deferred Compensation Plan Deferrals and Grandfathered Restoration Plan Benefits, the Committee, in its sole discretion, otherwise determines that the Participant has retired for this purpose.

The foregoing notwithstanding, in any case where the Participant is a Specified Employee, payment of amounts in the Participant's vested Accounts in excess of Grandfathered Deferred Compensation Plan

Deferrals under this Section 6.1(a) on account of the Specified Employee's Separation from Service shall be deferred until the earlier of (x) first day of the seventh month following the Participant's Separation from Service (without regard to whether the Participant is reemployed on that date), or (y) the date of the Participant's death, subject to any additional deferral of such payments as provided for in the Plan.

(b) Timing of Distributions – Participant's Death.

If a Participant dies before the full distribution of the Participant's Accounts under this Article VI, any deferred amounts that are not vested and have not previously been forfeited shall become 100% vested. Unless the Participant had commenced receiving installment payments, as soon as practicable after the Participant's death, all remaining amounts credited to the Participant's Accounts shall be paid in a single lump sum payment to the Participant's named Beneficiary (or Beneficiaries). In the absence of any Beneficiary designation, payment shall be made to the personal representative, executor or administrator of the Participant's estate. Beneficiary designations may be changed by a Participant at any time without the consent of the Participant's Spouse or any prior Beneficiary. If the Participant dies after having commenced to receive installment payments, the Participant's Beneficiary may accelerate the payment of any remaining installment payments attributable to Grandfathered Deferred Compensation Plan Deferrals or a Grandfathered Restoration Plan Benefit as follows:

- (i) The Beneficiary may request (within a reasonable time after the Participant's death, as specified by the Committee) that all remaining installment payments that are otherwise to be paid to the Beneficiary at least twelve (12) months after the date of the request be accelerated and paid in a single lump sum payment as of a date specified by the Committee that is at least twelve (12) months after the date of the request; or
- (ii) The Beneficiary may request (within a reasonable time after the Participant's death, as specified by the Committee) that all remaining installment payments that are otherwise to be paid to the Beneficiary be accelerated and paid in the form of an immediate lump sum payment, subject to the requirement that ten percent (10%) of the remaining amounts be permanently forfeited.

With respect to amounts in excess of amounts attributable to a Participant's Grandfathered Deferred Compensation Plan Deferrals or Grandfathered Restoration Plan Benefits, if a Participant dies after having commenced to receive installment payments pursuant to a scheduled distribution election, the Participant's Beneficiary shall receive the

remaining installment payments as said payments become due under the scheduled distribution option elected by the Participant.

(c) Timing of Distributions – Participant’s Disability.

Notwithstanding anything in the Plan to the contrary, if a Participant becomes Disabled, any deferred amounts that are not vested and have not previously been forfeited shall become 100% vested. Notwithstanding anything in a Participant’s Deferral Election to the contrary with respect to payment commencement, as soon as practicable after the Participant becomes Disabled, all remaining amounts credited to the Participant’s Accounts (other than amounts attributable to Restoration Plan Benefits) shall be paid or commence to be paid to the Participant in the form of distribution elected by the Participant in the Participant’s Deferral Election. In addition, as soon as practicable after the Participant becomes Disabled and with respect to Grandfathered Deferred Compensation Plan Deferrals or deferred Grandfathered Restoration Plan Benefits, the Participant may request that the Committee change any installment distribution election so that amounts subject to the election are accelerated and paid in the form of a single lump sum distribution. Such distribution shall be made only if the Committee, taking into account the type of factors taken into account in the event of a hardship under Section 6.1(f), in its sole discretion, approves such request.

(d) Scheduled Distribution. As a part of the Participant’s Deferral Election with respect to scheduled distributions, a Participant may elect to receive a lump sum distribution or annual installments (over 2, 3, 4 or 5 years, as elected by the Participant) equal to all or any part of the vested balance of the Participant’s Accounts to be paid (or commence to be paid) at a scheduled distribution date, subject to the timing requirements in Section 6.1(a) and the limitations of Section 3.7(b). For these purposes, the amount of each installment payment shall be determined by multiplying the value of the Participant’s remaining vested Accounts subject to the scheduled distribution election by a fraction, the numerator of which is one (1) and the denominator of which is the number of calendar years remaining in the installment period. These scheduled distributions are generally available only for distributions that are scheduled to commence to be paid while a Participant is employed by the Company. If a Participant incurs a Separation from Service before commencing receipt of scheduled distributions, the timing requirements of Section 6.1(a) shall apply (which requirements provide for payment upon Separation from Service, unless the Participant has attained retirement age, in which case a later distribution date may apply). If a Participant Separates from Service while receiving scheduled installment payments, such installment payments shall continue to be paid in the same form of distribution, subject to the Participant’s right to accelerate the remaining payments in accordance with Section 6.1(e) or Section 6.1(f). Notwithstanding the

foregoing, if a Participant's employment is terminated for cause, as determined by the Company, full payment of all remaining amounts attributable to Grandfathered Deferred Compensation Plan Deferrals and deferred Grandfathered Restoration Plan Benefits in such Participant's Account shall be paid in the form of a single lump sum payment as soon as practicable after such termination.

- (e) Early Distribution – Grandfathered Deferrals. Notwithstanding any other provision of the Plan, a Participant or Beneficiary may, at any time prior to or subsequent to commencement of payments, request in writing to the Committee to have any or all vested amounts in his or her Accounts that constitute Grandfathered Deferred Compensation Plan Deferrals or deferred Grandfathered Restoration Plan Benefits paid in an immediate lump sum distribution, provided that an amount equal to ten percent (10%) of the requested distribution shall be permanently forfeited from the Participant's Accounts prior to such distribution. Any such lump sum distribution shall be paid as soon as practicable after the Committee's receipt of the Participant's (or Beneficiary's) request. The minimum permitted early distribution under this Section 6.1(e) shall be \$3,000.
- (f) Hardship Distribution. At any time prior to the time an amount is otherwise payable hereunder, an active Participant may request a distribution of all or a portion of any vested amounts credited to the Participant's Accounts on account of the Participant's financial hardship, subject to the following requirements:
 - (i) Such distribution shall be made, in the sole discretion of the Committee, if the Participant has incurred an unforeseeable emergency. The Committee shall consider any requests for payment under this Section 6.1(f) in accordance with the standards of interpretation described in Code Section 409A and the regulations and other guidance thereunder.
 - (ii) For purposes of this Plan, an "unforeseeable emergency" shall be limited to a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's Spouse, the Participant's Beneficiary, or of a Participant's dependent (as defined in Code Section 152, without regard to Code Sections 152(b)(1), (b)(2), and (d)(1)(B)); loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, not as a result of a natural disaster); the need to pay for the funeral expenses of the Participant's Spouse, the Participant's Beneficiary, or the Participant's dependent (as defined in Code Section 152, without regard to Code Sections 152(b)(1), (b)(2), and (d)(1)(B)); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond

the control of the Participant. Whether a Participant is faced with an unforeseeable emergency will be determined based on the relevant facts and circumstances of each case and be based on the information supplied by the Participant, in writing, pursuant to the procedure prescribed by the Committee. In addition to the foregoing, distributions under this subsection shall not be allowed for purposes of sending a child to college or the Participant's desire to purchase a home or other residence. In all events, distributions made on account of an unforeseeable emergency are limited to the extent reasonably needed to satisfy the emergency need (which may include amounts necessary to pay any federal, state, local, or foreign income taxes or penalties reasonably anticipated to result from the distribution).

- (iii) Notwithstanding the foregoing, distribution on account of an unforeseeable emergency under this subsection may not be made to the extent that such emergency is or may be relieved:
 - (A) through reimbursement or compensation by insurance or otherwise,
 - (B) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or
 - (C) by cessation of deferrals under the Plan.
- (iv) All distributions under this subsection shall be made in cash as soon as practicable after the Committee has approved the distribution and that the requirements of this subsection have been met.
- (v) The minimum permitted hardship distribution shall be \$3,000.

Section 6.2

Form of Distribution.

- (a) General. Except as otherwise provided in this Article VI, all amounts payable from a Participant's Accounts shall be paid in one of the forms of distribution described in this Section 6.2, as elected by the Participant in a Deferral Election or as modified by the Participant in accordance with Section 6.2(e) below. Any Participant who fails to elect a form of distribution with respect to any deferral amount (or any compensation type) shall be deemed to have elected to receive such amounts in the form of a lump sum distribution in cash and, to the extent distributable amounts are credited to the Participant's Deferred Stock Account, in shares of Common Stock (with any fractional share interest therein paid in cash to the extent of the then fair market value thereof).

- (b) Distribution Alternatives for Restoration Plan Benefits. A Participant who is eligible to receive a Restoration Plan Benefit hereunder shall receive payment of such benefit in the Normal Form of Payment unless the Participant, subject to Section 6.2(e) below, elects an optional form of distribution as described in Section 6.2(d) below or an annuity form of benefit otherwise available under the Retirement Plan.
- (c) Lump Sum Distribution. A Participant may elect, in accordance with such procedures established by the Committee, to have any vested deferral amounts credited to his Accounts paid in the form of a single lump sum distribution at the time otherwise required or permitted under the Plan.
- (d) Annual Installment Distributions. A Participant may elect, in accordance with such procedures established by the Committee, to have any vested deferral amounts credited to his Accounts paid at the time otherwise required or permitted in the form of annual installments over a 5, 10 or 15- year period commencing at the time otherwise required or permitted under the Plan and paid annually thereafter for the remainder of the installment period (subject to Section 6.1(b)). For these purposes, the amount of each installment payment shall be determined by multiplying the value of the Participant's remaining vested Accounts by a fraction, the numerator of which is one (1) and the denominator of which is the number of calendar years remaining in the installment period. Notwithstanding the foregoing, if a Participant's employment is terminated for cause, as determined by the Company, full payment of all remaining amounts attributable to Grandfathered Deferred Compensation Plan Deferrals and deferred Grandfathered Restoration Plan Benefits in such Participant's Account shall be paid in the form of a single lump sum payment as soon as practicable after such termination.
- (e) Change in Form
 - (i) Grandfathered Amounts.

The following provisions shall apply solely with respect to Grandfathered Deferred Compensation Plan Deferrals and deferred Grandfathered Restoration Plan Benefits:

- (A) Notwithstanding the foregoing, in accordance with the written, telephonic or electronic procedures prescribed by the Committee, a Participant may elect to change the form applicable to a particular category of deferral attributable to Grandfathered Deferred Compensation Plan Deferrals or deferred Grandfathered Restoration Plan Benefits at any time, provided that such election must be made at least twelve (12) consecutive months before the date on which such distribution otherwise would have been made or

commenced. Any such change that is not in effect for at least the applicable twelve-month period shall be disregarded and the last valid election shall be substituted in its place. In the absence of such a valid election, distribution shall be made in the form of a single lump sum distribution in cash and, to the extent distributable amounts are credited to the Participant's Deferred Stock Account, in shares of Common Stock (with any fractional share interest therein paid in cash to the extent of the then fair market value thereof).

- (B) In addition, with respect to a Participant who has commenced receiving his Grandfathered Deferred Compensation Plan Deferrals or deferred Grandfathered Restoration Plan Benefit paid in installment payments, such Participant may elect, pursuant to the written, telephonic or electronic method prescribed by the Committee (or its delegate), to have all remaining installment payments attributable to such grandfathered amounts that are otherwise to be paid to the Participant at least twelve (12) months after the date of the election be accelerated and paid in a single lump sum payment as of a date specified by the Committee that is at least twelve (12) months after the date of the election.

(ii) Non-Grandfathered Amounts.

In any case where a Participant wishes to change a form of distribution from what was previously in effect with respect to any deferred amounts credited to a Participant's Accounts in excess of a Participant's Grandfathered Deferred Compensation Plan Deferrals or Grandfathered Restoration Plan Benefit, in addition to the limitations under Section 3.7(b), the following requirements must be met:

- (A) The election will not take effect until at least twelve months after the date on which the election is made and will not be recognized with respect to payments that would otherwise have commenced during such twelve-month period;
- (B) Except for payments made on account of a Participant's death or financial hardship under Section 6.1(f), the payment with respect to which such election is made (or the first payment, in the case of installment payments) shall be deferred for a period of not less than five years from the date such payment would otherwise have been made;

- (C) Any election related to payments that would otherwise have commenced as of a specified time, as opposed to the Participant's Separation from Service, may not be made less than twelve months prior to the date on which such payments would otherwise have commenced; and
- (D) The election will not take effect if the payment (or the first payment, in the case of installment payments) would be scheduled to commence after the later of the date the Participant reaches age 70 or the date the Participant retires from active employment under the minimum deferral period required pursuant to (B) above.

(iii) Restoration Plan Benefit (Non-deferred).

- (A) General Rule. Where, pursuant to Section 4.4(b)(iii) and this Section 6.2, a Participant wishes to waive the Normal Form of Payment with respect his Restoration Plan Benefit and elect an optional form of payment, the following requirements must be met:
 - (1) The election will not take effect until at least twelve months after the date on which the election is made and will not be recognized with respect to payments that would otherwise have commenced during such twelve-month period;
 - (2) Except for payments made on account of a Participant's death, the first payment with respect to which such election is made shall be delayed for a period of not less than five years from the date such payment would otherwise have been made; and
 - (3) Any election related to payments that would otherwise have commenced as of a specified time, as opposed to the Participant's Separation from Service, may not be made less than twelve months prior to the date on which such payments would otherwise have commenced.

In the event of any delay in payment of a Restoration Plan Benefit in excess of a Grandfathered Restoration Plan Benefit that is determined using the cash balance formula under the Retirement Plan, the Participant's Restoration Plan Benefit shall be initially calculated at Separation from Service and then increased through the payment date by the interest credit factor otherwise provided for under the

Retirement Plan. In the event of any delay in payment of a Restoration Plan Benefit in excess of a Grandfathered Restoration Plan Benefit that is determined using the final average pay formula under the Retirement Plan, the Participant's Restoration Plan Benefit shall be initially calculated at Separation from Service and then that amount shall be adjusted at the payment date to take into account the Participant's then-attained age.

- (B) Annuity Election. If a Participant elects to change the form of distribution with respect to a Restoration Plan Benefit to an annuity form of payment in accordance with subparagraph (A), the Participant may select the specific annuity form of payment at any time prior to commencement of annuity payments from among the following actuarially equivalent annuity options:
- (1) With respect to the portion of the Participant's Restoration Plan Benefit that is determined using the final average pay formula under the Retirement Plan, (i) a single life annuity payable for the Participant's lifetime; (ii) a joint and survivor annuity payable for the lives of the Participant and the Participant's Spouse under which if the Spouse shall survive the Participant, benefit payments shall continue after the Participant's death for the remaining lifetime of the Spouse in an amount equal to 50%, 75% or 100% (as elected by the Participant prior to benefit commencement) of the benefits payable during the Participant's life; or (iii) a guaranteed payments annuity option payable in either 60 or 120 monthly installments for the life of the Participant under which if the Participant dies before receiving the designated number of payments, the remaining benefit payments shall continue to the Participant's Beneficiary after the Participant's death; and
 - (2) With respect to the portion of the Participant's Restoration Plan Benefit that is determined using the cash balance formula under the Retirement Plan, (i) a single life annuity payable for the Participant's lifetime; (ii) a joint and survivor annuity payable for the lives of the Participant and the Participant's Spouse under which if the Spouse shall survive the Participant, benefit payments shall continue after the Participant's death for the remaining lifetime of

the Spouse in an amount equal to 50% or 75% or, if the Participant is age 55 or older on the date of benefit commencement, 100% (as elected by the Participant prior to benefit commencement) of the benefits payable during the Participant's life; or (iii) if the Participant is age 55 or older on the date of benefit commencement, a guaranteed payments annuity option payable in either 60 or 120 monthly installments for the life of the Participant under which if the Participant dies before receiving the designated number of payments, the remaining benefit payments shall continue to the Participant's Beneficiary after the Participant's death.

- (C) Actuarial Factors for Determining Optional Annuity Payments. Unless provided otherwise in a Participant's Agreement, if any, if an annuity form of payment of a Restoration Plan Benefit is to be made to a Participant (or Beneficiary) whose Restoration Plan Benefit is determined in whole or in part using the cash balance formula under the Retirement Plan, the annuity attributable to such portion of the Restoration Plan Benefit shall be calculated by first converting the Participant's Restoration Plan Benefit expressed as an account balance benefit into a single life annuity at benefit commencement determined using the Applicable Interest Rate and the Applicable Mortality Table (as such terms are defined in the Retirement Plan) used under the Retirement Plan for converting a cash balance account to a single life annuity. If the Participant elects an optional form of annuity other than the single life annuity, the single life annuity determined pursuant to the immediately preceding sentence (or the single life annuity calculated with respect to the portion of the Participant's Restoration Plan Benefit determined using the final average pay formula under the Retirement Plan) shall be converted to such other annuity form of payment using the actuarial factors under the Retirement Plan for converting a single life annuity to other annuity forms of payment.

ARTICLE VII
General Provisions

Section 7.1 Unsecured Promise to Pay.

The Company shall make no provision for the funding of any amounts payable hereunder that (i) would cause the Plan to be a funded plan for purposes of Section 404(a)(5) of the Code, or Title I of ERISA, or (ii) would cause the Plan to be other than an “unfunded and unsecured promise to pay money or other property in the future” under Treasury Regulations § 1.83-3(e); and, except to the extent specified in the Stock Trust following a “change of control” (as defined in the Stock Trust) of the Company, the Company shall have no obligation to make any arrangement for the accumulation of funds to pay any amounts under this Plan. Subject to the restrictions of the preceding sentence and in Section 5.3, the Company, in its sole discretion, may establish one or more grantor trusts described in Treasury Regulations § 1.677(a) -1(d) to accumulate funds and/or shares of Common Stock to pay amounts under this Plan, provided that the assets of such trust(s) shall be required to be used to satisfy the claims of the Company’s general creditors in the event of the Company’s bankruptcy or insolvency.

Section 7.2 Plan Unfunded.

In the event that the Company (or one of its subsidiaries) shall decide to establish an advance accrual reserve on its books against the future expense of payments hereunder, such reserve shall not under any circumstances be deemed to be an asset of this Plan but, at all times, shall remain a part of the general assets of the Company (or such subsidiary), subject to claims of the Company’s (or such subsidiary’s) creditors. A person entitled to any amount under this Plan shall be a general unsecured creditor of the Company (or the Participant’s employer subsidiary) with respect to such amount. Furthermore, a person entitled to a payment or distribution with respect to any amounts credited to Participant Accounts shall have a claim upon the Company (or the Participant’s employer subsidiary) only to the extent of the vested balance(s) credited to such Accounts.

Section 7.3 Designation of Beneficiary.

The Participant’s Beneficiary under this Plan with respect to amounts credited to the Participant’s Accounts hereunder shall be the person designated to receive benefits on account of the Participant’s death on a form provided by the Committee.

Section 7.4 Expenses.

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

Section 7.5

Voting Common Stock.

Each Participant who has a Deferred Stock Account shall be entitled to provide directions to the Committee to cause the Committee to similarly direct the Trustee of the Stock Trust to vote, on any matter presented for a vote to the shareholders of the Company, that number of shares of Common Stock held by the Stock Trust equivalent to the number of shares of Common Stock credited to the Participant's Deferred Stock Account. The Committee shall arrange for distribution to all such Participants in a timely manner all communications directed generally to the shareholders of the Company as to which their votes are solicited. If the Stock Trust ever holds fewer shares of Common Stock than there are shares allocated to Deferred Stock Accounts under the Plan as to which timely and proper directions have been received from the applicable Plan Participants, the Committee will direct the Trustee to vote all shares held in the Stock Trust in the same proportion as the total shares covered by timely and proper directions that have been directed to be voted.

Section 7.6

Non-Assignability.

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

Section 7.7

Mandatory Deferral.

Notwithstanding any other provision of this Plan, the Committee shall defer the distribution of any Plan benefits to a Participant if the Committee anticipates that the amount of such Plan benefits, or any portion thereof, would be nondeductible for corporate income tax purposes to the Company pursuant to Section 162(m) of the Code; provided, however, that payment of such amounts in excess of Grandfathered Deferred Compensation Plan Deferrals and Grandfathered Restoration Plan Benefit shall be paid thereafter at the earliest time permitted under Code Section 409A and the regulations and other guidance issued thereunder, including, in the case of Specified Employees, subject to the six-month delay for such amounts on account of a Specified Employee's Separation from Service.

Section 7.8

Employment/Participation Rights.

- (a) Nothing in the Plan shall interfere with or limit in any way the right of the Company to terminate any Participant's employment at any time, nor confer upon any Participant any right to continue in the employ of the Company.
- (b) Nothing in the Plan shall be construed to be evidence of any agreement or understanding, express or implied, that the Company will continue to

- employ a Participant in any particular position or at any particular rate of remuneration.
- (c) No employee shall have a right to be selected as a Participant, or, having been so selected, to be continued as a Participant.
 - (d) Nothing in this Plan shall affect the right of a recipient to participate in and receive benefits under and in accordance with any pension, profit-sharing, deferred compensation or other benefit plan or program of the Company.

Section 7.9 Severability.

If any particular provision of the Plan shall be found to be illegal or unenforceable for any reason, the illegality or lack of enforceability of such provision shall not affect the remaining provisions of the Plan, and the Plan shall be construed and enforced as if the illegal or unenforceable provision had not been included.

Section 7.10 No Individual Liability.

It is declared to be the express purpose and intention of the Plan that no liability whatsoever shall attach to or be incurred by the shareholders, officers, or directors of the Company (or any affiliate) or any representative appointed hereunder by the Company (or any affiliate), under or by reason of any of the terms or conditions of the Plan.

Section 7.11 Tax and Other Withholding.

The Company shall have the right to deduct from any payment made under the Plan any amount required by federal, state, local, or foreign law to be withheld with respect to such payment. The Company shall also have the right to withhold from other current salary or wages any amount required by federal, state, local, or foreign law to be withheld with respect to compensation deferred under the Plan at any time prior to payment of such deferred compensation, or if such other current salary or wages are insufficient to satisfy such withholding requirement, to require the Participant to pay the Company such amount required to be withheld to the extent such requirement cannot be satisfied through withholding on other current salary or wages. Additionally, should deferrals under this Plan cause there to be insufficient current salary or wages for purposes of withholding taxes or other amounts required by federal, state, local, or foreign law to be withheld from current salary or wages, the Company shall require the Participant to pay the Company such amount required to be withheld to the extent such requirement cannot be satisfied through withholding on other current salary or wages. Amounts deferred under the Plan will be taken into account for purposes of any withholding obligation under the Federal Insurance Contributions Act and Federal Unemployment Tax Act at the later of the Plan Year during which the services are performed or the Plan Year during which the rights to the amounts are no longer

subject to a substantial risk of forfeiture, as required by Section 3121(v) and 3306(r) of the Code and the regulations promulgated thereunder.

Section 7.12 Applicable Law.

This Plan shall be governed by and construed in accordance with the laws of the State of New Jersey except to the extent governed by applicable federal law.

Section 7.13 Incompetency.

Any person receiving or claiming benefits under the Plan shall be conclusively presumed to be mentally competent and of age until the Committee receives written notice, in a form and manner acceptable to it, that such person is incompetent or a minor, and that a guardian, conservator, or other person legally vested with the care of his estate has been appointed. If the Committee finds that any person to whom a benefit is payable under the Plan is unable to properly care for his or her affairs, or is a minor, then any payment due (unless a prior claim therefor shall have been made by a duly appointed legal representative) may be paid to the Spouse, a child, a parent, or a brother or sister, or to any person deemed by the Committee to have incurred expense for the care of such person otherwise entitled to payment. If a guardian or conservator of the estate of any person receiving or claiming benefits under the Plan shall be appointed by a court of competent jurisdiction, payments shall be made to such guardian or conservator provided that proper proof of appointment is furnished in a form and manner suitable to the Committee. Any payment made under the provisions of this Section shall be a complete discharge of liability therefor under the Plan.

Section 7.14 Notice of Address.

Any payment made to a Participant or a designated Beneficiary at the last known post office address of the distributee on file with the Committee, shall constitute a complete acquittance and discharge of any obligations of the Company under this Plan, unless the Committee shall have received prior written notice of any change in the condition or status of the distributee. Neither the Committee, the Company nor any director, officer, or employee of the Company shall have any duty or obligation to search for or ascertain the whereabouts of a Participant or a designated Beneficiary.

ARTICLE VIII
Administration

Section 8.1 Committee.

Prior to a Change in Control, the Plan shall be administered by the Committee. The Committee shall have the exclusive right to interpret the Plan (including questions of construction and interpretation) and the decisions, actions and records of the Committee shall be conclusive and binding upon the Company and all persons having or claiming to have any right or interest in or under the Plan. The Committee may delegate to such officers, employees or departments of the Company, or to service-providers or other persons, such authority, duties, and responsibilities of the Committee as it, in its sole discretion, considers necessary or appropriate for the proper and efficient operation of the Plan, including, without limitation, (i) interpretation of the Plan, (ii) approval and payment of claims, and (iii) establishment of procedures for administration of the Plan. Notwithstanding the foregoing, after a Change in Control, the trustee of any grantor trust established for the purpose of accumulating funds to satisfy the obligations incurred by the Company under this Plan shall administer the Plan and shall have the same privileges and rights as given to the Committee prior to a Change in Control.

Section 8.2 Claims Procedure.

Any person dissatisfied with the Committee's determination of a claim for benefits (or claim for eligibility for participation) hereunder must file a written request for reconsideration with the Committee. This request must include a written explanation setting forth the specific reasons for such reconsideration. The Committee shall review its determination promptly and render a written decision with respect to the claim, setting forth the specific reasons for such denial written in a manner calculated to be understood by the claimant. Such claimant shall be given a reasonable time within which to comment, in writing, to the Committee with respect to such explanation. The Committee shall review its determination promptly and render a written decision with respect to the claim. Such decision of the Committee shall be conclusive, binding, and final upon all claimants under this Plan.

Section 8.3 Plan to Comply With Code Section 409A.

Notwithstanding any provision to the contrary in this Plan, each provision in this Plan shall be interpreted to permit the deferral of compensation in accordance with Code Section 409A and any provision that would conflict with such requirements shall not be valid or enforceable.

ARTICLE IX
Amendment, Termination and Effective Date

Section 9.1 Amendment of the Plan.

Subject to Section 9.3, the Plan may be wholly or partially amended or otherwise modified at any time by written action of the Board of Directors.

Section 9.2 Termination of the Plan.

Subject to the provisions of Section 9.3, the Plan may be terminated at any time by written action of the Board of Directors.

Section 9.3 No Impairment of Benefits.

Notwithstanding the provisions of Sections 9.1 and 9.2, no amendment to or termination of the Plan shall reduce the amount credited to any Participant's Accounts hereunder.

Section 9.4 Effective Date.

The Plan, as previously amended and restated, was effective as of March 22, 2004. The Plan as set forth herein is amended and restated effective as of January 1, 2008.

ATTACHMENT A

Procedures of the Retirement Benefit Restoration Plan
Committee re: Payment of Grandfathered Restoration Plan Benefits

The following are distribution procedures and requirements established by the Compensation and Benefits Committee of the Board of Directors of the Company (the "Board Committee") with respect to the determination of the appropriate timing and form of benefit payments of Grandfathered Restoration Plan Benefits in accordance the terms of the Restoration Plan (as in effect on October 3, 2004).

Notwithstanding anything to the contrary, any Participant who is not an Employee on or after October 1, 2000 shall be entitled to Grandfathered Restoration Plan Benefits solely in the form of a single lump sum cash payment made as soon as practicable following the date on which the Participant first becomes eligible to receive or commence receiving benefits under the Retirement Plan, regardless of the time benefits are actually paid or commence to be paid under the Retirement Plan and regardless of the form of benefit payments to be made under the Retirement Plan.

With respect to Restoration Plan Participants who are Employees on or after October 1, 2000, the following provisions shall apply with respect to Grandfathered Restoration Plan Benefits:

I. General Rule for Timing and Form of Payment: Except as provided below, all Grandfathered Restoration Plan Benefits shall be paid in the form of a single lump sum cash payment made as soon as practicable following the date on which the Participant first becomes eligible to receive or commence receiving benefits under the Retirement Plan, regardless of the time benefits are actually paid or commence to be paid under the Retirement Plan and regardless of the form of benefit payments to be made under the Retirement Plan.

