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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **December 31, 2018**

OR

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

For the transition period from _____ to _____

Commission file number **001-4802**

Becton, Dickinson and Company

(Exact name of registrant as specified in its charter)

New Jersey
(State or other jurisdiction of
incorporation or organization)

22-0760120
(I.R.S. Employer
Identification No.)

1 Becton Drive, Franklin Lakes, New Jersey 07417-1880
(Address of principal executive offices) (Zip Code)

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

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 whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	(Do not check if a smaller reporting company)	
		Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

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

There were 269,063,379 shares of Common Stock, \$1.00 par value, outstanding at December 31, 2018.

BECTON, DICKINSON AND COMPANY
FORM 10-Q
For the quarterly period ended December 31, 2018

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ITEM 1. FINANCIAL STATEMENTS
 BECTON, DICKINSON AND COMPANY
 CONDENSED CONSOLIDATED BALANCE SHEETS
 Millions of dollars

	December 31, 2018	September 30, 2018
<u>Assets</u>	<u>(Unaudited)</u>	
Current Assets:		
Cash and equivalents	\$ 943	\$ 1,140
Restricted cash	98	96
Short-term investments	5	17
Trade receivables, net	2,216	2,319
Inventories:		
Materials	552	510
Work in process	296	297
Finished products	1,674	1,644
	<u>2,522</u>	<u>2,451</u>
Assets held for sale	—	137
Prepaid expenses and other	1,157	1,251
Total Current Assets	6,941	7,411
Property, Plant and Equipment	10,585	10,485
Less allowances for depreciation and amortization	5,223	5,111
Property, Plant and Equipment, Net	5,362	5,375
Goodwill	23,505	23,600
Developed Technology, Net	11,893	12,184
Customer Relationships, Net	3,644	3,723
Other Intangibles, Net	525	534
Other Assets	1,062	1,078
Total Assets	\$ 52,932	\$ 53,904
Liabilities and Shareholders' Equity		
Current Liabilities:		
Short-term debt	\$ 3,254	\$ 2,601
Payables and accrued expenses	3,891	4,615
Total Current Liabilities	7,145	7,216
Long-Term Debt	17,817	18,894
Long-Term Employee Benefit Obligations	805	1,056
Deferred Income Taxes and Other	5,762	5,743
Commitments and Contingencies (See Note 5)		
Shareholders' Equity		
Preferred stock	2	2
Common stock	347	347
Capital in excess of par value	16,174	16,179
Retained earnings	13,018	12,596
Deferred compensation	24	22
Common stock in treasury - at cost	(6,235)	(6,243)
Accumulated other comprehensive loss	(1,927)	(1,909)
Total Shareholders' Equity	21,404	20,994
Total Liabilities and Shareholders' Equity	\$ 52,932	\$ 53,904

Amounts may not add due to rounding.

See notes to condensed consolidated financial statements

BECTON, DICKINSON AND COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)
Millions of dollars, except per share data
(Unaudited)

	Three Months Ended December 31,	
	2018	2017
Revenues	\$ 4,160	\$ 3,080
Cost of products sold	2,187	1,527
Selling and administrative expense	1,073	773
Research and development expense	258	191
Acquisitions and other restructurings	91	354
Other operating income, net	(335)	—
Total Operating Costs and Expenses	3,273	2,845
Operating Income	888	235
Interest expense	(171)	(158)
Interest income, net	(12)	44
Other income (expense), net	10	(16)
Income Before Income Taxes	714	105
Income tax provision	115	241
Net Income (Loss)	599	(136)
Preferred stock dividends	(38)	(38)
Net income (loss) applicable to common shareholders	\$ 562	\$ (174)
Basic Earnings (Loss) per Share	\$ 2.09	\$ (0.76)
Diluted Earnings (Loss) per Share	\$ 2.05	\$ (0.76)
Dividends per Common Share	\$ 0.77	\$ 0.75

Amounts may not add due to rounding.
See notes to condensed consolidated financial statements

BECTON, DICKINSON AND COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
Millions of dollars
(Unaudited)

	Three Months Ended December 31,	
	2018	2017
Net Income (Loss)	\$ 599	\$ (136)
Other Comprehensive (Loss) Income, Net of Tax		
Foreign currency translation adjustments	(35)	(36)
Defined benefit pension and postretirement plans	15	17
Cash flow hedges	1	1
Other Comprehensive Loss, Net of Tax	(18)	(17)
Comprehensive Income (Loss)	\$ 581	\$ (154)

Amounts may not add due to rounding.
See notes to condensed consolidated financial statements

BECTON, DICKINSON AND COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Millions of dollars
(Unaudited)

	Three Months Ended December 31,	
	2018	2017
Operating Activities		
Net income (loss)	\$ 599	\$ (136)
Adjustments to net income (loss) to derive net cash provided by operating activities:		
Depreciation and amortization	563	291
Share-based compensation	93	141
Deferred income taxes	(28)	(324)
Change in operating assets and liabilities	(473)	409
Pension obligation	(225)	(101)
Excess tax benefits from payments under share-based compensation plans	23	38
Gain on sale of business	(335)	—
Other, net	29	3
Net Cash Provided by Operating Activities	245	320
Investing Activities		
Capital expenditures	(167)	(178)
Proceeds from (purchases of) sale of investments, net	11	(63)
Acquisitions of businesses, net of cash acquired	—	(14,900)
Proceeds from divestitures, net	476	—
Other, net	(20)	(62)
Net Cash Provided by (Used for) Investing Activities	299	(15,203)
Financing Activities		
Change in credit facility borrowings	50	—
Proceeds from long-term debt and term loans	—	2,250
Payments of debt and term loans	(453)	—
Dividends paid	(245)	(210)
Other, net	(86)	(101)
Net Cash (Used for) Provided by Financing Activities	(734)	1,938
Effect of exchange rate changes on cash and equivalents and restricted cash	(5)	2
Net decrease in cash and equivalents and restricted cash	(195)	(12,943)
Opening Cash and Equivalents and Restricted Cash	1,236	14,179
Closing Cash and Equivalents and Restricted Cash	\$ 1,042	\$ 1,236
Non-Cash Investing Activities		
Fair value of shares issued as acquisition consideration	\$ —	\$ 8,004
Fair value of equity awards issued as acquisition consideration	\$ —	\$ 613

Amounts may not add due to rounding.
See notes to condensed consolidated financial statements

BECTON, DICKINSON AND COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2018

Note 1 – Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, in the opinion of the management of Becton, Dickinson and Company (the "Company"), include all adjustments which are of a normal recurring nature, necessary for a fair presentation of the financial position and the results of operations and cash flows for the periods presented. However, the financial statements do not include all information and accompanying notes required for a presentation in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's 2018 Annual Report on Form 10-K. Within the financial statements and tables presented, certain columns and rows may not add due to the use of rounded numbers for disclosure purposes. Percentages and earnings per share amounts presented are calculated from the underlying amounts. The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the full year.

Note 2 – Accounting Changes

New Accounting Principles Adopted

On October 1, 2018, the Company adopted Accounting Standards Codification Topic 606, "Revenue from Contracts with Customers" ("ASC 606") using the modified retrospective method. Under ASC 606, revenue is recognized upon the transfer of control of goods or services to customers and reflects the amount of consideration to which a reporting entity expects to be entitled in exchange for those goods or services. The Company assessed the impact of this new standard on its consolidated financial statements based upon a review of contracts that were not completed as of October 1, 2018. Amounts presented in the Company's financial statements for the prior-year periods have not been revised and are reflective of the revenue recognition requirements which were in effect for those periods. This accounting standard adoption, which is further discussed in Note 6, did not materially impact any line items of the Company's consolidated income statement and balance sheet.

On October 1, 2018, the Company retrospectively adopted an accounting standard update which requires all components of net periodic pension and postretirement benefit costs to be disaggregated from the service cost component and to be presented on the income statement outside a subtotal of income from operations, if one is presented. Upon the Company's adoption of the accounting standard update, which did not have a material impact on its consolidated financial statements, all components of the Company's net periodic pension and postretirement benefit costs, aside from service cost, are recorded to *Other income (expense), net* on its consolidated income statements, for all periods presented. Revisions of prior-year period amounts were estimated based upon previously disclosed amounts.

On October 1, 2018, the Company adopted an accounting standard update which requires that the income tax effects of intercompany sales or transfers of assets, except those involving inventory, be recognized in the income statement as income tax expense (or benefit) in the period that the sale or transfer occurs. The Company adopted this accounting standard update, which did not have a material impact on its consolidated financial statements, using the modified retrospective method.

New Accounting Principle Not Yet Adopted

In February 2016, the FASB issued a new lease accounting standard which requires lessees to recognize lease assets and lease liabilities on the balance sheet. The new standard also requires expanded disclosures regarding leasing arrangements. The Company will adopt the standard on October 1, 2019 and has commenced its initial assessment of the impact on its consolidated financial statements.

Note 3 – Shareholders' Equity

Changes in certain components of shareholders' equity for the three months ended December 31 were as follows:

(Millions of dollars)	Common Stock Issued at Par Value	Capital in Excess of Par Value	Retained Earnings	Deferred Compensation	Treasury Stock	
					Shares (in thousands)	Amount
Balance at September 30, 2018	\$ 347	\$ 16,179	\$ 12,596	\$ 22	(78,463)	\$ (6,243)
Net income	—	—	599	—	—	—
Common dividends (\$0.77 per share)	—	—	(207)	—	—	—
Preferred dividends	—	—	(38)	—	—	—
Common stock issued for share-based compensation and other plans, net	—	(97)	—	2	851	9
Share-based compensation	—	92	—	—	—	—
Common stock held in trusts, net (a)	—	—	—	—	(12)	—
Effect of changes in accounting principles (see Note 2)	—	—	68	—	—	—
Balance at December 31, 2018	\$ 347	\$ 16,174	\$ 13,018	\$ 24	(77,624)	\$ (6,235)

(Millions of dollars)	Common Stock Issued at Par Value	Capital in Excess of Par Value	Retained Earnings	Deferred Compensation	Treasury Stock	
					Shares (in thousands)	Amount
Balance at September 30, 2017	\$ 347	\$ 9,619	\$ 13,111	\$ 19	(118,745)	\$ (8,427)
Net loss	—	—	(136)	—	—	—
Common dividends (\$0.75 per share)	—	—	(172)	—	—	—
Preferred dividends	—	—	(38)	—	—	—
Common stock issued for acquisition	—	6,487	—	—	37,306	2,121
Common stock issued for share-based compensation and other plans, net	—	(51)	—	—	1,021	(37)
Share-based compensation	—	142	—	—	—	—
Common stock held in trusts, net (a)	—	—	—	—	(27)	—
Balance at December 31, 2017	\$ 347	\$ 16,197	\$ 12,765	\$ 19	(80,445)	\$ (6,343)

- (a) 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.

The components and changes of *Accumulated other comprehensive income (loss)* for the three months ended December 31 were as follows:

(Millions of dollars)	Total	Foreign Currency Translation	Benefit Plans	Cash Flow Hedges
Balance at September 30, 2018	\$ (1,909)	\$ (1,162)	\$ (729)	\$ (17)
Other comprehensive (loss) income before reclassifications, net of taxes	(32)	(35)	3	(1)
Amounts reclassified into income, net of taxes	14	—	13	1
Balance at December 31, 2018	\$ (1,927)	\$ (1,197)	\$ (714)	\$ (16)

(Millions of dollars)	Total	Foreign Currency Translation	Benefit Plans	Cash Flow Hedges
Balance at September 30, 2017	\$ (1,723)	\$ (1,001)	\$ (703)	\$ (18)
Other comprehensive loss before reclassifications, net of taxes	(36)	(36)	—	—
Amounts reclassified into income, net of taxes	18	—	17	1
Balance at December 31, 2017	<u>\$ (1,740)</u>	<u>\$ (1,037)</u>	<u>\$ (686)</u>	<u>\$ (17)</u>

The amount of foreign currency translation recognized in other comprehensive income during the three months ended December 31, 2018 and 2017 included net gains (losses) relating to net investment hedges, as further discussed in Note 13.

Note 4 – Earnings per Share

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

	Three Months Ended December 31,	
	2018	2017
Average common shares outstanding	269,035	230,038
Dilutive share equivalents from share-based plans	5,221	—
Average common and common equivalent shares outstanding – assuming dilution	<u>274,256</u>	<u>230,038</u>
Share equivalents excluded from the diluted shares outstanding calculation because the result would have been antidilutive:		
Mandatory convertible preferred stock	11,685	11,685
Share-based plans	—	3,966

Note 5 – Contingencies

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. GAAP, the Company establishes accruals to the extent probable future losses are estimable (in the case of environmental matters, without considering possible third-party recoveries). With respect to putative class action lawsuits in the United States and certain of the Canadian lawsuits described below relating to product liability matters, the Company is unable to estimate a range of reasonably possible losses for the following reasons: (i) all or certain of the proceedings are in early stages; (ii) the Company has not received and reviewed complete information regarding all or certain of the plaintiffs and their medical conditions; and/or (iii) there are significant factual issues to be resolved. In addition, there is uncertainty as to the likelihood of a class being certified or the ultimate size of the class. With respect to the investigative subpoena issued by the Department of Defense Inspector General and the Department of Health and Human Services and the civil investigative demand served by the Department of Justice, as discussed below, the Company is unable to estimate a range of reasonably possible losses for the following reasons: (i) all or certain of the proceedings are in early stages; and/or (ii) there are significant factual and legal issues to be resolved.

In view of the uncertainties discussed below, the Company could incur charges in excess of any currently established accruals and, to the extent available, 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.

Product Liability Matters

The Company believes that certain settlements and judgments, as well as legal defense costs, relating to product liability matters are or may be covered in whole or in part under its product liability insurance policies with a limited number of insurance carriers, or, in some circumstances, indemnification obligations to the Company from other parties, which if disputed, the Company intends to vigorously contest. Amounts recovered under the Company's product liability insurance policies or

indemnification arrangements may be less than the stated coverage limits or less than otherwise expected and may not be adequate to cover damages and/or costs relating to claims. In addition, there is no guarantee that insurers or other parties will pay claims or that coverage or indemnity will be otherwise available.

Hernia Product Claims

As of December 31, 2018, the Company is defending approximately 4,445 product liability claims involving the Company's line of hernia repair devices (collectively, the "Hernia Product Claims"). The majority of those claims are currently pending in a coordinated proceeding in Rhode Island State Court, but claims are also pending in other state and/or federal court jurisdictions. In addition, those claims include multiple putative class actions in Canada. Generally, the Hernia Product Claims seek damages for personal injury allegedly resulting from use of the products. From time to time, the Company engages in resolution discussions with plaintiffs' law firms regarding certain of the Hernia Product Claims, but the Company also intends to vigorously defend Hernia Product Claims that do not settle, including through litigation. Trials are scheduled throughout 2019 in various state and/or federal courts. The Company expects additional trials of Hernia Product Claims to take place over the next 12 months. In August 2018, a new hernia multi-district litigation ("MDL") was ordered to be established in the Southern District of Ohio. The Company cannot give any assurances that the resolution of the Hernia Product Claims that have not settled, including asserted and unasserted claims and the putative class action lawsuits, will not have a material adverse effect on the Company's business, results of operations, financial condition and/or liquidity.

Women's Health Product Claims

As of December 31, 2018, the Company is defending approximately 1,098 product liability claims involving the Company's line of pelvic mesh devices. The majority of those claims are currently pending in either the federal MDL in the United States District Court for the Southern District of West Virginia, or a coordinated proceeding in New Jersey State Court, but claims are also pending in other state and/or federal court jurisdictions. In addition, those claims include putative class actions filed in the United States. Not included in the figures above are approximately 1,026 filed and unfiled claims that have been asserted or threatened against the Company but lack sufficient information to determine whether a pelvic mesh device of the Company is actually at issue. The claims identified above also include products manufactured by both the Company and two subsidiaries of Medtronic plc (as successor in interest to Covidien plc) ("Medtronic"), each a supplier of the Company. Medtronic has an obligation to defend and indemnify the Company with respect to any product defect liability relating to products its subsidiaries had manufactured. As described below, in July 2015 the Company reached an agreement with Medtronic (which was amended in June 2017) regarding certain aspects of Medtronic's indemnification obligation. The foregoing lawsuits, unfiled claims, putative class actions, and other claims, together with claims that have settled or are the subject of agreements or agreements in principle to settle, are referred to collectively as the "Women's Health Product Claims." The Women's Health Product Claims generally seek damages for personal injury allegedly resulting from use of the products.