II. Timing of Payment – Disability Retirements: Notwithstanding Paragraph I above and except as provided below, Grandfathered Restoration Plan Benefits on account of a Participant's Disability Retirement shall be paid in the form of a single lump sum cash payment as soon as practicable following the later of (i) the date the Participant ceases accruing additional benefits on account of his disability leave under the Retirement Plan, or (ii) the date on which the Participant first becomes eligible to receive or commence receiving benefits under the Retirement Plan, regardless of the time benefits are actually paid or commence to be paid under the Retirement Plan and regardless of the form of benefit payments to be made under the Retirement Plan.

III. Optional Forms of Payment: In lieu of the normal form of payment under Paragraph I or Paragraph II above, a Participant may elect (on such forms and in such manner prescribed by the Becton, Dickinson and Company Retirement Benefit Restoration Plan Committee (the "Restoration Plan Committee"), including through telephonic or electronic means) to have Grandfathered Restoration Plan Benefits paid in any form of payment otherwise permitted under the Retirement Plan as the Participant may elect. A Participant's election to

receive Grandfathered Restoration Plan Benefits in a form other than a lump sum shall not be effective (regardless of whether the Restoration Plan Committee otherwise approves the Participant's request) unless the request is made and received by the Restoration Plan Committee at least 6 months prior to the date Grandfathered Restoration Plan Benefits would otherwise be paid or commence to be paid under the Restoration Plan; provided, however, that such 6-month restriction shall be waived if the Participant terminates employment on account of a Disability Retirement as determined by the Retirement Plan administrator under the terms of the Retirement Plan in effect on October 3, 2004. (Eligibility for a Disability Retirement under the Retirement Plan requires a finding that the Participant has not attained age 65, has at least 10 years of vesting service, and becomes entitled to disability benefits under the Federal Social Security Act. The Participant should provide the Restoration Plan Committee with a copy of the written governmental notification of his eligibility for disability benefits under the Social Security Act.)

In the absence of an effective election made at least 6 months before the date Grandfathered Restoration Plan Benefits would otherwise have been paid under the Restoration Plan, the Restoration Plan Committee shall pay the Participant's Grandfathered Restoration Plan Benefit in accordance with the last effective election on file with the Restoration Plan Committee or, in the absence of such a valid election, in accordance with Paragraph I or Paragraph II. (By way of illustration, assume that, within 4 months of his termination, a 60-year old Participant had elected to have his Grandfathered Restoration Plan Benefit paid as a life annuity. In that case, the Participant's election will not be effective because the Restoration Plan would otherwise require a lump sum payment as soon as practicable after such termination and the 6-month requirement would not have been met. In the absence of a valid election, the Participant's Grandfathered Restoration Plan Benefit would be paid in a single lump sum as soon as practicable after termination of employment.)

IV. Optional Acceleration of Payment Due to Disability: If a Participant terminates employment on account of a Disability Retirement (determined under the Retirement Plan as described in Paragraph III above) and such Participant has elected a form of payment other than an immediate lump sum distribution, such Participant may request in writing to receive an accelerated lump sum distribution of his Grandfathered Restoration Plan Benefits as a result of his disability. In such case, the Restoration Plan Committee may, in its sole and absolute discretion, determine to grant or deny such request for payment. Because each request is unique, each Participant's request will be decided on a case-by-case basis. Therefore, there shall be no uniform standards for the Restoration Plan Committee to apply in determining whether to grant a request.

If the Restoration Plan Committee, in its discretion, grants a Participant's request, it shall notify the Participant in writing and it shall direct that payment of the Participant's entire Grandfathered Restoration Plan Benefit be made to the Participant in a single lump sum as soon as practicable thereafter. If the Restoration Plan Committee, in its discretion, denies such request, it shall notify the Participant in writing as soon as practicable thereafter.

The Restoration Plan Committee's decision concerning a Participant's entitlement to an accelerated payment due to a Disability Retirement shall be final and binding.

V. Calculation of Benefits: The amount of a Participant's lump sum payment shall be determined as provided under the terms of the Restoration Plan in effect on October 3, 2004. If a Participant's Grandfathered Restoration Plan Benefit is to be paid in accordance with any of the Retirement Plan's optional forms of payment, the amount of the Participant's Grandfathered Restoration Plan Benefit shall be determined by the Restoration Plan Committee (or its delegate) based on the Participant's age and the actuarial factors otherwise provided for in the Retirement Plan with respect to the optional form of payment elected.

BECTON, DICKINSON AND COMPANY

1996 DIRECTORS' DEFERRAL PLAN

Amended and Restated as of November 26, 2008

ARTICLE I

Definitions

- 1.1 “Accrued Pension” means the U.S. dollar amount of the actuarially-determined present value of the accrued and unpaid past service pension benefits under the Directors’ Nonqualified Pension Arrangements of a Director acting as such at and as of June 30, 1996, as calculated by Kwasha Lipton as of the Termination Date, taking into account the Director’s age and years and months of past service and such other assumptions as shall be reasonable and uniformly applied to all Directors.
- 1.2 “Additional Deferral Election” means the election by a Participant under Section 3.6(b) to further defer the date payment otherwise would be made (or begin to be made) from a Participant’s Deferred Account.
- 1.3 “Annual Share Amount” means the number of shares of Common Stock (which is set as of the date hereof at 400 shares) that the Board, from time to time for years prior to January 1, 2005, may agree to credit to Deferred Stock Accounts as compensation to continuing Directors.
- 1.4 “Board” means the Board of Directors of the Company.
- 1.5 “Change-of-Form Election” means the election by a Participant under Section 3.6(a) to change the form of distribution from any of his or her Deferred Accounts.
- 1.6 “Code” means the Internal Revenue Code of 1986, as amended, or any successor statute.
- 1.7 “Committee” means the Committee on Directors of the Board, or such other committee as may be designated by the Board to be responsible for administering the Plan.
- 1.8 “Common Stock” means the common stock (\$1.00 par value) of the Company, including any shares into which it may be split, subdivided or combined.
- 1.9 “Company” means Becton, Dickinson and Company, and any successor thereto.
- 1.10 “Conversion Election” means the election by a Participant under Section 3.5(a) to convert some or all of his or her Deferred Retainer Account balance, Deferred

Fees Account balance and/or Deferred Dividends Account balance from a cash balance into a Deferred Stock Account balance.

- 1.11 “Deferral Election” means a Deferred Pension Election, Restricted Stock Election, Deferred Dividends Election, Deferred Retainer Election, Deferred Fees Election and/or a form-of-distribution election under Section 3.4(e).
- 1.12 “Deferred Account” means the Participant’s Deferred Pension Account, Deferred Dividends Account, Deferred Retainer Account, Deferred Fees Account, Deferred Cash Account and/or Deferred Stock Account.
- 1.13 “Deferred Cash Account” means the bookkeeping account established under Section 3.5(b) on behalf of a Participant, and includes any Interest Return credited thereto pursuant to Section 3.7(a).
- 1.14 “Deferred Dividends” means the amount of cash dividends on his or her Restricted Stock that a Participant has elected to defer until a later year pursuant to an election under Section 3.2 (c).
- 1.15 “Deferred Dividends Account” means the bookkeeping account established under Section 3.2(c) on behalf of a Participant, and includes any Interest Return credited thereto pursuant to Section 3.7(a).
- 1.16 “Deferred Dividends Election” means the election by a Participant under Section 3.2(c) to defer until a later year receipt of some or all of the dividends payable in the following year on his or her Restricted Stock.
- 1.17 “Deferred Fees” means the amount of a Participant’s fees (other than the Participant’s annual Board retainer fees) that such Participant has elected to defer until a later year pursuant to an election under Section 3.3(a).
- 1.18 “Deferred Fees Account” means the bookkeeping account established under Section 3.3 on behalf of a Participant, and includes any Interest Return credited thereto pursuant to Section 3.7(a).
- 1.19 “Deferred Fees Election” means the election by a Participant under Section 3.3 to defer until a later year receipt of some or all of his or her fees (other than annual Board retainer).
- 1.20 “Deferred Pension” means the amount of a Participant’s Accrued Pension that such Participant has elected to defer until a later year pursuant to an election under Section 3.1.

- 1.21 “Deferred Pension Account” means the bookkeeping Account established under Section 3.1 on behalf of a Participant, and includes any Interest Return credited thereto pursuant to Section 3.7(a).
- 1.22 “Deferred Pension Election” means the election by a Participant under Section 3.1 to defer until a later year receipt of some or all of his or her Accrued Pension.
- 1.23 “Deferred Retainer” means the amount of a Participant’s annual Board retainer fees that such Participant has elected to defer until a later year pursuant to an election under Section 3.3(a).
- 1.24 “Deferred Retainer Account” means the bookkeeping account established under Section 3.3 on behalf of a Participant, and includes any Interest Return credited thereto pursuant to Section 3.7(a).
- 1.25 “Deferred Retainer Election” means the election by a Participant under Section 3.3(a) to defer until a later year receipt of some or all of his or her annual Board retainer.
- 1.26 “Deferred Stock Account” means the bookkeeping account established under Sections 3.2, 3.4 and/or 3.5 on behalf of a Participant and includes, in addition to amounts stated in those Sections, all Dividend Reinvestment Returns credited thereto pursuant to Section 3.7(b).
- 1.27 “Deferred Stock Election” means the election by a Participant under Section 3.4(a) and/or (c) to have his or her Deferred Pension, Deferred Dividends, Deferred Retainer and/or Deferred Fees credited in the form of Common Stock to the Participant’s Deferred Stock Account.
- 1.28 “Director” means a member of the Board who is not an employee of the Company.
- 1.29 “Directors’ Nonqualified Pension Arrangements” means the unfunded pension benefits payable to Directors pursuant to resolutions of the Board dated November 24, 1981 and March 28, 1995.
- 1.30 “Directors’ Stock Trust” means the Becton, Dickinson and Company 1996 Directors’ Deferral Trust established as of November 15, 1996 between the Company and Wachovia Bank of North Carolina, N.A.
- 1.31 “Disability” means a Participant’s total disability as defined below and determined in a manner consistent with Code Section 409A and the regulations thereunder:

The Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

A Participant will be deemed to have suffered a Disability if determined to be totally disabled by the Social Security Administration. In addition, the Participant will be deemed to have suffered a Disability if determined to be disabled in accordance with a disability insurance program maintained by the Company, provided that the definition of disability applied under such disability insurance program complies with the requirements of Code Section 409A and the regulations thereunder.

1.32 “Dividend Reinvestment Return” means the amounts which are credited to each Participant’s Deferred Stock Account pursuant to Section 3.7(b) to reflect dividends declared and paid by the Company on its Common Stock.

1.33 “Effective Date” means the effective date of the Plan set forth in Section 5.4.

1.34 “ERISA” means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute.

1.35 “Grandfathered Deferrals” means amounts deferred hereunder before January 1, 2005 (and the earnings credited thereon before, on or after January 1, 2005) for which (i) the Participant had a legally binding right as of December 31, 2004, to be paid the amount, and (ii) such right to the amount was earned and vested as of December 31, 2004 and was credited to any of the Participant’s accounts hereunder.

1.36 “Interest Return” means the amounts which are credited from time to time to each Participant’s Deferred Pension Account, Deferred Dividends Account, Deferred Retainer Account, Deferred Fees Account and/or Deferred Cash Account pursuant to Section 3.7(a).

1.37 “Investment Election” means the Participant’s election to have deferred amounts credited with hypothetical earnings credits (or losses) that track the investment performance of the Investment Options in accordance with Article III.

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

- 1.39 “Participant” means an individual who is eligible to participate in this Plan in accordance with Article II.
- 1.40 “Payment Date” means the last day of January, April, July or October of each calendar year on which the Directors are paid their compensation for the immediately preceding three (3) month period.
- 1.41 “Plan” means the Becton, Dickinson and Company 1996 Directors’ Deferral Plan as from time to time in effect.
- 1.42 “Restricted Stock” means the shares of Common Stock issued to a Director, and bearing restrictions, pursuant to the Company’s 1994 Restricted Stock Plan for Non-Employee Directors.
- 1.43 “Restricted Stock Election” means the election by a Participant under Section 3.2(a) to surrender some or all of his or her shares of Restricted Stock to the Company and to have an equal number of shares of Common Stock credited to the Participant’s Deferred Stock Account.
- 1.44 “Separation from Service” means a termination or other separation from service with the Board determined in a manner consistent with Code Section 409A and the regulations thereunder.
- 1.45 “Shareholders’ Meeting” means the regular annual meeting of the shareholders of the Company.
- 1.46 “Termination Date” means December 1, 1996, the date as of which the Directors’ Nonqualified Pension Arrangements will have been effectively terminated.

ARTICLE II

Participation

2.1

Participation

- (a) Participation in the Plan shall be limited to an individual who, as at the Effective Date of the Plan and/or any subsequent first day of any calendar quarter, is a Director.
- (b) The Committee may, consistent with Company policy:
 - (i) designate as ineligible particular individuals or groups of individuals who otherwise would be eligible under Section 2.1(a); or
 - (ii) designate as eligible particular individuals or groups of individuals who otherwise would be ineligible under Section 2.1(a).

ARTICLE III

Deferral Elections, Accounts and Distributions

3.1 Deferred Pension Election

- (a) Any Participant, who has an Accrued Pension as of the Termination Date, may make a single one-time election, on or before December 5, 1996 in writing and on a form to be furnished by the Committee, to convert 25%, 50%, 75% or 100% of his or her Accrued Pension into a Deferred Pension Account under the Plan. Upon making a Deferred Pension Election, a new Deferred Pension Account will be established in the Participant's name and will be credited, on or about December 20, 1996, with the amount of his or her Accrued Pension so converted. For purposes of clarification, all amounts credited to a Deferred Pension Account are Grandfathered Deferrals.
- (b) Once made, a Deferred Pension Election cannot be changed or revoked except as provided herein.
- (c) A Deferred Pension Election shall defer the starting date for the payment of the designated amount of the Participant's Accrued Pension, and any Interest Return credited thereon pursuant to Section 3.7, until the earliest of the Participant's Separation from Service, Disability, or death.
- (d) In the event of any such Deferred Pension Election, the form of payment of any distribution (i.e., in a lump sum or in five or in ten annual installments) and the starting date of such distribution (i.e., as soon as practicable following the event triggering the distribution or January 31st of the calendar year immediately following such event) shall be elected at the same time. In the event that any distribution is elected to be paid in five or ten annual installments, the Participant also may elect, at the time of the Deferred Pension Election, to have the form of distribution, automatically and without further action on his or her part, converted to a lump sum payment in accordance with Section 3.8(b) in the event of such Participant's death or Disability occurring prior to the expiration of the complete period of deferral. Except as herein provided, such form-of-payment election shall not be changed or revoked.

3.2 Restricted Stock Elections and Deferred Dividends Elections – (Grandfathered)

- (a) Any Participant, who owns Restricted Stock as of the Effective Date, may make a single one-time election, on or before December 5, 1996 and on a form to be furnished by the Committee, to surrender to the Company 25%,

50%, 75% or 100% of his or her shares of Restricted Stock. Upon making such Restricted Stock Election, a new Deferred Stock Account will be established in the Participant's name to which will be credited, on or about December 20, 1996, a number of shares of Common Stock equal to the number so surrendered. For purposes of clarification, any amounts credited to a Participant's Deferred Stock Account on account of the one-time election described above shall constitute Grandfathered Deferrals.

- (b) A Participant who makes a Restricted Stock Election will defer the receipt of any balance in the Participant's Deferred Stock Account, including any Dividend Reinvestment Return credited thereto pursuant to Section 3.7(b), until the earliest of the Participant's (i) Disability, (ii) death and (iii) the latest of (1) the date on which such shares of Restricted Stock otherwise would have vested, (2) January 2, 1998, and (3) the date of Separation from Service.
- (c) A Participant who makes a Deferred Dividends Election may defer the payment of any Deferred Dividends, and any Interest Return credited thereon pursuant to Section 3.7(a), until (i) the earliest of the Participant's Separation from Service, Disability or death or (ii) a fixed date which is no earlier than three full calendar years after the calendar year during which the Deferred Dividends otherwise were payable and no later than ten years after the date specified in (i), provided, however, that all distributions under Section 3.8(b) must be paid in full no later than ten years after the earliest of the Participant's Separation from Service, Disability or death.
- (d) Once made, neither a Restricted Stock Election nor a Deferred Dividends Election can be changed or revoked except as provided herein.
- (e) In the event of any such Restricted Stock Election or Deferred Dividends Election, the form of payment of any distribution (i.e., in a lump sum or in five or in ten annual installments) and the starting date of such distribution (i.e., as soon as practicable following the event causing the distribution or January 31st of the calendar year immediately following such event) shall be elected at the same time as the initial deferral election. In the event that any distribution is elected to be paid in five or ten annual installments, the Participant also may elect, at the time of the Restricted Stock Election or Deferred Dividends Election, to have the form of distribution, automatically and without further action on his or her part, converted to a lump sum payment in accordance with Section 3.8(b) in the event of such Participant's death or Disability occurring prior to the expiration of the complete period of deferral. Except as herein provided, such form-of-payment election shall not be changed or revoked.

Deferred Retainer Elections and Deferred Fees Elections

- (a) With respect to an individual who is eligible to participate in this Plan in accordance with Section 2.1, elections of Deferred Retainer and/or Deferred Fees shall be made in writing on forms to be furnished by the Committee. A Deferred Retainer Election and/or a Deferred Fees Election shall apply only to the Director's annual retainer or fees, as the case may be, for the particular calendar year specified in the election. A Participant may elect to defer from 1% of his or her annual retainer to 100% of that retainer (in increments of 1%) and/or from 1% to 100% of his or her other fees (in increments of 1%). For purposes of clarification, the portion of the amounts credited to a Participant's Deferred Fees Account or Deferred Retainer Account on account of the elections described above that was earned and vested prior to January 1, 2005 shall constitute Grandfathered Deferrals, and all other amounts so credited shall constitute amounts in excess of Grandfathered Deferrals that are subject to Code Section 409A. Amounts that constitute Grandfathered Deferrals shall be governed by the terms of the Plan in effect as of October 3, 2004.
- (b) A Deferred Retainer Election and/or Deferred Fees Election with respect to payments for a particular calendar year under this Plan (i) must be made during the time period specified by the Committee, but in no event later than the December 31 immediately preceding that calendar year and (ii) once made, cannot be changed or revoked after the final deadline established by the Committee for making the election. Notwithstanding the prior sentence, in the case of a newly-elected Director who first becomes eligible to participate in the Plan during the calendar year (and is not otherwise eligible for participation in a non-qualified deferred compensation plan required to be aggregated with this Plan under Code Section 409A), the initial Deferred Retainer Election and/or Deferred Fees Election may be made within thirty (30) days following the date the Director is otherwise eligible to participate in the Plan, and shall be effective only with respect to amounts earned after the date of the Deferred Retainer Election and/or Deferred Fees Election. All such Deferred Retainer amounts shall be credited to the Participant's Deferred Retainer Account (or, if none, to a new such account established in the Participant's name) and all such Deferred Fees shall be credited to the Participant's Deferred Fees Account (or, if none, to a new such account established in the Participant's name) as of each quarterly Payment Date.
- (c) A Participant who makes a Deferred Retainer Election or a Deferred Fees Election may defer the payment of any retainer and/or fees, and any Interest Return credited thereon pursuant to Section 3.7(a), until (i) the Participant's Separation from Service for any reason or (ii) a fixed date

which is no earlier than three full calendar years after the calendar year during which the Deferred Retainer or Deferred Fees otherwise were payable and no later than ten years after the earliest date specified in (i), provided, however, that all distributions under Section 3.8(b) must be paid in full no later than ten years after the Participant's Separation from Service for any reason.

- (d) In the event of any such Deferred Retainer Election or Deferred Fees Election, the form of payment of any distribution (i.e., in a lump sum or in five or ten annual installments) and the starting date of such distribution (i.e., as soon as practicable following the event causing the distribution or January 31st of the calendar year immediately following such event) shall be elected at the same time. In the event that any distribution is elected to be paid in five or ten annual installments, the Participant also may elect, at the time of the Deferred Retainer Election and/or Deferred Fees Election, to have the form of distribution, automatically and without any further action on his or her part, converted to a lump sum payment in accordance with Section 3.8(b) in the event of such Participant's death or Disability occurring prior to the expiration of the complete period of deferral. Except as herein provided, such form-of-payment election shall not be changed or revoked.
- (e) Notwithstanding the foregoing, distributions of Grandfathered Deferrals shall continue to be made in accordance with Participant elections made under the Plan in effect as of December 31, 2004.

3.4

Deferred Stock Elections

- (a) The portion of the amounts credited to a Participant's Deferred Stock Account on account of any election made pursuant to this Section 3.4 that was earned and vested prior to January 1, 2005 shall constitute Grandfathered Deferrals, and all other amounts so credited shall constitute amounts in excess of Grandfathered Deferrals that are subject to Code Section 409A. Amounts that constitute Grandfathered Deferrals shall be governed by the terms of the Plan in effect as of December 31, 2004.
- (b) Instead of being credited to the Participant's Deferred Pension Account, each Participant who makes a Deferred Pension Election also may elect to have 25%, 50%, 75% or 100% of the amount otherwise creditable to his or her Deferred Pension Account instead credited in the form of Common Stock to a new Deferred Stock Account established in the Participant's name.

- (c) When a Deferred Stock Election is made in connection with a Deferred Pension Election, the Participant's Deferred Stock Account will be credited on or about December 20, 1996, with the number of shares of Common Stock (rounded to the nearest one-one hundredth of a share) determined by dividing the amount of the Participant's Accrued Pension with respect to which the Deferred Stock Election applies, by the average price paid by the Trustee of the Directors' Stock Trust for shares of Common Stock with respect to such date or, if the Trustee shall not purchase shares of Common Stock equal to the number of shares of Common Stock creditable to all Participants' Deferred Stock Accounts on such date, then, to the extent of such shortfall, such price shall be the price for shares of Common Stock, determined by the Committee, as of the day such deferred amounts are credited to the Participant's Deferred Stock Account. At the same time, the Participant's Deferred Pension Account will be debited by the amount so credited to the Participant's new Deferred Stock Account.
- (d) Instead of being credited to the Participant's Deferred Dividends Account, Deferred Retainer Account or Deferred Fees Account, each Participant also may elect to have up to 100% (in increments of 1%) of his or her Deferred Dividends, Deferred Retainer and/or Deferred Fees credited in the form of Common Stock to the Participant's Deferred Stock Account. Except as provided in Section 3.5, an election to have Deferred Dividends, Deferred Retainer or Deferred Fees credited to the Participant's Deferred Stock Account must be made concurrently with the Deferred Dividends Election, Deferred Retainer Election or Deferred Fees Election, as the case may be.
- (e) A Participant's Deferred Stock Account will be credited:
 - i) regularly, as of each date on which dividends are paid on the Common Stock, with the number of shares of Common Stock determined by dividing the portion of the Participant's Deferred Dividends for such dividend payment date subject to the Deferred Stock Election by the price for shares of Common Stock, determined by the Committee, as of the day such deferred amounts are credited to the Participant's Deferred Stock Account;

- ii) quarterly, as of each Payment Date, with the number of shares of Common Stock determined by dividing the portion of the Participant's Deferred Retainer and/or Deferred Fees accumulated during the preceding fiscal quarter and which are subject to the Deferred Stock Election by the price for shares of Common Stock, determined by the Committee, as of the day such deferred amounts are credited to the Participant's Deferred Stock Account; and
 - iii) for years prior to January 1, 2005, annually, as of the day after the Shareholders' Meeting with the Annual Share Amount, if, after such meeting the Participant was elected or continued to serve as a Director of the Company.
- (f) The following shall apply with respect to the portion of the balance in the Participant's Deferred Accounts attributable to Annual Share Amounts that constitutes Grandfathered Deferrals:
- i) For years prior to January 1, 2005, each Participant who has a Deferred Stock Account shall receive distributions from such Account attributable to his or her Annual Share Amounts, and any Dividend Reinvestment Return credited thereon pursuant to Section 3.7(b), upon the earliest of the Participant's Separation from Service, Disability or death. Such Participant, within thirty (30) days after his or her Deferred Stock Account is credited with an Annual Share Amount, shall elect the form of payment of any such distribution (i.e., in a lump sum or in five or in ten approximately equal annual installments) and the starting date of such distribution (i.e. as soon as practicable following the event triggering the distribution or January 31st of the calendar year immediately following such event).

In the event that any distribution is elected to be paid in five or ten approximately equal annual installments, the Participant also may elect, at the time of the initial form-of-distribution election, to have the form of distribution, automatically and without further action on his or her part, converted to a lump sum payment in accordance with Section 3.8(b) in the event of such Participant's death or Disability occurring prior to the expiration of the complete period

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

- (g) In the event of any merger, consolidation, reorganization, recapitalization, stock dividend (including without limitation, stock dividends consisting of securities other than the shares of Common Stock), distribution (other than regular cash dividends), stock split, reverse stock split, separation, spin-off, split-off or other distribution of stock or property of the Company, or other change in the corporate structure or capitalization, there shall be appropriate adjustment made by the Board in the number and kind of shares (rounded to the nearest one-one hundredth of a share) or other property that shall be credited in the aggregate and to individual Participants' Deferred Stock Accounts under the Plan, so that the Participants' Deferred Stock Accounts reflect the same equity percentage interest in the Company after the transaction as was the case before such transaction, and so that each share of Common Stock credited to a Participant's Deferred Stock Account before a transaction accrues the same benefits after the transaction as does each share of Common Stock outstanding before such transaction.
- (h) If at least a majority of the Company's stock is sold or exchanged by its Shareholders pursuant to an integrated plan for cash or property (including Stock of another corporation) or if substantially all of the assets of the Company are disposed of and, as a consequence thereof, cash or property is distributed to the Company's shareholders, each Participant's Deferred Stock Account will, to the extent not already so credited under Section 3.7(b), be (i) credited with the amount of cash or property receivable by a Company shareholder directly holding the same number of shares of Common Stock as is credited to such Participant's Deferred Stock Account and (ii) debited by that number of shares of Common Stock surrendered by such equivalent Company shareholder.
- (i) Each Participant who has a Deferred Stock Account also shall be entitled to provide directions to the Committee to cause the Committee to similarly direct the Trustee of the Trust to vote, on any matter presented for a vote to the shareholders of the Company, that number of shares of Common Stock held by the Trust equivalent to the number of shares of Common Stock credited to the Participant's Deferred Stock Account. The Committee shall arrange for distribution to all Participants in a timely manner of all communications directed generally to the shareholders of the Company as to which their votes are solicited.
- (j) Pursuant to the Policy Statement on Insider Trading and Securities Transactions, as the same may be amended (the "Policy"), there are time

periods (each, a “blackout period”) during which time Participants may not effect transactions, directly or indirectly, in Company equity securities. Under the Policy, the Company’s corporate secretary may also impose additional blackout periods with respect to some or all Participants. Participants whose ability to effect transactions is prohibited during such blackout periods also will be prohibited during such periods from making any Conversion Election, Deferred Stock Election or Investment Election that increases or decreases the amount credited to the Participant’s Deferred Stock Account. The Committee, at the direction of the Company’s corporate secretary, shall adopt and implement procedures to ensure that the provisions of this subsection are carried out.

3.5

Conversion Elections

- (a) Any individual who has a Deferred Dividends Account, Deferred Fees Account, Deferred Retainer Account and/or a Deferred Cash Account may make an additional election to convert any whole percentage of the Participant’s deferred account balance as of the date of such election from a cash balance into a Common Stock balance which would be credited to his or her Deferred Stock Account (or, if none, to a new such account established in the Participant’s name).
- (b) When a Conversion Election is made, the Participant’s Deferred Stock Account will be credited, on or about January 2nd of the year following the election, with the number of shares of Common Stock determined by dividing the balance in the Participant’s Deferred Dividends Account, Deferred Retainer Account, Deferred Fees Account, and/or Deferred Cash Account by the price for shares of Common Stock, determined by the Committee, as of the day such deferred amounts are credited to the Participant’s Deferred Stock Account. At the same time, the Participant’s Deferred Dividends Account, Deferred Retainer Account, Deferred Fees Account and/or Deferred Cash Account, as the case may be, will be debited by an amount equal to the amount so credited to the Participant’s Deferred Stock Account.
- (c) In no event shall any Conversion Election under this Section 3.5 change the time or form of payment of any deferred amounts.

Change-of-Form Elections and Additional Deferral Elections(a) Change-of-Form Elections

Any Participant, who has made a Deferral Election, may make an additional election to change the form of distribution of the balance in any of his or her Deferred Accounts to one of the three acceptable forms of distributions under Section 3.8(b). Notwithstanding the foregoing, all distributions of Grandfathered Deferrals under Section 3.8(b) must be paid in full no later than ten years after the earliest of the Participant's Separation from Service for any reason, Disability or death. Only one Change-of-Form Election may be made by any Participant with respect to the balance in any Deferred Account attributable to any individual Deferred Election during any three (3) calendar years; provided, however, that no such Change-in-Form Election will be effective with respect to any balance in any Participant's Deferred Account, unless made in connection with the establishment of the Deferred Account, until such balance has been in such Deferred Account for at least two (2) calendar years. Notwithstanding the foregoing, any Change-of-Form Election made with respect to any deferred amounts in excess of Grandfathered Deferrals shall not be effective unless the following requirements are met:

- i) the Change-of-Form Election will not take effect until at least twelve months after the date on which the election is made and will not be recognized with respect to payments that would otherwise have commenced during such twelve-month period;
- ii) except for payments made on account of a Participant's death or unforeseen emergency under Section 3.8(c), the first payment with respect to which such election is made shall be deferred for a period of not less than five years from the date such payment would otherwise have been made;
- iii) any Change-of-Form Election related to payments that would otherwise have commenced as of a specified time, as opposed to the Participant's Separation from Service, may not be made less than twelve months prior to the date on which such payments would otherwise have commenced; and
- iv) all distributions under Section 3.8(b) must be paid in full no later than ten years after the Participant's Separation from Service for any reason.

In all events, no election under this Section 3.6(a) shall be valid unless the election meets the requirements of subsection 3.6(a)(iv), even if such election complies with subsections 3.6(a)(i) through 3.6(a)(iii).

(b) Additional Deferral Elections (Change-of-Time)

Any Participant who has made a Restricted Stock Election, Deferred Dividends Election, Deferred Retainer Election or Deferred Fees Election may make an additional election to further postpone the initial starting date for distributions of the balance in his or her Deferred Dividends Account, Deferred Retainer Account, Deferred Fees Account or Deferred Stock Account (to the extent attributable to a Deferred Stock Election or Conversion Election with respect to a Restricted Stock Election, Deferred Dividends Election, Deferred Retainer Election and/or Deferred Fees Election) to a date no earlier than three full calendar years thereafter and no later than the latest date that would have been permitted under Sections 3.2(d) or 3.3(c), as the case may be, for the initial Deferral Election; provided, however, that only one such Additional Deferral Election may be made with respect to the balance in any Deferred Account attributable to any individual Deferral Election. Notwithstanding the foregoing, all distributions of Grandfathered Deferrals under Section 3.8(b) must be paid in full no later than ten years after the earliest of the Participant's Separation from Service for any reason, Disability or death. In addition, any election made under this Section 3.6(b) with respect to any deferred amounts in excess of Grandfathered Deferrals shall not be effective unless the following requirements are met:

- i) the election will not take effect until at least twelve months after the date on which the election is made and will not be recognized with respect to payments that would otherwise have commenced during such twelve-month period;
- ii) except for payments made on account of a Participant's death or unforeseen emergency under Section 3.8(c), the first payment with respect to which such election is made shall be deferred for a period of not less than five years from the date such payment would otherwise have been made;
- iii) any election related to payments that would otherwise have commenced as of a specified time, as opposed to the Participant's Separation from Service, may not be made less than twelve months prior to the date on which such payments would otherwise have commenced; and

- iv) all distributions under Section 3.8(b) must be paid in full no later than ten years after the Participant's Separation from Service for any reason.

In all events, no election under this Section 3.6(b) shall be valid unless the election meets the requirements of subsection 3.6(b)(iv), even if such election complies with subsections 3.6(b)(i) through 3.6(b)(iii).

3.7

Investment Return on Deferred Accounts

- (a) If a Participant does not make an Investment Election as provided below, the Committee shall credit the balance of each Participant's Deferred Pension Account, Deferred Dividends Account, Deferred Retainer Account, Deferred Fees Account and Deferred Cash Account during the calendar year with an Interest Return equal to interest thereon. Such balances shall include all Interest Returns previously credited to the account. The Interest Return to be credited for each calendar year shall be calculated by multiplying the average daily balance in each such Deferred Account by the Moody's Seasoned Aaa Corporate Bond Rate in effect on the first business day of September of the previous calendar year, as published in the weekly *Federal Reserve Statistical Release (Publication H.15)*. Notwithstanding the foregoing, at the time the Participant makes a Deferral Election other than a Restricted Stock Election or a form of distribution election, the Participant may make an Investment Election and select Investment Options with respect to the amounts credited to those accounts. If a Participant makes an Investment Election, additional hypothetical bookkeeping amounts shall be credited to (or deducted from) the Participant's Deferred Pension Account, Deferred Dividends Account, Deferred Retainer Account, Deferred Fees Account or Deferred Cash Account to reflect the earnings (or losses) that would have been experienced had the deferred amounts been invested in the Investment Options selected by the Participant as targeted rates of return, net of all fees and expenses otherwise associated with the Investment Options. The Committee may add or delete Investment Options, on a prospective basis, by notifying all Participants whose accounts are hypothetically invested in such Investment Options, in advance, and soliciting elections to transfer deferred amounts so that they track investments in other Investment Options then available. Investment Elections will continue in effect until changed by the Participant. A Participant may change a prior Investment Election on a monthly basis and in such manner as approved by the Committee.

- (b) Each time the Company declares a dividend on its Common Stock, each Participant's Deferred Stock Account will be credited with a Dividend Reinvestment Return equal to that number of shares of Common Stock determined by dividing (i) the amount that would have been paid (or the fair market value thereof, if the dividend is not paid in cash) to the Participant on the total number of shares of Common Stock credited to the Participant's Deferred Stock Account had that number of shares of Common Stock been held by such Participant by (ii) the price for shares of Common Stock, determined by the Committee, as of the day such deferred amounts are credited to the Participant's Deferred Stock Account.
- (c) Within 60 days following the end of each calendar year, the Committee shall furnish each Participant with a statement of account which shall set forth the balance in each of the individual's Deferred Accounts as of the end of such calendar year, inclusive of cumulative Interest Return and/or Dividend Reinvestment Return.

3.8

Distributions

- (a) Upon occurrence of an event specified in the Participant's Deferral Election, as modified by any Change-of-Form Election, the amount of a Participant's Deferred Pension Account, Deferred Dividends Account, Deferred Retainer Account, Deferred Fees Account and/or Deferred Cash Account shall be paid in cash and the amount of a Participant's Deferred Stock Account shall, except as otherwise provided in Section 3.4(g) or 3.9 or to the extent the Company is otherwise, in the reasonable judgment of the Committee, precluded from doing so, be paid in shares of Common Stock (with any fractional share interest therein paid in cash to the extent of the then fair market value thereof), in each case to the Participant or his or her beneficiary, as applicable. Such payment(s) shall be from the general assets of the Company (including the Directors' Stock Trust) in accordance with this Section 3.8.
- (b) Unless other arrangements are specified by the Committee (in accordance with Code Section 409A with respect to amounts in excess of Grandfathered Deferrals), deferred amounts shall be paid in the form of (i) a lump sum payment, (ii) in five annual installments or (iii) in ten annual installments, as elected by the Participant at the time of his or her Deferral Election and as modified by any applicable subsequent Change-of-Form Election; provided, however, that payments attributable to

Grandfathered Deferrals shall be made only in a single lump sum if payment commences due to Separation from Service as a result of termination for cause. Such payments shall be made (or begin to be made) as soon as practicable following the occurrence of the event making payment necessary or, if later, by the fifteenth day of the third calendar month following the date such event occurs, as determined solely by the Committee. Alternatively, the Participant may elect in the Deferral Election to receive payment on the January 31st of the calendar year immediately following such event.

- (c) In case of an unforeseeable emergency, a Participant may make a request to the Committee, on a form to be provided by the Committee, that payment be made earlier than the date to which it was deferred; provided, however, that no such acceleration of the distribution date(s) shall apply to that portion of the balance(s) in the Participant's Deferred Accounts either attributable to Annual Share Amounts, and any Dividend Reinvestment Return credited thereon pursuant to Section 3.7(b), or to a Deferred Pension Election, and any Interest Return or Dividend Reinvestment Return credited thereon pursuant to Section 3.7. The rules set forth in this Section 3.8(c) govern distributions of amounts in excess of Grandfathered Deferrals in the case of an unforeseeable emergency. Distributions of Grandfathered Deferrals in the case of an unforeseeable emergency shall be governed by terms of the Plan in effect as of October 3, 2004.

For purposes of this Section 3.8(c), in connection with any distribution date acceleration on account of an unforeseeable emergency, an "unforeseeable emergency" shall be limited to a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's beneficiary, or of a Participant's dependent (as defined in Code Section 152, without regard to Code Sections 152(b)(1), (b)(2), and (d)(1)(B)), loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, not as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. Examples of events that may constitute an unforeseeable emergency include the imminent foreclosure of or eviction from the Participant's primary residence; the need to pay for medical expenses, including non-refundable deductibles, as well as for the costs of prescription drug medication; and the need to pay for the funeral expenses of the Participant's spouse, the Participant's beneficiary, or the Participant's dependent (as defined in Code Section 152, without regard to Code Sections 152(b)(1), (b)(2), and (d)(1)(B)).

Whether a Participant is faced with an unforeseeable emergency will be determined based on the relevant facts and circumstances of each case, but, in any case, a distribution on account of an unforeseeable emergency may not be made to the extent that such emergency is or may be relieved: (i) through reimbursement or compensation by available insurance or otherwise, (ii) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship or (iii) by cessation of deferrals under the Plan.

The amount available for distribution on account of an unforeseeable emergency shall be limited to the amount reasonably necessary to satisfy the emergency need (which may include amounts necessary to pay any federal, state, local, or foreign income taxes or penalties reasonably anticipated to result from the distribution), and shall be determined in accordance with Code Section 409A and the regulations thereunder.

The Committee shall consider any requests for payment under this Section 3.8(c) in accordance with the standards of interpretation described in Code Section 409A and the regulations and other guidance thereunder.

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

3.9

General Provisions

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

used to satisfy the claims of the Company's general creditors in the event of the Company's bankruptcy or insolvency.

- (b) In the event that the Company shall decide to establish an advance accrual reserve on its books against the future expense of payments from any Deferred Account, such reserve shall not under any circumstances be deemed to be an asset of this Plan but, at all times, shall remain a part of the general assets of the Company, subject to claims of the Company's creditors.
- (c) A person entitled to any amount under this Plan shall be a general unsecured creditor of the Company with respect to such amount. Furthermore, a person entitled to a payment or distribution with respect to a Deferred Account, shall have a claim upon the Company only to the extent of the balance(s) in his or her Deferred Accounts.
- (d) The Participant's beneficiary under this Plan with respect to the balance(s) in his or her Deferred Accounts shall be the person designated to receive benefits on account of the Participant's death on a form provided by the Committee.
- (e) All commissions, fees and expenses that may be incurred in operating the Plan and any related trust(s) established in accordance with Section 3.9(a) (including the Directors' Stock Trust) will be paid by the Company.
- (f) Notwithstanding any other provision of this Plan, subject to the restrictions under this Plan with respect to amounts in excess of Grandfathered Deferrals, and further subject to the requirements of Code Section 409A and the regulations and other guidance issued thereunder: (i) elections under this Plan may only be made by Participants while they are directors of the Company; (ii) no Conversion Election, Change-of-Form Election or Additional Deferral Election shall be effective if made within six (6) months prior to the date of the Participant's Separation from Service on the Board; (iii) no Change-of-Form Election or Additional Deferral Election shall be effective with respect to any balance in any Deferred Account that is scheduled to be paid (or to begin to be paid) within six (6) months after the date of such election; (iv) distributions of Grandfathered Deferrals otherwise payable to a Participant in the form of Common Stock shall be delayed and/or instead paid in cash in an amount equal to the fair market value thereof if such payment in Common Stock would violate any federal or state securities laws (including Section 16(b) of the Securities Exchange Act of 1934, as amended) and/or rules and regulations promulgated thereunder; and (v) distributions of amounts in excess of Grandfathered Deferrals otherwise

payable to a Participant in the form of Common Stock shall be delayed until the earliest date at which the Company reasonably anticipates that the making of the payment will not cause a violation of federal or state securities laws if the payment in Common Stock would violate any federal or state securities laws (including Section 16(b) of the Securities Exchange Act of 1934, as amended) and/or rules and regulations promulgated thereunder.

3.10

Non-Assignability

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

ARTICLE IV

Administration

4.1 Plan Administrator

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

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

4.2 Plan to Comply with Code Section 409A

Notwithstanding any provision to the contrary in this Plan, each provision in this Plan shall be interpreted to permit the deferral of compensation in accordance with Code Section 409A and any provision that would conflict with such requirements shall not be valid or enforceable. In addition, prior to January 1, 2009, in accordance with procedures established by the Committee, Participants may make a transition election under Code Section 409A and the guidance issued thereunder with respect to the distribution of all deferred amounts under this Plan in excess of Grandfathered Deferrals, which election shall override the foregoing Plan provisions with respect to the payment of deferred amounts under this Plan.

ARTICLE V

Amendment, Termination and Effective Date

5.1 Amendment of the Plan

Subject to the provisions of Section 5.3, the Plan may be wholly or partially amended or otherwise modified at any time by written action of the Board of Directors; provided, however, that in no event shall any amendment or modification be made in a manner that is inconsistent with the requirements under Code Section 409A, nor shall any amendment or modification be effective which involves an unintentional material modification (within the meaning of Code Section 409A and any guidance thereunder) with respect to Grandfathered Deferrals.

5.2 Termination of the Plan

Subject to the provisions of Section 5.3, the Plan may be terminated at any time by written action of the Board of Directors; provided, however, that in no event shall any termination be made in a manner that is inconsistent with the requirements under Code Section 409A.

5.3 No Impairment of Benefits

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

5.4 Effective Date

The Plan is effective as of November 1, 1996, and has been amended from time to time thereafter.

APPENDIX A

EXTENDED DEFERRAL OF EQUITY BASED COMPENSATION INCLUDING

RESTRICTED STOCK UNITS

Effective November 22, 2006, the following provisions apply to a Participant's ability to defer distribution of Equity-Based Compensation:

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

- (a) "Deferred Equity-Based Compensation Account" means the bookkeeping account established as a sub-account of the Deferred Stock Account on behalf of a Participant who makes an Equity-Based Compensation Deferral Election pursuant to Section A.2.
- (b) "Equity-Based Compensation Plan" means the Becton, Dickinson and Company 2004 Employee and Director Equity-Based Compensation Plan.
- (c) "Equity-Based Compensation Deferral Election" means the election by a Participant under Section A.2 to defer all or a portion of the Participant's Equity-Based Compensation.
- (d) "Equity-Based Compensation" means Restricted Stock Units and other stock-based awards granted under the Equity-Based Compensation Plan, and does not include any such awards that qualify as vested stock, restricted stock, stock option awards, or stock appreciation rights.

A.2 Equity-Based Compensation Deferral Election

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

December 31, 2006, provided that the election (1) is for Equity-Based Compensation not otherwise distributable in 2006, and (2) does not cause an amount to be distributed to a Participant in 2006; (II) a Participant may make an Equity-Based Compensation Deferral Election that changes the time and manner of payment of Equity-Based Compensation subject to Code Section 409A and deferred on or before December 31, 2007 at any time on or before December 31, 2007, provided that if any such election is made during the calendar year ending on December 31, 2007, the election (1) is for Equity-Based Compensation not otherwise distributable in 2007, and (2) does not cause an amount to be distributed to a Participant in 2007; and (III) a Participant may make an Equity-Based Compensation Deferral Election that changes the time and manner of payment of Equity-Based Compensation subject to Code Section 409A and deferred on or before December 31, 2008 at any time on or before December 31, 2008, provided that if any such election is made during the calendar year ending on December 31, 2008, the election (1) is for Equity-Based Compensation not otherwise distributable in 2008, and (2) does not cause an amount to be distributed to a Participant in 2008. A Participant may make an Equity-Based Compensation Deferral Election for any percentage of the Participant's Equity-Based Compensation that is a multiple of 10%. Once made, an Equity-Based Compensation Deferral Election cannot be changed or revoked except as provided herein.

- (b) The Committee shall provide the Participant with the appropriate election forms with which a Participant may make an Equity-Based Compensation Deferral Election. All Equity-Based Compensation Deferral Elections (including any modifications of prior Equity-Based Compensation Deferral Elections otherwise permitted under the Plan) may be made in accordance with written, electronic or telephonic procedures prescribed by the Committee.
- (c) Equity-Based Compensation that is deferred pursuant to an Equity-Based Compensation Deferral Election will be transferred to the Deferred Equity-Based Compensation Account, and credited with dividend equivalent rights as follows: each time the Company declares a dividend on its Common Stock, each Participant's Deferred Equity-Based Compensation Account will be credited with a Dividend Reinvestment Return equal to that number of shares of Common Stock determined by dividing (i) the amount that would have been paid (or the fair market value thereof, if the dividend is not paid in cash) to the Participant on the total number of shares of Common Stock credited to the Participant's Deferred Equity-Based Compensation Account had that number of shares of Common Stock been held by such Participant by (ii) the price for shares of Common Stock, determined by the

Committee, as of the day such deferred amounts are credited to the Participant's Deferred Stock Account.

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

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

A.4 Distributions of Equity-Based Compensation

- (a) Upon the occurrence of an event specified in the terms of the Participant's Equity-Based Compensation Deferral Election form, the Equity-Based Compensation in a Participant's Deferred Stock Account shall be paid in accordance with the Plan provisions governing the distribution of the Deferred Stock Account, in each case to the Participant or his or her beneficiary, as applicable; and the Equity-Based Compensation in a Participant's Deferred Cash Account, if any, shall be paid in the same manner as provided in Section 3.8(a) for the Deferred Cash Account, in each case to the Participant or his or her beneficiary, as applicable.
- (b) Deferred amounts shall be distributed (or begin to be distributed) as soon as practicable following the occurrence of the event making distribution necessary, or, if later, by the fifteenth day of the third calendar month following the date such event occurs, as determined solely by the Committee.

A.5 Additional Rules

- (a) In addition to the provisions of this Appendix A, deferrals of Equity-Based Compensation shall be governed by the rules under the Plan governing amounts in excess of Grandfathered Deferrals.

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

As Amended and Restated as of November 25, 2008

Section 1. *Purpose.*

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

Section 2. *Definition.*

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

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

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

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

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

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

(f) **“Change in Control”** means

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

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

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

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

(iv) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

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

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

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

(j) **“Disability”** shall mean a Participant’s total disability as defined below and determined in a manner consistent with Code Section 409A and the regulations thereunder:

The Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

A Participant will be deemed to have suffered a Disability if determined to be totally disabled by the Social Security Administration. In addition, the Participant will be deemed to have suffered a Disability if determined to be disabled in accordance with a disability insurance program maintained by the Company, provided that the definition of disability applied under such disability insurance program complies with the requirements of Code Section 409A and the regulations thereunder.

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

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

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

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

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

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

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

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

(s) **“Option”** shall mean an Incentive Stock Option or a Non-Qualified Stock Option.

(t) **“Other Stock-Based Award”** shall mean any right granted under Section 9.

(u) **“Participant”** shall mean an individual granted an Award under the Plan.

(v) **“Performance Unit”** shall mean any right granted under Section 8.

(w) **“Restricted Stock”** shall mean any Share granted under Section 7.

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

(y) **“Retirement”** shall mean a Separation from Service after attainment of retirement as specified in the applicable terms of an Award.

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

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

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

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

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

(ee) **“Separation from Service”** shall mean a termination of employment or other separation from service from the Company, as described in Code Section 409A and the regulations thereunder, including, but not limited to a termination by reason of Retirement or involuntary termination without Cause, but excluding any such termination where there is a simultaneous re-employment by the Company.

(ff) **“Shares”** shall mean shares of the common stock of the Company, \$1.00 par value. (gg) **“Specified Employee”** shall mean a Participant who is deemed to be a specified employee in accordance with procedures adopted by the Company that reflect the requirements of Code Section 409A(2)(B)(i) and the guidance thereunder.

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

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

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

Section 3. *Eligibility.*

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

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

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

Section 4. *Administration.*

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

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

administered by the Committee in a manner that is consistent with the requirements of Code Section 409A to allow for tax deferral thereunder, and the Committee shall take no action hereunder that would result in a violation of Code Section 409A.

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

Section 5. Shares Available For Awards.

(a) The number of Shares originally available for issuance under the Plan was 9,000,000 shares. An additional 5,500,000 shares (the "Additional Shares") shall be available for issuance under the Plan, for a total of 14,500,000 available Shares, subject to adjustment as provided below. Notwithstanding the foregoing and subject to adjustment as provided in Section 5(e), (i) no Participant may receive Options and Stock Appreciation Rights under the Plan in any calendar year that relate to more than 250,000 Shares, (ii) the maximum number of Shares with respect to which unrestricted Awards (either as to vesting, performance or otherwise) may be made to employees under the Plan is 450,000 Shares, and (iii) the maximum number of Additional Shares that may be issued with respect to any Awards other than Awards of Options or Stock Appreciation Rights shall be 2,000,000.

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

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

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

(e) In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares such that an adjustment is required in order to preserve the value of issued and outstanding Awards and to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares (or other securities or property) which thereafter may be made the subject of Awards, including the aggregate and individual limits specified in Section 5(a), (ii) the number and type of Shares (or other securities or property) subject to outstanding Awards, and (iii) the grant, purchase, or exercise price with respect to any Award or, if deemed appropriate, make provision for a cash

payment to the holder of an outstanding Award; *provided, however*, that the number of Shares subject to any Award denominated in Shares shall always be a whole number.

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

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

Section 6. *Options and Stock Appreciation Rights.*

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

(a) The exercise price per Share under an Option or Stock Appreciation Right shall be determined by the Committee; *provided, however*, that, except in the case of Substitute Awards, such exercise price shall not be less than the Fair Market Value of a Share on the date of grant of such Option or Stock Appreciation Right. The exercise price of a Substitute Award may be less than the Fair Market Value of a Share on the date of grant to the extent necessary for the value of Substitute Award to be substantially equivalent to the value of the award with respect to which the Substitute Award is issued, as determined by the Committee.

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

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

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

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

Section 7. *Restricted Stock And Restricted Stock Units .*

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

(b) Shares of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may impose (including, without limitation, any limitation on the right to vote a Share of Restricted Stock or the right to receive any dividend or other right or property), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise, as the Committee may deem appropriate; *provided*, that if the vesting conditions applicable to an Award of Restricted Stock or Restricted Stock Units to an

employee of the Company relate exclusively to the passage of time and continued employment, such time period shall consist of not less than thirty-six (36) months. In the event the vesting of any Award of Restricted Stock is subject to the achievement of performance goals, the performance period relating to such Award shall be at least twelve (12) months. Any Award of Restricted Stock Units for which vesting is conditioned upon the achievement of performance goals shall be considered an award of Performance Units under Section 8.

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

(d) Upon a Participant's (i) Separation from Service on account of Retirement, death, Disability or involuntary termination without Cause, any and all remaining restrictions with respect to Shares of Restricted Stock granted to the Participant shall lapse, and (ii) voluntary termination or involuntary termination with Cause, all Shares of Restricted Stock held by the Participant shall be forfeited as of the date of termination.

(e) Notwithstanding anything contained herein to the contrary, upon a Participant's:

(i) Separation from Service on account of Retirement, involuntary termination without Cause, or Disability any and all remaining restrictions with respect to Restricted Stock Units granted to the Participant shall lapse and the Participant shall receive any amounts otherwise payable with respect to such Restricted Stock Units as soon as administratively practicable thereafter, except that, for amounts subject to Code Section 409A, in the case of a Participant who is a Specified Employee, the payment of such amounts that are made on account of the Specified Employee's Separation from Service shall be made upon the earlier of (a) the first day of the seventh month following the Participant's Separation from Service (without regard to whether the Participant is reemployed on that date) or (B) death;

(ii) death, any and all remaining restrictions with respect to Restricted Stock Units granted to the Participant shall lapse and the Participant's beneficiary shall receive any amounts otherwise payable with respect to such Restricted Stock Units as soon as administratively practicable thereafter; and

(iii) voluntary termination or involuntary termination with Cause, all Restricted Stock Units held by the Participant shall be forfeited as of the date of termination.

Section 8. *Performance Units.*

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

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

to be made pursuant to any Performance Unit shall be determined by the Committee; provided, that the performance period relating to any Award of Performance Units shall be at least twelve (12) months.

(c) Notwithstanding anything contained herein to the contrary, upon a Participant's:

(i) Separation from Service on account of Retirement or involuntary termination without Cause prior to the expiration of any performance period applicable to a Performance Unit granted to the Participant, the Participant shall be entitled to receive, following the expiration of such performance period, a pro-rata portion of any amounts otherwise payable with respect to, or a pro-rata right to exercise, the Performance Unit;

(ii) death or Disability prior to the expiration of any performance period applicable to a Performance Unit granted to the Participant, the Participant or the Participant's beneficiary shall receive upon such event a partial payment with respect to, or a partial right to exercise, such Performance Unit as determined by the Committee in its discretion; and

(iii) voluntary termination or involuntary termination with Cause, all Performance Units held by the Participant shall be canceled as of the date of termination.

Section 9. *Other Stock-Based Awards.*

The Committee is hereby authorized to grant to Participants such other Awards (including, without limitation, rights to dividends and dividend equivalents) that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares) as are deemed by the Committee to be consistent with the purposes of the Plan (provided that no rights to dividends and dividend equivalents shall be granted in tandem with an Award of Options or Stock Appreciation Rights). Subject to the terms of the Plan, the Committee shall determine the terms and conditions of such Awards. Shares or other securities delivered pursuant to a purchase right granted under this Section 9 shall be purchased for such consideration, which may be paid by such method or methods and in such form or forms, including, without limitation, cash, Shares, other securities, other Awards, or other property, or any combination thereof, as the Committee shall determine, the value of which consideration, as established by the Committee, shall, except in the case of Substitute Awards, not be less than the Fair Market Value of such Shares or other securities as of the date such purchase right is granted. Additional terms applicable to certain Other Stock-Based Awards are set forth in Section 10. To the extent that any Other Stock-Based Awards granted by the Committee are subject to Code Section 409A as nonqualified deferred compensation, such Other Stock-Based Awards shall be subject to terms and conditions that comply with the requirements of Code Section 409A to avoid adverse tax consequences under Code Section 409A.

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

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

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

(b) if termination is voluntary or involuntary without Cause, the Participant may exercise each Option or Stock Appreciation Right held by the Participant within three months after such

termination (but not after the expiration date of such Award) to the extent such Award was exercisable pursuant to its terms at the date of termination; *provided*, however, if the Participant should die within three months after such termination, each Option or Stock Appreciation Right held by the Participant may be exercised by the Participant's estate, or by any person who acquires the right to exercise by reason of the Participant's death, at any time within a period of one year after death (but not after the expiration date of the Award) to the extent such Award was exercisable pursuant to its terms at the date of termination;

(c) if termination is (i) by reason of retirement at a time when the Participant is entitled to the current receipt of benefits under any retirement plan maintained by the Company or any Affiliate (or alternatively, in the case of a non-employee director, at a time when the Participant has served for five full years or more and has attained the age of sixty), or (ii) by reason of disability, each Option or Stock Appreciation Right held by the Participant shall, at the date of retirement or disability, become exercisable to the extent of the total number of shares subject to the Option or Stock Appreciation Right, irrespective of the extent to which such Award would otherwise have been exercisable pursuant to the terms of the Award at the date of retirement or disability, and shall otherwise remain in full force and effect in accordance with its terms;

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

Section 11. *General Provisions Applicable To Awards.*

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

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

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

(d) Unless the Committee shall otherwise determine, no Award and no right under any Award shall be assignable, alienable, saleable or transferable by a Participant otherwise than by

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

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

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

(g) Unless specifically provided to the contrary in any Award Agreement, upon a Change in Control, all Awards shall become fully vested and exercisable, and any restrictions applicable to any Award shall automatically lapse. Notwithstanding the foregoing, any Awards that are otherwise subject to Code Section 409A shall not be distributed or payable upon a Change in Control unless the Change in Control otherwise meets the requirements for a change in the ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company within the meaning of Code Section 409A and the regulations and other guidance promulgated thereunder; instead such Awards shall be distributed or payable in accordance with the Award's applicable terms.