As of December 31, 2018, the Company has reached agreements or agreements in principle with various plaintiffs' law firms to settle their respective inventories of cases totaling approximately 15,156 of the Women's Health Product Claims. The Company believes that these Women's Health Product Claims are not the subject of Medtronic's indemnification obligation. These settlement agreements and agreements in principle include unfiled and previously unknown claims held by various plaintiffs' law firms, which are not included in the approximate number of lawsuits set forth in the first paragraph of this section. Each agreement is subject to certain conditions, including requirements for participation in the proposed settlements by a certain minimum number of plaintiffs. The Company continues to engage in discussions with other plaintiffs' law firms regarding potential resolution of unsettled Women's Health Product Claims, which may include additional inventory settlements.

Starting in 2014 in the MDL, the court entered certain pre-trial orders requiring trial work up and remand of a significant number of Women's Health Product Claims, including an order entered in the MDL on January 30, 2018, that requires the work up and remand of all remaining unsettled cases (the "WHP Pre-Trial Orders"). The WHP Pre-Trial Orders may result in material additional costs or trial verdicts in future periods in defending Women's Health Product Claims. Trials are anticipated throughout 2019 in state courts. A trial in the New Jersey coordinated proceeding began in March 2018, and in April 2018 a jury entered a verdict against the Company in the total amount of \$68 million (\$33 million compensatory; \$35 million punitive). The Company is in the process of appealing that verdict. The Company expects additional trials of Women's Health Product Claims to take place over the next 12 months, which may potentially include consolidated trials.

In July 2015, as part of the agreement with Medtronic noted above, Medtronic agreed to take responsibility for pursuing settlement of certain of the Women's Health Product Claims that relate to products distributed by the Company under supply agreements with Medtronic, and the Company has paid Medtronic \$121 million towards these potential settlements. In June 2017, the Company amended the agreement with Medtronic to transfer responsibility for settlement of additional Women's Health Product Claims to Medtronic on terms similar to the July 2015 agreement, including with respect to the obligation to make payments to Medtronic towards these potential settlements. The Company also may, in its sole discretion, transfer responsibility for settlement of additional Women's Health Product Claims to Medtronic on similar terms. The agreements do

not resolve the dispute between the Company and Medtronic with respect to Women's Health Product Claims that do not settle, if any.

During the course of engaging in settlement discussions with plaintiffs' law firms, the Company has learned, and may in future periods learn, additional information regarding these and other unfiled claims, or other lawsuits, which could materially impact the Company's estimate of the number of claims or lawsuits against the Company.

Filter Product Claims

As of December 31, 2018, the Company is defending approximately 5,665 product liability claims involving the Company's line of inferior vena cava filters (collectively, the "Filter Product Claims"). The majority of those claims are currently pending in an MDL in the United States District Court for the District of Arizona, but claims are also pending in other state and/or federal court jurisdictions, including a coordinated proceeding in Arizona State Court. In addition, those claims include putative class actions filed in the United States and Canada. The Filter Product Claims generally seek damages for personal injury allegedly resulting from use of the products. The Company has limited information regarding the nature and quantity of certain of the Filter Product Claims. The Company continues to receive claims and lawsuits and may in future periods learn additional information regarding other unfiled or unknown claims, or other lawsuits, which could materially impact the Company's estimate of the number of claims or lawsuits against the Company. Trials are scheduled throughout 2019 in the MDL and state courts. On March 30, 2018, a jury in the first MDL trial found the Company liable for negligent failure to warn and entered a verdict in favor of plaintiffs. The jury found the Company was not liable for (a) strict liability design defect; (b) strict liability failure to warn; and (c) negligent design. The Company has appealed that verdict. On June 1, 2018, a jury in the second MDL trial unanimously found in favor of the Company on all claims. On August 17, 2018, the Court entered summary judgment in favor of the Company on all claims in the third MDL trial. On October 5, 2018, a jury in the fourth MDL trial unanimously found in favor of the Company on all claims. The Company expects additional trials of Filter Product Claims may take place over the next 12 months.

In most product liability litigations (like those described above), plaintiffs allege a wide variety of claims, ranging from allegations of serious injury caused by the products to efforts to obtain compensation notwithstanding the absence of any injury. In many of these cases, the Company has not yet received and reviewed complete information regarding the plaintiffs and their medical conditions and, consequently, is unable to fully evaluate the claims. The Company expects that it will receive and review additional information regarding any remaining unsettled product liability matters.

In January 2017, the Company reached an agreement to resolve litigation filed in the Southern District of New York by its insurance carriers in connection with Women's Health Product Claims and Filter Product Claims. The agreement requires the insurance carriers to reimburse the Company for certain future costs incurred in connection with Filter Product Claims up to an agreed amount. For certain product liability claims or lawsuits, the Company does not maintain or has limited remaining insurance coverage.

Other Legal Matters

Since early 2013, the Company has received subpoenas or Civil Investigative Demands from a number of State Attorneys General seeking information related to the sales and marketing of certain of the Company's products that are the subject of the Hernia Product Claims and the Women's Health Product Claims. The Company is cooperating with these requests. Although the Company has had, and continues to have, discussions with the State Attorneys General with respect to overall potential resolution of this matter, there can be no assurance that a resolution will be reached or what the terms of any such resolution may be.

In November 2015, the Department of Defense Inspector General issued an investigative subpoena to the Company. The Department of Health and Human Services is also participating in this investigation. The subpoena seeks documents related to the Company's sales and marketing of certain filter products, drug coated balloon catheters, and peripheral arterial disease detection products. In July 2017, a separate civil investigative demand was served by the Department of Justice seeking documents and information relating to an investigation into possible violations of the False Claims Act in connection with the sales and marketing of FloChec® and QuantaFlo™ devices. The Company is cooperating with these requests. Since it is not feasible to predict the outcome of these matters, the Company cannot give any assurances that the resolution of these matters will not have a material adverse effect on the Company's business, results of operations, financial condition and/or liquidity.

The Company is a potentially responsible party to a number of federal administrative 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 underway or commencing. For several sites, there are other potentially responsible parties that may be jointly or severally liable to pay all or part of cleanup costs. While it is not feasible to predict the outcome of these proceedings, based upon the Company's experience, current information and applicable law, the Company does not expect

these proceedings to have a material adverse effect on its financial condition and/or liquidity. However, one or more of the proceedings could be material to the Company's business and/or results of operations.

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

Litigation Reserves

Accruals for the Company's product liability claims which are specifically discussed above, as well as the related legal defense costs, amounted to approximately \$1.7 billion and \$2.0 billion at December 31, 2018 and September 30, 2018, respectively. As of December 31, 2018 and September 30, 2018, the Company had \$97 million and \$94 million, respectively, in qualified settlement funds ("QSFs"), subject to certain settlement conditions, for certain product liability matters. Payments to QSFs are recorded as a component of *Restricted cash*. The Company's expected recoveries related to product liability claims and related legal defense costs were approximately \$164 million and \$343 million at December 31, 2018 and September 30, 2018, respectively. A substantial amount of these expected recoveries at December 31, 2018 and September 30, 2018 related to the Company's agreements with Medtronic related to certain Women's Health Product Claims. During the three months ended December 31, 2018, Medtronic provided the Company with releases from liability for certain claims that were the subject of the agreement discussed further above. Accordingly, adjustments to reduce accruals for the Company's product liability claims, as well as the balance recorded for expected recoveries related to product liability claims, were recorded during the three months ended December 31, 2018.

The terms of the Company's agreements with Medtronic are substantially consistent with the assumptions underlying, and the manner in which, the Company has recorded expected recoveries related to the indemnification obligation. The expected recoveries at December 31, 2018 related to the indemnification obligation are not in dispute with respect to claims that Medtronic settles pursuant to the agreements. As described above, the agreements do not resolve the dispute between the Company and Medtronic with respect to Women's Health Product Claims that do not settle, if any, and the Company also may, in its sole discretion, transfer responsibility for settlement of additional Women's Health Product Claims to Medtronic on similar terms.

Note 6 – Revenues

As previously discussed in Note 2, the Company adopted ASC 606 using the modified retrospective method. The Company sells a broad range of medical supplies, devices, laboratory equipment and diagnostic products which are distributed through independent distribution channels and directly by BD through sales representatives. End-users of the Company's products include healthcare institutions, physicians, life science researchers, clinical laboratories, the pharmaceutical industry and the general public.

Timing of Revenue Recognition

The Company's revenues are primarily recognized when the customer obtains control of the product sold, which is generally upon shipment or delivery, depending on the delivery terms specified in the sales agreement. Revenues associated with certain instruments and equipment for which installation is complex, and therefore significantly affects the customer's ability to use and benefit from the product, are recognized when customer acceptance of these installed products has been confirmed. For certain service arrangements, including extended warranty and software maintenance contracts, revenue is recognized ratably over the contract term. The majority of revenues relating to extended warranty contracts associated with certain instruments and equipment is generally recognized within a few years whereas deferred revenue relating to software maintenance contracts is generally recognized over a longer period.

Measurement of Revenues

The Company acts as the principal in substantially all of its customer arrangements and as such, generally records revenues on a gross basis. Revenues exclude any taxes that the Company collects from customers and remits to tax authorities. The Company considers its shipping and handling costs to be costs of contract fulfillment and has made the accounting policy election to record these costs within *Selling and administrative expense*.

Payment terms extended to the Company's customers are based upon commercially reasonable terms for the markets in which the Company's products are sold. Because the Company generally expects to receive payment within one year or less from when control of a product is transferred to the customer, the Company does not generally adjust its revenues for the effects of a financing component. The Company's estimate of probable credit losses relating to trade receivables is determined based on historical experience and other specific account data. Amounts are written off against the allowances for doubtful accounts

when the Company determines that a customer account is uncollectible. Such amounts are not material to the Company's consolidated financial results.

The Company's gross revenues are subject to a variety of deductions which are recorded in the same period that the underlying revenues are recognized. Such variable consideration include rebates, sales discounts and sales returns. Because these deductions represent estimates of the related obligations, judgment is required when determining the impact of these revenue deductions on gross revenues for a reporting period. Rebates provided by the Company are based upon prices determined under the Company's agreements with its end-user customers. Additional factors considered in the estimate of the Company's rebate liability include the quantification of inventory that is either in stock at or in transit to the Company's distributors, as well as the estimated lag time between the sale of product and the payment of corresponding rebates. The impact of other forms of variable consideration, including sales discounts and sales returns, is not material to the Company's revenues.

The Company's agreements with customers within certain organizational units including Medication Management Solutions, Diagnostic Systems and Biosciences, contain multiple performance obligations including both products and certain services noted above. The transaction price for these agreements is allocated to each performance obligation based upon its relative standalone selling price. Standalone selling price is the amount at which the Company would sell a promised good or service separately to a customer. The Company generally estimates standalone selling prices using its list prices and a consideration of typical discounts offered to customers.

Effects of Revenue Arrangements on Consolidated Balance Sheet

Due to the nature of the majority of the Company's products and services, the Company typically does not incur costs to fulfill a contract in advance of providing the customer with goods or services. Contract assets associated with the costs to fulfill contracts for certain products in the Medication Management Solutions organizational unit are immaterial to the Company's consolidated balance sheets. The Company's costs to obtain contracts are comprised of sales commissions which are paid to the Company's employees or third party agents. The majority of the sales commissions incurred by the Company relate to revenue that is recognized over a period that is less than one year and as such, the Company has elected, under a practical expedient provided under ASC 606, to record the majority of its expense associated with sales commissions as it is incurred. Commissions relating to revenues recognized over a period longer than one year are recorded as assets which are amortized over the period over which the revenues underlying the commissions are recognized. Such commissions are immaterial to the Company's consolidated balance sheets.

The Company records contract liabilities for unearned revenue that is allocable to performance obligations, such as extended warranty and software maintenance contracts, which are performed over time as discussed further above. These contract liabilities are immaterial to the Company's consolidated financial results. The Company's liability for product warranties provided under its agreements with customers is not material to its consolidated balance sheets.

Remaining Performance Obligations

The Company's obligations relative to service contracts, which are further discussed above, and pending installations of equipment, primarily in the Company's Medication Management Solutions unit, represent unsatisfied performance obligations of the Company. Within the Company's Medication Management Solutions, Diagnostic Systems and Biosciences units, some contracts also contain minimum purchase commitments of reagents or other consumables and the future sales of these consumables represent additional unsatisfied performance obligations of the Company. The revenues under existing and noncancellable contracts which are attributable to products and/or services that have not yet been installed or provided are estimated to be approximately \$1.6 billion at December 31, 2018 and the Company expects to recognize the majority of this revenue over the next three years. The revenue attributable to the unsatisfied minimum purchase commitment-related performance obligations is estimated to be approximately \$1.6 billion at December 31, 2018 and this revenue will be recognized over the customer relationship period, which usually encompasses the current agreement term and subsequent renewal terms. The Company has applied the practical expedient allowed under ASC 606 and has not included remaining performance obligations related to contracts with original expected durations of one year or less in the amount above.

Disaggregation of Revenues

A disaggregation of the Company's revenues by segment, organizational unit and geographic region is provided in Note 7.

Note 7 – Segment Data

The Company's organizational structure is based upon three principal business segments: BD Medical ("Medical"), BD Life Sciences ("Life Sciences") and BD Interventional ("Interventional"). The Company's segments are strategic businesses that are managed separately because each one develops, manufactures and markets distinct products and services. Segment disclosures are on a performance basis consistent with internal management reporting. The Company evaluates performance of its business

segments and allocates resources to them primarily based upon segment operating income, which represents revenues reduced by product costs and operating expenses.

Revenues by organizational unit and geographical areas for the three-month periods are detailed below. The Company has no material intersegment revenues. On December 29, 2017, the Company completed its acquisition of C.R. Bard, Inc. ("Bard"), which is further discussed in Note 9. Bard's operating results were included in the Company's consolidated results of operations beginning on January 1, 2018 and as such, are not included in the financial results detailed below for the prior-year three-month period.

(Millions of dollars)	Three Months Ended December 31,					
	2018			2017		
	United States	International	Total	United States	International	Total
Medical						
Medication Delivery Solutions (a)	\$ 520	\$ 438	\$ 958	\$ 370	\$ 372	\$ 742
Medication Management Solutions	506	118	624	471	116	587
Diabetes Care	145	129	274	146	132	277
Pharmaceutical Systems	68	212	280	54	192	245
Total segment revenues	\$ 1,239	\$ 896	\$ 2,135	\$ 1,040	\$ 811	\$ 1,852
Life Sciences						
Preanalytical Systems	\$ 201	\$ 192	\$ 393	\$ 184	\$ 191	\$ 375
Diagnostic Systems	175	207	382	167	214	381
Biosciences	108	173	281	108	181	289
Total segment revenues	\$ 484	\$ 572	\$ 1,056	\$ 459	\$ 586	\$ 1,045
Interventional						
Surgery (a)	\$ 275	\$ 73	\$ 348	\$ 152	\$ 25	\$ 177
Peripheral Intervention (a)	191	145	337	5	1	6
Urology and Critical Care	197	88	285	—	—	—
Total segment revenues	\$ 664	\$ 306	\$ 970	\$ 157	\$ 26	\$ 183
Total Company revenues	\$ 2,387	\$ 1,773	\$ 4,160	\$ 1,657	\$ 1,423	\$ 3,080

- (a) Prior-year amounts have been reclassified to reflect the movement of certain product offerings previously reported in the Medical segment and which have been reported in the Interventional segment effective January 1, 2018.

Segment operating income for the three-month periods was as follows:

(Millions of dollars)	Three Months Ended December 31,	
	2018	2017
Income Before Income Taxes		
Medical (a)	\$ 665	\$ 623
Life Sciences	305	316
Interventional (a)	209	82
Total Segment Operating Income	1,180	1,021
Acquisitions and other restructurings	(91)	(354)
Net interest expense	(183)	(114)
Other unallocated items (b)	(192)	(448)
Income Before Income Taxes	\$ 714	\$ 105

- (a) Prior-year amounts have been reclassified to reflect the movement of certain product offerings previously reported in the Medical segment and which have been reported in the Interventional segment effective January 1, 2018.