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

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

Section 12. *Amendments And Termination.*

(a) Except to the extent prohibited by applicable law and unless otherwise expressly provided in an Award Agreement or in the Plan, the Board may amend, alter, suspend, discontinue, or terminate the Plan or any portion thereof at any time; *provided, however*, that no such amendment, alteration, suspension, discontinuation or termination shall be made without (i) shareholder approval (A) if the effect thereof is to increase the number of Shares available for issuance under the Plan or to expand the class of persons eligible to participate in the Plan or (B) if such approval is necessary to comply with any tax or regulatory requirement for which or with which the Board deems it necessary or desirable to qualify or comply or (ii) the consent of the affected Participant, if such action would adversely affect the rights of such Participant under any outstanding Award. Notwithstanding anything to the contrary herein, the Committee may amend the Plan in such manner as may be necessary to enable the Plan to achieve its stated purposes in any jurisdiction outside the United States in a tax-efficient manner and in compliance with local rules and regulations. In all events, no termination or amendment shall be made in a manner that is inconsistent with the requirements under Code Section 409A to allow for tax deferral.

(b) The Committee may waive any conditions or rights under, amend any terms of, or amend, alter, suspend, discontinue or terminate, any Award theretofore granted, prospectively or retroactively, without the consent of any relevant Participant or holder or beneficiary of an Award, *provided, however*, that no such action shall impair the rights of any affected Participant or holder or beneficiary under any Award theretofore granted under the Plan; and *provided further* that, except as provided in Section 5(e), no such action shall reduce the exercise price, grant price or purchase price of any Award established at the time of grant thereof and *provided further*, that the Committee's authority under this Section 12(b) is limited in the case of Awards subject to Section 11(f), as set forth in Section 11(f) and *provided further*, that the Committee may not act under this Section 12(b) in a way that is inconsistent with the requirements under Code Section 409A to allow for tax deferral. In no event shall an outstanding Option or Stock Appreciation Right be cancelled and replaced with a new Option or Stock Appreciation Right with a lower exercise price, without approval of the Company's shareholders, except as provided in Section 5(e).

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

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

(e) The Committee may correct any defect, supply any omission, or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to carry the Plan into effect or to otherwise comply with the requirements of Code Section 409A so as to avoid adverse tax consequences under Code Section 409A.

Section 13. *Miscellaneous.*

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

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

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

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

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

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

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

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

Section 14. *Effective Date Of Plan.*

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

Section 15. *Term Of The Plan.*

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

**Terms of Awards Under
2004 Employee and Director Equity-Based Compensation Plan (the "Plan")**

Capitalized terms used herein that are not defined shall have the same meaning as set forth in the Plan.

1. Stock Options

- (a) Vesting Period: Ratably over four (4) years, with twenty-five percent (25%) becoming exercisable on each of the first, second, third and fourth anniversary of the grant date, except as provided in the Plan.
- (b) Term: Ten (10) years from grant date.
- (c) Exercise Price: Fair market value of BD common stock on grant date.
- (d) Form: Non-qualified stock options.
- (e) Forfeiture: Subject to forfeiture if (a) the grantee violates any agreement of non-competition with BD, or any agreement of non-disclosure of confidential information of BD, or (b) if grantee commits acts or omissions that would have been the basis for termination for Cause during the grantee's employment.
- (f) Retention Requirements: If an option is exercised during the grantee's employment, the grantee is required to hold seventy-five percent (75%) of the net after-tax gain resulting from such exercise in shares of BD common stock for a period of 12 months from the date of exercise.

2. Stock Appreciation Rights (SARs)

- (a) Vesting Period: Ratably over four (4) years, with twenty-five percent (25%) becoming exercisable on each of the first, second, third and fourth anniversary of the grant date, except as provided in the Plan.
 - (b) Term: Ten (10) years from grant date.
 - (c) Exercise Price: Fair market value of BD common stock on grant date.
 - (d) Settlement: Upon exercise, the holder receives shares of BD common stock equal in value to the amount by which the market price of the BD common stock on the date of exercise exceeds the exercise price.
 - (e) Forfeiture: Subject to forfeiture if (a) the grantee violates any agreement of non-competition with BD, or any agreement of non-disclosure of confidential information of BD, or (b) if grantee commits acts or omissions that would have been the basis for termination for Cause during the grantee's employment.
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- (f) Retention Requirements: If a SAR is exercised during the holder's employment, the holder is required to hold seventy-five percent (75%) of the net after-tax shares issued for a period of 12 months from the date of exercise.

3. Performance Units

- (a) Vesting Period: Third anniversary of grant date.
- (b) Settlement: Performance Units are settled in shares of BD common stock. The number of shares distributed is based on BD's performance against pre-established performance measures over the applicable performance period.
- (c) Performance Period: Three consecutive fiscal years, beginning with the fiscal year in which the award is granted.
- (d) Performance Measures: Consist primarily of BD's Revenue Growth and Return on Invested Capital during the performance period. Payouts may range from zero to 200% of the award's share target.
- (e) Dividend Equivalent Rights: Performance Units are issued in tandem with dividend equivalent rights.
- (f) Termination: Upon death or Disability, the grantee vests in a pro rata amount of the award's share target. Upon Retirement or involuntary termination without Cause, the grantee vests in a pro rata amount of the shares that would have been distributable under the award had the grantee remained employed with BD through the vesting period.

4. Career Shares

- (a) Vesting Period: First anniversary of the grantee's Retirement from BD.
 - (b) Settlement: Each Career Share entitles the grantee to one share of BD common stock upon vesting.
 - (c) Dividend Equivalent Rights: Career Shares are issued in tandem with dividend equivalent rights.
 - (d) Termination: Upon death, Disability or involuntary termination other than for Cause, Career Shares become fully vested.
 - (e) Forfeiture: Subject to forfeiture in the event, at any time prior to the first anniversary of the grantee's Retirement, the grantee violates non-compete covenant with BD.
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5. Time-Vested Restricted Stock Units

- (a) Vesting Period: Third anniversary of the grant date.
 - (b) Settlement: Each Time-Vested Restricted Stock Unit entitles the grantee to one share of BD common stock upon vesting.
 - (c) Dividend Equivalent Rights. Time-Vested Restricted Stock Units are issued in tandem with dividend equivalent rights.
 - (d) Termination: Upon death, Disability, Retirement or involuntary termination other than for Cause, Time-Vested Restricted Stock Units become fully vested.
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Summary

Becton, Dickinson and Company

Ten-Year Summary of Selected Financial Data

Years Ended September 30

Dollars in millions, except per share amounts

	2008	2007	2006	2005
Operations				
Revenues	\$ 7,155.9	\$ 6,359.7	\$ 5,738.0	\$ 5,340.8
Research and Development Expense	396.2	360.1	301.9	267.7
Operating Income	1,552.1	1,203.2	1,141.4	1,063.8
Interest (Income) Expense, Net	(3.0)	.2	6.8	19.3
Income From Continuing Operations Before Income Taxes	1,553.6	1,203.9	1,125.9	1,037.5
Income Tax Provision	425.7	347.8	310.8	325.0
Net Income	1,127.0	890.0	752.3	722.3
Basic Earnings per Share	4.61	3.63	3.04	2.87
Diluted Earnings per Share	4.46	3.49	2.93	2.77
Dividends per Common Share	1.14	.98	.86	.72
Financial Position				
Current Assets	\$ 3,614.7	\$ 3,130.6	\$ 3,185.3	\$ 2,975.3
Current Liabilities	1,416.6	1,478.8	1,576.3	1,299.4
Property, Plant and Equipment, Net	2,744.5	2,497.3	2,133.5	1,933.7
Total Assets	7,912.9	7,329.4	6,824.5	6,132.8
Long-Term Debt	953.2	955.7	957.0	1,060.8
Shareholders' Equity	4,935.6	4,362.0	3,836.2	3,284.0
Book Value Per Common Share	20.30	17.89	15.63	13.26
Financial Relationships				
Gross Profit Margin	51.2%	51.7%	51.3%	50.9%
Return on Revenues ^(E)	15.8%	13.5%	14.2%	13.3%
Return on Total Assets ^{(B) (E)}	20.9%	17.7%	18.4%	18.4%
Return on Equity ^(E)	24.3%	20.9%	22.9%	22.4%
Debt to Capitalization ^{(D) (E)}	18.8%	20.9%	25.8%	27.1%
Additional Data				
Number of Employees	28,300	28,000	27,000	25,600
Number of Shareholders	8,820	8,896	9,147	9,442
Average Common and Common Equivalent Shares Outstanding - Assuming Dilution (millions)	252.7	254.8	256.6	260.7
Depreciation and Amortization	\$ 477.4	\$ 441.3	\$ 402.3	\$ 382.7
Capital Expenditures	602.0	556.4	457.1	315.8

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

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

(C) Excludes the cumulative effect of accounting changes.

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

(E) Excludes discontinued operations in 1999 to 2008.

Becton, Dickinson and Company

	2004	2003	2002	2001	2000	1999
\$	4,893.9	\$ 4,449.1	\$ 3,960.4	\$ 3,667.6	\$ 3,544.7	\$ 3,412.6
	230.8	218.5	201.1	193.8	207.8	203.9
	878.2	800.8	689.1	645.9	507.4	477.3
	29.6	36.5	33.2	55.3	74.2	72.0
	843.8	761.6	642.1	548.6 (A)	512.7	404.8
	204.9	182.1	153.7	139.3	122.0	96.9
	467.4	547.1	480.0	401.7 (A)	392.9	275.7
	1.85	2.14	1.85	1.55 (A)	1.54	1.09
	1.77	2.07	1.79	1.49 (A)	1.49	1.04
	.60	.40	.39	.38	.37	.34
\$	2,641.3	\$ 2,503.5	\$ 2,091.4	\$ 1,930.1	\$ 1,847.6	\$ 1,843.0
	1,050.1	1,059.4	1,271.5	1,285.4	1,382.4	1,358.6
	1,881.0	1,831.8	1,750.4	1,701.3	1,565.5	1,423.9
	5,752.6	5,572.3	5,029.0	4,790.8	4,505.1	4,437.0
	1,171.5	1,184.0	803.0	782.8	778.5	954.0
	3,067.9	2,897.0	2,480.9	2,321.7	1,956.0	1,768.7
	12.30	11.54	9.71	8.96	7.72	7.05
	50.5 %	48.9 %	48.3 %	48.7 %	48.6 %	49.9 %
	13.1 %	13.0 %	12.3 %	12.2 % ^(C)	11.0 %	9.0 %
	15.7 %	15.2 %	13.9 %	13.9 %	13.4 %	11.6 %
	21.4 %	21.6 %	20.3 %	20.7 % ^(C)	21.0 %	18.2 %
	28.1 %	30.5 %	32.7 %	34.0 %	41.7 %	47.6 %
	25,000	24,800	25,200	24,800	25,000	24,000
	9,654	9,868	10,050	10,329	10,822	11,433
	263.3	263.6	268.2	268.8	263.2	264.6
\$	351.1	\$ 332.8	\$ 294.7	\$ 292.0	\$ 273.7	\$ 257.8
	260.5	253.0	253.5	364.1	371.0	311.4

Company Overview

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

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

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

Our efforts to increase revenues are focused on four specific areas of healthcare:

- Reducing the spread of infection
- Advancing global health
- Enhancing therapy
- Improving disease management

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

The results of our strategies are reflected in our fiscal 2008 financial and operational performance. Worldwide revenues in 2008 of \$7.2 billion increased 13% from the prior year and reflected volume increases of approximately 7%, an estimated increase due to favorable foreign currency translation of 6%, and price decreases of less than 1%. U.S. revenues increased 5% to \$3.2 billion. International revenues increased 19% to \$4.0 billion with an estimated 11 percentage points of such growth coming from the favorable impact of foreign currency translation. Recently, worldwide currency markets have experienced extreme volatility. Our financial projections for 2009 discussed below are based on the foreign exchange rates in early November 2008 when we established our fiscal year budget. Fluctuations in these rates during 2009 may affect these projections. For a discussion of the financial impact of exchange rate fluctuations and the ways and extent to which we attempt to mitigate such impact, see “Financial Instrument Market Risk” below.

Consistent with our strategy to provide products that deliver greater benefits to healthcare workers, and recognizing the issues surrounding sharps-related injuries, BD has developed a wide array of safety-engineered devices that are designed to reduce the incidence of needlestick injuries and exposure to bloodborne pathogens. These products are offered through our Medical and Diagnostics segments. Sales in the United States of safety-engineered devices grew 5% to \$1.036 billion in 2008, from \$987 million in 2007. International sales of safety-engineered devices grew 29% to \$534 million in 2008 from \$414 million in 2007, with an estimated 11 percentage points of such growth coming from the favorable impact of foreign currency translation. In 2009, we expect sales of safety-engineered devices to increase about 5 to 6% in the United States, and 11 to 12% internationally, after taking into account an estimated unfavorable foreign exchange impact of about 9%.

Our anticipated revenue growth over the next three years is expected to come from business growth and expansion among all segments and regions of the world, and the development in each business segment of new products and services that provide increased benefits to patients, healthcare workers and researchers. Our ability to sustain our long-term growth will depend on a number of factors, including our ability to expand our core business (including geographical expansion), develop innovative new products with higher gross profit margins across our business segments, and continue to improve operating efficiency and organizational effectiveness. Numerous factors can affect our ability to achieve these goals including, without limitation, economic conditions in the United States and elsewhere, increased competition and healthcare cost containment initiatives. In this regard, we note that President-elect Barack Obama made healthcare reform a central part of his presidential campaign. However, no predictions can be made as to what, if any, reforms may be instituted or their potential effect on BD.

We believe several important factors relating to our business tend to limit the impact on BD of potential economic or political events in countries in which we do business, including the effects of possible healthcare system reforms. For example, since many of our products are used in essential medical care, demand for such products has historically tended not to be significantly affected by economic fluctuations.

The international nature of our business and our ability to meet the needs of the worldwide healthcare industry with cost-effective and innovative products has also historically served to limit the impact of economic downturns in particular regions. However, world financial markets have recently experienced extreme disruption and economic conditions in the United States and abroad have significantly worsened. Accordingly, no assurance can be given that the current worldwide economic downturn (or future economic downturns) will not have a material adverse effect on our access to credit markets or the demand for our products and services or otherwise adversely affect our business.

Results of Continuing Operations

Medical Segment

Medical revenues in 2008 of \$3.8 billion increased \$380 million, or 11%, over 2007, which includes an estimated impact of favorable foreign currency translation of 6 percentage points.

The following is a summary of revenues by organizational unit:

(millions of dollars)	2008	2007	Total Change	Estimated Foreign Exchange Impact
Medical Surgical Systems	\$ 2,005	\$ 1,864	8%	4%
Pharmaceutical Systems	942	792	19%	10%
Diabetes Care	775	696	11%	5%
Ophthalmic Systems	79	69	15%	7%
Total Revenues	\$ 3,801	\$ 3,421	11%	6%

Medical revenues reflected the growth of the Pharmaceutical Systems and Diabetes Care units, primarily outside of the United States, and the continued global conversion to safety-engineered products. The Pharmaceutical Systems unit grew by 19%, driven by growth in Europe and Asia-Pacific offset by lower growth in the United States when compared to fiscal 2007, which reflected very high growth to support customer product launches. Revenue growth in the Diabetes Care unit of 11% was driven primarily by double-digit growth in all regions outside of the United States. Revenue in the Medical Surgical Systems unit was primarily driven by growth in safety-engineered products and prefilled flush syringes. Sales of safety-engineered products increased 3% in the United States and 38% internationally. For 2009, we expect the full-year revenue growth for the Medical Segment to be flat to 1%, after taking into account an estimated unfavorable foreign exchange impact of about 5%.

Medical operating income was \$1.1 billion, or 28.1% of Medical revenues, in 2008, as compared with \$1.0 billion, or 28.4%, of revenues in 2007. Operating income as a percentage of revenues reflects declines in gross margin from increased costs of raw materials, inventory write-offs and declines in sales of products that have higher overall gross profit margins. These items more than offset favorable manufacturing efficiencies and controls on selling and administrative expenses. Selling and administrative expense as a percent of Medical revenues in 2008 declined to 17.9% of revenues from 18.9% of revenues in 2007, primarily due to tight spending controls. Research and development expenses in 2008 increased \$8.0 million, or 7%, reflecting continued investment in the development of new products and platforms.

Diagnostics Segment

Diagnostics revenues in 2008 of \$2.2 billion increased \$255 million, or 13%, over 2007, which reflected an estimated favorable impact of foreign currency translation of about 5 percentage points.

The following is a summary of revenues by organizational unit:

(millions of dollars)	2008	2007	Total Change	Estimated Foreign Exchange Impact
Preanalytical Systems	\$ 1,124	\$ 1,007	12%	5%
Diagnostic Systems	1,036	898	15%	4%
Total Revenues	\$ 2,160	\$ 1,905	13%	5%

Revenue growth in the Preanalytical Systems unit was driven by the continued conversion to safety-engineered products. Sales of safety-engineered products reflected growth of 7% in the United States, driven by *BD Vacutainer* Push Button Blood Collection Set conversion activity, and 25% internationally. The Diagnostics Systems unit experienced growth in worldwide sales of its automated diagnostic platforms, including the molecular *BD ProbeTec*, *BD Viper* and *BD Affirm* systems, along with solid growth of its BD BACTEC blood culture and TB systems and the *BD Phoenix* ID/AST platform. In addition, revenues from TriPath grew \$31 million to \$119 million and from GeneOhm grew \$21 million to \$42 million in 2008. For 2009, we expect full year revenue growth for the Diagnostics Segment to be about 2 to 3%, after taking into account an estimated unfavorable foreign exchange impact of about 4%.

Diagnostics operating income was \$526 million, or 24.3% of Diagnostics revenues in 2008, compared with \$343 million, or 18.0% of revenues in 2007. Segment operating income reflects the in-process research and development charges of \$115 million in 2007 related to the TriPath acquisition. The Diagnostics Segment experienced a slight improvement in gross profit margin from sales growth of products that have higher overall gross profit margins, in particular, safety-engineered products and the *BD ProbeTec* and *BD Viper* systems, and favorable foreign exchange. These improvements were slightly offset by manufacturing start-up costs and increases in raw material costs. See further discussion on gross profit margin below. Selling and administrative expense as a percent of Diagnostics revenues in 2008 was 22.0% compared with 22.4% in 2007 primarily due to tight spending controls. Research and development expense increased \$16 million, or 14%, reflecting continued investment in the development of new products and platforms with particular emphasis on our molecular platforms.

Biosciences Segment

Biosciences revenues in 2008 of \$1.2 billion increased \$161 million, or 16%, over 2007, which reflected an estimated impact of favorable foreign currency translation of 6 percentage points.

The following is a summary of revenues by organizational unit:

(millions of dollars)	2008	2007	Total Change	Estimated Foreign Exchange Impact
Cell Analysis	\$ 901	\$ 756	19%	6%
Discovery Labware	295	278	6%	5%
Total Revenues *	\$ 1,195	\$ 1,034	16%	6%

* Amounts may not add due to rounding.

Revenue growth in the Cell Analysis unit reflected strong sales of instruments and flow cytometry reagents, driven by increased demand for research instruments and clinical reagents. Revenue growth in the Discovery Labware unit reflects reduced sales to a major bionutrients customer compared with 2007. For 2009, we expect the full year revenue growth for the Biosciences Segment to be about 3 to 4%, after taking into account an estimated unfavorable foreign exchange impact of about 5%.

Biosciences operating income was \$334 million, or 27.9% of Biosciences revenues in 2008, compared with \$259 million, or 25.0% in 2007. Segment operating income in 2007 included an in-process research and development charge of \$7 million relating to the Plasso acquisition. The increase in operating income, as a percentage of revenues, reflects gross profit improvement from relatively higher sales growth of products that have higher overall gross profit margins and the favorable impact of foreign currency translation. See further discussion on gross profit margin below. Selling and administrative expense as a percent of Biosciences revenues in 2008 was 23.0% as compared with 24.0% in 2007, primarily due to tight spending controls. Research and development expense in 2008 increased \$11 million, or 15%, reflecting spending on new product development and advanced technology.

Geographic Revenues

Revenues in the United States in 2008 of \$3.2 billion increased 5%. U.S. sales of safety-engineered devices grew 5% to \$1.036 billion in 2008. Overall, growth was also led by increased sales of immunocytometry instruments and reagents, diabetes care products and infectious disease testing systems.

Revenues outside the United States in 2008 increased 19% to \$4.0 billion, reflecting an estimated impact of favorable foreign currency translation of 11 percentage points. Growth was led by solid sales in Europe and certain Asia-Pacific countries in 2008. International sales of safety-engineered devices were approximately \$534 million in 2008, compared with \$414 million in 2007.

Gross Profit Margin

Gross profit margin decreased to 51.2% in 2008, from 51.7% in 2007. Gross profit margin in the current year as compared with the prior year reflected an estimated 0.7% unfavorable impact resulting from increased costs of raw materials (primarily resins) and manufacturing start-up costs, and an estimated 0.1% favorable impact of foreign currency translation. Increased sales of products with relatively higher margins and productivity gains were partially offset by, among other things, asset write-offs, resulting in an estimated net favorable impact of 0.1%. We expect gross profit margin in 2009 to increase by about 40 to 60 basis points compared with 2008, reflecting an expected increase in sales of products with higher overall gross profit margins, productivity gains and the impact of select price increases, partially offset by continued start-up costs and the expected costs associated with a long-term manufacturing cost reduction program we anticipate initiating in 2009.

Operating Expenses

Selling and administrative expense was \$1.7 billion, or 24.0% of revenues, in 2008 compared with \$1.6 billion, or 25.2% of revenues in 2007. The increase in aggregate expenses for 2008 reflect an unfavorable foreign exchange impact of \$80 million, increases in base spending of \$24 million, and expenses of \$9 million associated with TriPath, which was acquired in December 2006. Selling and administrative expense as a percentage of revenues is expected to decrease by about 80 to 100 basis points for 2009.

Research and development (“R&D”) expense in 2008 was \$396 million, or 5.5% of revenues, compared with \$360 million, or 5.7% of revenues, in 2007. The increase in R&D expenditures includes spending for new programs in each of our segments, as previously discussed. R&D expense is expected to increase about 9 to 10%, or about 50 basis points as a percentage of revenues, for 2009.

Operating Income

Operating margin in 2008 was 21.7% of revenues, compared with 18.9% in 2007. Operating income of \$1.2 billion in 2007 reflected \$122 million of acquired in-process R&D charges, as further discussed above, which lowered 2007 operating margin by 190 basis points. We expect operating margin to increase about 100 basis points in 2009.

Non-Operating Expense and Income

Interest expense was \$36 million in 2008, compared with \$46 million in 2007, reflecting a decline in interest rates. Interest income was \$39 million in 2008, compared with \$46 million in 2007. The favorable impact of higher investment levels was more than offset by investment losses in assets we hold to offset liabilities related to our deferred compensation plan. The related reduction in the deferred compensation liability was recorded as a reduction in selling and administrative expenses.

Income Taxes

The effective tax rate in 2008 was 27.4% compared with the 2007 rate of 28.9%. The 2007 rate reflected the non-deductibility of the acquired in-process R&D charges of \$122 million, which was partially offset by the impact of approximately 0.3% resulting from the retroactive reinstatement of the research and experimentation tax credit. In 2009, we expect our effective tax rate to be about 27.5%.

Income and Diluted Earnings per Share from Continuing Operations

Income from continuing operations and diluted earnings per share from continuing operations in 2008 were \$1.1 billion and \$4.46, respectively. Income from continuing operations and diluted earnings per share from continuing operations in 2007 were \$856 million and \$3.36, respectively. The acquired in-process R&D charges decreased income from continuing operations and diluted earnings per share from continuing operations in 2007 by \$122 million and by \$.48, respectively.

Financial Instrument Market Risk

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

We have foreign currency exposures throughout Europe, Asia-Pacific, Canada, Japan and Latin America. We face transactional currency exposures that arise when we enter into transactions in non-hyperinflationary countries, generally on an intercompany basis, that are denominated in currencies other than our functional currency. We hedge substantially all such foreign exchange exposures primarily through the use of forward contracts and currency options. We also face currency exposure that arises from translating the results of our worldwide operations to the U.S. dollar at exchange rates that have fluctuated from the beginning of a reporting period. To partially protect against adverse foreign exchange rate movements, we purchase option and forward contracts to hedge certain forecasted sales that are denominated in foreign currencies. Gains or losses on our derivative instruments are largely offset by the gains or losses on the underlying hedged transactions. For foreign currency derivative instruments, market risk is determined by calculating the impact on fair value of an assumed change in foreign exchange rates relative to the U.S. dollar. Fair values were estimated based on market prices, when available, or dealer quotes. The reduction in fair value of our purchased option contracts is limited to the option’s fair value. With respect to the derivative instruments outstanding at September 30, 2008, a 10% appreciation of the U.S. dollar over a one-year period would increase pre-tax earnings by \$91 million, while a 10% depreciation of the U.S. dollar would decrease pre-tax earnings by \$91 million.

Comparatively, considering our derivative instruments outstanding at September 30, 2007, a 10% appreciation of the U.S. dollar over a one-year period would have increased pre-tax earnings by \$52 million, while a 10% depreciation of the U.S. dollar would have decreased pre-tax earnings by \$10 million. These calculations do not reflect the impact of exchange gains or losses on the underlying positions that would substantially offset the results of the derivative instruments.

Our primary interest rate exposure results from changes in short-term U.S. dollar interest rates. Our debt and interest-bearing investments at September 30, 2008, are substantially all U.S. dollar-denominated. Therefore, transaction and translation exposure relating to such instruments is minimal. When managing interest rate exposures, we strive to achieve an appropriate balance between fixed and floating rate instruments. We may enter into interest rate swaps to help maintain this balance and manage debt and interest-bearing investments in tandem, since these items have an offsetting impact on interest rate exposure. For interest rate derivative instruments, market risk is determined by calculating the impact to fair value of an assumed change in interest rates across all maturities. Fair values are estimated based on dealer quotes. A change in interest rates on short-term debt and interest-bearing investments is assumed to impact earnings and cash flow, but not fair value because of the short maturities of these instruments. A change in interest rates on long-term debt is assumed to impact fair value but not earnings or cash flow because the interest on such obligations is fixed. Based on our overall interest rate exposure at September 30, 2008 and 2007, a change of 10% in interest rates would not have a material effect on our earnings or cash flows over a one-year period. An increase of 10% in interest rates would decrease the fair value of our long-term debt and interest rate swaps at September 30, 2008 and 2007 by approximately \$35 million and \$37 million, respectively. A 10% decrease in interest rates would increase the fair value of our long-term debt and interest rate swaps at September 30, 2008 and 2007 by approximately \$39 million and \$41 million, respectively.

Liquidity and Capital Resources

Cash generated from operations, along with available cash and cash equivalents, is expected to be sufficient to fund our normal operating needs, including capital expenditures, cash dividends and common stock repurchases in 2009. In the latter portion of 2008, particularly in the fourth quarter, global financial markets were characterized by extreme volatility and illiquidity. Despite these adverse conditions, we were able to reissue \$200 million of commercial paper that was outstanding during this period. BD believes that it will continue to have access to the U.S. commercial paper market, which should be adequate to fund any short-term borrowing requirements. As discussed further below, we also have a \$1 billion unused committed bank credit facility that provides backup support for our commercial paper program and could be drawn down if necessary.

Net Cash Flows from Continuing Operating Activities

Net cash provided by continuing operating activities in 2008 of \$1.7 billion increased \$452 million over 2007. The increase in cash provided by changes in operating assets and liabilities reflects improvements in accounts receivable and inventory. Net cash provided by continuing operating activities was reduced by a \$75 million discretionary cash contribution to the U.S. pension plan in September 2008. An additional discretionary cash contribution of \$75 million was made to the U.S. pension plan in October 2008. We expect to generate about \$1.8 billion of net cash provided by continuing operating activities in 2009.

Net Cash Flows from Continuing Investing Activities

Net cash used for continuing investing activities in 2008 was \$783 million, compared with \$1.0 billion in 2007. Acquisitions of businesses represented the net cash paid for the Cytopeia acquisition in 2008 and for the TriPath acquisition in 2007. See Note 3 for further discussion on acquisitions. Capital expenditures were \$602 million in 2008, compared with \$556 million in 2007. Medical capital spending of \$379 million and Diagnostics capital spending of \$124 million in 2008 related primarily to various capacity expansions. Biosciences capital spending of \$83 million in 2008 included spending on manufacturing capacity expansions. In 2009, capital expenditures are expected to be about \$650 million, reflecting investments in various manufacturing capacity and facility expansions.

Net Cash Flows from Continuing Financing Activities

Net cash used for financing activities was \$586 million in 2008, as compared with \$726 million in 2007, and included the repurchase of shares of our common stock for approximately \$450 million in both years. At September 30, 2008, approximately 5.9 million common shares remained available for purchase under a July 2007 Board of Directors' (the "Board") authorization to repurchase up to 10 million common shares. The Board authorized an additional repurchase program for 10 million shares in November 2008. We currently expect that cash used to repurchase common shares in 2009 will be about \$450 million. Total debt was \$1.2 billion at both September 30, 2008 and 2007. Short-term debt decreased to 17% of total debt at year-end, from 18% at the end of 2007. Floating rate debt was 35% of total debt at the end of 2008 and 36% at the end of 2007. Our weighted average cost of total debt at the end of 2008 was 4.9%, down from 5.7% at the end of 2007. Debt-to-capitalization at year-end improved to 18.8% from 20.9% last year. Issuance of common stock is net of cash outflows resulting from share repurchases to satisfy minimum tax withholding on share-based compensation vested or exercised.

We have in place a commercial paper borrowing program that is available to meet our short-term financing needs, including working capital requirements. Borrowings outstanding under this program were \$200 million at September 30, 2008. During the first quarter of 2008, we amended our syndicated credit facility to extend the expiration date from December 2011 to December 2012. This credit facility provides backup support for our commercial paper program and can also be used for other general corporate purposes. This credit facility includes a single financial covenant that requires BD to maintain an interest expense coverage ratio (ratio of earnings before income taxes, depreciation and amortization to interest expense) of not less than 5-to-1 for the most recent four consecutive fiscal quarters. On the last eight measurement dates, this ratio had ranged from 17-to-1 to 31-to-1. There were no borrowings outstanding under this facility at September 30, 2008. In addition, we have informal lines of credit outside the United States.

In July 2008, Standard and Poor's upgraded our long-term debt rating to "AA-" from "A+" and our commercial paper rating to "A-1+" from "A-1." At September 30, 2008, our Moody's long-term debt rating is "A2" and our commercial paper rating was "P-1." The outlook from both agencies was "stable." Given the availability of the various credit facilities and our strong credit ratings, we continue to have confidence in our ability to refinance maturing short-term and long-term debt, as well as to incur substantial additional debt, if required.

BD's ability to generate cash flow from operations, issue debt, enter into other financing arrangements and attract long-term capital on acceptable terms could be adversely affected in the event there was a material decline in the demand for BD's products, deterioration in BD's key financial ratios or credit ratings or other significantly unfavorable changes in conditions. While a deterioration in the Company's credit ratings would increase the costs associated with maintaining and borrowing under its existing credit arrangements, such a downgrade would not affect the Company's ability to draw on these credit facilities, nor would it result in an acceleration of the scheduled maturities of any outstanding debt. The Company believes that given its strong debt ratings, its conservative financial management policies, its ability to generate strong cash flow and the non-cyclical, geographically diversified nature of its businesses, the Company would have access to additional short-term and long-term capital should the need arise.

Contractual Obligations

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

(millions of dollars)	Total	2009	2010 to 2011	2012 to 2013	2014 and Thereafter
Short-term debt	\$ 201	\$ 201	\$ —	\$ —	\$ —
Long-term debt ^(A)	1,536	52	288	288	908
Operating leases	190	49	68	46	27
Purchase obligations ^(B)	505	315	184	6	—
Income tax audit settlements ^(D)	70	13	—	—	57
Total ^(C)	\$ 2,502	\$ 630	\$ 540	\$ 340	\$ 992

- (A) Long-term debt obligations include expected principal and interest obligations, including interest rate swaps. The interest rate forward curve at September 30, 2008 was used to compute the amount of the contractual obligation for variable rate debt instruments and swaps.
- (B) Purchase obligations are for purchases made in the normal course of business to meet operational and capital requirements.
- (C) Required funding obligations for 2009 relating to pension and other postretirement benefit plans are not expected to be material.
- (D) Other than amounts anticipated to be settled in 2009, we cannot accurately forecast the timing of payments related to our FIN 48 liabilities. Accordingly, the remaining amount of \$57 million is reflected as payable in 2014 and thereafter.

2007 Compared With 2006

Worldwide revenues in 2007 of \$6.4 billion increased 11% from the prior year and reflected volume increases of approximately 8%, an estimated increase due to favorable foreign currency translation of 3%, and price increases of less than 1%.

Medical Segment

Medical revenues in 2007 of \$3.4 billion increased \$314 million, or 10%, over 2006, which includes an estimated impact of favorable foreign currency translation of 3 percentage points.

The following is a summary of revenues by organizational unit:

(millions of dollars)	2007	2006	Total Change	Estimated Foreign Exchange Impact
Medical Surgical Systems	\$ 1,864	\$ 1,749	7%	2%
Diabetes Care	696	657	6%	2%
Pharmaceutical Systems	792	640	24%	6%
Ophthalmic Systems	69	62	11%	4%
Total Revenues *	\$ 3,421	\$ 3,107	10%	3%

* Amounts may not add due to rounding.

Medical revenues reflect the growth of the Pharmaceutical Systems unit and the continued global conversion to safety-engineered products. The Pharmaceutical Systems unit grew by 24% in 2007, reflecting the increased use of prefilled syringes by pharmaceutical companies to market new vaccines and bio-tech drugs, especially in the United States. Revenue growth in the Medical Surgical Systems unit in 2007 was primarily driven by the growth in safety-engineered products and prefilled flush syringes. Sales of safety-engineered products increased 6% in the United States and 29% internationally.

Medical operating income was \$972 million, or 28.4% of Medical revenues, in 2007, as compared with \$864 million, or 27.8% in 2006. The increase in operating income as a percentage of revenues reflects gross margin improvement from increased sales of products that have higher overall gross profit margins, in particular, safety-engineered products and pen needles, as well as favorable manufacturing efficiencies associated with higher volumes and increased leverage on selling and administrative expenses. These improvements were slightly offset by manufacturing start-up costs. See further discussion on gross profit margin below. Selling and administrative expense as a percent of Medical revenues in 2007 declined to 18.9% of revenues from 19.6% of revenues in 2006, primarily due to tight expense controls over base spending. Research and development expenses in 2007 increased \$16 million, or 17%, reflecting continued investment in the development of new products and platforms, and included investments in additional resources to enhance our product development process.

Diagnostics Segment

Diagnostics revenues in 2007 of \$1.9 billion increased \$190 million, or 11%, over 2006, which reflected an estimated favorable impact of foreign currency translation of about 2 percentage points.

The following is a summary of revenues by organizational unit:

(millions of dollars)	2007	2006	Total Change	Estimated Foreign Exchange Impact
Preanalytical Systems	\$ 1,007	\$ 928	9%	3%
Diagnostic Systems	898	787	14%	2%
Total Revenues	\$ 1,905	\$ 1,715	11%	2%

Revenue growth in the Preanalytical Systems unit in 2007 was driven by the continued conversion to safety-engineered products, which accounted for sales of \$718 million as compared with \$627 million in the prior year. Sales of safety-engineered products in 2007 reflected growth of 9% in the United States, which benefited from *BD Vacutainer* Push Button Blood Collection Set conversion activity, and 25% internationally. The Diagnostics Systems unit experienced solid worldwide sales of its automated diagnostic platforms, including the molecular *BD ProbeTec* and *BD Viper* systems, along with solid growth of its *BD BACTEC* blood culture and TB systems and the *BD Phoenix* ID/AST platform. In addition, the Diagnostic Systems revenue growth includes \$88 million of revenues from *TriPath* and \$13 million of incremental revenues from *GeneOhm*. Sales of flu diagnostic tests declined \$36 million in fiscal 2007 compared with 2006, primarily due to relatively mild flu seasons in both the United States and Japan and the termination of our supply arrangement with our Japanese supplier.

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Diagnostics operating income was \$343 million, or 18.0% of Diagnostics revenues in 2007, compared with \$390 million, or 22.8% in 2006. Segment operating income reflects the in-process research and development charges of \$115 million in 2007 related to the TriPath acquisition and \$53 million in 2006 related to the GeneOhm acquisition. The Diagnostics Segment experienced a slight improvement in gross profit margin from sales growth of products that have higher overall gross profit margins, in particular, safety-engineered products and the *BD ProbeTec* system. These improvements were slightly offset by manufacturing start-up costs. See further discussion on gross profit margin below. Selling and administrative expense as a percent of Diagnostics revenues in 2007 was higher than the comparable amount in 2006 primarily due to the impact of TriPath and GeneOhm. Research and development expense increased \$33 million, or 39%, reflecting new spending associated with these two acquisitions and overall increased investment in new product development.

Biosciences Segment

Biosciences revenues in 2007 of \$1.0 billion increased \$118 million, or 13%, over 2006, which reflected an estimated impact of favorable foreign currency translation of 3 percentage points.

The following is a summary of revenues by organizational unit:

(millions of dollars)	2007	2006	Total Change	Estimated Foreign Exchange Impact
Immunocytometry Systems	\$ 588	\$ 503	17%	3%
Discovery Labware	278	256	9%	2%
Pharminggen	168	157	7%	2%
Total Revenues	\$ 1,034	\$ 916	13%	3%

Revenue growth in the Immunocytometry Systems unit in 2007 reflects strong sales of instruments and flow cytometry reagents, driven by increased demand for research analyzers and clinical reagents. Revenue growth in the Discovery Labware unit in 2007 reflects strong sales of bionutrients and overall market growth.

Biosciences operating income was \$259 million, or 25.0% of Biosciences revenues in 2007, compared with \$222 million, or 24.2%, in 2006. Segment operating income includes an in-process research and development charge of \$7 million in 2007. The increase in operating income, as a percentage of revenues, reflects gross profit improvement from relatively higher sales growth of products that have higher overall gross profit margins and the favorable impact of foreign currency translation. These improvements were offset by manufacturing start-up costs. See further discussion on gross profit margin below. Selling and administrative expense as a percentage of Biosciences revenues was 24.0% versus 25.3% in 2006. Higher sales and continued tight expense control were the key contributors to the increased expense leverage. Research and development expense in 2007 increased \$7 million, or 9.0%, reflecting spending on new product development and advanced technology, particularly in the Immunocytometry Systems unit.

Geographic Revenues

Revenues in the United States in 2007 of \$3.0 billion increased 11%. U.S. sales of safety-engineered devices were approximately \$987 million in 2007, compared with \$920 million in 2006. Growth was also led by strong sales of prefilled flush syringes, prefilled syringes and immunocytometry instruments and reagents. U.S. revenue growth also included \$88 million of revenues from TriPath.

Revenues outside the United States in 2007 increased 11% to \$3.3 billion, reflecting an estimated impact of favorable foreign currency translation of 5 percentage points. Growth was led by solid sales in our European, Asia-Pacific and Canadian regions in 2007. International sales of safety-engineered devices were approximately \$414 million in 2007, compared with \$329 million in 2006.

Gross Profit Margin

Gross profit margin was 51.7% in 2007, compared with 51.3% in 2006. Gross profit margin in 2007 as compared with 2006 reflected an estimated 0.6% improvement relating to increased sales of products with relatively higher margins as well as productivity gains. These improvements were partially offset by an estimated 0.2% impact from manufacturing start-up costs.

Operating Expenses

Selling and administrative expense was \$1.6 billion in 2007 compared with \$1.4 billion in 2006, or 25.2% of revenues in both years. Aggregate expenses for 2007 reflect base spending increases of \$62 million and expenses of \$40 million associated with the GeneOhm and TriPath operations. Increases in selling and administrative expense in 2007 also reflected the absence of proceeds from insurance settlements of \$17 million received in 2006 in connection with our previously-owned latex glove business, as well as an unfavorable foreign exchange impact of \$35 million.

Research and development expense in 2007 was \$360 million, or 5.7% of revenues, compared with \$302 million, or 5.3% of revenues, in 2006. The increase in R&D expenditures includes spending for new programs in each of our segments, as previously discussed.

Non-Operating Expense and Income

Interest expense was \$46 million in 2007, compared with \$66 million in 2006. The decrease reflected lower debt and higher levels of capitalized interest. Interest income was \$46 million in 2007, compared with \$59 million in 2006, resulting from lower cash balances.

Income Taxes

The effective tax rate in 2007 was 28.9% compared with the 2006 rate of 27.6%. The 2007 rate reflected the non-deductibility of the acquired in-process R&D charges of \$122 million, which were partially offset by the impact of approximately 0.3% resulting from the retroactive reinstatement of the research and experimentation tax credit. The 2006 rate reflected the non-deductibility of the acquired in-process R&D charge of \$53 million, as well as the impact relating to the proceeds received from insurance settlements of approximately 0.2%.

Income and Diluted Earnings per Share from Continuing Operations

Income from continuing operations and diluted earnings per share from continuing operations in 2007 were \$856 million and \$3.36, respectively. The acquired in-process R&D charges decreased income from continuing operations and diluted earnings per share from continuing operations in the aggregate by \$122 million and by \$.48, respectively, in 2007. Income from continuing operations and diluted earnings per share from continuing operations in 2006 were \$815 million and \$3.18, respectively. The acquired in-process R&D charge decreased income from continuing operations and diluted earnings per share from continuing operations by \$53 million and by \$.21, respectively, in 2006.

Discontinued Operations

In September 2006, the Company announced a plan to exit the blood glucose monitoring market. The Company recorded a pre-tax charge of \$63 million in connection with its decision to exit the BGM product line. During the first quarter of 2007, the Company received an unsolicited offer for the purchase of the BGM product line. In December 2006, the Company sold the product line for \$20 million. Following the sale, prior period Consolidated Statements of Income and Cash Flows were restated to separately present the results of the BGM product line as discontinued operations. See Note 3 of the Notes to Consolidated Financial Statements for additional discussion.

Liquidity and Capital Resources

Net Cash Flows from Continuing Operating Activities

Net cash provided by continuing operating activities was \$1.2 billion in 2007, compared with \$1.1 billion in 2006.

Net Cash Flows from Continuing Investing Activities

Net cash used for continuing investing activities in 2007 was \$1.0 billion, compared with \$784 million in 2006. Acquisitions of businesses of \$340 million in 2007 represented the net cash paid for the TriPath acquisition. Capital expenditures were \$556 million in 2007, compared with \$457 million in 2006. Medical capital spending of \$353 million and Diagnostics capital spending of \$114 million in 2007 related primarily to various capacity expansions. Biosciences capital spending of \$73 million in 2007 included spending on manufacturing capacity expansions.

Net Cash Flows from Continuing Financing Activities

Net cash used for financing activities was \$726 million in 2007, as compared with \$342 million in 2006, and included the repurchase of shares of our common stock for approximately \$450 million, compared with approximately \$449 million in 2006. Total debt at September 30, 2007, was \$1.2 billion compared with \$1.4 billion at September 30, 2006. Short-term debt decreased to 18% of total debt at year-end, from 31% at the end of 2006. Floating rate debt was 36% of total debt at the end of 2007 and 46% at the end of 2006. Our weighted average cost of total debt at the end of 2007 was 5.7%, up from 5.5% at the end of 2006. Debt-to-capitalization at year-end improved to 20.9% from 25.8% last year.

Critical Accounting Policies

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

Revenue Recognition

Revenue from product sales is recognized when title and risk of loss pass to the customer. We recognize revenue for certain instruments sold from the Biosciences segment upon installation at a customer's site, as installation of these instruments is considered a significant post-delivery obligation. For certain sales arrangements, primarily in the U.S., with multiple deliverables, revenue and cost of products sold are recognized at the completion of each deliverable: shipment, installation and training, in accordance with Emerging Issues Task Force Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables." These sales agreements are divided into separate units of accounting. Revenue is recognized upon the completion of each deliverable based on the relative fair values of items delivered. Fair values are generally determined based on sales of the individual deliverables to other third parties.

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

Impairment of Assets

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

Investments

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

Tax Valuation Allowances

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

Contingencies

We are involved, both as a plaintiff and a defendant, in various legal proceedings that arise in the ordinary course of business, including, without limitation, product liability, antitrust and environmental matters, as further discussed in Note 12 of the Notes to Consolidated Financial Statements. We assess the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable losses. In accordance with U.S. generally accepted accounting principles, we establish accruals to the extent probable future losses are estimable (in the case of environmental matters, without considering possible third-party recoveries). A determination of the amount of accruals, if any, for these contingencies is made after careful analysis of each individual issue and, when appropriate, is developed after consultation with outside counsel. The accruals may change in the future due to new developments in each matter or changes in our strategy in dealing with these matters.

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

Benefit Plans

We have significant net pension and other postretirement benefit costs that are measured using actuarial valuations. Pension benefit costs include assumptions for the discount rate and expected return on plan assets. Other postretirement benefit plan costs include assumptions for the discount rate and healthcare cost trend rates. These assumptions have a significant effect on the amounts reported. In addition to the analysis below, see Note 5 of the Notes to Consolidated Financial Statements for additional discussion.

The discount rate is selected each year based on investment grade bonds and other factors as of the measurement date (September 30). For the U.S. pension plan, we used a discount rate of 8.00% as of September 30, 2008, which was based on an actuarially-determined, company-specific yield curve. The rate selected is used to measure liabilities as of the measurement date and for calculating the following year's pension expense. The expected long-term rate of return on plan assets assumption, although reviewed each year, is changed less frequently due to the long-term nature of the assumption. This assumption does not impact the measurement of assets or liabilities as of the measurement date; rather, it is used only in the calculation of pension expense. To determine the expected long-term rate of return on pension plan assets, we consider many factors, including our historical assumptions compared with actual results; benchmark data; expected returns on various plan asset classes, as well as current and expected asset allocations. At September 30, 2008, we used a long-term expected rate of return on plan assets assumption of 8.00% for the U.S. pension plan. We believe our discount rate and expected long-term rate of return on plan assets assumptions are appropriate based upon the above factors.

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

- Discount rate – A change of plus (minus) 25 basis points, with other assumptions held constant, would have an estimated \$5 million favorable (unfavorable) impact on the total U.S. net pension and other postretirement benefit plan cost.
- Expected return on plan assets – A change of plus (minus) 25 basis points, with other assumptions held constant, would have an estimated \$2 million favorable (unfavorable) impact on U.S. pension plan cost.

Share-Based Compensation

Compensation cost relating to share-based payment transactions is recognized in net income using a fair value measurement method, in accordance with SFAS No. 123(R). SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the statement of operations as compensation expense (based on their fair values) over the vesting period of the awards. We determine the fair value of certain share-based awards using a lattice-based binomial option valuation model that incorporates certain assumptions, such as the risk-free interest rate, expected volatility, expected dividend yield and expected life of the options. See Note 13 of the Notes to Consolidated Financial Statements for additional discussion.

Cautionary Statement Regarding Forward-Looking Statements

BD and its representatives may from time-to-time make certain forward-looking statements in publicly released materials, both written and oral, including statements contained in this report and filings with the Securities and Exchange Commission and in our other reports to shareholders. Forward-looking statements may be identified by the use of words such as “plan,” “expect,” “believe,” “intend,” “will,” “anticipate,” “estimate” and other words of similar meaning in conjunction with, among other things, discussions of future operations and financial performance, as well as our strategy for growth, product development, regulatory approvals, market position and expenditures. All statements that address operating performance or events or developments that we expect or anticipate will occur in the future – including statements relating to volume growth, sales and earnings per share growth, cash flows or uses, and statements expressing views about future operating results – are forward-looking statements.

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

We are in the midst of a global economic slowdown and, although we do not currently anticipate any significant weakening of demand for our products, this could change depending on the severity and duration of the slowdown. In addition, the following are some important factors that could cause our actual results to differ from our expectations in any forward-looking statements:

- Regional, national and foreign economic factors, including inflation, deflation and fluctuations in interest rates and foreign currency exchange rates and the potential effect of such fluctuations on revenues, expenses and resulting margins, as well as competition in certain markets.
- Instability in the global financial markets and the potential adverse effect on liquidity and capital resources for BD or its customers and suppliers, the cost of operating our business, or the demand for our products and services.
- Fluctuations in the cost and availability of oil-based resins and other raw materials, as well as certain sub-assemblies and finished goods, and the ability to maintain favorable supplier arrangements and relationships (particularly with respect to sole-source suppliers) and the potential adverse effects of any disruption in the availability of such items.
- We operate in a highly competitive environment. New product introductions by our current or future competitors (for example, new forms of drug delivery) could adversely affect our ability to compete in the global market. Patents attained by competitors, particularly as patents on our products expire, may also adversely impact our competitive position. Certain competitors have established manufacturing sites or have contracted with suppliers in low-cost manufacturing locations as a means to lower their costs. New entrants may also appear.
- We sell certain products to pharmaceutical companies that are used to manufacture, or are sold with, products by such companies. As a result, fluctuations in demand for the products of these pharmaceutical companies could adversely affect our operating results.
- Changes in domestic and foreign healthcare industry practices and regulations resulting in increased pricing pressures, including the continued consolidation among healthcare providers; trends toward managed care and healthcare cost containment; and government laws and regulations relating to sales and promotion, reimbursement and pricing generally.
- The effects, if any, of governmental and media activities regarding the business practices of group purchasing organizations, which negotiate product prices on behalf of their member hospitals with BD and other suppliers.
- Our ability to obtain the anticipated benefits of restructuring programs, if any, that we may undertake.
- Our ability to implement the upgrade of our enterprise resource planning system. Any delays or deficiencies in the design and implementation of our upgrade could adversely affect our business.

- Adoption of, or changes in, government laws and regulations affecting domestic and foreign operations, including those relating to trade, monetary and fiscal policies, taxation, environmental matters, sales practices, price controls, licensing and regulatory approval of new products, regulatory requirements for products in the postmarketing phase, or changes in enforcement practices with respect to any such laws and regulations. In particular, environmental laws, particularly with respect to the emission of greenhouse gases, are becoming more stringent throughout the world, which may increase our costs of operations or necessitate changes in our manufacturing plants or processes.
- Fluctuations in U.S. and international governmental funding and policies for life sciences research.
- Difficulties inherent in product development, including the potential inability to successfully continue technological innovation, complete clinical trials, obtain regulatory approvals in the United States and abroad, obtain coverage and adequate reimbursement for new products, or gain and maintain market approval of products, as well as the possibility of encountering infringement claims by competitors with respect to patent or other intellectual property rights, all of which can preclude or delay commercialization of a product.
- Pending and potential litigation or other proceedings adverse to BD, including antitrust claims, product liability claims, patent infringement claims and the availability or collectibility of insurance relating to such claims.
- The effects, if any, of adverse media exposure or other publicity regarding BD's business or operations.
- Our ability to achieve the projected level or mix of product sales. Our earnings forecasts are generated based on such projected volumes and sales of many product types, some of which are more profitable than others.
- The effect of market fluctuations on the value of assets in BD's pension plans and the possibility that BD may need to make additional contributions to the plans as a result of any decline in the value of such assets.
- Our ability to effect infrastructure enhancements and incorporate new systems technologies into our operations.
- Product efficacy or safety concerns resulting in product recalls, regulatory action on the part of the U.S. Food and Drug Administration (or foreign counterparts) or declining sales.
- Economic and political conditions in international markets, including civil unrest, terrorist activity, governmental changes, restrictions on the ability to transfer capital across borders and expropriation of assets by a government.
- The effects of natural disasters, including hurricanes or pandemic diseases, on our ability to manufacture our products, particularly where production of a product line is concentrated in one or more plants, or on our ability to source components from suppliers that are needed for such manufacturing.
- Our ability to penetrate developing and emerging markets, which also depends on economic and political conditions, and how well we are able to acquire or form strategic business alliances with local companies and make necessary infrastructure enhancements to production facilities, distribution networks, sales equipment and technology.
- The impact of business combinations, including acquisitions and divestitures, both internally on BD and externally on the healthcare industry.
- Issuance of new or revised accounting standards by the Financial Accounting Standards Board or the Securities and Exchange Commission.

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

Management's Responsibilities

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

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

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

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Act of 1934. Management conducted an assessment of the effectiveness of internal control over financial reporting based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment and those criteria, management concluded that internal control over financial reporting was effective as of September 30, 2008.


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



Edward J. Ludwig
Chairman, President and
Chief Executive Officer



John R. Considine
Vice Chairman
and Chief Financial Officer



William A. Tozzi
Vice President -
Finance

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

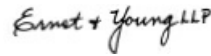
We have audited the accompanying consolidated balance sheets of Becton, Dickinson and Company as of September 30, 2008 and 2007, and the related consolidated statements of income, comprehensive income, and cash flows for each of the three years in the period ended September 30, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Becton, Dickinson and Company at September 30, 2008 and 2007, and the consolidated results of its operations and its cash flows for each of the three years in the period ended September 30, 2008, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, the Company adopted Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" on October 1, 2007, and Financial Accounting Standard No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106 and 132 (R)" on September 30, 2007.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Becton, Dickinson and Company's internal control over financial reporting as of September 30, 2008, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated November 17, 2008 expressed an unqualified opinion thereon.



ERNST & YOUNG LLP
New York, New York
November 17, 2008

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

We have audited Becton, Dickinson and Company's internal control over financial reporting as of September 30, 2008, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Becton, Dickinson and Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

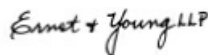
We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material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

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

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

In our opinion, Becton, Dickinson and Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2008, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Becton, Dickinson and Company as of September 30, 2008 and 2007, and the related consolidated statements of income, comprehensive income, and cash flows for each of the three years in the period ended September 30, 2008 of Becton, Dickinson and Company, and our report dated November 17, 2008 expressed an unqualified opinion thereon.