- (b) Primarily comprised of foreign exchange, certain general and administrative expenses and share-based compensation expense. The amount for the three months ended December 31, 2018 additionally included the pre-tax gain recognized on the Company's sale of its Advanced Bioprocessing business, which is further discussed in Note 10.

Note 8 – Benefit Plans

The Company has defined benefit pension plans covering certain employees in the United States and certain international locations. Postretirement healthcare and life insurance benefits provided to qualifying domestic retirees as well as other postretirement benefit plans in international countries are not material. The measurement date used for the Company's employee benefit plans is September 30.

Net pension cost included the following components for the three months ended December 31:

(Millions of dollars)	Three Months Ended December 31,	
	2018	2017
Service cost	\$ 35	\$ 30
Interest cost	28	18
Expected return on plan assets	(47)	(33)
Amortization of prior service credit	(3)	(3)
Amortization of loss	20	20
Net pension cost	<u>\$ 32</u>	<u>\$ 32</u>

The amounts provided above for amortization of prior service credit and amortization of loss represent the reclassifications of prior service credits and net actuarial losses that were recognized in *Accumulated other comprehensive income (loss)* in prior periods.

As further discussed in Note 2, upon adopting an accounting standard update on October 1, 2018, all components of the Company's net periodic pension and postretirement benefit costs, aside from service cost, are recorded to *Other income (expense), net* on its consolidated statements of income, for all periods presented.

Note 9 – Acquisition

Bard

On December 29, 2017, the Company completed its acquisition of Bard. The operating activities of Bard from the acquisition date through December 31, 2017 were not material to the Company's consolidated results of operations. As such, Bard's operating results were included in the Company's consolidated results of operations beginning on January 1, 2018. During the three months ended December 31, 2018, the Company finalized its allocation of the fair value of consideration transferred to the individual assets acquired and liabilities assumed in this acquisition and no material adjustments to the allocation were recognized during the period.

Unaudited Pro Forma Information

Revenues for the three months ended December 31, 2018 attributable to Bard were approximately \$1 billion. The operating income of the acquired Bard operation is no longer specifically identifiable due to the progression of the Company's integration activities. The following table provides the pro forma results for the three months ended December 31, 2017 as if Bard had been acquired as of October 1, 2016.

(Millions of dollars, except per share data)	Three Months Ended December 31,
	2017
Revenues	<u>\$ 4,044</u>
Net Loss	<u>\$ (471)</u>
Diluted Loss per Share	<u>\$ (1.76)</u>

The pro forma results above include the impact of the following adjustments, as necessary: additional amortization and depreciation expense relating to assets acquired; interest and other financing costs relating to the acquisition transaction; and the

elimination of one-time or nonrecurring items. The one-time or nonrecurring items eliminated for the three months ended December 31, 2017 primarily represented transaction costs as well as certain Bard-related restructuring costs. In addition, amounts previously reported by Bard as revenues related to a royalty income stream have been reclassified to *Other income (expense), net* to conform to the Company's reporting classification.

The pro forma results do not include any anticipated cost savings or other effects of the planned integration of Bard. Accordingly, the pro forma results above are not necessarily indicative of the results that would have been if the acquisition had occurred on the dates indicated, nor are the pro forma results indicative of results which may occur in the future.

Note 10 – Divestiture

The Company completed the sale of its Life Sciences segment's Advanced Bioprocessing business in October 2018 pursuant to a definitive agreement that was signed in September 2018. Assets held for sale on the consolidated balance sheet at September 30, 2018, subject to this agreement, were approximately \$137 million. Liabilities held for sale under the agreement were immaterial. The Company recognized a pre-tax gain on the sale of approximately \$335 million which was recorded as *Other operating income, net*. The historical financial results for the Advanced Bioprocessing business have not been classified as a discontinued operation.

Note 11 – Business Restructuring Charges

The Company incurred restructuring costs during the three months ended December 31, 2018, largely in connection with its acquisition of Bard, which were recorded as *Acquisitions and other restructurings*. Restructuring liability activity for the three months ended December 31, 2018 was as follows:

(Millions of dollars)	Employee Termination		Other		Total	
	CareFusion/Other		CareFusion/Other		CareFusion/Other	
	Bard	Initiatives	Bard (a)	Initiatives	Bard	Initiatives
Balance at September 30, 2018	\$ 33	\$ 23	\$ —	\$ 4	\$ 33	\$ 27
Charged to expense	4	6	25	6	29	12
Cash payments	(15)	(8)	—	(7)	(15)	(15)
Non-cash settlements	—	—	(25)	—	(25)	—
Balance at December 31, 2018	\$ 22	\$ 21	\$ —	\$ 3	\$ 22	\$ 24

- (a) Largely represents the cost associated with certain pre-acquisition equity awards of Bard which were converted, to encourage post-acquisition employee retention, to BD equity awards with substantially the same terms and conditions as were applicable under such Bard awards immediately prior to the acquisition date.

Note 12 – Intangible Assets

Intangible assets consisted of:

(Millions of dollars)	December 31, 2018		September 30, 2018	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets				
Developed technology	\$ 13,958	\$ 2,065	\$ 13,966	\$ 1,782
Customer relationships	4,585	942	4,584	861
Product rights	119	59	121	58
Trademarks	407	88	407	84
Patents and other	404	292	397	288
Amortized intangible assets	\$ 19,474	\$ 3,445	\$ 19,475	\$ 3,073
Unamortized intangible assets				
Acquired in-process research and development	\$ 31		\$ 37	
Trademarks	2		2	
Unamortized intangible assets	\$ 33		\$ 39	

Intangible amortization expense for the three months ended December 31, 2018 and 2017 was \$378 million and \$135 million, respectively. The increase in intangible amortization expense for the three months ended December 31, 2018 was attributable to assets acquired in the Bard transaction, which is further discussed in Note 9.

The following is a reconciliation of goodwill by business segment:

(Millions of dollars)	Medical	Life Sciences	Interventional	Total
Goodwill as of September 30, 2018	\$ 10,054	\$ 775	\$ 12,771	\$ 23,600
Divestiture-related adjustments	—	3	—	3
Purchase accounting adjustments (a)	(16)	—	(70)	(85)
Currency translation	(10)	(2)	—	(12)
Goodwill as of December 31, 2018	\$ 10,028	\$ 776	\$ 12,701	\$ 23,505

- (a) The purchase accounting adjustments were primarily driven by adjustments to tax-related balances.

Note 13 – Derivative Instruments and Hedging Activities

The Company uses derivative instruments to mitigate certain exposures. The Company does not enter into derivative financial instruments for trading or speculative purposes. The effects these derivative instruments and hedged items have on financial position, financial performance, and cash flows are provided below.

Foreign Currency Risks and Related Strategies

The Company has foreign currency exposures throughout Europe, Greater Asia, Canada and Latin America. Transactional currency exposures that arise from entering into transactions, generally on an intercompany basis, in non-hyperinflationary countries that are denominated in currencies other than the functional currency are mitigated primarily through the use of forward contracts and currency options. Hedges of the transactional foreign exchange exposures resulting primarily from intercompany payables and receivables are undesignated hedges. As such, the gains or losses on these instruments are recognized immediately in income. These gains and losses are largely offset by gains and losses on the underlying hedged items, as well as the hedging costs associated with the derivative instruments. The net amounts recognized in *Other income (expense), net*, during the three months ended December 31, 2018 and 2017 were immaterial to the Company's consolidated financial results.

The total notional amounts of the Company's outstanding foreign exchange contracts as of December 31, 2018 and September 30, 2018 were \$1.4 billion and \$3.1 billion, respectively.

In order to mitigate foreign currency exposure relating to its investments in certain foreign subsidiaries, the Company has designated \$2.6 billion of Euro-denominated debt and \$314 million of British Pound-denominated debt as net investment hedges. Accordingly, net gains or losses relating to this debt, which are attributable to changes in the foreign currencies to U.S. dollar spot exchange rates, are recorded as accumulated foreign currency translation in *Other comprehensive income (loss)*. The Company recorded net gains (losses) relating to its net investment hedges of \$59 million and \$(1) million, respectively, to *Accumulated other comprehensive income (loss)* during the three months ended December 31, 2018 and 2017.

Interest Rate Risks and Related Strategies

The Company's primary interest rate exposure results from changes in U.S. dollar interest rates. The Company's policy is to manage interest cost using a mix of fixed and variable rate debt. The Company periodically uses interest rate swaps to manage such exposures. Under these interest rate swaps, the Company exchanges, 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 interest rate swaps designated as fair value hedges (i.e., hedges against the exposure to changes in the fair value of an asset or a liability or an identified portion thereof that is attributable to a particular risk), 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.

Changes in the fair value of the interest rate swaps designated as cash flow hedges (i.e., hedging the exposure to variability in expected future cash flows that is attributable to a particular risk) are offset by amounts recorded in *Other comprehensive income (loss)*. If interest rate derivatives designated as cash flow hedges are terminated, the balance in *Accumulated other comprehensive income (loss)* attributable to those derivatives is reclassified into earnings over the remaining life of the hedged debt. The net realized loss related to terminated interest rate swaps expected to be reclassified and recorded in *Interest expense* within the next 12 months is \$6 million, net of tax.

The total notional amount of the Company's outstanding interest rate swaps designated as fair value hedges was \$1.2 billion at December 31, 2018 and September 30, 2018. The outstanding swaps represent fixed-to-floating interest rate swap agreements the Company entered into to convert the interest payments on certain long-term notes from the fixed rate to a floating interest rate based on LIBOR. Changes in the fair value of the interest rate swaps offset changes in the fair value of the fixed rate debt. The amounts recorded during the three months ended December 31, 2018 and 2017 for changes in the fair value of these hedges were immaterial to the Company's consolidated financial results.

Other Risk Exposures

The Company purchases resins, which are oil-based components used in the manufacture of certain products. Significant increases in world oil prices that lead to increases in resin purchase costs could impact future operating results. From time to time, the Company has managed price risks associated with these commodity purchases through commodity derivative forward contracts. The Company's outstanding commodity derivative forward contracts at December 31, 2018 were immaterial to the Company's consolidated financial results. The Company had no outstanding commodity derivative forward contracts at September 30, 2018.

Financial Statement Effects

The fair values of derivative instruments outstanding at December 31, 2018 and September 30, 2018 were not material to the Company's consolidated balance sheets.

The amounts reclassified from accumulated other comprehensive income relating to cash flow hedges during the three months ended December 31, 2018 and 2017 were not material to the Company's consolidated financial results.

Note 14 – Financial Instruments and Fair Value Measurements

The following reconciles cash and equivalents and restricted cash reported within the Company's consolidated balance sheets at December 31, 2018 and September 30, 2018 to the total of these amounts shown on the Company's consolidated statements of cash flows:

<u>(Millions of dollars)</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Cash and equivalents	\$ 943	\$ 1,140
Restricted cash	98	96
Cash and equivalents and restricted cash	<u>\$ 1,042</u>	<u>\$ 1,236</u>

Cash equivalents consist of all highly liquid investments with a maturity of three months or less at time of purchase. Restricted cash consists of cash restricted from withdrawal and usage except for certain product liability matters.

The Company's cash and equivalents includes institutional money market accounts which permit daily redemption and the fair values of these investments are based upon the quoted prices in active markets provided by the holding financial institutions, which are considered Level 1 inputs in the fair value hierarchy. The fair value of these accounts was immaterial at December 31, 2018 and the fair value of these accounts at September 30, 2018 was \$228 million. The Company's remaining cash and equivalents, excluding restricted cash, were \$943 million and \$913 million at December 31, 2018 and September 30, 2018, respectively.

Short-term investments are held to their maturities and are carried at cost, which approximates fair value. The short-term investments consist of instruments with maturities greater than three months and less than one year.

Long-term debt is recorded at amortized cost. The fair value of long-term debt is measured based upon quoted prices in active markets for similar instruments, which are considered Level 2 inputs in the fair value hierarchy. The fair value of long-term debt was \$17.5 billion and \$18.8 billion at December 31, 2018 and September 30, 2018, respectively. The fair value of the current portion of long-term debt was \$3.0 billion and \$1.9 billion at December 31, 2018 and September 30, 2018, respectively.

All other instruments measured by the Company at fair value, including derivatives and contingent consideration liabilities, are immaterial to the Company's consolidated balance sheets.

Note 15 – Income Taxes

New U.S. tax legislation, which is commonly referred to as the Tax Cuts and Jobs Act (the "Act"), was enacted on December 22, 2017. Upon completing its accounting for the tax effects of the Act during the period ended December 31, 2018, the

Company recognized a charge of \$43 million, which is reflected in the Company's consolidated statement of income within *Income tax provision*, to adjust its one-time transition tax liability for all of its foreign subsidiaries. The Company also recorded a charge during the three-month period ended December 31, 2018 of \$7 million to *Income tax provision* to adjust the Company's reevaluation of the permanent reinvestment assertion regarding foreign earnings.

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

The following commentary should be read in conjunction with the condensed consolidated financial statements and accompanying notes presented in this report. Within the tables presented throughout this discussion, certain columns may not add due to the use of rounded numbers for disclosure purposes. Percentages and earnings per share amounts presented are calculated from the underlying amounts.

Company Overview

Becton, Dickinson and Company ("BD") is a global medical technology company engaged in the development, manufacture and sale of a broad range of medical supplies, devices, laboratory equipment and diagnostic products used by healthcare institutions, physicians, life science researchers, clinical laboratories, the pharmaceutical industry and the general public. The Company's organizational structure is based upon three principal business segments, BD Medical ("Medical"), BD Life Sciences ("Life Sciences") and BD Interventional ("Interventional").

BD's products are manufactured and sold worldwide. 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. We organize our operations outside the United States as follows: Europe; EMA (which includes the Commonwealth of Independent States, the Middle East and Africa); Greater Asia (which includes Japan and Asia Pacific); Latin America (which includes Mexico, Central America, the Caribbean, and South America); and Canada. We continue to pursue growth opportunities in emerging markets, which include the following geographic regions: Eastern Europe, the Middle East, Africa, Latin America and certain countries within Asia Pacific. We are primarily focused on certain countries whose healthcare systems are expanding.

Overview of Financial Results and Financial Condition

For the three months ended December 31, 2018, worldwide revenues of \$4.160 billion increased 35.1% from the prior-year period, which reflected an impact of approximately 33% resulting from the acquisition of C.R. Bard, Inc. ("Bard") as operating activities of the acquired business were not included in our consolidated results of operations until January 1, 2018. First quarter revenue growth also reflected volume growth of approximately 5%, an unfavorable impact from foreign currency translation of approximately 2% and an unfavorable impact of price of approximately 0.2%. Revenue growth for the three months ended December 31, 2018 additionally reflected an unfavorable impact from divestitures of approximately 0.4% related to the Biosciences unit's sale of its Advanced Bioprocessing business at the end of October 2018. Additional disclosures regarding this divestiture are provided in Note 10 in the Notes to Condensed Consolidated Financial Statements. Volume growth in the first quarter of fiscal year 2019 attributable to the Medical and Life Sciences segments was as follows:

- Medical segment volume growth in the first quarter was primarily driven by sales in the Medication Management Solutions and Pharmaceutical Systems units.
- Life Sciences segment volume growth in the first quarter was primarily driven by the segment's Preanalytical Systems unit.

We continue to invest in research and development, geographic expansion, and new product market programs to drive further revenue and profit growth. 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, and continue to improve operating efficiency and organizational effectiveness. While the economic environment for the healthcare industry and healthcare utilization in the United States is generally stable, destabilization in the future could adversely impact our businesses. Additionally, macroeconomic challenges in Europe continue to constrain healthcare utilization, although we currently view the environment as stable. In emerging markets, the Company's growth is dependent primarily on government funding for healthcare systems. In addition, pricing pressure exists globally which could adversely impact our businesses.

Cash flows from operating activities were \$245 million in the first three months of fiscal year 2019. At December 31, 2018, we had \$1.0 billion in cash and equivalents and short-term investments, including restricted cash. We continued to return value to our shareholders in the form of dividends. During the first three months of fiscal year 2019, we paid cash dividends of \$245 million.