ERNST & YOUNG LLP
New York, New York
November 17, 2008

Consolidated Statements of Income

Years Ended September 30

Thousands of dollars, except per share amounts

	2008	2007	2006
Operations			
Revenues	\$ 7,155,910	\$ 6,359,708	\$ 5,738,017
Cost of products sold	3,492,561	3,071,921	2,793,265
Selling and administrative expense	1,715,045	1,602,404	1,448,166
Research and development expense	396,238	360,050	301,872
Acquired in-process research and development	—	122,133	53,300
Total Operating Costs and Expenses	5,603,844	5,156,508	4,596,603
Operating Income	1,552,066	1,203,200	1,141,414
Interest expense	(36,343)	(46,420)	(66,046)
Interest income	39,368	46,221	59,296
Other (expense) income, net	(1,484)	944	(8,762)
Income From Continuing Operations Before Income Taxes	1,553,607	1,203,945	1,125,902
Income tax provision	425,689	347,778	310,792
Income from Continuing Operations	1,127,918	856,167	815,110
(Loss) income from Discontinued Operations Net of income tax (benefit) provision of \$(567), \$15,242 and \$(32,823)	(922)	33,866	(62,830)
Net Income	\$ 1,126,996	\$ 890,033	\$ 752,280
Basic Earnings per Share			
Income from Continuing Operations	\$ 4.62	\$ 3.50	\$ 3.30
Income (loss) from Discontinued Operations	\$ —	\$ 0.14	\$ (0.25)
Basic Earnings per Share^(A)	\$ 4.61	\$ 3.63	\$ 3.04
Diluted Earnings per Share			
Income from Continuing Operations	\$ 4.46	\$ 3.36	\$ 3.18
Income (loss) from Discontinued Operations	\$ —	\$ 0.13	\$ (0.24)
Diluted Earnings per Share^(A)	\$ 4.46	\$ 3.49	\$ 2.93

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

See notes to consolidated financial statements

Consolidated Statements of Comprehensive Income

Years Ended September 30

Thousands of dollars

	2008	2007	2006
Net Income	\$ 1,126,996	\$ 890,033	\$ 752,280
Other Comprehensive (Loss) Income, Net of Tax			
Foreign currency translation adjustments	(80,305)	250,411	77,396
Minimum pension liability adjustment	—	3,159	77,086
Defined benefit pension and postretirement plans	(42,862)	—	—
Unrealized (loss) gain on investments, net of amounts recognized	(42)	(10,643)	1,212
Unrealized gain (loss) on cash flow hedges, net of amounts realized	43,871	(2,596)	(1,307)
Other Comprehensive (Loss) Income, Net of Tax	(79,338)	240,331	154,387
Comprehensive Income	\$ 1,047,658	\$ 1,130,364	\$ 906,667

See notes to consolidated financial statements

Consolidated Balance Sheets

September 30

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

	2008	2007
Assets		
Current Assets		
Cash and equivalents	\$ 830,477	\$ 511,482
Short-term investments	199,942	158,040
Trade receivables, net	1,079,051	1,083,152
Inventories	1,080,426	1,051,959
Prepaid expenses, deferred taxes and other	424,779	325,933
Total Current Assets	3,614,675	3,130,566
Property, Plant and Equipment, Net	2,744,474	2,497,338
Goodwill	625,768	621,414
Core and Developed Technology, Net	348,531	374,779
Other Intangibles, Net	89,675	95,938
Capitalized Software, Net	133,486	142,738
Other	356,334	466,592
Total Assets	\$ 7,912,943	\$ 7,329,365
Liabilities		
Current Liabilities		
Short-term debt	\$ 201,312	\$ 207,634
Accounts payable	260,882	266,993
Accrued expenses	519,117	481,429
Salaries, wages and related items	406,379	435,854
Income taxes	28,889	86,899
Total Current Liabilities	1,416,579	1,478,809
Long-Term Debt	953,226	955,713
Long-Term Employee Benefit Obligations	464,982	444,874
Deferred Income Taxes and Other	142,588	88,012
Commitments and Contingencies	—	—
Shareholders' Equity		
Common stock - \$1 par value: authorized - 640,000,000 shares; issued-332,662,160 shares in 2008 and 2007	332,662	332,662
Capital in excess of par value	1,359,531	1,125,368
Retained earnings	6,838,589	5,995,787
Deferred compensation	14,694	12,205
Common stock in treasury - at cost - 89,584,786 shares in 2008 and 88,825,066 shares in 2007	(3,532,398)	(3,105,893)
Accumulated other comprehensive (loss) income	(77,510)	1,828
Total Shareholders' Equity	4,935,568	4,361,957
Total Liabilities and Shareholders' Equity	\$ 7,912,943	\$ 7,329,365

See notes to consolidated financial statements

Consolidated Statements of Cash Flows

Years Ended September 30

Thousands of dollars

	2008	2007	2006
Operating Activities			
Net income	\$ 1,126,996	\$ 890,033	\$ 752,280
Loss (income) from discontinued operations, net	922	(33,866)	62,830
Income from continuing operations, net	1,127,918	856,167	815,110
Adjustments to income from continuing operations to derive net cash provided by continuing operating activities, net of amounts acquired:			
Depreciation and amortization	477,422	441,341	402,332
Share-based compensation	100,585	107,706	108,613
Deferred income taxes	80,088	(115,489)	(108,285)
Acquired in-process research and development	—	122,133	53,300
Change in operating assets and liabilities:			
Trade receivables, net	(1,927)	(117,048)	(19,977)
Inventories	(43,617)	(126,863)	(99,505)
Prepaid expenses, deferred taxes and other	(29,967)	(24,965)	(122,496)
Accounts payable, income taxes and other liabilities	(11,776)	102,996	100,636
Pension obligation	(56,083)	(22,119)	(64,971)
Other, net	45,355	12,189	39,416
Net Cash Provided by Continuing Operating Activities	1,687,998	1,236,048	1,104,173
Investing Activities			
Capital expenditures	(601,981)	(556,394)	(457,067)
Capitalized software	(49,306)	(22,334)	(22,454)
Change in short-term investments	(46,321)	(30,167)	(18,633)
Purchases of long-term investments	(5,666)	(3,881)	(9,672)
Acquisitions of businesses, net of cash acquired	(41,259)	(339,528)	(231,464)
Proceeds from discontinued operations	—	19,971	—
Other, net	(38,491)	(85,922)	(44,656)
Net Cash Used for Continuing Investing Activities	(783,024)	(1,018,255)	(783,946)
Financing Activities			
Change in short-term debt	(5,938)	(121,102)	121,563
Payments of debt	(1,114)	(100,790)	(828)
Repurchase of common stock	(450,001)	(450,124)	(448,882)
Issuance of common stock	85,396	130,679	147,796
Excess tax benefit from payments under share-based compensation plans	64,335	55,118	50,609
Dividends paid	(278,506)	(239,810)	(212,431)
Net Cash Used for Continuing Financing Activities	(585,828)	(726,029)	(342,173)
Discontinued Operations:			
Net cash (used for) provided by operating activities	(899)	4,388	(27,773)
Net cash used for investing activities	—	—	(2,580)
Net cash used for financing activities	—	—	—
Net Cash (Used for) Provided by Discontinued Operations	(899)	4,388	(30,353)
Effect of exchange rate changes on cash and equivalents	748	15,041	9,698
Net Increase (Decrease) in Cash and Equivalents	318,995	(488,807)	(42,601)
Opening Cash and Equivalents	511,482	1,000,289	1,042,890
Closing Cash and Equivalents	\$ 830,477	\$ 511,482	\$ 1,000,289

See notes to consolidated financial statements

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

1

Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Becton, Dickinson and Company and its majority-owned subsidiaries (the "Company") after the elimination of intercompany transactions. The Company has no material interests in variable interest entities.

Cash Equivalents

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

Short-Term Investments

Short-term investments consist of time deposits with maturities greater than three months and less than one year when purchased.

Inventories

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

Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are principally provided on the straight-line basis over estimated useful lives, which range from 20 to 45 years for buildings, four to 10 years for machinery and equipment and two to 17 years for leasehold improvements. Depreciation and amortization expense was \$305,510, \$280,357 and \$262,956 in fiscal 2008, 2007 and 2006, respectively.

Goodwill and Other Intangible Assets

Goodwill is reviewed annually for impairment in accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets." In reviewing goodwill for impairment, potential impairment is identified by comparing the fair value of a reporting unit, estimated using an income approach, with its carrying value. Core and developed technology is amortized over periods ranging from 15 to 20 years, using the straight-line method. Both goodwill and core and developed technology arise from acquisitions. Other intangibles with finite useful lives, which include patents, are amortized over periods principally ranging from two to 40 years, using the straight-line method. These intangibles, including core and developed technology, are periodically reviewed when impairment indicators are present to assess recoverability from future operations using undiscounted cash flows in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." To the extent carrying value exceeds the undiscounted cash flows, an impairment loss is recognized in operating results based upon the excess of the carrying value over fair value. Other intangibles also include certain trademarks that are considered to have indefinite lives, as they are expected to generate cash flows indefinitely, and are reviewed annually for impairment.

Capitalized Software

Capitalized software, including costs for software developed or obtained for internal use is stated at cost, less accumulated amortization. Amortization expense is principally provided on the straight-line basis over estimated useful lives, which do not exceed 10 years. Amortization expense was \$56,652, \$66,386 and \$66,037 for 2008, 2007 and 2006, respectively.

Foreign Currency Translation

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

Revenue Recognition

Revenue from product sales is recognized when title and risk of loss pass to the customer. The Company recognizes revenue for certain instruments sold from the Biosciences segment upon installation at a customer's site, as installation of these instruments is considered a significant post-delivery obligation. For certain sales arrangements, primarily in the U.S., with multiple deliverables, revenue and cost of products sold are recognized at the completion of each deliverable: shipment, installation and training, in accordance with Emerging Issues Task Force Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables." These sales agreements are divided into separate units of accounting. Revenue is recognized upon the completion of each deliverable based on the relative fair values of items delivered. Fair values are generally determined based on sales of the individual deliverables to other third parties.

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

Shipping and Handling Costs

Shipping and handling costs are included in Selling and administrative expense. Shipping expense was \$276,370, \$243,263 and \$219,788 in 2008, 2007 and 2006, respectively.

Derivative Financial Instruments

In accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, all derivatives are recorded in the balance sheet at fair value and changes in fair value are recognized currently in earnings unless specific hedge accounting criteria are met.

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

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

Income Taxes

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

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

Earnings per Share

Basic earnings per share are computed based on the weighted average number of common shares outstanding. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

Use of Estimates

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

Share-Based Compensation

The Company accounts for all share-based compensation under SFAS No. 123 (revised 2004) – "Share-Based Payment" ("SFAS No. 123(R)"). This statement requires the recognition of the fair value of share-based compensation in net income. Compensation expense is recognized on a straight-line basis over the requisite service period, which is generally the vesting period.

2 Accounting Changes

On October 1, 2007, the Company adopted Financial Accounting Standards Board Interpretation No. 48 “Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109” (“FIN 48”). FIN 48 provides guidance for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. As a result of the implementation of FIN 48, the Company recognized a \$5,083 increase in its existing liability for uncertain tax positions, with a corresponding decrease to the October 1, 2007 retained earnings balance. The Company also reclassified the total amount of unrecognized tax benefits of \$71,782 from a current liability account (Accrued expenses) to a non-current liability account (Deferred Income Taxes and Other) on the Consolidated Balance Sheets, in accordance with FIN 48 as of October 1, 2007. If the Company were to recognize the unrecognized tax benefits, the effective tax rate would be favorably impacted. The Company does not anticipate any significant changes over the next 12 months to the amount of unrecognized tax benefits.

The Company includes interest and penalties associated with unrecognized tax benefits as a component of the Income tax provision on the Consolidated Statements of Income. As of October 1, 2007, accrued interest and penalties related to unrecognized tax benefits, included in the total amount, were \$9,388.

The Company conducts business and files tax returns in numerous countries and currently has tax audits in progress in a number of tax jurisdictions. The U.S. Internal Revenue Service (“IRS”) has completed its audit for the tax years through 2002; however, the tax years 2000 through 2002 remain open, with a single issue being considered in the IRS administrative appeals process. For the Company’s other major tax jurisdictions where it conducts business, the Company’s tax years are generally open after 2002.

In September 2006, the Financial Accounting Standards Board (the “FASB”) issued SFAS No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106 and 132(R)” (“SFAS No. 158”). SFAS No. 158 requires the Company to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its Consolidated Balance Sheet and to recognize changes in the funded status in the year in which the changes occur through comprehensive income. SFAS No. 158 also requires the funded status of a plan to be measured as of the balance sheet date and provides for additional disclosure requirements. The Company adopted SFAS No. 158 on September 30, 2007. SFAS No. 158 did not change the measurement date of the Company’s plans as the plans are measured at its fiscal year-end. See Note 5 regarding the Company’s adoption of SFAS No. 158.

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

Adoption of New Accounting Standard

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements” (“SFAS No. 157”). SFAS No. 157 defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. This Statement is effective for the Company beginning October 1, 2008, and applies to interim periods. The Company does not anticipate the implementation of this Statement will be material to the consolidated financial position or results of operations.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities” (“SFAS No. 159”). SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. Under SFAS No. 159, the decision to measure items as fair value is made at specified election dates on an instrument-by-instrument basis and is irrevocable. Entities electing the fair value option are required to recognize changes in fair value in earnings and to expense upfront costs and fees associated with the item for which the fair value option is elected. This Statement would be effective for the Company, if adopted, beginning October 1, 2008; however, the Company does not anticipate adopting this Statement.

3 Acquisitions and Divestitures

Cytopeia

On May 12, 2008, the Company acquired 100% of the outstanding stock of Cytopeia, Inc., a privately-held corporation that develops and markets advanced flow cytometry cell sorting instruments. The acquisition advances the Company's position in rapidly emerging areas of cell-based research, such as cell therapy research, stem cell research, drug discovery and development, and marine biology. The acquisition was accounted for under the purchase method of accounting and the results of operations of Cytopeia were included in the Biosciences segment's results as of the acquisition date. Pro forma information was not provided as the acquisition did not have a material effect on the Company's consolidated results. The purchase price was \$42,914 in cash, including transaction costs. Cash assumed as of the valuation date was \$1,655. The purchase price was allocated based upon the fair values of the assets and liabilities acquired. The allocation is based upon the information available as of September 30, 2008 and may be adjusted should further information become available. Additional information that may become subsequently available includes, but is not limited to, changes in the value of deferred tax assets and liabilities. The purchase price allocation resulted in a deferred tax asset of \$4,290, core and developed technology of \$20,000, deferred tax liabilities of \$7,904, primarily associated with core and developed technology; and other net assets of \$3,713, primarily consisting of accounts receivable and inventory. Core and developed technology will be amortized on a straight-line basis over its estimated useful life of approximately 15 years. The excess of the purchase price over the fair value of the assets acquired of \$22,815 was recorded as goodwill. The primary item that generated goodwill is the value of the Company's access to new technologies and capabilities related to cell therapy research. No portion of this goodwill is expected to be deductible for tax purposes.

TriPath

On December 20, 2006, the Company acquired the outstanding shares (approximately 93.8%) of TriPath Imaging, Inc. ("TriPath") which it did not previously own. TriPath develops, manufactures, markets and sells innovative solutions to improve the clinical management of cancer, including detection, diagnosis, staging and treatment. The acquisition advances the Company's position in cancer diagnostics. The acquisition was accounted for under the purchase method of accounting and the results of operations of TriPath were included in the Company's results as of the acquisition date. Pro forma information was not provided as the acquisition did not have a material effect on the Company's consolidated results. The purchase price was \$361,883 in cash, including transaction costs and other consideration. The purchase price was allocated based upon the fair values of the assets and liabilities acquired. The allocation of the purchase price resulted in deferred tax assets of \$75,261 primarily consisting of net operating loss carry-forwards and credits; core and developed technology of \$135,097; deferred tax liabilities of \$52,662 primarily associated with other intangible assets; and other net assets of \$56,736 consisting primarily of cash and trade receivables. Core and developed technology will be amortized on a straight-line basis over its estimated useful life of approximately 15 years. The excess of the purchase price over the fair value of the assets acquired of \$32,712 was recorded as goodwill. The primary items that generated goodwill are the value of expanded product opportunities in oncology that are aligned with and complement ongoing research programs at the Company. The goodwill was allocated to the Diagnostics segment and is not deductible for tax purposes. As a result of settling a preacquisition legal contingency in the fourth quarter of 2007, the Company received an upfront cash payment of \$7,167. The effects of this payment, as well as other minor purchase accounting adjustments, are reflected in the purchase price allocation detailed above.

In connection with the acquisition, the Company also incurred a non-deductible charge of \$114,739 for acquired in-process research and development. This charge, based on fair value, is associated with three projects: molecular Pap test, breast staging, and ovarian cancer tests. These projects had not yet reached technological feasibility and did not have alternative future use at the acquisition date. The portion of the charge allocated to each of these projects was \$75,992, \$18,764 and \$19,983, respectively.

The molecular Pap test uses proprietary molecular biomarkers and reagents that are intended to allow for the primary screening of cervical cancer. The addition of biomarkers is intended to improve sensitivity to allow the clinician to find disease more reliably. In February 2008, the Company ceased activities on the clinical trial for this product. The Company presently anticipates having a molecular Pap test commercially available both in the U.S. and outside the U.S. in fiscal year 2012, assuming successful completion of new clinical trials and attainment of approval from FDA.

The breast cancer project, using proprietary biomarkers and reagents, is intended to aid in disease discovery in its earliest stages. Tests developed in this program will also be run on the multiplex testing platform discussed below.

Since the acquisition, the Company changed the focus in this program from staging assay development to screening assay development. The Company anticipates having a breast assay both in the U.S. and outside the U.S. in fiscal year 2013, assuming successful completion of clinical trials and attainment of approval from FDA.

The ovarian cancer project, using proprietary biomarkers and reagents in a multiplex format, is intended to allow for earlier stage detection of cancer. Information the Company expects to obtain from tests developed in this project should allow clinicians to begin treatment sooner, which should lead to improved outcomes overall. In addition, the Company signed a development and supply agreement for a multiplex testing platform to allow for the simultaneous testing of multiple markers from a small volume of serum. The Company anticipates having an ovarian monitoring test commercially available in the U.S. in fiscal year 2010, assuming successful completion of clinical trials and attainment of approval from FDA. Screening tests are expected to be commercially available approximately two years thereafter.

The fair values of these projects were determined based upon the present value of projected cash flows utilizing an income approach reflecting the appropriate risk-adjusted discount rate based on the applicable technological and commercial risk of each project. These cash flows also took into account the income and expenses associated with the further development and commercialization of the underlying products. The range of discount rates assigned to the projects was 22 to 30 percent and gave consideration to the underlying risk relative to the developed technology, the overall commercial and technical risk, and the probabilities of success for each of the projects. The ongoing activity associated with each of these projects is not expected to be material to the Company's research and development expense.

Plasso

On May 4, 2007, the Company acquired all of the outstanding shares of Plasso Technology, Ltd. ("Plasso"), a privately-held company that is developing the next generation of surface-critical research tools utilizing functional coating technology for applications in glycomics and cell culture, for \$10,425 in cash including transaction costs. In connection with the acquisition, the Company incurred a non-deductible charge of \$7,394 for acquired in-process research and development associated with Plasso's technology, for which, at the acquisition date, technological feasibility had not been established and no alternative future use existed. Because Plasso was a development stage company that had not commenced its planned principal operations, the transaction was accounted for as an acquisition of assets rather than as a business combination and, therefore, goodwill was not recorded.

GeneOhm

On February 14, 2006, the Company acquired all the outstanding stock of GeneOhm Sciences, Inc. ("GeneOhm"), a company that develops molecular diagnostic testing for the rapid detection of bacterial organisms, including those known to cause healthcare-associated infections. The acquisition provides the Company with expanded entry into the emerging field of healthcare-associated infections. The acquisition was accounted for under the purchase method of accounting and the results of operations of GeneOhm were included in the Company's results as of the acquisition date. Pro forma information was not provided as the acquisition did not have a material effect on the Company's consolidated results. The purchase price consisted of an up-front cash payment of \$232,542, including transaction costs. The purchase price was allocated based upon the fair values of the assets and liabilities acquired. The allocation of the purchase price resulted in deferred tax assets of \$32,423 consisting of net operating loss carry forwards and credits; other intangible assets, primarily core and developed technology, of \$91,043; deferred tax liabilities of \$29,626 associated with other intangible assets, and other net assets of \$3,750. Core and developed technology will be amortized on a straight-line basis over its estimated useful life of approximately 15 years. The excess of the purchase price over the fair value of the assets acquired of \$81,652 was recorded as goodwill. The primary items that generated goodwill are the value of synergies in microbiology research and the expansion of product offerings in molecular diagnostics. The goodwill was allocated to the Diagnostics segment and is not deductible for tax purposes. In connection with the acquisition, the Company also incurred a non-deductible charge of \$53,300 for acquired in-process research and development. This charge, based on fair value, is associated with several products that have not reached technological feasibility and do not have alternative future use at the acquisition date. The fair value of each product was determined based upon the present value of projected cash flows utilizing an income approach reflecting the appropriate risk-adjusted discount rate based on the applicable technological and commercial risk of each product. These cash flows took into account the income and expenses associated with the further development and commercialization of the underlying products. The ongoing activity associated with each of these products is not material to the Company's research and development expense.

BGM

On September 28, 2006, the Company announced a plan to exit the blood glucose monitoring (“BGM”) market. In accordance with the plan, distribution of the *BD Logic* Blood Glucose Monitor was immediately discontinued. BD continued to distribute test strips for its customers through December 2007. The decision to exit the BGM market was made following an evaluation of the future outlook for the product line. The Company recorded a pre-tax charge of \$63,414 in 2006 in connection with its decision to exit the BGM product line. This charge consisted of \$5,352 related to estimated customer sales returns, \$31,602 related to the write-off of inventory and related purchase commitments, \$14,052 related to long-lived asset write-downs, and \$12,408 related to severance and other exit costs.

During the first quarter of fiscal 2007, the Company received an unsolicited offer for the purchase of the BGM product line. On December 11, 2006, the Company sold the product line for \$19,971 and recognized a pre-tax gain on sale of \$15,226. During 2007, adjustments of \$9,319 were made to reduce sales returns and other accruals related to obligations that remained with the Company upon divestiture of the product line. Additionally, the Company received a payment of \$4,675, which represented the resolution of a contingency with a former supplier. Following the sale, the Company’s prior period Consolidated Statements of Income and Cash Flows and related disclosures have been restated to separately present the results of the BGM product line as discontinued operations.

Other

In August 2005, the Company completed the sale of the Clontech unit of the Biosciences segment for \$62,100 and recognized a gain on sale of \$13,336 (\$28,533 after taxes). Clontech’s results of operations were reported as discontinued operations in 2006 in the accompanying Consolidated Statements of Income and Cash Flows.

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

	2008	2007	2006
Revenues	\$ 2,587	\$ 33,086	\$ 96,811
(Loss) income from discontinued operations before income taxes	(1,489)	49,108	(95,653) ^(A)
Income tax benefit (provision)	567	(15,242)	32,823
(Loss) income from discontinued operations, net	\$ (922)	\$ 33,866	\$ (62,830) ^(A)

(A) Includes post-closing charges of \$4,708 (\$3,311 after taxes) related to the divestiture of Clontech.

4 Other Intangible Assets

Other intangible assets at September 30 consisted of:

	2008		2007	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets				
Core and developed technology	\$ 548,974	\$ 200,443	\$ 548,995	\$ 174,216
Patents, trademarks, and other	297,321	216,697	289,920	203,037
	\$ 846,295	\$ 417,140	\$ 838,915	\$ 377,253
Unamortized intangible assets				
Trademarks	\$ 9,051		\$ 9,055	

Intangible amortization expense was \$54,217, \$46,607 and \$34,843 in 2008, 2007 and 2006, respectively. The estimated aggregate amortization expense for the fiscal years ending September 30, 2009 to 2013 are as follows: 2009 – \$51,900; 2010 – \$50,000; 2011 – \$48,100; 2012 – \$45,200; 2013 – \$43,800.

5 Benefit Plans

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

During 2007, the Company redesigned its U.S. pension plans to provide for a cash benefit formula by offering a one-time, irrevocable election to existing employees to change to this provision and mandating all new employees hired after April 1, 2007 to participate in the new formula. The Company also amended its other postretirement benefits plan to provide that new hires, as of April 1, 2007 or later, will no longer be eligible for company subsidized benefits. These amendments did not have a material impact on the net pension and postretirement cost of the Company in 2007.

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

	Pension Plans			Other Postretirement Benefits		
	2008	2007	2006	2008	2007	2006
Service cost	\$ 66,440	\$ 69,869	\$ 74,111	\$ 4,648	\$ 4,386	\$ 4,164
Interest cost	81,939	75,728	71,997	14,906	14,608	14,873
Expected return on plan assets	(97,218)	(88,527)	(80,063)	—	—	—
Amortization of prior service cost	(1,066)	348	309	(6,232)	(6,233)	(6,233)
Amortization of loss	8,256	17,507	27,932	3,962	5,795	7,127
Amortization of net obligation	(112)	(92)	(70)	—	—	—
Settlements	602	—	—	—	—	—
	\$ 58,841	\$ 74,833	\$ 94,216	\$ 17,284	\$ 18,556	\$ 19,931

Net pension cost attributable to foreign plans included in the preceding table was \$20,072, \$21,156 and \$18,639 in 2008, 2007 and 2006, respectively.

Effective September 30, 2007, the Company adopted the recognition and disclosure provisions of SFAS No. 158, which requires the Company to recognize on a prospective basis the funded status of its pension and other postretirement benefit plans in the Consolidated Balance Sheet with a corresponding adjustment to Accumulated other comprehensive (loss) income. The incremental effect of adopting SFAS No. 158 was a \$209,695 reduction in Shareholders' Equity, net of deferred taxes as of September 30, 2007.

Notes to Consolidated Financial Statements Becton, Dickinson and Company

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

	Pension Plans		Other Postretirement Benefits	
	2008	2007	2008	2007
Change in benefit obligation:				
Beginning obligation	\$ 1,394,430	\$ 1,384,667	\$ 245,971	\$ 255,726
Service cost	66,440	69,869	4,648	4,386
Interest cost	81,939	75,728	14,906	14,608
Plan amendments	—	(16,586)	—	—
Benefits paid	(71,517)	(97,671)	(22,303)	(25,411)
Actuarial gain	(181,968)	(63,519)	(47,605)	(11,818)
Other, includes translation	(16,868)	41,942	5,629	8,480
Benefit obligation at September 30	\$ 1,272,456	\$ 1,394,430	\$ 201,246	\$ 245,971
Change in fair value of plan assets:				
Beginning fair value	\$ 1,296,169	\$ 1,124,565	\$ —	\$ —
Actual return on plan assets	(224,777)	138,446	—	—
Employer contribution	114,924	96,952	—	—
Benefits paid	(71,517)	(97,671)	—	—
Other, includes translation	(14,833)	33,877	—	—
Plan assets at September 30	\$ 1,099,966	\$ 1,296,169	\$ —	\$ —
Funded Status at September 30:				
Unfunded benefit obligation	\$ (172,490)	\$ (98,261)	\$ (201,246)	\$ (245,971)
Amounts recognized in the Consolidated Balance Sheets at September 30:				
Other	\$ 2,841	\$ 32,710	\$ —	\$ —
Salaries, wages and related items	(5,006)	(2,668)	(19,427)	(20,067)
Long-term Employee Benefit Obligations	(170,325)	(128,303)	(181,819)	(225,904)
Net amount recognized	\$ (172,490)	\$ (98,261)	\$ (201,246)	\$ (245,971)
Amounts recognized in Accumulated other comprehensive (loss) income before income taxes at September 30:				
Net transition obligation	\$ 951	\$ 1,156	\$ (243)	\$ —
Prior service credit	9,018	10,086	456	6,688
Net actuarial loss	(359,793)	(238,144)	(9,992)	(62,194)
Net amount recognized	\$ (349,824)	\$ (226,902)	\$ (9,779)	\$ (55,506)

Notes to Consolidated Financial Statements Becton, Dickinson and Company

Foreign pension plan assets at fair value included in the preceding table were \$303,146 and \$359,291 at September 30, 2008 and 2007, respectively. The foreign pension plan projected benefit obligations were \$417,344 and \$430,265 at September 30, 2008 and 2007, respectively.

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were \$260,253, \$227,820 and \$135,442, respectively as of September 30, 2008, and \$96,723, \$76,398 and \$14,685, respectively as of September 30, 2007.

The estimated net actuarial loss and prior service credit for pension benefits that will be amortized from Accumulated other comprehensive (loss) income into net pension costs over the next fiscal year are expected to be \$17,905 and \$1,093, respectively. The estimated net actuarial gain and prior service credit for other postretirement benefits that will be amortized from Accumulated other comprehensive (loss) income into net other postretirement costs over the next fiscal year are expected to be \$131 and \$463, respectively.

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

	2008	2007	2006
Net Cost			
Discount rate:			
U.S. plans ^(A)	6.35%	5.95%	5.50%
Foreign plans	5.32	4.65	4.19
Expected return on plan assets:			
U.S. plans ^(A)	8.00	8.00	8.00
Foreign plans	6.42	6.42	6.02
Rate of compensation increase:			
U.S. plans ^(A)	4.50	4.50	4.25
Foreign plans	3.45	3.08	2.92
Benefit Obligation			
Discount rate:			
U.S. plans ^(A)	8.00	6.35	5.95
Foreign plans	5.98	5.32	4.65
Rate of compensation increase:			
U.S. plans ^(A)	4.50	4.50	4.50
Foreign plans	3.56	3.45	3.08

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

At September 30, 2008 the assumed healthcare trend rates were 8% pre and post age 65, gradually decreasing to an ultimate rate of 5% beginning in 2015. At September 30, 2007 the corresponding assumed healthcare trend rates were 9% pre and post age 65, gradually decreasing to an ultimate rate of 5% beginning in 2012. A one percentage point increase in assumed healthcare cost trend rates in each year would increase the accumulated postretirement benefit obligation as of September 30, 2008 by \$10,943 and the aggregate of the service cost and interest cost components of 2008 annual expense by \$762. A one percentage point decrease in the assumed healthcare cost trend rates in each year would decrease the accumulated postretirement benefit obligation as of September 30, 2008 by \$10,073 and the aggregate of the 2008 service cost and interest cost by \$667.