Each reporting period, we face currency exposure that arises from translating the results of our worldwide operations to the U.S. dollar at exchange rates that fluctuate from the beginning of such period. A stronger U.S. dollar, compared to the prior-year period, resulted in an unfavorable foreign currency translation impact to our revenue and earnings during the first quarter of fiscal year 2019. We evaluate our results of operations on both a reported and a foreign currency-neutral basis, which excludes the impact of fluctuations in foreign currency exchange rates. As exchange rates are an important factor in understanding period-to-period comparisons, we believe the presentation of results on a foreign currency-neutral basis in addition to reported results helps improve investors' ability to understand our operating results and evaluate our performance in comparison to prior

periods. Foreign currency-neutral ("FXN") information compares results between periods as if exchange rates had remained constant period-over-period. We use results on a foreign currency-neutral basis as one measure to evaluate our performance. We calculate foreign currency-neutral percentages by converting our current-period local currency financial results using the prior-period foreign currency exchange rates and comparing these adjusted amounts to our current-period results. These results should be considered in addition to, not as a substitute for, results reported in accordance with U.S. generally accepted accounting principles ("GAAP"). Results on a foreign currency-neutral basis, as we present them, may not be comparable to similarly titled measures used by other companies and are not measures of performance presented in accordance with U.S. GAAP.

Results of Operations

Medical Segment

The following summarizes first quarter Medical revenues by organizational unit:

(Millions of dollars)	Three months ended December 31,				
	2018	2017	Total Change	Estimated FX Impact	FXN Change
Medication Delivery Solutions (a)	\$ 958	\$ 742	29.1 %	(2.6)%	31.7 %
Medication Management Solutions	624	587	6.2 %	(0.5)%	6.7 %
Diabetes Care	274	277	(1.3)%	(1.8)%	0.5 %
Pharmaceutical Systems	280	245	14.0 %	(1.7)%	15.7 %
Total Medical Revenues	\$ 2,135	\$ 1,852	15.3 %	(1.7)%	17.0 %

(a) The presentation of prior-period amounts reflects a reclassification of \$183 million of certain product revenues from the Medical segment to the Interventional segment as further discussed in Note 7 in the Notes to Condensed Consolidated Financial Statements.

First quarter Medical segment growth was favorably impacted by the inclusion of revenues associated with certain Bard products within the Medication Delivery Solutions unit in the current-year period, as further discussed above. The Medical segment's underlying revenue growth was driven by the Medication Management Solutions unit's installations of infusion systems and the Pharmaceutical Systems unit's sales of prefillable products. First quarter Medical segment growth also benefited from the Medication Delivery Solutions unit's sales of vascular access and infusion disposable products. Sales in the Diabetes Care unit were unfavorably impacted by delayed order timing in the U.S. and EMA.

Medical segment operating income for the three-month periods was as follows:

(Millions of dollars)	Three months ended December 31,	
	2018	2017
Medical segment operating income	\$ 665	\$ 623
<i>Segment operating income as % of Medical revenues</i>	<i>31.2 %</i>	<i>33.6 %</i>

The Medical segment's operating income was driven by its performance with respect to gross profit margin and operating expenses.

- Gross profit margin was lower in the first quarter of 2019 as compared with the first quarter of 2018 primarily due to unfavorable foreign currency translation, the amortization of intangible assets acquired in the Bard transaction, higher raw material costs and pricing pressures. These unfavorable impacts to the Medical segment's gross margin were partially offset by lower manufacturing costs resulting from continuous improvement projects which enhanced the efficiency of our operations and favorable product mix impact relating to the Bard products reported within the segment.
- Selling and administrative expense as a percentage of revenues in the first quarter of 2019 was higher compared with the prior-year period primarily due to higher selling and administrative costs relating to the Bard products reported within the segment.

- Research and development expense as a percentage of revenues was flat in the first quarter of 2019 as compared with the first quarter of 2018.

Life Sciences Segment

The following summarizes first quarter Life Sciences revenues by organizational unit:

<u>(Millions of dollars)</u>	Three months ended December 31,				
	2018	2017	Total Change	Estimated FX Impact	FXN Change
Preanalytical Systems	\$ 393	\$ 375	4.7 %	(2.4)%	7.1 %
Diagnostic Systems	382	381	0.2 %	(1.9)%	2.1 %
Biosciences	281	289	(2.8)%	(1.7)%	(1.1)%
Total Life Sciences Revenues	\$ 1,056	\$ 1,045	1.0 %	(2.0)%	3.0 %

The Life Sciences segment's revenue growth in the first quarter was primarily driven by the Preanalytical Systems unit's global sales of core products. The Diagnostic Systems unit's revenues were primarily driven by sales of core microbiology products as well as continued strength in sales of the unit's *BD MAX*TM molecular platform. Revenue growth in the Diagnostic Systems unit was partially offset by an unfavorable comparison to the prior-year period which benefited from an earlier start to the influenza season. The Biosciences unit's revenues reflected growth in instrument and reagent sales but were unfavorably impacted by the divestiture of the Advanced Bioprocessing business, as previously discussed. The Biosciences unit's results for the prior-year period included revenues associated with the Advanced Bioprocessing business of \$20 million.

Life Sciences segment operating income for the three-month periods was as follows:

<u>(Millions of dollars)</u>	Three months ended December 31,	
	2018	2017
Life Sciences segment operating income	\$ 305	\$ 316
<i>Segment operating income as % of Life Sciences revenues</i>	<i>28.9%</i>	<i>30.2%</i>

The Life Sciences segment's operating income was driven by its performance with respect to gross profit margin and operating expenses.

- Gross profit margin in the first quarter of fiscal year 2019 was lower compared with the first quarter of 2018 primarily due to unfavorable foreign currency translation and higher raw material costs, which was partially offset by lower manufacturing costs resulting from continuous improvement projects which enhanced the efficiency of our operations.
- Selling and administrative expense as a percentage of revenues in the first quarter of 2019 was relatively flat compared with the prior-year period.
- Research and development expense as a percentage of revenues was higher in the first quarter of 2019 as compared with the first quarter of 2018 primarily due to continued investment in new products and platforms.

Interventional Segment

The following summarizes first quarter Interventional revenues by organizational unit:

(Millions of dollars)	Three months ended December 31,		
	2018	2017	Total Change
Surgery (a)	\$ 348	\$ 177	NM
Peripheral Intervention (a)	337	6	NM
Urology and Critical Care	285	—	NM
Total Interventional Revenues	\$ 970	\$ 183	NM

"NM" denotes that the percentage is not meaningful.

(a) The presentation of prior-period amounts reflects a reclassification of \$183 million of certain product revenues from the Medical segment to the Interventional segment as further discussed in Note 7 in the Notes to Condensed Consolidated Financial Statements.

Interventional segment operating income for the three-month periods was as follows:

(Millions of dollars)	Three months ended December 31,	
	2018	2017
Interventional segment operating income (a)	\$ 209	\$ 82
Segment operating income as % of Interventional revenues	21.6%	44.6%

(a) The presentation of the prior-period amount reflects a reclassification of \$82 million relating to the movement of certain product offerings from the Medical segment to the Interventional segment as noted above.

Geographic Revenues

BD's worldwide first quarter revenues by geography were as follows:

(Millions of dollars)	Three months ended December 31,					
	2018	2017	Total Change	Estimated FX Impact	FXN Change	
United States	\$ 2,387	\$ 1,657	44.1%	—%	44.1%	
International	1,773	1,423	24.6%	(4.3)%	28.9%	
Total Revenues	\$ 4,160	\$ 3,080	35.1%	(2.0)%	37.1%	

First quarter U.S. revenue growth benefited from the inclusion of revenues associated with Bard products in current-year results. Underlying first quarter revenue growth in the United States was driven by revenues in the Medical segment's Medication Management Solutions and Pharmaceutical Systems units, as well as by revenues in the Life Sciences segment's Preanalytical Systems unit.

International revenue growth in the first quarter of 2019 also benefited from the inclusion of revenues associated with Bard products in our financial results. International first quarter revenues were also driven by increased sales in the Medical segment's Medication Delivery Solutions and Pharmaceutical Systems units, as well as by strong revenues in the Life Sciences segment's Preanalytical Systems unit.

Emerging market revenues for the first quarter were \$633 million, compared with \$508 million in the prior year's quarter. Emerging market revenues in the current-year period also included an estimated \$41 million unfavorable impact due to foreign currency translation. First quarter revenue growth in emerging markets benefited from the inclusion of revenues associated with Bard products in our financial results. Underlying growth was particularly driven by sales in China and Latin America.

Specified Items

Reflected in the financial results for the three-month periods of fiscal years 2019 and 2018 were the following specified items:

(Millions of dollars)	Three months ended December 31,	
	2018	2017
Integration costs (a)	\$ 73	\$ 74
Restructuring costs (a)	41	236
Transaction costs (a)	1	44
Financing impacts (b)	—	50
Purchase accounting adjustments (c)	379	135
Gain on sale of business (d)	(335)	—
European regulatory initiative-related costs (e)	5	—
Hurricane recovery costs	—	7
Total specified items	163	545
Less: tax impact of specified items and tax reform (f)	(17)	(135)
After-tax impact of specified items	\$ 180	\$ 680

- (a) Represents integration, restructuring and transaction costs which are primarily recorded in *Acquisitions and other restructurings* and are further discussed below.
- (b) Represents financing impacts associated with the Bard acquisition, which were recorded in *Interest income* and *Interest expense*.
- (c) Primarily represents non-cash amortization expense associated with acquisition-related identifiable intangible assets. BD's amortization expense is primarily recorded in *Cost of products sold*.
- (d) Represents the pre-tax gain recognized on BD's sale of its Advanced Bioprocessing business, which was recorded in *Other operating income, net* and is further discussed below.
- (e) Represents initial costs required to develop processes and systems to comply with emerging regulations such as the European Union Medical Device Regulation ("EUMDR") and General Data Protection Regulation ("GDPR"). These costs were recorded in *Cost of products sold* and *Research and development expense*.
- (f) The amounts in the three-month periods of fiscal year 2019 and 2018 included additional tax expense, net, of \$51 million and \$270 million, respectively relating to new U.S. tax legislation, as further discussed below.

Gross Profit Margin

Gross profit margin for the three-month period of fiscal year 2019 compared with the prior-year period in 2018 reflected the following impacts:

	Three-month period
December 31, 2017 gross profit margin %	50.4 %
Impact of purchase accounting adjustments and other specified items	(4.3)%
Operating performance	2.3 %
Foreign currency translation	(1.0)%
December 31, 2018 gross profit margin %	47.4 %

Operating performance in the current-year periods reflected the favorable impact of Bard on product mix and lower manufacturing costs resulting from the continuous operations improvement projects discussed above, partially offset by the unfavorable impacts of higher raw material costs and pricing pressures.

Operating Expenses

A summary of operating expenses for the three-month periods of fiscal years 2019 and 2018 is as follows:

	Three months ended December 31,		Increase (decrease) in basis points
	2018	2017	
(Millions of dollars)			
Selling and administrative expense	\$ 1,073	\$ 773	
<i>% of revenues</i>	25.8%	25.1%	70
Research and development expense	\$ 258	\$ 191	
<i>% of revenues</i>	6.2%	6.2%	—
Acquisitions and other restructurings	\$ 91	\$ 354	
Other operating income, net	\$ (335)	\$ —	

Selling and administrative expense

The increases in selling and administrative expense as a percentage of revenues in the current three-month period compared with the prior-year period was primarily attributable to higher selling and general administrative costs, largely driven by the inclusion of Bard, which had a higher selling and administrative spending profile, in the current-year results.

Research and development expense

Research and development expense as a percentage of revenues in the current three-month period was flat compared with the prior-year period. Spending in both periods reflected our continued commitment to invest in new products and platforms.

Acquisitions and other restructurings

Costs relating to acquisitions and other restructurings in the current year's three-month period largely represented integration and restructuring costs incurred due to our acquisition of Bard in the first quarter of 2018. Costs relating to acquisitions and other restructurings in the prior year's three-month period included restructuring and transaction costs incurred due to our acquisition of Bard and integration costs which were largely related to CareFusion. For further disclosures regarding restructuring costs, refer to Note 11 in the Notes to Condensed Consolidated Financial Statements.

Other operating income, net

Other operating income in the current-year period represents the pre-tax gain recognized on BD's sale of its Advanced Bioprocessing business. Additional disclosures regarding this divestiture transaction are provided in Note 10 in the Notes to Condensed Consolidated Financial Statements.

Nonoperating Income

Net interest expense

The components for the three-month periods of fiscal years 2019 and 2018 were as follows:

(Millions of dollars)	Three months ended December 31,	
	2018	2017
Interest expense	\$ (171)	\$ (158)
Interest income, net	(12)	44
Net interest expense	\$ (183)	\$ (114)

Interest expense for the current three-month period primarily reflected the impact of higher levels of debt in the current-year period. The decrease in interest income for the three-month period of fiscal year 2019 reflected higher levels of cash on hand in the prior-year period in anticipation of closing the Bard acquisition at the end of the quarter. The decrease in interest income in the current-year period also reflected the realization of investment losses on assets related to our deferred compensation plans, compared with the realization of gains in the prior-year period. The offsetting movement in the deferred compensation plan liability was recorded in *Selling and administrative expense*.

Other income (expense), net

The components of *Other income (expense), net* for the three-month periods of fiscal years 2019 and 2018 were not material to our consolidated financial results.

Income Taxes

The income tax rates for the three-month periods of fiscal years 2019 and 2018 are provided below.

	Three months ended December 31,	
	2018	2017
Effective income tax rate	16.1%	230.0%
<i>Impact, in basis points, from specified items</i>	490	21,360

The effective tax rate for the three-month period of fiscal year 2019 reflected the recognition of \$51 million of additional tax expense relating to U.S. tax legislation that was enacted in December 2017, compared with additional tax expense of \$270 million that was recognized as a result of this legislation in the prior-year period. For further disclosures regarding the finalization of our accounting for this U.S. tax legislation, refer to Note 15 in the Notes to Condensed Consolidated Financial Statements. The current-year period income tax rate also reflected a less favorable tax impact from specified items compared with the benefit associated with specified items recognized in the prior-year period. The effective tax rate for the three-month period of fiscal year 2019 was favorably impacted by the timing of certain discrete items.

Net Income (Loss) and Diluted Earnings (Loss) per Share

Net Income (Loss) and Diluted Earnings (Loss) per Share for the three-month periods of fiscal years 2019 and 2018 were as follows:

	Three months ended December 31,	
	2018	2017
Net Income (Loss) (Millions of dollars)	\$ 599	\$ (136)
Diluted Earnings (Loss) per Share	\$ 2.05	\$ (0.76)
Unfavorable impact-specified items	\$ (0.66)	\$ (2.96)
Dilutive impact of BD shares	\$ —	\$ (0.28)
Unfavorable impact-foreign currency translation	\$ (0.14)	

The dilutive impact for the three-month period of fiscal year 2018 includes the unfavorable impacts of BD shares issued through public offerings of equity securities in the third quarter of fiscal year 2017, in anticipation of the Bard acquisition, and BD shares issued as consideration transferred in the first quarter of fiscal year 2018 for the Bard acquisition.

Liquidity and Capital Resources

The following table summarizes our condensed consolidated statements of cash flows:

<u>(Millions of dollars)</u>	<u>Three months ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Net cash provided by (used for)		
Operating activities	\$ 245	\$ 320
Investing activities	\$ 299	\$ (15,203)
Financing activities	\$ (734)	\$ 1,938

Net Cash Flows from Operating Activities

Cash generated from operations, along with available cash and cash equivalents, is expected to be sufficient to fund our normal operating needs for the remainder of fiscal year 2019. Normal operating needs in fiscal year 2019 include working capital, capital expenditures, and cash dividends.

Cash flows from operating activities in the first three months of fiscal year 2019 reflected net income, adjusted by a change in operating assets and liabilities that was a net use of cash. This net use of cash primarily reflected lower levels of accounts payable and accrued expenses and higher levels of inventory, partially offset by lower levels of trade receivables. Accrued expenses were lower due to the timing and amount of cash paid related to our accrued interest and product liability matters. Cash flows from operating activities in the current-year period additionally reflected a gain of \$335 million on our sale of a business, which is further discussed in Note 10 in the Notes to Condensed Consolidated Financial Statements, as well as \$200 million of discretionary cash contributions to fund our pension obligation.

Cash flows from operating activities in the prior-year period reflected a net loss as well as a non-cash change to deferred tax asset and liability balances which were remeasured during the prior-year period under new tax legislation, as further discussed above. Cash flows from operating activities in the prior-year period reflected a change in operating assets and liabilities that was a net source of cash, as well as discretionary cash contributions to fund our pension obligation of \$112 million.

Net Cash Flows from Investing Activities

Our investments in capital expenditures are focused on projects that enhance our cost structure and manufacturing capabilities, and support our strategy of geographic expansion with select investments in growing markets. Capital expenditure-related cash outflows were \$167 million in the first three months of fiscal year 2019, compared with \$178 million in the prior-year period. Cash provided by investing activities in the first three months of fiscal years 2019 included \$476 million of proceeds from our sale of a business during the period, as further discussed above. Cash outflows for acquisitions in the prior-year period of \$14.9 billion related to our acquisition of Bard.

Net Cash Flows from Financing Activities

Net cash from financing activities in the first three months of fiscal years 2019 and 2018 included the following significant cash flows:

<u>(Millions of dollars)</u>	<u>Three months ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Cash inflow (outflow)		
Change in credit facility borrowings	\$ 50	\$ —
Proceeds from long-term debt and term loans	\$ —	\$ 2,250
Payments of debt and term loans	\$ (453)	\$ —
Dividends paid	\$ (245)	\$ (210)

Certain measures relating to our total debt were as follows:

<u>(Millions of dollars)</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Total debt	\$ 21,071	\$ 21,496
Short-term debt as a percentage of total debt	15.4 %	12.1 %
Weighted average cost of total debt	3.3 %	3.2 %
Total debt as a percentage of total capital*	46.9 %	47.8 %

* Represents shareholders' equity, net non-current deferred income tax liabilities, and debt.

The increase in the ratio of short-term debt as a percentage of total debt at December 31, 2018 was primarily driven by the reclassification of certain notes from long-term to short-term.

Cash and Short-term Investments

At December 31, 2018, total worldwide cash and short-term investments, including restricted cash, were approximately \$1.0 billion, which were primarily held in jurisdictions outside of the United States.

Financing Facilities

In September 2018, we entered into a 364-day \$750 million senior unsecured term loan facility. Borrowings outstanding under the term loan facility were \$260 million at December 31, 2018. We also have a five-year senior unsecured revolving credit facility in place which provides borrowing of up to \$2.25 billion. This facility will expire in December 2022. We are able to issue up to \$100 million in letters of credit under this new revolving credit facility and it also includes a provision that enables BD, subject to additional commitments made by the lenders, to access up to an additional \$500 million in financing through the facility for a maximum aggregate commitment of \$2.75 billion. We use proceeds from this facility to fund general corporate needs. Borrowings outstanding under the revolving credit facility were \$50 million at December 31, 2018.

The agreements for our term loan and revolving credit facility contained the following financial covenants. We were in compliance with these covenants as of December 31, 2018.

- We are required to maintain an interest expense coverage ratio of not less than 4-to-1 as of the last day of each fiscal quarter.
- We are required to have a leverage coverage ratio, as applicable depending upon commencement and maturity of the facility, of no more than:
 - 6-to-1 from the closing date of the Bard acquisition until and including the first fiscal quarter-end thereafter;
 - 5.75-to-1 for the subsequent four fiscal quarters thereafter;
 - 5.25-to-1 for the subsequent four fiscal quarters thereafter;
 - 4.5-to-1 for the subsequent four fiscal quarters thereafter;
 - 4-to-1 for the subsequent four fiscal quarters thereafter;
 - 3.75-to-1 thereafter.

We also have informal lines of credit outside the United States. The Company had no commercial paper borrowings outstanding as of December 31, 2018. We may, from time to time, sell certain trade receivable assets to third parties as we manage working capital over the normal course of our business activities.

Access to Capital and Credit Ratings

Our corporate credit ratings with the rating agencies Standard & Poor's Ratings Services, Moody's Investor Service and Fitch Ratings at December 31, 2018 were unchanged compared with our ratings at September 30, 2018.

Lower corporate debt ratings and downgrades of our corporate credit ratings or other credit ratings may increase our cost of borrowing. We believe that given our debt ratings, our financial management policies, our ability to generate cash flow and the non-cyclical, geographically diversified nature of our businesses, we would have access to additional short-term and long-term capital should the need arise. A rating reflects only the view of a rating agency and is not a recommendation to buy, sell or hold securities. Ratings can be revised upward or downward at any time by a rating agency if such rating agency decides that circumstances warrant such a change.

Concentrations of Credit Risk

We continually evaluate our accounts receivables for potential collection risks, particularly those resulting from sales to government-owned or government-supported healthcare facilities in certain countries, as payment may be dependent upon the

financial stability and creditworthiness of those countries' national economies. We continually evaluate all governmental receivables for potential collection risks associated with the availability of government funding and reimbursement practices. We believe the current reserves related to all governmental receivables are adequate and that these receivables will not have a material adverse impact on our financial position or liquidity.

Regulatory Matters

In January 2018, BD received a Warning Letter from the U.S. Food and Drug Administration ("FDA"), citing certain alleged violations of quality system regulations and of law with respect to our Preanalytical Systems facility in Franklin Lakes, New Jersey. The Warning Letter states that, until BD resolves the outstanding issues covered by the Warning Letter, the FDA will not clear or approve any premarket submissions for Class III devices to which the non-conformances are reasonably related or grant requests for certificates to foreign governments. On September 14, 2018, BD received a Warning Letter from the FDA, citing certain alleged violations of quality system regulations and of law BD's facility located in Franklin, Wisconsin. In the Warning Letter, FDA stated that BD's response to the FDA's prior observations of non-conformance appeared to be adequate, but that several of the actions are still in progress and a follow-up inspection by FDA of the site will be necessary to verify compliance. BD is working closely with the FDA and intends to fully implement corrective actions to address the concerns identified in the Warning Letters. However, BD cannot give any assurances that the FDA will be satisfied with its responses to the Warning Letters or as to the expected date of resolution of matters included in the Warning Letters. While BD does not believe that the issues identified in the Warning Letters will have a material impact on BD's operation, no assurances can be given that the resolution of these matters will not have a material adverse effect on BD's business, results of operations, financial conditions and/or liquidity.

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 filings with the Securities and Exchange Commission, press releases, and our reports to shareholders. Forward-looking statements may be identified by the use of words such as "plan," "expect," "believe," "intend," "will," "may," "anticipate," "estimate" and other words of similar meaning in conjunction with, among other things, discussions of future operations and financial performance (including volume growth, sales and earnings per share growth, and cash flows) and statements regarding our strategy for growth, future product development, regulatory approvals, competitive position and expenditures. All statements that address our future operating performance or events or developments that we expect or anticipate will occur in the future are forward-looking statements.

Forward-looking statements are, and will be, based on management's then-current views and assumptions regarding future events, developments and operating performance, and speak only as of their dates. Investors should realize that if underlying assumptions prove inaccurate, or 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 after the date they are made, whether as a result of new information, future events and developments or otherwise, except as required by applicable law or regulations.

The following are some important factors that could cause our actual results to differ from our expectations in any forward-looking statements. For further discussion of certain of these factors, see Item 1A. Risk Factors in our 2018 Annual Report on Form 10-K.

- Weakness in the global economy and financial markets, which could increase the cost of operating our business, weaken demand for our products and services, negatively impact the prices we can charge for our products and services, or impair our ability to produce our products.
- Competitive factors that could adversely affect our operations, including new product introductions and technologies (for example, new forms of drug delivery) by our current or future competitors, consolidation or strategic alliances among healthcare companies, distributors and/or payers of healthcare to improve their competitive position or develop new models for the delivery of healthcare, increased pricing pressure due to the impact of low-cost manufacturers, patents attained by competitors (particularly as patents on our products expire), and new entrants into our markets.
- Risks relating to our acquisition of Bard, including our ability to successfully combine and integrate the Bard operations in order to obtain the anticipated benefits and costs savings from the transaction, and the significant additional indebtedness we incurred in connection with the financing of the acquisition and the impact this increased indebtedness may have on our ability to operate the combined company.
- The adverse financial impact resulting from unfavorable changes in foreign currency exchange rates.

- Regional, national and foreign economic factors, including inflation, deflation, and fluctuations in interest rates, and their potential effect on our operating performance.
- Our ability to achieve our projected level or mix of product sales, as our earnings forecasts are based on projected sales volumes and pricing of many product types, some of which are more profitable than others.
- Changes in reimbursement practices of third-party payers or adverse decisions relating to our products by such payers, which could reduce demand for our products or the price we can charge for such products.
- The impact of the medical device excise tax under the Patient Protection and Affordable Care Act in the United States. While this tax has been suspended through December 31, 2019, it is uncertain whether the suspension will be extended beyond that date.
- Healthcare reform in the U.S. or in other countries in which we do business that may involve changes in government pricing and reimbursement policies or other cost containment reforms.
- Changes in the domestic and foreign healthcare industry or in medical practices that result in a reduction in procedures using our products or increased pricing pressures, including the continued consolidation among healthcare providers and trends toward managed care and healthcare cost containment.
- The impact of changes in U.S. federal laws and policy that could affect fiscal and tax policies, healthcare, and international trade, including import and export regulation and international trade agreements. Recently, the U.S., China and other countries have imposed tariffs on certain products imported into their respective countries. Additional tariffs or other trade barriers imposed by the U.S., China or other countries could adversely impact our supply chain costs or otherwise adversely impact our results of operations.
- Fluctuations in the cost and availability of oil-based resins and other raw materials, as well as certain components, used in our products, 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.
- Security breaches of our information technology systems or our products, which could impair our ability to conduct business, result in the loss of BD trade secrets or otherwise compromise sensitive information of BD or its customers, suppliers and other business partners, or of customers' patients, or result in product efficacy or safety concerns for certain of our products, and result in actions by regulatory bodies or civil litigation.
- Difficulties inherent in product development, including the potential inability to successfully continue technological innovation, successfully complete clinical trials, obtain regulatory approvals in the United States and abroad, obtain intellectual property protection for our products, obtain coverage and adequate reimbursement for new products, or gain and maintain market approval of products, as well as the possibility of infringement claims by competitors with respect to patents or other intellectual property rights, all of which can preclude or delay commercialization of a product. Delays in obtaining necessary approvals or clearances from FDA or other regulatory agencies or changes in the regulatory process may also delay product launches and increase development costs.
- The impact of business combinations or divestitures, including any volatility in earnings relating to acquisition-related costs, and our ability to successfully integrate any business we may acquire.
- Our ability to penetrate or expand our operations in emerging markets, which depends on local economic and political conditions, and how well we are able to make necessary infrastructure enhancements to production facilities and distribution networks. Our international operations also increase our compliance risks, including risks under the Foreign Corrupt Practices Act and other anti-corruption laws, as well as regulatory and privacy laws.
- Conditions in international markets, including social and political conditions, civil unrest, terrorist activity, governmental changes, trade barriers, restrictions on the ability to transfer capital across borders, difficulties in protecting and enforcing our intellectual property rights and governmental expropriation of assets. This includes the possible impact of the United Kingdom's exit from the European Union, which has created uncertainties affecting our business operations in the United Kingdom and the EU.
- Deficit reduction efforts or other actions that reduce the availability of government funding for healthcare and research, which could weaken demand for our products and result in additional pricing pressures, as well as create potential collection risks associated with such sales.
- Fluctuations in university or U.S. and international governmental funding and policies for life sciences research.
- Fluctuations in the demand for products we sell to pharmaceutical companies that are used to manufacture, or are sold with, the products of such companies, as a result of funding constraints, consolidation or otherwise.

- The effects of events that adversely impact our ability to manufacture our products (particularly where production of a product line is concentrated in one or more plants) or our ability to source materials or components from suppliers (including sole-source suppliers) that are needed for such manufacturing.
- Pending and potential future litigation or other proceedings asserting, and/or subpoenas seeking information with respect to, alleged violations of law (including in connection with federal and/or state healthcare programs (such as Medicare or Medicaid) and/or sales and marketing practices (such as investigative subpoenas and the civil investigative demands received by BD and Bard)), antitrust claims, product liability (which may involve lawsuits seeking class action status or seeking to establish multi-district litigation proceedings, including claims relating to our hernia repair implant products, surgical continence products for women and vena cava filter products), claims with respect to environmental matters, and patent infringement, and the availability or collectability of insurance relating to any such claims.
- New or changing laws and regulations affecting our domestic and foreign operations, or changes in enforcement practices, including laws relating to trade, monetary and fiscal policies, taxation (including tax reforms that could adversely impact multinational corporations), sales practices, environmental protection, price controls, and licensing and regulatory requirements for new products and products in the postmarketing phase. In particular, the U.S. and other countries may impose new requirements regarding registration, labeling or prohibited materials that may require us to re-register products already on the market or otherwise impact our ability to market our products. Environmental laws, particularly with respect to the emission of greenhouse gases, are also becoming more stringent throughout the world, which may increase our costs of operations or necessitate changes in our manufacturing plants or processes or those of our suppliers, or result in liability to BD.
- Product efficacy or safety concerns regarding our products resulting in product holds or recalls, regulatory action on the part of the FDA or foreign counterparts (including restrictions on future product clearances and civil penalties), declining sales and product liability claims, and damage to our reputation. As a result of the CareFusion acquisition, we are operating under a consent decree with the FDA relating to our U.S. infusion pump business. The consent decree authorizes the FDA, in the event of any violations in the future, to order us to cease manufacturing and distributing products, recall products or take other actions, and we may be required to pay significant monetary damages if we fail to comply with any provision of the consent decree.
- The effect of adverse media exposure or other publicity regarding BD's business or operations, including the effect on BD's reputation or demand for its products.
- The effect of market fluctuations on the value of assets in BD's pension plans and on actuarial interest rate and asset return assumptions, which could require BD to make additional contributions to the plans or increase our pension plan expense.
- Our ability to obtain the anticipated benefits of restructuring programs, if any, that we may undertake.
- 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in information reported since the end of the fiscal year ended September 30, 2018.

Item 4. Controls and Procedures

An evaluation was carried out 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 December 31, 2018. 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 our internal control over financial reporting during the fiscal quarter ended December 31, 2018 identified in connection with the above-referenced evaluation that have materially affected, or are reasonably likely to materially affect, BD's internal control over financial reporting. On December 29, 2017, BD completed the acquisition of Bard and in our 2018 Annual Report on Form 10-K, we excluded Bard from our evaluation of internal control over financial reporting. This exclusion was in accordance with the U.S. Securities and Exchange Commission's general guidance that a recently acquired business may be omitted from the assessment scope for up to one year from the date of acquisition. BD has extended its oversight and monitoring processes that support our internal control over financial reporting, as well as our disclosure controls and procedures, to the acquired operations of Bard and we will incorporate Bard into our annual assessment of internal control over financial reporting for our fiscal year ending September 30, 2019.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are involved, both as a plaintiff and a defendant, in various legal proceedings which arise in the ordinary course of business, including product liability and environmental matters as set forth in our 2018 Annual Report on Form 10-K and in Note 5 of the Notes to Condensed Consolidated Financial Statements in this report. Since September 30, 2018, there have been no material developments with respect to the legal proceedings in which we are involved.

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 1A. Risk Factors

There were no material changes during the period covered by this report in the risk factors previously disclosed in Part I, Item 1A, of our 2018 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The table below sets forth certain information regarding our purchases of common stock of BD during the quarter ended December 31, 2018.