Expected Funding

The Company's funding policy for its defined benefit pension plans is to contribute amounts sufficient to meet legal funding requirements, plus any additional amounts that may be appropriate considering the funded status of the plans, tax consequences, the cash flow generated by the Company and other factors. While the Company will not be required to fund any of its pension plans in 2009, the Company made a discretionary contribution to its U.S. pension plan in October 2008 of \$75,000.

Expected benefit payments are as follows:

	Pension Plans	Other Postretirement Benefits
2009	\$ 105,137	\$ 19,427
2010	77,257	19,714
2011	82,588	19,870
2012	89,884	20,019
2013	95,246	20,178
2014-2018	607,818	101,109

Expected receipts of the subsidy under the Medicare Prescription Drug Improvement and Modernization Act of 2003, which are not reflected in the expected other postretirement benefit payments included in the preceding table, are as follows: 2009, \$2,372; 2010, \$2,480; 2011, \$2,574; 2012, \$2,646; 2013, \$2,695; 2014-2018, \$13,314.

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

	2008	2007
Equity securities	55.1%	64.5%
Debt securities	35.7	33.1
Other (primarily cash)	9.2	2.4
	100.0%	100.0%

Investment Strategy

The Company's investment objective is to achieve superior returns on plan assets, subject to a prudent level of portfolio risk, for the purpose of enhancing the security of benefits for participants. The Company's investments include a broad range of equity and fixed-income securities. These investments are diversified in terms of domestic and international equity securities, short-term and long-term securities, growth and value styles, as well as small and large capitalization stocks. The Company's target allocation percentages are as follows: equity securities (58% - 69%); fixed-income securities (31% - 39%); and cash (0% - 3%). Equity securities are held for their expected high return and excess return over inflation. Fixed-income securities are held for diversification relative to equities. The plans may also hold cash to meet liquidity requirements. Due to short-term fluctuations in market conditions, allocation percentages may temporarily deviate from these target allocation percentages before a rebalancing occurs. Investment risks and returns are measured and monitored on an on-going basis through annual liability measurements and quarterly investment portfolio reviews to determine whether the asset allocation targets continue to represent an appropriate balance of expected risk and reward. The Company is in the process of determining the optimal deployment of its discretionary contributions of \$75,000 made in both September and October 2008.

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

Postemployment Benefits

The Company utilizes a service-based approach in applying SFAS No. 112, "Employers' Accounting for Postemployment Benefits – an amendment of FASB Statements No. 5 and 43," for most of its postemployment benefits. This approach recognizes that actuarial gains and losses may result from experience that differs from baseline assumptions.

Postemployment benefit costs for the years ended September 30 included the following components:

	2008	2007	2006
Service cost	\$ 11,276	\$ 10,449	\$ 10,148
Interest cost	5,643	5,116	4,946
Amortization of prior service cost	159	1,654	1,654
Amortization of loss	6,686	6,895	8,548
	\$ 23,764	\$ 24,114	\$ 25,296

The unfunded status of the postemployment benefit plans, which are not funded, was \$76,286 and \$101,514 at September 30, 2008 and 2007, respectively. The amounts recognized in Accumulated other comprehensive (loss) income before income taxes for the net actuarial loss was \$26,014 and \$57,110 at September 30, 2008 and 2007, respectively. The estimated net actuarial loss that will be amortized from the Accumulated other comprehensive (loss) income into postemployment benefit cost over the next fiscal year is \$2,627.

Savings Incentive Plan

The Company has a voluntary defined contribution plan ("Savings Incentive Plan") covering eligible employees in the United States. In connection with the redesign of the U.S. pension and postretirement benefit plans, effective July 1, 2007, the Company amended its Savings Incentive Plan increasing the amount of the Company matching contribution for eligible employees to 75% of employees' contributions, up to a maximum of 4.5% of each employee's eligible compensation. Prior to that date, the Company matched 50% of employees' contributions, up to a maximum of 3% of each employee's salary. The cost of the Savings Incentive Plan was \$31,526 in 2008, \$21,878 in 2007 and \$16,626 in 2006. The Company guarantees employees' contributions to the fixed income fund of the Savings Incentive Plan, which consists of diversified money market instruments. The amount guaranteed was \$175,344 at September 30, 2008.

6 Income Taxes

The provision for income taxes from continuing operations for the years ended September 30 consisted of:

	2008	2007	2006
Current:			
Federal	\$ 269,638	\$ 307,072	\$ 281,784
State and local, including Puerto Rico	13,872	21,669	12,004
Foreign	150,009	134,526	125,289
	433,519	463,267	419,077
Deferred:			
Domestic	12,384	(94,306)	(101,651)
Foreign	(20,214)	(21,183)	(6,634)
	(7,830)	(115,489)	(108,285)
	\$ 425,689	\$ 347,778	\$ 310,792

The components of Income From Continuing Operations Before Income Taxes for the years ended September 30 consisted of:

	2008	2007	2006
Domestic, including Puerto Rico	\$ 790,894	\$ 550,750	\$ 466,655
Foreign	762,713	653,195	659,247
	\$ 1,553,607	\$ 1,203,945	\$ 1,125,902

Deferred tax assets and liabilities are netted on the balance sheet by separate tax jurisdictions. At September 30, 2008 and 2007, net current deferred tax assets of \$211,188 and \$168,305, respectively, were included in Prepaid expenses, deferred taxes and other. Net non-current deferred tax assets of \$85,311 and \$168,251, respectively, were included in Other. Net current deferred tax liabilities of \$2,985 and \$6,136, respectively, were included in Current Liabilities - Income taxes. Net non-current deferred tax liabilities of \$35,519 and \$37,121, respectively, were included in Deferred Income Taxes and Other. Deferred taxes are not provided on undistributed earnings of foreign subsidiaries that are indefinitely reinvested. At September 30, 2008, the cumulative amount of such undistributed earnings indefinitely reinvested outside the United States was \$2.1 billion. Determining the tax liability that would arise if these earnings were remitted is not practicable. Deferred taxes are provided for earnings outside the United States when those earnings are not considered indefinitely reinvested.

On October 1, 2007, BD adopted the provisions of FIN 48, "Accounting for Uncertainty in Income Taxes." Under this Interpretation, in order to recognize an uncertain tax benefit, the taxpayer must be more likely than not of sustaining the position, and the measurement of the benefit is calculated as the largest amount that is more than 50 percent likely to be realized upon resolution of the benefit. Adoption of this Interpretation did not have a material impact on BD's financial position. The following table summarizes the gross amounts of unrecognized tax benefits without regard to reduction in tax liabilities or additions to deferred tax assets and liabilities if such unrecognized tax benefits were settled:

October 1, 2007	\$ 71,782
Increase due to current year tax positions	5,411
Increase due to prior year tax positions	535
Decrease due to settlements and lapse of statute of limitations	(8,030)
September 30, 2008	\$ 69,698

The total amount of unrecognized tax benefits, if recognized, would favorably impact the effective tax rate. Included in the above total is approximately \$10,946 of interest and penalties, of which approximately \$1,558 are reflected in the current year statement of operations. BD does not expect significant changes in the aggregate amount of unrecognized tax benefits that may occur within the next twelve months, other than tax settlements.

The Company conducts business and files tax returns in numerous countries and currently has tax audits in progress in a number of tax jurisdictions. The IRS has completed its audit for the tax years through 2002; however, the tax years 2000 through 2002 remain open, with a single issue being considered in the IRS administrative appeals process. For the Company's other major tax jurisdictions where it conducts business, the Company's tax years are generally open after 2002.

In October 2004, the American Jobs Creations Act of 2004 (the "AJCA") was signed into law. The AJCA created a temporary incentive for U.S. multinationals to repatriate accumulated income earned outside the United States. As a result of the passage of the AJCA, the Company revisited its policy of indefinite reinvestment of foreign earnings and made a decision to repatriate approximately \$1.3 billion in 2006 pursuant to its approved repatriation plan. During 2006, the Company repatriated approximately \$1.3 billion in accordance with its planned repatriation under the AJCA. The actual tax charge associated with this repatriation was \$65,768.

Deferred income taxes at September 30 consisted of:

	2008		2007	
	Assets	Liabilities	Assets	Liabilities
Compensation and benefits	\$ 297,933	\$ —	\$ 301,118	\$ —
Property and equipment	—	206,503	—	190,979
Loss and credit carryforwards	175,341	—	193,981	—
Other	281,279	189,741	172,740	83,538
	754,553	396,244	667,839	274,517
Valuation allowance	(100,314)	—	(100,023)	—
	\$ 654,239	\$ 396,244	\$ 567,816	\$ 274,517

Valuation allowances have been established for capital loss carryforwards, state deferred tax assets, net of federal tax, related to net operating losses and credits and other deferred tax assets for which the Company has determined it is more likely than not that these benefits will not be realized. At September 30, 2008, the Company had deferred state tax assets for net state operating losses and credit carryforwards of \$49,965 for which a valuation allowance of \$33,860 has been established due to the uncertainty of generating sufficient taxable income in the state jurisdictions to utilize the deferred tax assets before they principally expire between 2009 and 2014. In 2007, a previously established valuation allowance of approximately \$19,700 related to state tax credit carryforwards was reversed and included in the state and local income tax line item in the following rate reconciliation table. The Company also has federal and state capital loss carryforward deferred tax assets of \$51,428 for which a full valuation allowance has been established due to the uncertainty of recognizing the benefit from these losses before they principally expire in 2010.

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

	2008	2007	2006
Federal statutory tax rate	35.0%	35.0%	35.0%
State and local income taxes, net of federal tax benefit	1.4	.2	.6
Effect of foreign and Puerto Rico earnings and foreign tax credits	(8.1)	(9.2)	(7.4)
Effect of Research, Domestic Production Activities, Extraterritorial Income tax benefits	(0.8)	(0.5)	(1.3)
Acquired in-process research and development	—	3.6	1.8
Repatriation of foreign earnings under the AJCA	—	—	(1.1)
Other, net	(0.1)	(0.2)	—
	27.4%	28.9%	27.6%

The approximate dollar and diluted earnings per share amounts of tax reductions related to tax holidays in various countries in which the Company does business were: 2008 - \$84,600 and \$0.33; 2007 - \$80,300 and \$0.32; and 2006 - \$70,000 and \$0.27. The tax holidays expire at various dates through 2023.

The Company made income tax payments, net of refunds, of \$330,709 in 2008, \$345,049 in 2007 and \$398,808 in 2006.

7 Supplemental Financial Information

Other (Expense) Income, Net

Other (expense) income, net in 2008 was \$(1,484), which primarily included foreign exchange losses (inclusive of hedging costs) of \$(10,303), partially offset by equity investment income of \$4,642 and income from license and other agreements of \$3,386.

Other (expense) income, net in 2007 was \$944, which primarily included income from license and other agreements of \$6,128, partially offset by net write downs of certain investments of \$(5,538) and foreign exchange losses (inclusive of hedging costs) of \$(4,191).

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

Trade Receivables, Net

Allowances for doubtful accounts and cash discounts netted against trade receivables were \$35,614 and \$39,650 at September 30, 2008 and 2007, respectively.

Inventories

Inventories at September 30 consisted of:

	2008	2007
Materials	\$ 162,726	\$ 142,484
Work in process	203,926	195,155
Finished products	713,774	714,320
	\$ 1,080,426	\$ 1,051,959

Property, Plant and Equipment, Net

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

	2008	2007
Land	\$ 93,339	\$ 79,368
Buildings	1,803,620	1,597,356
Machinery, equipment and fixtures	3,822,785	3,596,781
Leasehold improvements	78,251	80,610
	5,797,995	5,354,115
Less accumulated depreciation and amortization	3,053,521	2,856,777
	\$ 2,744,474	\$ 2,497,338

8 Debt

Short-term debt at September 30 consisted of:

	2008	2007
Loans Payable		
Domestic	\$ 200,000	\$ 200,000
Foreign	992	6,768
Current portion of long-term debt	320	866
	\$ 201,312	\$ 207,634

Domestic loans payable consist of commercial paper. Foreign loans payable consist of short-term borrowings from financial institutions. The weighted average interest rates for Short-term debt were 2.3% and 5.2% at September 30, 2008 and 2007, respectively. During 2008, we amended our \$1 billion syndicated credit facility to extend its expiration date from December 2011 to December 2012. This credit facility provides backup support for the commercial paper program and can also be used for other general corporate purposes. It includes a restrictive covenant that requires a minimum interest coverage ratio, with which the Company was in compliance at September 30, 2008. There were no borrowings outstanding under the facility at September 30, 2008. In addition, the Company had short-term foreign lines of credit pursuant to informal arrangements of approximately \$145,000 at September 30, 2008, almost all of which was unused.

Long-Term Debt at September 30 consisted of:

	2008	2007
Domestic notes due through 2013 (average year-end interest rate: 2.4% - 2008; 4.3% - 2007)	\$ 8,130	\$ 9,801
7.15% Notes due October 1, 2009	205,372	205,914
4.55% Notes due April 15, 2013	198,940	198,734
4.90% Notes due April 15, 2018	205,734	206,214
7.00% Debentures due August 1, 2027	168,000	168,000
6.70% Debentures due August 1, 2028	167,050	167,050
	\$ 953,226	\$ 955,713

Long-term debt balances as of September 30, 2008 and 2007 have been impacted by certain interest rate swaps that have been designated as fair value hedges, as discussed in Note 9.

The aggregate annual maturities of long-term debt during the fiscal years ending September 30, 2010 to 2013 are as follows: 2010 - \$205,457; 2011 - \$22; 2012 - \$20; 2013 - \$206,943.

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

	2008	2007	2006
Charged to operations	\$ 36,343	\$ 46,420	\$ 66,046
Capitalized	29,862	27,528	19,955
	\$ 66,205	\$ 73,948	\$ 86,001

Interest paid, net of amounts capitalized, was \$36,222 in 2008, \$50,730 in 2007 and \$62,514 in 2006.

9 Financial Instruments**Foreign Exchange Derivatives**

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

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

In addition, the Company enters into forward and option contracts to hedge certain forecasted sales that are denominated in foreign currencies. These contracts are designated as cash flow hedges and are effective as hedges of these revenues. These contracts are intended to reduce the risk that the Company's cash flows from certain third party transactions will be adversely affected by changes in foreign currency exchange rates. Changes in the effective portion of the fair value of these contracts are included in other comprehensive income until the hedged sales transactions are recognized in earnings. Once the hedged transaction occurs, the gain or loss on the contract is recognized from Accumulated other comprehensive (loss) income to revenues. The Company recorded hedge net gains, exclusive of hedging costs, of \$1,177, \$6,911 and \$8,242 to revenues in 2008, 2007 and 2006, respectively. Revenues in 2008, 2007 and 2006 are net of hedging costs of \$12,037, \$15,136 and \$12,508, respectively, related to the purchased option contracts. The Company records in Other income (expense), net, the premium of the forward contracts, which is excluded from the assessment of hedge effectiveness. The net premium was \$562 in 2006. All outstanding contracts that were designated as cash flow hedges as of September 30, 2008 will mature by September 30, 2009. At September 30, 2008 and 2007, Accumulated other comprehensive (loss) income included unrealized gains of \$37,786 and unrealized losses of \$4,994, respectively, net of tax, relating to foreign exchange derivatives that have been designated as cash flow hedges.

Interest Rate Derivatives

The Company's policy is to manage interest cost using a mix of fixed and floating rate debt. The Company has entered into interest rate swaps in which it agrees to exchange, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated as either fair value or cash flow hedges. For fair value hedges, changes in the fair value of the interest rate swaps offset changes in the fair value of the fixed rate debt due to changes in market interest rates. For cash flow hedges, changes in the fair value of the interest rate swaps are offset by amounts recorded in other comprehensive (loss) income. There was no ineffective portion to the hedges recognized in earnings during the period. If interest rate derivatives designated as cash flow hedges mature or are terminated, then the balance in other comprehensive (loss) income attributable to those derivatives is reclassified into earnings over the remaining life of the hedged debt. The amount that will be reclassified and recorded in Interest expense within the next 12 months is \$1,763.

At September 30, 2008 and 2007, Accumulated other comprehensive (loss) income included an unrealized loss of \$10,306 and \$11,397, respectively, net of tax, relating to interest rate derivatives that have been designated as cash flow hedges.

Fair Value of Financial Instruments

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

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

	2008		2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:				
Currency options ^(A)	\$ —	\$ —	\$ 3,982	\$ 3,982
Forward exchange contracts ^(A)	78,337	78,337	8,007	8,007
Interest rate swaps ^(A)	5,372	5,372	5,914	5,914
Equity securities	239	239	1,291	1,291
Liabilities:				
Forward exchange contracts ^(B)	29,647	29,647	8,968	8,968
Long-term debt	953,226	907,293	955,713	949,490

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

(B) Included in Accrued Expenses.

Concentration of Credit Risk

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

10 Shareholders' Equity

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

	Common Stock Issued at Par Value	Capital in Excess of Par Value	Retained Earnings	Deferred Compensation	Treasury Stock	
					Shares	Amount
Balance at September 30, 2005	\$ 332,662	\$ 615,846	\$ 4,805,852	\$ 10,280	(84,977,933)	\$ (2,297,493)
Net income			752,280			
Cash dividends:						
Common (\$.86 per share)			(212,435)			
Common stock issued for:						
Share-based compensation plans, net		148,342			5,066,384	49,057
Business acquisitions		734			15,864	156
Share-based compensation		108,613				
Common stock held in trusts, net				854	(17,275)	(854)
Repurchase of common stock					(7,281,100)	(448,882)
Balance at September 30, 2006	\$ 332,662	\$ 873,535	\$ 5,345,697	\$ 11,134	(87,194,060)	\$ (2,698,016)
Net income			890,033			
Cash dividends:						
Common (\$.98 per share)			(239,943)			
Common stock issued for:						
Share-based compensation plans, net		143,420			4,380,724	43,213
Business acquisitions		707			10,812	105
Share-based compensation		107,706				
Common stock held in trusts, net				1,071	(70,542)	(1,071)
Repurchase of common stock					(5,952,000)	(450,124)
Balance at September 30, 2007	\$ 332,662	\$ 1,125,368	\$ 5,995,787	\$ 12,205	(88,825,066)	\$ (3,105,893)
Net income			1,126,996			
Cash dividends:						
Common (\$1.14 per share)			(279,110)			
Common stock issued for:						
Share-based compensation plans, net		132,372			4,649,160	25,866
Business acquisitions		1,206			16,327	118
Share-based compensation		100,585				
Common stock held in trusts, net				2,489	(169,307)	(2,489)
Repurchase of common stock					(5,255,900)	(450,000)
Cumulative effect for adoption of FIN 48			(5,084)			
Balance at September 30, 2008	\$ 332,662	\$ 1,359,531	\$ 6,838,589	\$ 14,694	(89,584,786)	\$ (3,532,398)

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

11 Accumulated Other Comprehensive (Loss) Income

The components of Accumulated other comprehensive (loss) income were as follows:

	2008	2007
Foreign currency translation adjustments	\$ 157,089	\$ 237,394
Benefit plans adjustment	(261,457)	(218,595)
Unrealized loss on investments	(622)	(580)
Unrealized gains (losses) on cash flow hedges	27,480	(16,391)
	\$ (77,510)	\$ 1,828

The income tax benefit recorded in fiscal years 2008 and 2007 for the unrealized gains on investments was \$25 and \$6,524, respectively. The income tax provision (benefit) recorded in fiscal years 2008 and 2007 for cash flow hedges was \$26,889 and \$(1,247), respectively. The income tax benefit recorded in fiscal year 2008 for defined benefit pension and postretirement plans was \$3,439. The income tax provision recorded in fiscal year 2007 for the minimum pension liability adjustment was \$2,050. Income taxes are generally not provided for translation adjustments.

The unrealized losses on cash flow hedges included in other comprehensive (loss) income for 2008 and 2007 are net of reclassification adjustments of \$6,733 and \$5,099, net of tax, respectively, for realized net hedge losses recorded to revenues. These amounts had been included in Accumulated other comprehensive (loss) income in prior periods. The tax benefits associated with these reclassification adjustments in 2008 and 2007 were \$4,127 and \$3,126, respectively.

12 Commitments and Contingencies

Commitments

Rental expense for all operating leases amounted to \$70,300 in 2008, \$68,100 in 2007, and \$63,400 in 2006. Future minimum rental commitments on noncancelable leases are as follows: 2009 - \$48,600; 2010 - \$37,900; 2011 - \$30,300; 2012 - \$24,500; 2013 - \$21,100 and an aggregate of \$27,200 thereafter.

As of September 30, 2008, the Company has certain future purchase commitments aggregating to approximately \$505,000, which will be expended over the next several years.

Contingencies

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

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

The Company is also named as a defendant in four purported class action suits brought on behalf of indirect purchasers of the Company's products, alleging that the Company violated federal antitrust laws, resulting in the charging of higher prices for the Company's products to the plaintiff and other purported class members. The cases filed are as follows: *Jabo's Pharmacy, Inc., et. al. v. Becton Dickinson & Company* (Case No. 2:05-CV-00162, U.S. District Court, Greenville, Tennessee), filed on June 7, 2005; *Drug Mart Tallman, Inc., et. al. v. Becton Dickinson and Company* (Case No. 2:06-CV-00174, U.S. District Court, Newark, New Jersey), filed on January 17, 2006; *Medstar v. Becton Dickinson* (Case No. 06-CV-03258-JLL (RJH), U.S. District Court, Newark, New Jersey), filed on May 18, 2006; and *The Hebrew Home for the Aged at Riverdale v. Becton Dickinson and Company* (Case No. 07-CV-2544, U.S. District Court, Southern District of New York), filed on March 28, 2007. A fifth purported class action on behalf of indirect purchasers *International Multiple Sclerosis Management Practice v. Becton Dickinson & Company* (Case No. 2:07-cv-10602, U.S. District Court, Newark, New Jersey), filed on April 5, 2007) was voluntarily withdrawn by the plaintiff.

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

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

In June 2007, Retractable Technologies, Inc. ("RTI") filed a complaint against the Company under the caption *Retractable Technologies, Inc. vs. Becton Dickinson and Company* (Civil Action No. 2:07-cv-250, U.S. District Court, Eastern District of Texas). RTI alleges that the *BD Integra* syringes infringe patents licensed exclusively to RTI. In its complaint, RTI also alleges that the Company engaged in false advertising with respect to certain of the Company's safety-engineered products in violation of the Lanham Act; acted to exclude RTI from various product markets and to maintain its market share through, among other things, exclusionary contracts in violation of state and federal antitrust laws; and engaged in unfair competition. In January 2008, the court granted the Company's motion to sever the patent and non-patent claims into separate cases. The non-patent claims have been stayed, pending resolution of RTI's patent claims. The trial on the patent claims is currently scheduled to commence in March 2009. RTI seeks money damages and injunctive relief. On April 1, 2008, RTI filed a complaint against BD under the caption *Retractable Technologies, Inc. and Thomas J. Shaw v. Becton Dickinson and Company* (Civil Action No. 2:08-cv-141, U.S. District Court, Eastern District of Texas). RTI alleges that the *BD Integra* syringes infringe another patent licensed exclusively to RTI. RTI seeks money damages and injunctive relief. On August 29, 2008, the court ordered the consolidation of these two cases.

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

- In Ohio, *Grant vs. Becton Dickinson et al.* (Case No. 98CVB075616, Franklin County Court), on September 21, 2006, the Ohio Court of Appeals reversed the trial court's grant of class certification. The matter has been remanded to the trial court for a determination of whether the class can be redefined.
- In South Carolina, a suit has been filed on behalf of an unspecified number of healthcare workers seeking class action certification in state court under the caption *Bales vs. Becton Dickinson et. al.* (Case No. 98-CP-40-4343, Richland County Court of Common Pleas), filed on November 25, 1998.

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

The Company, along with a number of other manufacturers, was named as a defendant in approximately 524 product liability lawsuits in various state and Federal courts related to natural rubber latex gloves which the Company ceased manufacturing in 1995. Cases pending in Federal court are being coordinated under the matter *In re Latex Gloves Products Liability Litigation* (MDL Docket No. 1148) in Philadelphia, and analogous procedures have been implemented in the state courts of California, Pennsylvania, New Jersey and New York. Generally, these actions allege that medical personnel have suffered allergic reactions ranging from skin irritation to anaphylaxis as a result of exposure to medical gloves containing natural rubber latex. Since the inception of this litigation, 467 of these cases have been closed with no liability to the Company, and 46 cases have been settled for an aggregate de minimis amount.

On May 28, 2004, Therasense, Inc. (“Therasense”) filed suit against the Company (*Therasense, Inc. and Abbott Laboratories v. Nova Biomedical Corporation and Becton, Dickinson and Company* (Case Number: C 04-02123 WDA, U.S. District Court, Northern District of California)) asserting that the Company’s blood glucose monitoring products infringe four Therasense patents and seeking money damages. On August 10, 2004, in response to a motion filed by Therasense in the U.S. District Court for the District of Massachusetts, the court transferred to the court in California an action previously filed by the Company against Therasense requesting a declaratory judgment that the Company’s products do not infringe the Therasense patents and that the Therasense patents are invalid. On April 4, 2008, the Court granted the Company summary judgment with respect to two of the patents asserted against the Company, finding no infringement by the Company. On June 24, 2008, the Court ruled that a third patent asserted against the Company was invalid and unenforceable. On August 8, 2008, a jury delivered a verdict in the Company’s favor, finding that the last of the four patents asserted against the Company was invalid. Abbott/Therasense have appealed some of these decisions, and it is possible that other decisions will also be appealed after the Court rules on post-trial motions.

On September 19, 2007, the Company was served with a qui tam complaint filed by a private party against the Company in the United States District Court, Northern District of Texas, alleging violations of the Federal False Claims Act (“FCA”) and the Texas False Claims Act (the “TFCA”) (*U.S. ex rel Fitzgerald v. BD et al.* (Civil Action No. 3:03-CV-1589, U.S. District Court, Northern District of Texas)). The suit alleges that a group purchasing organization’s practices with its suppliers, including the Company, inflated the costs of healthcare reimbursement. Under the FCA, the United States Department of Justice, Civil Division has a certain period of time in which to decide whether to join the claim against the Company as an additional plaintiff; if not, the private plaintiff is free to pursue the claim on its own. A similar process is followed under the TFCA. To the Company’s knowledge, no decision has yet been made by the Civil Division or the State of Texas whether to join this claim. In September 2008, the Court dismissed certain of the plaintiff’s claims, but denied the Company’s motion to dismiss with respect to other claims.

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

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

The Company is a party to a number of Federal proceedings in the United States brought under the Comprehensive Environment Response, Compensation and Liability Act, also known as “Superfund,” and similar state laws. The affected sites are in varying stages of development. In some instances, the remedy has been completed, while in others, environmental studies are commencing. For all sites, there are other potentially responsible parties that may be jointly or severally liable to pay all cleanup costs.

Given the uncertain nature of litigation generally, the Company is not able in all cases to estimate the amount or range of loss that could result from an unfavorable outcome of the litigation to which the Company is a party. In accordance with U.S. generally accepted accounting principles, the Company establishes accruals to the extent probable future losses are estimable (in the case of environmental matters, without considering possible third-party recoveries). In view of the uncertainties discussed above, the Company could incur charges in excess of any currently established accruals and, to the extent available, excess liability insurance. In the opinion of management, any such future charges, individually or in the aggregate, could have a material adverse effect on the Company’s consolidated results of operations and consolidated cash flows.