Issuer Purchases of Equity Securities

For the three months ended December 31, 2018	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2)
October 1 – 31, 2018	1,359	\$ 264.33	—	7,857,742
November 1 – 30, 2018	580	237.77	—	7,857,742
December 1 – 31, 2018	—	—	—	7,857,742
Total	1,939	\$ 256.38	—	7,857,742

- (1) Consists of 1,939 shares purchased during the quarter in open market transactions by the trust relating to BD's Deferred Compensation and Retirement Benefit Restoration Plan and 1996 Directors' Deferral Plan.
- (2) Represents shares available under a repurchase program authorized by the Board of Directors on September 24, 2013 for 10 million shares, for which there is no expiration date.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

- | | |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exhibit 3 | Restated Certificate of Incorporation, dated as of January 30, 2019. |
| Exhibit 10.1 | Offer letter of Patrick Kaltenbach, dated March 29, 2018. |
| Exhibit 10.2 | Deferred Compensation and Retirement Benefit Restoration Plan, as amended as of January 1, 2019. |
| Exhibit 31 | Certifications of Chief Executive Officer and Chief Financial Officer, pursuant to SEC Rule 13a - 14(a). |
| Exhibit 32 | Certifications of Chief Executive Officer and Chief Financial Officer, pursuant to Rule 13a - 14(b) and Section 1350 of Chapter 63 of Title 18 of the U.S. Code. |
| Exhibit 101 | The following materials from this report, formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Income, (iii) the Condensed Consolidated Statements of Comprehensive Income, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Becton, Dickinson and Company
(Registrant)

Dated: February 5, 2019

/s/ Christopher Reidy

Christopher Reidy

Executive Vice President, Chief Financial Officer and Chief
Administrative Officer

(Principal Financial Officer)

/s/ Charles Bodner

Charles Bodner

Senior Vice President, Corporate Finance, and Chief Accounting Officer

(Principal Accounting Officer)

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
3	Restated Certificate of Incorporation, dated as of January 30, 2019.
10.1	Offer letter of Patrick Kaltenbach, dated March 29, 2018.
10.2	Deferred Compensation and Retirement Benefit Restoration Plan, as amended as of January 1, 2019.
31	Certifications of Chief Executive Officer and Chief Financial Officer, pursuant to SEC Rule 13a - 14(a).
32	Certifications of Chief Executive Officer and Chief Financial Officer, pursuant to Rule 13a - 14(b) and Section 1350 of Chapter 63 of Title 18 of the U.S. Code.
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RESTATED CERTIFICATE OF INCORPORATION
OF
BECTON, DICKINSON AND COMPANY
AS OF JANUARY 30, 2019

Becton, Dickinson and Company, a corporation organized and existing under the laws of the State of New Jersey, restates and integrates its Certificate of Incorporation to read in full as herein set forth.

ARTICLE I. The name of the Corporation is

BECTON, DICKINSON AND COMPANY

ARTICLE II. The address of its registered office is 1 Becton Drive, Franklin Lakes, New Jersey 07417-1880.

The name of its registered agent is Gary DeFazio.

ARTICLE III. The purpose of the Corporation is to engage in any activity within the purposes for which corporations may be organized under the New Jersey Business Corporation Act.

ARTICLE IV. The Corporation is authorized to issue 640,000,000 shares of Common Stock of a par value of \$1.00 per share (the "Common Stock") and 5,000,000 shares of Preferred Stock of a par value of \$1.00 per share (the "Preferred Stock"), in such series and with such rights, preferences and limitations, including voting rights, as the Board of Directors may determine. No shareholder shall have any preemptive right to subscribe to or purchase any additional issues of stock of the Corporation.

(A) The Common Stock. Shares of the Common Stock may be issued from time to time as the Board of Directors shall determine and on such terms and for such consideration, not less than the par value thereof, as shall be fixed by the Board of Directors.

(B) The Preferred Stock. (1) Shares of the Preferred Stock may be issued from time to time in one or more series as may from time to time be determined by the Board of Directors of the Corporation. Each series shall be distinctly designated. All shares of any one series of the Preferred Stock shall be alike in every particular, except that there may be different dates from which dividends (if any) thereon shall be cumulative, if made cumulative. The relative preferences, participating, optional and other special rights of each such series, and limitations thereof, if any, may differ from those of any and all other series at any time outstanding. The Board of Directors of the Corporation is hereby expressly granted authority to fix by resolution or resolutions adopted prior to the issuance of any shares of each particular series of the Preferred Stock, the designation,

relative preferences, participating, optional and other special rights and limitations thereof, if any, of such series, including, but without limiting the generality of the foregoing, the following:

(a) the distinctive designation of, and the number of shares of the Preferred Stock which shall constitute the series, which number may be increased (except as otherwise fixed by the Board of Directors) or decreased (but not below the number of shares thereof then outstanding) from time to time by action of the Board of Directors;

(b) the rate and times at which, and the terms and conditions upon which, dividends, if any, on shares of the series may be paid, the extent of preferences or relation, if any, of such dividends to the dividends payable on any other class or classes of stock of the Corporation, or on any series of the Preferred Stock or of any other class or classes of stock of the Corporation, and whether such dividends shall be cumulative partially cumulative or noncumulative;

(c) the right, if any, of the holders of shares of the series to convert the same into, or exchange the same for, shares of any other class or classes of stock of the Corporation, or of any series of the Preferred Stock or of any other class or classes of stock of the Corporation, and the terms and conditions of such conversion or exchange;

(d) whether shares of the series shall be subject to redemption and the redemption price or prices and the time or times at which, and the terms and conditions upon which, shares of the series may be redeemed;

(e) the rights, if any, of the holders of shares of the series upon voluntary or involuntary liquidation, merger, consolidation, distribution or sale of assets, dissolution or winding up of the Corporation;

(f) the terms of the sinking fund or redemption or purchase account, if any, to be provided for shares of the series; and

(g) the voting powers, if any, of the holders of shares of the series which may, without limiting the generality of the foregoing, include the right, voting as a series by itself or together with other series of the Preferred Stock or all series of the Preferred Stock as a class, (i) to vote more or less than one vote per share on any or all matters voted upon by the shareholders, (ii) to elect one or more Directors of the Corporation in the event there shall have been a default in the payment of dividends on any one or more series of the Preferred Stock or under such other circumstances and upon such conditions as the Board of Directors may fix.

(C) Other Provisions. (1) The relative preferences, rights and limitations of each series of Preferred Stock in relation to the preferences, rights and limitations of each other series of Preferred Stock shall, in each case, be as fixed from time to time by the Board of Directors in the solution or

resolutions adopted pursuant, to authority granted in this Article IV, and the consent by class or series vote or otherwise, of the, holders of the Preferred Stock of such of the series of the Preferred Stock as are from time to time outstanding shall not be required for the issuance by the Board of Directors of any other series of Preferred Stock whether the preferences and rights of such other series shall be fixed by the Board of Directors as senior to, or on a parity with, the preferences and rights of such outstanding series, or any of them; provided, however, that the Board of Directors may provide in such resolution or resolutions adopted with respect to any series of Preferred Stock that the consent of the holders of a majority (or such greater proportion as shall be therein fixed) of the outstanding shares of such series voting thereon shall be required for the issuance of any or all other series of Preferred Stock.

(2) Subject to the provisions of paragraph (1) of this Section (C), shares of any series of Preferred Stock may be issued from time to time as the Board of Directors shall determine and on such terms and for such consideration, not less than the par value thereof, as shall be fixed by the Board of Directors.

(D) Provisions Applicable to 6.125% Mandatory Convertible Preferred Stock, Series A.

1. *Designation and Number of Shares.* There is hereby created out of the authorized and unissued shares of Preferred Stock of the Corporation a series of Preferred Stock designated as the “6.125% Mandatory Convertible Preferred Stock, Series A,” \$1.00 par value (the “**Series A Preferred Stock**”). The number of shares constituting such series shall initially be 5,000,000. Such number of shares may be decreased by resolution of the Board of Directors, subject to the terms and conditions hereof and the requirements of applicable law; provided that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of such shares then outstanding or which are issuable pursuant to any options or contracts. Each share of Series A Preferred Stock shall be identical in all respects to every other share of Series A Preferred Stock.

2. *Definitions.* The following terms, where used in this Section (D), have the following meanings:

“**Accumulated Dividend Amount**” shall have the meaning set forth in Section (D) 7(d).

“**Acquisition**” means the Corporation’s acquisition of C.R. Bard, Inc.

“**Acquisition Termination Conversion Rate**” shall have the meaning set forth in Section (D) 13(a).

“**Acquisition Termination Dividend Amount**” shall have the meaning set forth in Section (D) 13(a).

“**Acquisition Termination Event**” shall have the meaning set forth in Section (D) 13(a).

“**Acquisition Termination Make-whole Amount**” shall have the meaning set forth in Section (D) 13(a).

“**Acquisition Termination Market Value**” shall have the meaning set forth in Section (D) 13(c).

“**Acquisition Termination Redemption**” means a redemption of the Mandatory Convertible Preferred Shares in accordance with the provisions of Section (D) 13.

“**Acquisition Termination Redemption Date**” shall have the meaning set forth in Section (D) 13(c).

“**Acquisition Termination Share Price**” shall have the meaning set forth in Section (D) 13(a).

“**Additional Conversion Amount**” shall have the meaning set forth in Section (D) 5(c).

“**ADRs**” shall have the meaning set forth in Section (D) 11(e).

“**Applicable Market Value**” (i) of the Common Stock means, the Average VWAP per share of Common Stock for the 20 consecutive Trading Day period commencing on and including the 22nd Scheduled Trading Day immediately prior to the Mandatory Conversion Date (subject to postponement as described in Section (D) 5(a)) and (ii) with respect to any common stock or ADRs included in the Exchange Property that are traded on a U.S. national securities exchange as described in Section (D) 11(e) shall be determined as provided in the preceding clause (i) as though a share of such common stock or a single ADR were a share of Common Stock.

“**Average VWAP**” means, for any period, the average of the VWAP for each Trading Day in such period.

“**Bard Merger Agreement**” means the Agreement and Plan of Merger dated as of April 23, 2017 among C.R. Bard, Inc., the Corporation and Lambda Corp., as the same may be amended from time to time.

“**Board of Directors**” means the board of directors of the Corporation or, with respect to any action to be taken by such board, any committee of such board duly authorized to take such action.

“**Business Day**” means any day other than a Saturday or Sunday or other day on which commercial banks in New York City are authorized or required by law or executive order to close.

“**Bylaws**” means the bylaws of the Corporation, as they may be amended from time to time.

“**Certificate of Incorporation**” means the Restated Certificate of Incorporation of the Corporation, as such may be amended, modified, restated, or amended and restated from time to time.

“**Clause A Distribution**” shall have the meaning set forth in Section (D) 11(a)(iii).

“**Clause B Distribution**” shall have the meaning set forth in Section (D) 11(a)(iii).

“**Clause C Distribution**” shall have the meaning set forth in Section (D) 11(a)(iii).

“**Common Equity**” of any corporation means the common stock, common equity interests, ordinary shares or depositary shares or other certificates representing common equity interests of such corporation.

“**Common Stock**” means the common stock, par value \$1.00 per share, of the Corporation.

“**Conversion and Dividend Disbursing Agent**” shall initially mean Computershare Trust Company, N.A., the Corporation’s duly appointed conversion and dividend disbursing agent for the Series A Preferred Stock, and any successor appointed under Section (D) 20.

“**Conversion Date**” shall have the meaning set forth in Section (D) 8(a).

“**Conversion Rate**” shall be, per share of Series A Preferred Stock on the applicable Conversion Date (excluding shares of Common Stock, if any, issued in respect of accumulated and unpaid dividends pursuant to Section (D) 4(b)), as follows, subject to adjustment pursuant to Section (D) 11:

- (i) if the Applicable Market Value of the Common Stock is equal to or greater than \$211.80 (the “**Threshold Appreciation Price**”), then the Conversion Rate shall be 4.7214 shares of Common Stock per share of Series A Preferred Stock (the “**Minimum Conversion Rate**”);
- (ii) if the Applicable Market Value of the Common Stock is less than the Threshold Appreciation Price but greater than \$176.50 (the “**Initial Price**”), then the Conversion Rate shall be \$1,000 *divided by* the Applicable Market Value of the Common Stock; or
- (iii) if the Applicable Market Value of the Common Stock is less than or equal to the Initial Price, then the Conversion Rate shall be 5.6657 shares of Common Stock per share of Series A Preferred Stock (the “**Maximum Conversion Rate**”).

“**Depositary Shares**” means the depositary shares each representing a 1/20th fractional interest in a share of Series A Preferred Stock.

“**Dividend Payment Average Price**” shall have the meaning set forth in Section (D) 4(c).

“Dividend Payment Date” means the first business day of each of February, May, August and November of each year, commencing on, and including, August 1, 2017 and ending on, and including, the Mandatory Conversion Date.

“Dividend Period” means the period commencing on, and including, a Dividend Payment Date (or if no Dividend Payment Date has occurred, commencing on, and including, the Issue Date), and ending on, and including, the day immediately preceding the next succeeding Dividend Payment Date.

“DTC” means The Depository Trust Corporation.

“Effective Date” means the date upon which a Fundamental Change becomes effective.

“Event of Non-payment” shall have the meaning set forth in Section (D) 15(b).

“Ex-Dividend Date” means the first date on which the shares of Common Stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive the issuance or distribution in question from the Corporation or, if applicable, from the seller of such Common Stock (in the form of due bills or otherwise) as determined by such exchange or market.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Exchange Property” shall have the meaning set forth in Section (D) 11(e).

“Expiration Date” shall have the meaning set forth in Section (D) 11(a)(v).

“Expiration Time” shall have the meaning set forth in Section (D) 11(a)(v).

“Five-Day Average VWAP” (i) with respect to the Common Stock shall mean the Average VWAP per share of Common Stock over the five consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the applicable Effective Date and (ii) with respect to any common stock or ADRs included in the Exchange Property that are traded on a U.S. national securities exchange as described in Section (D) 11(e) shall be determined as provided in the preceding clause (i) as though a share of such common stock or a single ADR were a share of Common Stock, subject to Section (D) 11(c)(i).

“Fixed Conversion Rates” means, collectively, the Maximum Conversion Rate and the Minimum Conversion Rate.

“Floor Price” shall have the meaning set forth in Section (D) 4(d).

“Fundamental Change” shall be deemed to have occurred if any of the following occurs:

(i) a “person” or “group” within the meaning of Section 13(d) of the Exchange Act, other than the Corporation, any of the Corporation’s Subsidiaries or any of the Corporation’s or

the Corporation's Subsidiaries' employee benefit plans, files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, of Common Stock representing more than 50% of the voting power of the Common Stock or the Corporation otherwise becomes aware of such ownership;

(ii) the consummation of (a) any recapitalization, reclassification or change of the Common Stock (other than a change only in par value, from par value to no par value or from no par value to par value, or changes resulting from a subdivision or combination of Common Stock) as a result of which the Common Stock would be converted into, or exchanged for, or represent solely the right to receive, stock, other securities, other property or assets; (b) any share exchange, consolidation or merger of the Corporation pursuant to which the Common Stock will be converted into, or exchanged for, or represent solely the right to receive, stock, other securities, other property or assets; or (c) any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of the Corporation and its Subsidiaries taken as a whole, to any Person other than one of the Corporation's wholly-owned Subsidiaries; *provided* that, with respect to clause (b), any transaction pursuant to which Holders of 50% or more of the total voting power of all shares of Capital Stock entitled to vote generally in elections of directors immediately prior to such transaction have the right to exercise, directly or indirectly, 50% or more of the total voting power of all Capital Stock (or other securities issued in such transaction) entitled to vote generally in elections of directors of the continuing or surviving person or the parent entity thereof immediately after giving effect to such transaction, in substantially the same proportions as such ownership immediately prior to such transaction shall not constitute a Fundamental Change;

(iii) stockholders approve any plan or proposal for the liquidation or dissolution of the Corporation; or

(iv) the Common Stock (or, following a reorganization event (as defined below), any common stock, depositary receipts or other securities representing common equity interests into which the Series A Preferred Stock becomes convertible in connection with such reorganization event) ceases to be listed on any of the NYSE, the NASDAQ Global Select Market or the NASDAQ Global Market (or any of their respective successors) or another U.S. national securities exchange;

provided, however, that a transaction or transactions described in clause (ii) above will not constitute a Fundamental Change if at least 90% of the consideration received or to be received by the Corporation's common stockholders (excluding cash payments for fractional shares or pursuant to appraisal rights) in connection with such transaction or transactions consists of shares of common stock that are listed on any of the NYSE, the NASDAQ Global Select Market or the NASDAQ Global Market (or any of their respective successors) or another U.S. national securities exchange, or will be so listed when issued or exchanged in connection with such transaction or transactions, and as a result of such transaction or transactions the Series A Preferred Stock becomes convertible into such consideration, excluding cash payments for fractional shares.

For the purposes of this definition of “Fundamental Change,” any transaction or event that constitutes a Fundamental Change under both clause (i) and clause (ii) above will be deemed to constitute a Fundamental Change solely under clause (ii) of this definition of “Fundamental Change.”