13 Share-Based Compensation

The Company grants share-based awards under the 2004 Employee and Director Equity-Based Compensation Plan ("2004 Plan"), which provides long-term incentive compensation to employees and directors consisting of: stock appreciation rights ("SARs"), stock options, performance-based restricted stock units, time-vested restricted stock units and other stock awards. In 2008, 2007 and 2006, the compensation expense for these plans charged to income was \$100,585, \$107,706 and \$108,613, respectively, and the associated income tax benefit recognized was \$36,236, \$37,179 and \$35,155, respectively.

Stock Appreciation Rights

SARs represent the right to receive, upon exercise, shares of common stock having a value equal to the difference between the market price of common stock on the date of exercise and the exercise price on the date of grant. SARs vest over a four-year period and have a ten-year term, similar to the previously granted stock options. The fair value was estimated on the date of grant using a lattice-based binomial option valuation model that uses the following weighted-average assumptions in 2008 and 2007: risk-free interest rate of 3.83% and 4.56%, respectively; expected volatility of 27% and 28%, respectively; expected dividend yield of 1.35% and 1.37%, respectively, and expected life of 6.5 years for both years. Expected volatility is based upon historical volatility for the Company's common stock and other factors. The expected term of SARs granted is derived from the output of the model, using assumed exercise rates based on historical exercise and termination patterns, and represents the period of time that SARs granted are expected to be outstanding. The risk-free interest rate used is based upon the published U.S. Treasury yield curve in effect at the time of grant for instruments with a similar life. The dividend yield is based upon the most recently declared quarterly dividend as of the grant date. The weighted average grant date fair value of SARs granted during 2008 and 2007 was \$24.92 and \$22.66, respectively. The total intrinsic value of SARs exercised during 2008 was \$2,122. The Company issued 17,873 shares during 2008 to satisfy the SARs exercised.

A summary of SARs outstanding as of September 30, 2008, and changes during the year then ended is as follows:

	SARs	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Balance at October 1	3,164,729	\$ 65.26		
Granted	1,445,508	84.33		
Exercised	(88,681)	62.33		
Forfeited, canceled or expired	(178,380)	71.11		
Balance at September 30	4,343,176	\$ 71.43	8.12	\$ 44,048
Vested and expected to vest at September 30	4,026,657	\$ 71.20	8.10	\$ 41,613
Exercisable at September 30	1,177,988	\$ 63.57	7.49	\$ 19,702

Stock options

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

A summary of stock options outstanding as of September 30, 2008, and changes during the year then ended is as follows:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Balance at October 1	13,997,747	\$ 35.81		
Granted	—	—		
Exercised	(3,643,415)	33.75		
Forfeited, canceled or expired	(100,343)	39.09		
Balance at September 30	10,253,989	\$ 36.51	4.07	\$ 448,611
Vested and expected to vest at September 30	10,218,280	\$ 36.45	4.06	\$ 447,689
Exercisable at September 30	9,896,895	\$ 35.86	4.00	\$ 439,395

Cash received from the exercising of stock options in 2008, 2007 and 2006 was \$122,977, \$134,133 and \$147,831, respectively. The actual tax benefit realized for tax deductions from stock option exercises totaled \$62,230, \$59,491 and \$48,751, respectively. The total intrinsic value of stock options exercised during the years 2008, 2007 and 2006 was \$191,627, \$187,537 and \$168,752, respectively.

Performance-Based Restricted Stock Units

Performance-based restricted stock units cliff vest three years after the date of grant. These units are tied to the Company's performance against pre-established targets, including its average growth rate of consolidated revenues and average return on invested capital, over a three-year performance period. Under the Company's long-term incentive program, the actual payout under these awards may vary from zero to 250% of an employee's target payout, based on the Company's actual performance over the three-year performance period. The fair value is based on the market price of the Company's stock on the date of grant. Compensation cost initially recognized assumes that the target payout level will be achieved and is adjusted for subsequent changes in the expected outcome of performance-related conditions.

A summary of performance-based restricted stock units outstanding as of September 30, 2008, and changes during the year then ended is as follows:

	Stock Units	Weighted Average Grant Date Fair Value
Balance at October 1	3,883,955	\$ 60.23
Granted	891,622	84.33
Vested	(671,208)	53.70
Forfeited or canceled	(937,074)	54.91
Balance at September 30 ^(A)	3,167,295	\$ 69.98
Expected to vest at September 30 ^(B)	1,338,925	\$ 69.24

(A) Based on 170% to 250% of the target payout, depending on year of grant.

(B) Net of expected forfeited units and units in excess of the expected performance payout of 194,157 and 1,634,213, respectively.

The weighted average grant date fair value of performance-based restricted stock units granted during the years 2007 and 2006 was \$71.72 and \$59.16, respectively. At September 30, 2008, the weighted average remaining contractual term of performance-based restricted stock units is 1.08 years.

Time-Vested Restricted Stock Units

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

A summary of time-vested restricted stock units outstanding as of September 30, 2008, and changes during the year then ended is as follows:

	Stock Units	Weighted Average Grant Date Fair Value
Balance at October 1	1,618,082	\$ 61.11
Granted	469,625	84.42
Vested	(332,192)	55.72
Forfeited or canceled	(185,186)	60.00
Balance at September 30	1,570,329	\$ 69.35
Expected to vest at September 30	1,413,296	\$ 69.35

The weighted average grant date fair value of time-vested restricted stock units granted during the years 2007 and 2006 was \$72.20 and \$59.62, respectively. At September 30, 2008, the weighted average remaining contractual term of the time-vested restricted stock units is 1.90 years.

The amount of unrecognized compensation expense for all non-vested share-based awards as of September 30, 2008, is approximately \$106,872, which is expected to be recognized over a weighted-average remaining life of approximately 1.99 years. At September 30, 2008, 3,954,723 shares were authorized for future grants under the 2004 Plan.

The Company has a policy of satisfying share-based payments through either open market purchases or shares held in treasury. At September 30, 2008, the Company has sufficient shares held in treasury to satisfy these payments in 2009.

Other Stock Plans

The Company has a Stock Award Plan, which allows for grants of common shares to certain key employees. Distribution of 25% or more of each award is deferred until after retirement or involuntary termination, upon which the deferred portion of the award is distributable in five equal annual installments. The balance of the award is distributable over five years from the grant date, subject to certain conditions. In February 2004, this plan was terminated with respect to future grants upon the adoption of the 2004 Plan. At September 30, 2008 and 2007, awards for 161,145 and 214,206 shares, respectively, were outstanding.

The Company has a Restricted Stock Plan for Non-Employee Directors which reserves for issuance of 300,000 shares of the Company’s common stock. No restricted shares were issued in 2008.

The Company has a Directors’ Deferral Plan, which provides a means to defer director compensation, from time to time, on a deferred stock or cash basis. As of September 30, 2008, 97,881 shares were held in trust, of which 5,092 shares represented Directors’ compensation in 2008, in accordance with the provisions of the plan. Under this plan, which is unfunded, directors have an unsecured contractual commitment from the Company.

The Company also has a Deferred Compensation Plan that allows certain highly-compensated employees, including executive officers, to defer salary, annual incentive awards and certain equity-based compensation. As of September 30, 2008, 454,316 shares were issuable under this plan.

14 Earnings per Share

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

	2008	2007	2006
Average common shares outstanding	244,323	244,929	247,067
Dilutive share equivalents from share-based plans	8,358	9,881	9,487
Average common and common equivalent shares outstanding - assuming dilution	252,681	254,810	256,554

15 Segment Data

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

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

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

Notes to Consolidated Financial Statements Becton, Dickinson and Company

Distribution of products is primarily through independent distribution channels and directly to end-users by BD and independent sales representatives. Sales to a distributor that supplies products from the Medical and Diagnostics segments accounted for approximately 9% of revenues in 2008 and 2007. Sales to this distributor accounted for 11% of revenues in 2006. No other customer accounted for 10% or more of revenues in any of the three years presented.

Revenues ^(A)	2008	2007	2006
Medical	\$ 3,801,003	\$ 3,420,670	\$ 3,106,646
Diagnostics	2,159,811	1,905,105	1,715,090
Biosciences	1,195,096	1,033,933	916,281
	\$ 7,155,910	\$ 6,359,708	\$ 5,738,017
Segment Operating Income			
Medical	\$ 1,068,143	\$ 971,990	\$ 864,180
Diagnostics	525,747	342,778 ^(B)	390,355 ^(B)
Biosciences	333,662	258,806 ^(B)	221,925
Total Segment Operating Income	1,927,552	1,573,574	1,476,460
Unallocated Expenses ^(C)	(373,945)	(369,629)	(350,558)
Income From Continuing Operations Before Income Taxes	\$ 1,553,607	\$ 1,203,945	\$ 1,125,902
Segment Assets			
Medical	\$ 3,432,113	\$ 3,289,490	\$ 2,835,613
Diagnostics	1,887,261	1,843,654	1,485,959
Biosciences	933,105	817,000	727,634
Total Segment Assets	6,252,479	5,950,144	5,049,206
Corporate and All Other ^(D)	1,660,464	1,379,221	1,775,319
	\$ 7,912,943	\$ 7,329,365	\$ 6,824,525
Capital Expenditures			
Medical	\$ 378,786	\$ 352,696	\$ 268,669
Diagnostics	123,915	113,691	104,815
Biosciences	82,880	73,502	38,952
Corporate and All Other	16,400	16,505	44,631
	\$ 601,981	\$ 556,394	\$ 457,067
Depreciation and Amortization			
Medical	\$ 240,442	\$ 223,430	\$ 210,044
Diagnostics	150,202	138,936	116,072
Biosciences	75,809	68,889	63,383
Corporate and All Other	10,969	10,086	12,833
	\$ 477,422	\$ 441,341	\$ 402,332

(A) Intersegment revenues are not material.

(B) Includes the acquired in-process research and development charges in 2007 related to the TriPath and Plasso acquisitions, and in 2006 related to the GeneOhm acquisition, as discussed in Note 3.

(C) Includes primarily interest, net; foreign exchange; corporate expenses and share-based compensation expense.

(D) Includes cash and investments and corporate assets.

Revenues by Organizational Units	2008	2007	2006
BD Medical			
Medical Surgical Systems	\$ 2,004,854	\$ 1,864,080	\$ 1,748,743
Diabetes Care	775,320	695,981	656,533
Pharmaceutical Systems	942,136	791,900	639,694
Ophthalmic Systems	78,693	68,709	61,676
	\$ 3,801,003	\$ 3,420,670	\$ 3,106,646
BD Diagnostics			
Preanalytical Systems	\$ 1,123,528	\$ 1,006,692	\$ 927,759
Diagnostic Systems	1,036,283	898,413	787,331
	\$ 2,159,811	\$ 1,905,105	\$ 1,715,090
BD Biosciences			
Cell Analysis ^(A)	\$ 900,511	\$ 756,031	\$ 660,196
Discovery Labware	294,585	277,902	256,085
	\$ 1,195,096	\$ 1,033,933	\$ 916,281
	\$ 7,155,910	\$ 6,359,708	\$ 5,738,017

(A) Cell Analysis consists of the Immunocytometry Systems and the Pharmingen organizational units that were previously reported separately.

Geographic Information

The countries in which the Company has local revenue-generating operations have been combined into the following geographic areas: the United States (including Puerto Rico), Europe, and Other, which is composed of Canada, Latin America, Japan and Asia-Pacific.

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

Revenues	2008	2007	2006
United States	\$ 3,184,806	\$ 3,033,005	\$ 2,739,344
Europe	2,488,956	2,047,388	1,762,782
Other	1,482,148	1,279,315	1,235,891

	\$	7,155,910	\$	6,359,708	\$	5,738,017
Long-Lived Assets						
United States	\$	2,179,544	\$	2,172,327	\$	1,934,994
Europe		1,135,379		1,106,284		893,495
Other		721,355		646,188		540,925
Corporate		261,990		274,000		269,858
	\$	4,298,268	\$	4,198,799	\$	3,639,272

Quarterly Data (unaudited)

Thousands of dollars, except per share amounts

	2008				
	1st	2nd	3rd	4th	Year
Revenues	\$ 1,705,767	\$ 1,746,925	\$ 1,867,587	\$ 1,835,631	\$ 7,155,910
Gross Profit	875,921	893,118	950,225	944,085	3,663,349
Income from Continuing Operations	270,896	275,635	297,409	283,978	1,127,918
Earnings per Share:					
Income from Continuing Operations	1.11	1.13	1.22	1.16	4.62
Income from Discontinued Operations	—	—	—	(0.01)	—
Basic Earnings per Share^(A)	1.11	1.13	1.22	1.16	4.61
Income from Continuing Operations	1.07	1.09	1.18	1.13	4.46
Income from Discontinued Operations	—	—	—	(0.01)	—
Diluted Earnings per Share	1.07	1.09	1.18	1.12	4.46
	2007				
	1st	2nd	3rd	4th	Year
Revenues	\$ 1,501,526	\$ 1,575,922	\$ 1,631,159	\$ 1,651,101	\$ 6,359,708
Gross Profit	792,593	811,382	840,088	843,724	3,287,787
Income from Continuing Operations	131,051 ^(B)	235,539	240,469 ^(B)	249,108	856,167 ^(B)
Earnings per Share:					
Income from Continuing Operations	.53	.96	.98	1.02	3.50
Income from Discontinued Operations	.05	.03	.02	.04	.14
Basic Earnings per Share^(A)	.58	.99	1.00	1.07	3.63
Income from Continuing Operations	.51	.92	.95	.98	3.36
Income from Discontinued Operations	.05	.03	.02	.04	.13
Diluted Earnings per Share^(A)	.56	.95	.96	1.03	3.49

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

(B) Includes the acquired in-process research and development charges in the first and third quarters related to the TriPath and Plasso acquisitions, respectively.

Annual Meeting

1:00 p.m.
 Tuesday, February 3, 2009
 Hilton Short Hills
 41 John F. Kennedy Parkway
 Short Hills, NJ 07078

This annual report is not a solicitation of proxies.

Direct Stock Purchase Plan

The Direct Stock Purchase Plan established through Computershare Trust Company, N.A., enhances the services provided to existing shareholders and facilitates initial investments in BD shares. Plan documentation and additional information may be obtained by calling Computershare Trust Company, N.A., at 1-877-498-8861, or by accessing the "Buy Shares" feature located within the Investor Centre of Computershare's website at www.computershare.com.

NYSE Symbol

BDX

On February 19, 2008, Edward J. Ludwig, Chairman, President and Chief Executive Officer, submitted to the NYSE the Written Affirmation required by the rules of the NYSE certifying that he was not aware of any violations by BD of NYSE Corporate Governance listing standards.

The certifications of Mr. Ludwig and John R. Considine, Vice Chairman and Chief Financial Officer, made pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 regarding the quality of BD's public disclosure, have been filed as exhibits to the Company's 2008 Annual Report on Form 10-K.

Transfer Agent and Registrar

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

Shareholder Information

At November 5, 2008, BD had 8,793 shareholders of record. BD's Statement of Corporate Governance Principles, BD's Business Conduct and Compliance Guide, the charters of BD's Committees of the Board of Directors, BD's reports and statements filed with or furnished to the Securities and Exchange Commission and other information are posted on BD's website at www.bd.com/investors/.

Shareholders may receive, without charge, printed copies of these documents, including BD's 2008 Annual Report on Form 10-K, by contacting:

Investor Relations

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

Independent Auditors

Ernst & Young LLP
 5 Times Square
 New York, NY 10036-6530
 Phone: 1-212-773-3000
 Internet: www.ey.com

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Certain BD Biosciences products are intended for research use only, and not for use in diagnostic or therapeutic procedures. ©2008 BD

Common Stock Prices and Dividends (per common share)

By Quarter		2008		
		High	Low	Dividends
First	\$	85.30	\$ 80.30	\$ 0.285
Second		92.34	84.03	0.285
Third		89.40	77.93	0.285
Fourth		88.49	78.71	0.285
By Quarter		2007		
		High	Low	Dividends
First	\$	73.79	\$ 68.81	\$ 0.245
Second		78.14	69.85	0.245
Third		80.87	73.65	0.245
Fourth		82.61	74.24	0.245



SUBSIDIARIES OF BECTON, DICKINSON AND COMPANY

<u>Name of Subsidiary</u>	<u>State or Jurisdiction of Incorporation</u>	<u>Percentage of Voting Securities Owned</u>
Atto BioScience, Inc.	Delaware	100%
AutoCyte Australia Pty Ltd	Australia	100% (1)
AutoCyte NC, LLC	North Carolina	100% (1)
B-D (Cambridge U.K.) Ltd.	United Kingdom	100% (1)
BD Biosciences, Systems and Reagents Inc.	California	100%
BD Holding S. de R.L. de C.V.	Mexico	100% (1)
BD Matrex Holdings, Inc.	Delaware	100%
BD Norge AS	Norway	100% (1)
BD Ophthalmic Systems Limited	United Kingdom	100% (1)
BD Rapid Diagnostic (Suzhou) Co., Ltd.	China	100% (1)
BD (West Africa) Limited	Ghana	100% (1)
BDX INO LLC	Delaware	100%
Becton Dickinson A/S	Denmark	100% (1)
Becton Dickinson AcuteCare Holdings, Inc.	Delaware	100%
Becton Dickinson AcuteCare, Inc.	Massachusetts	100% (1)
Becton Dickinson Advanced Pen Injection Systems GmbH	Switzerland	100% (1)
Becton Dickinson Argentina S.R.L.	Argentina	100% (1)
Becton Dickinson Asia Limited	Hong Kong	100% (1)
Becton Dickinson Asia Pacific Limited	British Virgin Islands	100%
Becton Dickinson Austria GmbH	Austria	100% (1)
Becton Dickinson Benelux N.V.	Belgium	100% (1)
Becton Dickinson Canada Inc.	Canada	100% (1)
Becton Dickinson Caribe Ltd.	Cayman Islands	100% (1)
Becton Dickinson Catheter Systems Singapore Pte Ltd.	Singapore	100% (1)
Becton Dickinson Colombia Ltda.	Colombia	100% (1)
Becton Dickinson Critical Care Systems Pte Ltd.	Singapore	100% (1)
Becton Dickinson Czechia s.r.o.	Czech Republic	100% (1)
Becton Dickinson del Uruguay S.A.	Uruguay	100% (1)
Becton Dickinson Distribution Center N.V.	Belgium	100% (1)
Becton Dickinson East Africa Ltd.	Kenya	100% (1)
Becton Dickinson Finance B.V.	Netherlands	100% (1)
Becton Dickinson Foreign Sales Corporation	Barbados	100% (1)
Becton Dickinson Guatemala S.A.	Guatemala	100% (1)
Becton Dickinson Hellas S.A.	Greece	100% (1)
Becton Dickinson Hungary Kft.	Hungary	100% (1)
Becton Dickinson India Private Limited	India	100% (1)
Becton Dickinson Infusion Therapy AB	Sweden	100% (1)
Becton Dickinson Infusion Therapy B.V.	Netherlands	100% (1)
Becton Dickinson Infusion Therapy Holdings AB	Sweden	100% (1)
Becton Dickinson Infusion Therapy Holdings Inc.	Delaware	100%
Becton Dickinson Infusion Therapy Systems Inc., S.A. de C.V.	Mexico	100% (1)
Becton Dickinson Infusion Therapy UK	United Kingdom	100% (1)

SUBSIDIARIES OF BECTON, DICKINSON AND COMPANY

Becton Dickinson Infusion Therapy Systems Inc.	Delaware	100%
Becton Dickinson Infusion Therapy Holdings UK Limited	United Kingdom	100% (1)
Becton Dickinson Insulin Syringe, Ltd.	Cayman Islands	100% (1)
Becton Dickinson Ithalat Ihracat Limited Sirketi	Turkey	100% (1)
Becton Dickinson Korea Holding, Inc.	Delaware	100%
Becton Dickinson Korea Ltd.	Korea	100% (1)
Becton Dickinson Malaysia, Inc.	Oregon	100%
Becton Dickinson (Mauritius) Limited	Mauritius	100%
Becton Dickinson Medical (S) Pte Ltd.	Singapore	100% (1)
Becton Dickinson Medical Devices Co. Shanghai Ltd.	P.R.C.	100% (1)
Becton Dickinson Medical Devices Co. Ltd., Suzhou	P.R.C.	100%
Becton Dickinson Medical Products Pte. Ltd.	Singapore	100%
Becton Dickinson Ltd.	New Zealand	100% (1)
Becton Dickinson O.Y.	Finland	100% (1)
Becton Dickinson Overseas Services Ltd.	Nevada	100%
Becton Dickinson Pen Limited	Ireland	100% (1)
Becton Dickinson Penel Limited	Cayman Islands	100% (1)
Becton Dickinson Philippines, Inc.	Philippines	100% (1)
Becton Dickinson Polska Sp.z.o.o.	Poland	100% (1)
Becton Dickinson Pty. Ltd.	Australia	100% (1)
Becton Dickinson (Pty) Ltd.	South Africa	100% (1)
Becton Dickinson Sdn. Bhd.	Malaysia	100% (1)
Becton Dickinson Service (Pvt.) Ltd.	Pakistan	100%
Becton Dickinson Sample Collection GmbH	Switzerland	100% (1)
Becton Dickinson Slovakia s.r.o.	Slovakia	100% (1)
Becton Dickinson (Thailand) Limited	Thailand	100% (1)
Becton Dickinson Venezuela, C.A.	Venezuela	100% (1)
Becton Dickinson Venture LLC	Delaware	100%
BD Ventures LLC	New Jersey	100%
Becton Dickinson Vostok LLC	Russia	100% (1)
Becton Dickinson, S.A.	Spain	100% (1)
Becton Dickinson (Royston) Limited	United Kingdom	100% (1)
Becton, Dickinson A.G.	Switzerland	100% (1)
Becton, Dickinson Aktiebolag	Sweden	100% (1)
Becton, Dickinson and Company, Ltd.	Ireland	100% (1)
Becton, Dickinson B.V.	Netherlands	100% (1)
Becton, Dickinson de Mexico, S.A. de C.V.	Mexico	100% (1)
Becton Dickinson France S.A.S.	France	100% (1)
Becton Dickinson GmbH	Germany	100% (1)
Becton, Dickinson Industrias Cirurgicas, Ltda.	Brazil	100% (1)
Becton, Dickinson Italia S.p.A.	Italy	100% (1)
B-D U.K. Holdings Limited	United Kingdom	100% (1)
Becton Dickinson U.K. Limited	United Kingdom	100% (1)
Bedins Vermont Indemnity Company	Vermont	100%
Benex Ltd.	Ireland	100% (1)
BioVenture Centre Pte. Ltd.	Singapore	92%

SUBSIDIARIES OF BECTON, DICKINSON AND COMPANY

BTP Immunization Systems, LLC	New Jersey	100%
Cell Analysis Systems, Inc.	Illinois	100% (1)
Clontech Laboratories UK Limited	United Kingdom	100% (1)
Corporativo BD de Mexico, S. de R.L. de C.V.	Mexico	100% (1)
Critical Device Corporation	California	100%
Cytopeia	Washington	100% (1)
D.L.D., Ltd.	Bermuda	100% (1)
Dantor S.A.	Uruguay	100% (1)
Difco Laboratories Incorporated	Michigan	100%
Difco Laboratories Limited	United Kingdom	100% (1)
Discovery Labware, Inc.	Delaware	100%
Distribuidora BD Mexico, S.A. de C.V.	Mexico	100% (1)
Procesos para Esterilizacion, S.A. de C.V.	Mexico	100% (1)
Franklin Lakes Enterprises, L.L.C.	New Jersey	100%
GeneOhm Sciences, Inc.	Delaware	100%
GeneOhm Sciences Canada Inc.	Canada	100% (1)
GeneOhm Sciences Europe, N.V.	Belgium	100% (1)
Healthcare Holdings in Sweden AB	Sweden	100% (1)
IBD Holdings LLC	Delaware	50%(1)
Johnston Laboratories, Inc.	Maryland	100% (1)
Luther Medical Products, Inc.	California	100% (1)
Staged Diabetes Management LLC	New Jersey	50% (1)
Matrex Salud, de R.L. de C.V.	Mexico	50% (1)
Med-Safe Systems, Inc.	California	100%
Nippon Becton Dickinson Company, Ltd.	Japan	100% (1)
PharMingen	California	100%
Phase Medical, Inc.	California	100% (1)
Plasso Technology Limited	United Kingdom	100% (1)
PreAnalytiX GmbH	Switzerland	50% (1)
Promedior de Mexico, S.A. de C.V.	Mexico	100% (1)
Saf-T-Med Inc.	Delaware	100%
TriPath Imaging	Delaware	100%
TriPath Imaging Europe bvba	Belgium	100% (1)
TriPath Oncology, Inc.	Delaware	100% (1)

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

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Becton, Dickinson and Company of our reports dated November 17, 2008, with respect to the consolidated financial statements of Becton, Dickinson and Company and the effectiveness of internal control over financial reporting of Becton, Dickinson and Company, included in the 2008 Annual Report to Shareholders of Becton, Dickinson and Company.

Our audits also included the financial statement schedule of Becton, Dickinson and Company listed in Item 15(b). This schedule is the responsibility of Becton, Dickinson and Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, as to which the date is November 17, 2008, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

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

- (1) Registration Statement Form S-8 Nos. 33-23055, 33-33791, 33-53375, 33-58367, 33-64115, 333-11885, 333-16091, 333-46089, 333-59238, 333-108052, 333-118235 and 333-147594 of Becton, Dickinson and Company, and,
- (2) Registration Statement Form S-3 Nos. 333-23559, 333-38193, 333-104019 and 333-134143 of Becton, Dickinson and Company;

of our report dated November 17, 2008, with respect to the consolidated financial statements of Becton, Dickinson and Company incorporated herein by reference, our report dated November 17, 2008, with respect to the effectiveness of internal control over financial reporting of Becton, Dickinson and Company, incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule of Becton, Dickinson and Company included in this Annual Report (Form 10-K) of Becton, Dickinson and Company for the year ended September 30, 2008.

/s/ Ernst & Young, LLP
New York, New York
November 20, 2008

**POWER OF ATTORNEY
FORM 10-K ANNUAL REPORT FOR FISCAL 2008**

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned, being a director of Becton, Dickinson and Company, a New Jersey corporation (the "Company"), hereby constitutes and appoints Edward J. Ludwig, John R. Considine, Jeffrey S. Sherman and Dean J. Paranicas, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the Company's fiscal year ended September 30, 2008, and any amendments thereto, each in such form as they or any one of them may approve, and to file the same with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them or their substitute or resubstitute, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has hereunto set his or her hand this 25th day of November, 2008.

/s/ Basil L. Anderson
Basil L. Anderson

/s/ Gary A. Mecklenburg
Gary A. Mecklenburg

/s/ Henry P. Becton, Jr.
Henry P. Becton, Jr.

/s/ Cathy E. Minehan
Cathy E. Minehan

/s/ Edward F. DeGraan
Edward F. DeGraan

/s/ James F. Orr
James F. Orr

/s/ Claire M. Fraser-Liggett
Claire M. Fraser-Liggett

/s/ Willard J. Overlock, Jr.
Willard J. Overlock, Jr.

/s/ Marshall O. Larsen
Marshall O. Larsen

/s/ Bertram L. Scott
Bertram L. Scott

/s/ Adel A.F. Mahmoud
Adel A.F. Mahmoud

/s/ Alfred Sommer
Alfred Sommer

CERTIFICATION

I, Edward J. Ludwig, certify that:

1. I have reviewed this Annual Report on Form 10-K of Becton, Dickinson and Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 26, 2008

/s/ Edward J. Ludwig

Edward J. Ludwig

Chairman, President and Chief Executive Officer

CERTIFICATION

I, John R. Considine, certify that:

1. I have reviewed this Annual Report on Form 10-K of Becton, Dickinson and Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 26, 2008

/s/ John R. Considine

John R. Considine
Vice Chairman and
Chief Financial Officer

The certification set forth below is being submitted in connection with the Annual Report on Form 10-K of Becton, Dickinson and Company for the fiscal year ended September 30, 2008 (the "Report") for the purpose of complying with Rule 13a-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

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

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

Date: November 26, 2008

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

The certification set forth below is being submitted in connection with the Annual Report on Form 10-K of Becton, Dickinson and Company for the fiscal year ended September 30, 2008 (the "Report") for the purpose of complying with Rule 13a-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

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

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

Date: November 26, 2008

/s/ John R. Considine
John R. Considine
Vice Chairman and
Chief Financial Officer