“**Fundamental Change Conversion**” shall have the meaning set forth in Section (D) 7(a).

“**Fundamental Change Conversion Date**” shall have the meaning set forth in Section (D) 7(a).

“**Fundamental Change Conversion Period**” shall have the meaning set forth in Section (D) 7(a).

“**Fundamental Change Conversion Rate**” means, for any Fundamental Change Conversion, a number of shares of Common Stock (or, if applicable, Units of Exchange Property) determined using the table below based on the applicable Effective Date and Stock Price paid (or deemed paid) per share of Common Stock in such Fundamental Change, as set forth in the following table:

Effective Date	\$50.00	\$100.00	\$150.00	\$176.50	\$190.00	\$200.00	\$211.80	\$250.00	\$300.00	\$400.00	\$550.00	\$800.00
May 16, 2017	4.7720	5.1420	4.9100	4.6880	4.6000	4.5520	4.5140	4.4940	4.5500	4.6160	4.6480	4.6700
May 1, 2018	5.0460	5.3240	5.1240	4.8660	4.7480	4.6800	4.6240	4.5780	4.6140	4.6520	4.6720	4.6880
May 1, 2019	5.3460	5.5020	5.3900	5.1060	4.9380	4.8320	4.7420	4.6600	4.6740	4.6880	4.6960	4.7040
May 1, 2020	5.6657	5.6657	5.6657	5.6657	5.2632	5.0000	4.7214	4.7214	4.7214	4.7214	4.7214	4.7214

The exact Stock Price and Effective Date may not be set forth in the table, in which case:

(i) if the Stock Price is between two Stock Price amounts in the table or the Effective Date is between two Effective Dates in the table, the Fundamental Change Conversion Rate shall be determined by straight-line interpolation between the Fundamental Change Conversion Rates set forth for the higher and lower Stock Price amounts and the two Effective Dates, as applicable, based on a 365-day year;

(ii) if the Stock Price is greater than \$800.00 per share (subject to adjustment in the same manner as the Stock Prices set forth in the column headings of the table above pursuant to the immediately succeeding paragraph), then the Fundamental Change Conversion Rate shall be the Minimum Conversion Rate, subject to adjustment pursuant to Section (D) 11; and

(iii) if the Stock Price is less than \$50.00 per share (subject to adjustment in the same manner as the Stock Prices set forth in the column headings of the table above pursuant to the immediately succeeding paragraph) (the “**Minimum Stock Price**”), then the Fundamental Change Conversion Rate shall be determined (a) as if the Stock Price equaled the Minimum Stock Price and (b) if the Effective Date is between two Effective Date dates on the table, using straight-line interpolation, as described herein, subject to adjustment pursuant to Section (D) 11.

The Stock Prices set forth in the first row of the table (*i.e.*, the column headers) shall be adjusted as of any date on which the Fixed Conversion Rates are adjusted. The adjusted Stock Prices shall equal the Stock Prices applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the Minimum Conversion Rate immediately prior to the adjustment giving rise to the Stock Price adjustment and the denominator of which is the Minimum Conversion Rate as so adjusted. Each of the Fundamental Change Conversion Rates in the table shall be subject to adjustment in the same manner as each Fixed Conversion Rate pursuant to Section (D) 11.

“**Fundamental Change Dividend Make-whole Amount**” shall have the meaning set forth in Section (D) 7(d).

“**Fundamental Change Holder Conversion Date**” shall have the meaning set forth in Section (D) 8(a).

“**Holder**” means the Person in whose name shares of Series A Preferred Stock are registered.

“**Initial Dividend Threshold**” shall have the meaning set forth in Section (D) 11(a).

“**Initial Liquidation Preference**” means \$1,000 per share of Series A Preferred Stock.

“**Initial Price**” shall have the meaning set forth in the definition of Conversion Rate.

“**Issue Date**” shall mean May 16, 2017, which is the original issue date of the Series A Preferred Stock.

“**Junior Stock**” means the Common Stock and each other class of capital stock or series of Preferred Stock established after the Issue Date, the terms of which do not expressly provide that such class or series ranks senior to, or on a parity with, the Series A Preferred Stock as to dividend rights and/or rights to distribution of assets upon liquidation, dissolution or winding up of the Corporation.

“**Liquidation Preference**” has the meaning set forth in Section (D) 12(a).

“**Mandatory Conversion**” means a conversion pursuant to Section (D) 5.

“**Mandatory Conversion Date**” means May 1, 2020.

“**Market Disruption Event**” means any of the following events:

(i) any suspension of, or limitation imposed on, trading by the relevant exchange or quotation system during any period or periods aggregating one half-hour or longer and whether by reason of movements in price exceeding limits permitted by the relevant exchange or quotation system or otherwise relating to the Common Stock (or any other security into which the Series A Preferred Stock becomes convertible in connection with any Reorganization Event) or in futures or option contracts relating to the Common Stock (or such other security) on the relevant exchange or quotation system;

(ii) any event (other than a failure to open or a closure as described in clause (iii) of this definition of Market Disruption Event) that disrupts or impairs the ability of market participants during any period or periods aggregating one half-hour or longer in general to effect transactions in, or obtain market values for, the Common Stock (or any other security into which the Series A Preferred Stock becomes convertible in connection with any Reorganization Event) on the relevant exchange or quotation system or futures or options contracts relating to the Common Stock (or such other security) on any relevant exchange or quotation system; or

(iii) the failure to open of one of the exchanges or quotation systems on which futures or options contracts relating to the Common Stock (or any other security into which the Series A Preferred Stock becomes convertible in connection with any Reorganization Event) are traded or the closure of such exchange or quotation system prior to its respective scheduled closing time for the regular trading session on such day (without regard to after-hours or other trading outside the regular trading session hours) unless such earlier closing time is announced by such exchange or quotation system at least one hour prior to the earlier of the actual closing time for the regular trading session on such day and the submission deadline for orders to be entered into such exchange or quotation system for execution at the actual closing time on such day.

For purposes of clauses (i) and (ii) of this definition of “Market Disruption Event,” the relevant exchange or quotation system will be the NYSE; *provided* that if the Common Stock (or any other security into which the Series A Preferred Stock becomes convertible in connection with any Reorganization Event) is not listed on the NYSE, the relevant exchange or quotation system will be the principal national securities exchange on which the Common Stock (or such other security) is then listed for trading.

“**Maximum Conversion Rate**” shall have the meaning set forth in the definition of Conversion Rate.

“**Minimum Conversion Rate**” shall have the meaning set forth in the definition of Conversion Rate.

“**Minimum Stock Price**” shall have the meaning set forth in the definition of Fundamental Change Conversion Rate.

“**Non-U.S. Holder**” means a Holder that is not treated as a United States person for U.S. federal income tax purposes as defined under Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended from time to time.

“**Officer**” means the Chief Executive Officer, any Executive Vice President, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary of the Corporation.

“**Officers’ Certificate**” means a certificate of the Corporation that is signed on behalf of the Corporation by two authorized Officers, who must be the principal executive officer, the principal financial officer, the treasurer or the principal accounting officer of the Corporation.

“**Optional Conversion**” shall have the meaning set forth in Section (D) 6(a).

“**Optional Conversion Additional Conversion Amount**” shall have the meaning set forth in Section (D) 6(b).

“**Optional Conversion Average Price**” shall have the meaning set forth in Section (D) 6(b).

“**Optional Conversion Date**” shall have the meaning set forth in Section (D) 8(c).

“**Parity Stock**” means any class of capital stock or series of Preferred Stock of the Corporation established after the Issue Date, the terms of which expressly provide that such class or series will rank equally with the Series A Preferred Stock as to dividend rights and/or rights to distribution of assets upon liquidation, dissolution or winding up of the Corporation, in each case without regard to whether dividends accrue cumulatively or non-cumulatively.

“**Person**” means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint-stock company, limited liability company or trust.

“**Preferred Director**” or “**Preferred Directors**” shall have the meaning set forth in Section (D) 15(b).

“**Preferred Stock**” means any and all series of preferred stock of the Corporation, including, without limitation, the Series A Preferred Stock.

“**Prospectus Supplement**” means the preliminary prospectus supplement dated May 8, 2017, as supplemented by the related pricing term sheet dated May 10, 2017, relating to the offering and sale of the Series A Preferred Stock and Depositary Shares.

“**Purchased Shares**” shall have the meaning set forth in Section (D) 11(a)(v).

“**Record Date**” means, solely for purposes of a Fixed Conversion Rate adjustment pursuant to Section (D) 11, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of holders of the Common Stock entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

“**Record Holders**” means, as to any day, Holders of record of the Series A Preferred Stock as they appear on the stock register of the Corporation at 5:00 p.m., New York City time, on such day.

“**Registrar**” means the Transfer Agent.

“**Regular Record Date**” means with respect to payment of dividends on the Series A Preferred Stock, the 15th calendar day of the month immediately preceding the month in which the relevant Dividend Payment Date falls or such other record date fixed by the Board of Directors that is not more than 60 nor less than 10 days prior to such Dividend Payment Date, but only to the extent a dividend has been declared to be payable on such Dividend Payment Date. The Regular Record Date shall apply regardless of whether such date is a Business Day.

“**Reorganization Event**” shall have the meaning set forth in Section (D) 11(e).

“**Scheduled Trading Day**” means a day that is scheduled to be a Trading Day, except that if the Common Stock is not listed on a national securities exchange, “Scheduled Trading Day” means a Business Day.

“**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“**Senior Stock**” shall have the meaning set forth in Section (D) 15(c)(i).

“**Series A Preferred Stock**” shall have the meaning set forth in Section (D) 1.

“**Share Dilution Amount**” means the increase in the number of diluted shares outstanding (determined in accordance with generally accepted accounting principles in the United States, and as measured from the date of the Corporation’s consolidated financial statements most recently filed with the Securities and Exchange Commission prior to the Issue Date) resulting from the grant, vesting or exercise of equity-based compensation to employees, directors or consultants and equitably adjusted for any stock split, stock dividend, reverse stock split, reclassification or similar transaction.

“**Shelf Registration Statement**” shall mean a shelf registration statement filed with the Securities and Exchange Commission in connection with the issuance of or resales of shares of Common Stock issued as payment of a dividend, including dividends paid in connection with a conversion.

“**Spin-Off**” shall have the meaning set forth in Section (D) 11(a)(iii).

“**Stock Price**” means:

(i) in the case of a Fundamental Change described in clause (ii) of the definition of Fundamental Change in which the holders of Common Stock receive only cash in the Fundamental Change, the cash amount paid per share of Common Stock; and

(ii) in the case of any other Fundamental Change, the Five-Day Average VWAP.

“**Subsidiary**” means, with respect to the Corporation or any other Person, any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of capital stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, general partners or trustees thereof is at the time owned or controlled, directly or indirectly, by (i) such Person, (ii) such Person and one or more Subsidiaries of such Person or (iii) one or more Subsidiaries of such Person.

“**Threshold Appreciation Price**” shall have the meaning set forth in the definition of Conversion Rate.

“**Trading Day**” means any day on which:

(i) there is no Market Disruption Event; and

(ii) the NYSE is open for trading, or, if the Common Stock (or any other security into which the Series A Preferred Stock becomes convertible in connection with any Reorganization Event) is not listed on the NYSE, any day on which the principal national securities exchange on which the Common Stock (or such other security) is listed is open for trading, or, if the Common Stock (or such other security) is not listed on a national securities exchange, any Business Day.

A “**Trading Day**” only includes those days that have a scheduled closing time of 4:00 p.m., New York City time, or the then standard closing time for regular trading on the relevant exchange or trading system.

“**Transfer Agent**” means, initially, Computershare Trust Company, N.A. until a successor transfer agent is appointed pursuant to Section (D) 20 and, thereafter, means such successor. The foregoing sentence shall likewise apply to any such subsequent successor or successors.

“**Trigger Event**” shall have the meaning set forth in Section (D) 11(a)(iii).

“**Unit of Exchange Property**” shall have the meaning set forth in Section (D) 11(e).

“**VWAP**” means:

(i) per share of Common Stock, on any Trading Day, the price per share of Common Stock as displayed under the heading “Bloomberg VWAP” on Bloomberg (or any successor service) page BDX<Equity> AQR (or its equivalent successor if such page is not available) in respect of the period from the scheduled open to 4:00 p.m., New York City time, on such Trading Day; or, if such price is not available, the market value per share of Common Stock on such Trading Day as determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained by the Corporation for such purpose; and

(ii) per share of capital stock (other than the Common Stock) or per ADR, in each case traded on a U.S. national securities exchange, on any Trading Day, the price per share of such capital stock or per ADR as displayed under the heading “Bloomberg VWAP” on the relevant Bloomberg page (or any successor service) in respect of the period from the scheduled open to 4:00 p.m., New York City time, on such Trading Day; or if such price is not available, the market value per share of such capital stock or per ADR on such Trading Day as determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained by the Corporation for such purpose.

3. *Dividends.*

(a) Subject to the rights of Holders of any class or series of capital stock ranking senior to the Series A Preferred Stock with respect to dividends, Holders shall be entitled to receive, when, as and if declared by the Board of Directors and to the extent lawful, cumulative dividends at a rate

per year of 6.125% of the Initial Liquidation Preference (equivalent to \$61.25 per year per share of Series A Preferred Stock), payable in cash, by delivery of shares of Common Stock or by delivery of any combination of cash and shares of Common Stock, as determined by the Corporation in its sole discretion (subject to the limitations described in Section (D) 4). Declared dividends on the Series A Preferred Stock shall be payable quarterly on each Dividend Payment Date at such annual rate, and dividends shall accumulate from the most recent date as to which dividends shall have been paid or, if no dividends have been paid, from the Issue Date, whether or not in any Dividend Period or Dividend Periods, as the case may be, there have been funds or shares of Common Stock lawfully available for the payment of such dividends. Dividends shall be payable on a Dividend Payment Date to Holders that are Record Holders on the applicable Regular Record Date, but only to the extent a dividend has been declared to be payable on such Dividend Payment Date, except that dividends payable on the Mandatory Conversion Date shall be payable to Holders presenting the Series A Preferred Stock for conversion. Dividends payable on shares of Series A Preferred Stock for each full Dividend Period shall be computed by dividing the annual dividend rate by four. Dividends payable on shares of Series A Preferred Stock for any period other than a full Dividend Period shall be prorated based on the actual number of days elapsed during such Dividend Period and computed on the basis of a 360-day year consisting of twelve 30-day months. Accumulated dividends on shares of Series A Preferred Stock shall not bear interest if they are paid subsequent to the applicable Dividend Payment Date. Any accumulated and unpaid dividends from any preceding Dividend Period can be declared and paid on a date determined by the Board of Directors in its sole discretion.

(b) No dividend shall be declared or paid upon, or any sum of cash or number of shares of Common Stock set apart for the payment of dividends upon, any outstanding shares of Series A Preferred Stock with respect to any Dividend Period unless all dividends for all preceding Dividend Periods shall have been declared and paid, or declared and a sum of cash or number of shares of Common Stock sufficient for the payment thereof has been set apart for the payment of such dividends, upon all outstanding shares of Series A Preferred Stock. No dividend with respect to the Series A Preferred Stock shall be paid unless and until the Board of Directors declares a dividend payable with respect to the Series A Preferred Stock.

(c) Holders shall not be entitled to any dividends on the Series A Preferred Stock, whether payable in cash, shares of Common Stock or any combination thereof, in excess of full cumulative dividends.

(d) (i) So long as any share of Series A Preferred Stock remains outstanding:

(A) no dividend or distribution shall be declared or paid on the Common Stock or any other shares of Junior Stock, except dividends payable solely in shares of Common Stock or other Junior Stock or rights to acquire the same;

(B) no dividend or distribution shall be declared or paid on Parity Stock, except as set forth in Section (D) 3(d)(ii); and

(C) no Common Stock, Junior Stock or Parity Stock shall be, directly or indirectly, purchased, redeemed or otherwise acquired for consideration by the Corporation or any of its Subsidiaries,

in each case, unless all accumulated and unpaid dividends for all past Dividend Periods, including the latest completed Dividend Period, on all outstanding shares of Series A Preferred Stock have been or are contemporaneously declared and paid in full (or have been declared and a sufficient sum of cash and/or number of shares of Common Stock for the payment thereof has been set aside for the benefit of Holders on the applicable Regular Record Date).

(ii) The limitations set forth in Section (D) 3(d)(i) shall not apply to:

(A) redemptions, purchases or other acquisitions of shares of Common Stock or other Junior Stock in connection with the administration of any employee benefit plan or other incentive plan, including employment contracts, in the ordinary course of business (including purchases of shares of Common Stock in lieu of tax withholding and purchases of shares of Common Stock to offset the Share Dilution Amount pursuant to a publicly announced repurchase plan); *provided* that any purchases to offset the Share Dilution Amount shall in no event exceed the Share Dilution Amount;

(B) any dividends or distributions of rights or Junior Stock in connection with a stockholders' rights plan or any redemption or repurchase of rights pursuant to any stockholders' rights plan;

(C) purchases of shares of Common Stock or Junior Stock pursuant to contractually binding requirements to buy the same existing prior to the preceding Dividend Period;

(D) the acquisition by the Corporation or any of its Subsidiaries of record ownership in Junior Stock or Parity Stock for the beneficial ownership of any other Persons (other than for the beneficial ownership by the Corporation or any of its Subsidiaries), including as trustees or custodians; and

(E) any exchange or conversion of Junior Stock for or into other Junior Stock or of Parity Stock for or into other Parity Stock (with the same or lesser aggregate liquidation preference) or Junior Stock.

When dividends are not declared and paid (or declared and a sufficient sum of cash and/or number of shares of Common Stock for payment thereof set aside for the benefit of Holders thereof on the applicable Regular Record Date) on any Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within a Dividend Period related to such Dividend Payment Date) in full upon the Series A Preferred Stock and any shares of Parity Stock, all dividends declared on Series A Preferred Stock and all such Parity Stock and payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date)

shall be declared and paid *pro rata* so that the respective amounts of such dividends declared shall bear the same ratio to each other as all accumulated and unpaid dividends per share on the shares of Series A Preferred Stock and all Parity Stock payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) (subject to their having been declared by the Board of Directors out of funds of the Corporation lawfully available and including, in the case of Parity Stock that bears cumulative dividends, all accumulated but unpaid dividends) bear to each other. If the Board of Directors determines not to declare and pay any dividend or a full dividend on a Dividend Payment Date, the Corporation will provide a 10 Business Days' written notice to Holders prior to such Dividend Payment Date, or as reasonably practicable thereafter.

Subject to the foregoing, dividends (payable in cash, securities or other property) as may be determined by the Board of Directors may be declared and paid on any securities of the Corporation, including Common Stock and other Junior Stock, from time to time out of any funds of the Corporation lawfully available for such payment, and Holders shall not be entitled to participate in any such dividends.

4. Method of Payment of Dividends.

(a) Subject to the limitations described below, any declared dividend (or any portion of any declared dividend) on the Series A Preferred Stock, either for a current Dividend Period or for any prior Dividend Period, including in connection with the payment of declared and unpaid dividends pursuant to Section (D) 5, Section (D) 6 and Section (D) 7, may be paid by the Corporation, as determined in the Corporation's sole discretion:

- (i) in cash;
- (ii) by delivery of shares of Common Stock; or
- (iii) through payment or delivery, as the case may be, of any combination of cash and shares of Common Stock;

provided that in the case of a Fundamental Change Conversion that is a Reorganization Event, dividends otherwise payable in shares of Common Stock may be paid by delivery of Units of Exchange Property in accordance with Section (D) 11(e); and *provided further* that if the Board of Directors may not lawfully authorize payment of all or any portion of such accumulated and unpaid dividends in cash, it shall authorize payment of such dividends in shares of Common Stock or Units of Exchange Property, as the case may be, if lawfully permitted to do so.

(b) Each payment of a declared dividend on the Series A Preferred Stock shall be made in cash, except to the extent the Corporation elects to make all or any portion of such payment in shares of Common Stock. The Corporation shall give notice to Holders of any such election and the portion of such payment that will be made in cash, if any, and the portion that will be made in shares of Common Stock no later than 10 Scheduled Trading Days prior to the Dividend Payment Date for

such dividend; *provided* that if the Corporation does not provide timely notice of such election, the Corporation will be deemed to have elected to pay the relevant dividend in cash.

(c) If the Corporation elects to pay any declared dividend or portion thereof in shares of Common Stock, such shares of Common Stock shall be valued for such purpose, in the case of any dividend payment or portion thereof, at 97% of the Average VWAP per share of Common Stock over the five consecutive Trading Day period beginning on and including the seventh Scheduled Trading Day prior to the applicable Dividend Payment Date (the “**Dividend Payment Average Price**”). If the relevant Dividend Payment Date occurs on or prior to the last Trading Day of such five consecutive Trading Day period, delivery of the shares of Common Stock owed in respect of the dividend due on such Dividend Payment Date shall be deferred until the business day immediately following the last Trading Day of such consecutive Trading Day period.

(d) Notwithstanding the foregoing, in no event shall the number of shares of Common Stock to be delivered, in connection with any dividend on the Series A Preferred Stock, including any dividend payable in connection with a conversion, exceed a number equal to the total dividend payment *divided by* \$61.78, which amount represents approximately 35% of the Initial Price, subject to adjustment in a manner inversely proportional to any adjustment to each Fixed Conversion Rate as set forth in Section (D) 11 (such dollar amount, as adjusted from time to time, the “**Floor Price**”). To the extent that the amount of any dividend exceeds the product of (x) the number of shares of Common Stock delivered in connection with such dividend and (y) 97% of the Dividend Payment Average Price, the Corporation shall, if it is legally able to do so, pay such excess amount in cash.

(e) To the extent that the Corporation, in its reasonable judgment, determines that a Shelf Registration Statement is required in connection with the issuance of shares of Common Stock issued as payment of a dividend on the shares of Series A Preferred Stock, including dividends paid in connection with a conversion, or resales of such shares of Common Stock by holders that are not “affiliates” of the Corporation and have not been “affiliates” of the Corporation during the immediately preceding three months for purposes of the Securities Act, the Corporation shall, to the extent such a Shelf Registration Statement is not filed and effective, use its commercially reasonable efforts to file and maintain the effectiveness of such a Shelf Registration Statement until the earlier of such time as all such shares of Common Stock have been resold thereunder and such time as all such shares would be freely tradable pursuant to Rule 144 without registration by holders thereof that are not “affiliates” of the Corporation and have not been “affiliates” of the Corporation during the immediately preceding three months for purposes of the Securities Act. To the extent applicable, the Corporation shall also use its commercially reasonable efforts to have such shares of Common Stock qualified or registered under applicable state securities laws, if required, and approved for listing on the NYSE (or if the shares of Common Stock are not then listed on the NYSE, on the principal other U.S. national or regional securities exchange on which the shares of Common Stock are then listed).

(f) In respect of any cash paid, shares of Common Stock issued or Units of Exchange Property delivered in payment or partial payment of a dividend to a Non-U.S. Holder, the Corporation shall withhold and, in the case of such shares of Common Stock or Units of Exchange Property, the

Corporation may do so by selling (or directing the Transfer Agent or any paying agent on behalf of the Corporation to withhold and sell) such amount in cash, number of shares of Common Stock or Units of Exchange Property as the Corporation deems necessary, to result in proceeds from such sale (after deduction of customary commissions, which shall be for the account of such Non-U.S. Holder) to pay all or any part of any U.S. withholding tax obligation that the Corporation has (as determined by it in its sole discretion) in respect of the payment or partial payment of such dividend of cash, shares of Common Stock or Units of Exchange Property to such Non-U.S. Holder.

5. Mandatory Conversion on the Mandatory Conversion Date.

(a) Each outstanding share of Series A Preferred Stock shall automatically convert on the Mandatory Conversion Date into a number of shares of Common Stock equal to the Conversion Rate, unless such share of Series A Preferred Stock has been previously redeemed in the manner described in Section (D) 13 or converted prior to the Mandatory Conversion Date in the manner described in Section (D) 6 or Section (D) 7; *provided* that if the Mandatory Conversion Date is not a Business Day, the Mandatory Conversion Date shall be postponed to the following Business Day and, *provided, further* that if the any Scheduled Trading Days during the period used to determine the Applicable Market Value is not a Trading Day, the Mandatory Conversion Date shall be postponed by the number of such Scheduled Trading Days that are not Trading Days during such period.

(b) Each of the Fixed Conversion Rates, the Initial Price, the Threshold Appreciation Price, the Floor Price, the Fundamental Change Date, and the Applicable Market Value shall be subject to adjustment in accordance with the provisions of Section (D) 11.

(c) If prior to the Mandatory Conversion Date the Corporation has not declared all or any portion of the accumulated dividends on the Series A Preferred Stock, the Conversion Rate shall be adjusted so that Holders receive an additional number of shares of Common Stock equal to the amount of such accumulated dividends that have not been declared (the “**Additional Conversion Amount**”) *divided by* the greater of the Floor Price and 97% of the Dividend Payment Average Price. To the extent that the Additional Conversion Amount exceeds the product of such number of additional shares of Common Stock and the Applicable Market Value, the Corporation shall, if the Corporation is legally able to do so, declare and pay such excess amount in cash *pro rata* to Holders.

6. Optional Conversion at the Option of the Holder.

(a) Holders shall have the right to convert their shares of Series A Preferred Stock, in whole or in part (but in no event less than one share Series A Preferred Stock) (any conversion pursuant to this Section (D) 6, an “**Optional Conversion**”), at any time prior to the Mandatory Conversion Date, other than during the Fundamental Change Conversion Period, into shares of Common Stock at the Minimum Conversion Rate, subject to adjustment in accordance with Section (D) 11.

(b) If as of any Optional Conversion Date the Corporation has not declared all or any portion of the accumulated dividends for all Dividend Periods ending on a Dividend Payment Date prior to such Optional Conversion Date, the Minimum Conversion Rate shall be adjusted, with respect to the relevant Optional Conversion, so that the converting Holder at such time receives an additional

number of shares of Common Stock equal to the cash amount of accumulated and unpaid dividends for such prior Dividend Periods (such amount, the “**Optional Conversion Additional Conversion Amount**”), *divided by* the greater of the Floor Price and the Average VWAP per share of Common Stock over the 20 consecutive Trading Day period commencing on, and including, the 22nd Scheduled Trading Day prior to the Optional Conversion Date (such average being referred to as the “**Optional Conversion Average Price**”). If, in respect of an Optional Conversion Date, the third business day immediately following such Optional Conversion Date occurs on or prior to the last Trading Day of such 20 consecutive Trading Day period, delivery of the shares of Common Stock owed in respect of such Optional Conversion shall be deferred until the business day immediately following the last Trading Day of such 20 consecutive Trading Day Period. To the extent that the Optional Conversion Additional Conversion Amount exceeds the product of the number of additional shares and the Optional Conversion Average Price, the Corporation will not have any obligation to pay the shortfall in cash. Except as described in the first sentence of this Section (D) 6(b), upon any Optional Conversion of any shares of Series A Preferred Stock, the Corporation shall make no payment or allowance for unpaid dividends on such shares of Series A Preferred Stock, unless such Optional Conversion occurs after the Regular Record Date for a declared dividend and on or prior to the immediately succeeding Dividend Payment Date, in which case the Corporation shall pay such dividend on such Dividend Payment Date to the Record Holder of the converted shares of Series A Preferred Stock as of such Regular Record Date, in accordance with Section (D) 3.

(c) To effect an Optional Conversion, the converting Holder shall comply with the applicable conversion procedures set forth in Section (D) 8. The Corporation shall, in accordance with the instructions provided by the Holder thereof in the written notice of conversion provided to the Corporation pursuant to Section (D) 8, deliver to the Holder the whole number of shares of Common Stock to which the converting Holder shall be entitled upon such Optional Conversion, together with payment of cash in lieu of any fraction of a share of Common Stock, as provided in Section (D) 10, and any certificate or certificates, as the case may be, representing shares of Series A Preferred Stock, as provided in Section (D) 8(d)(i). If applicable, the Corporation shall instruct the Transfer Agent to register the whole number of shares of Common Stock to which the converting Holder shall be entitled upon such Optional Conversion in the name or names, as the case may be, specified by such Holder in the notice of conversion.

7. Fundamental Change Conversion.

(a) If a Fundamental Change occurs on or prior to the Mandatory Conversion Date, Holders, subject to adjustments in accordance with Section (D) 11, shall have the right to:

(i) convert their Series A Preferred Stock, in whole or in part (but in no event less than one share of Series A Preferred Stock) (any such conversion pursuant to this Section (D) 7 being a “**Fundamental Change Conversion**”) at any time during the period (the “**Fundamental Change Conversion Period**”) from and including the Effective Date to, but excluding, the earlier of (i) the Mandatory Conversion Date and (ii) the date selected by the Corporation that is not less than 30 nor more than 60 days after the Effective Date (the “**Fundamental Change Conversion Date**”) (any conversion pursuant to this Section (D) 7,

a “Fundamental Change Conversion”) (1) into shares of Common Stock at the Fundamental Change Conversion Rate per share of Series A Preferred Stock; or (2) if the Fundamental Change also constitutes a Reorganization Event, into Units of Exchange Property in accordance with Section (D) 11(e), based on the Fundamental Change Conversion Rate;

(ii) with respect to such converted shares of Series A Preferred Stock, receive a Fundamental Change Dividend Make-whole Amount payable in cash or in shares of Common Stock (or, if applicable, Units of Exchange Property); and

(iii) with respect to such converted shares, receive the Accumulated Dividend Amount payable in cash or in shares of Common Stock (or, if applicable, Units of Exchange Property);

subject, in the case of clauses (ii) and (iii), to the limitations with respect to the number of shares of Common Stock that the Corporation shall be required to deliver as described in Section (D) 7(d).

Notwithstanding clauses (ii) and (iii), if such Effective Date or the relevant Fundamental Change Conversion Date falls during a Dividend Period for which the Corporation declared a dividend on the Series A Preferred Stock, the Corporation shall pay such dividend on the relevant Dividend Payment Date to the Record Holders as of the immediately preceding Regular Record Date, in accordance with Section (D) 3, and such dividend shall not be included in the Accumulated Dividend Amount, and the Fundamental Change Dividend Make-whole Amount shall not include the present value of such dividend.

(b) To the extent practicable, at least 20 calendar days prior to the anticipated Effective Date, but in any event not later than two Business Days following the Corporation’s becoming aware of the occurrence of a Fundamental Change, a written notice shall be sent by or on behalf of the Corporation, by first-class mail, postage prepaid, to the Record Holders; *provided* that the Corporation shall not be required to deliver such notice before such date the Corporation would otherwise be required to deliver notice pursuant to the applicable securities laws or the rules of any securities exchange on which shares of Common Stock are then traded. Such notice shall state:

(i) the anticipated Effective Date;

(ii) the anticipated duration of the anticipated Fundamental Change Conversion Period;

(iii) the instructions a Holder must follow to effect a Fundamental Change Conversion in connection with such Fundamental Change; and

(iv) whether the Corporation has elected to pay all or any portion of accumulated and unpaid dividends by the delivery of shares of Common Stock or Units of Exchange Property, as the case may be, and, if so, the portion thereof (as a percentage) that will be paid by delivery of shares of Common Stock or Units of Exchange Property.

(c) To effect a Fundamental Change Conversion, the converting Holder must submit its Series A Preferred Stock for conversion and comply with the applicable conversion procedures set forth

in Section (D) 8 at any time during the Fundamental Change Conversion Period. Holders who do not submit Series A Preferred Stock for conversion during the Fundamental Change Conversion Period will not be entitled to convert their Series A Preferred Stock at the Fundamental Change Conversion Rate or to receive the Fundamental Change Dividend Make-whole Amount or, in connection with the Fundamental Change, the Accumulated Dividend Amount.

(d) (i) For any shares of Series A Preferred Stock that are converted during the Fundamental Change Conversion Period, in addition to the shares of Common Stock issued upon conversion at the Fundamental Change Conversion Rate, the Corporation will at its option:

(A) pay Holder in cash, to the extent the Corporation is legally permitted to do so, the present value, computed using a discount rate of 3.25% per year, of all dividend payments on such Holder's shares of Series A Preferred Stock for all the remaining Dividend Periods (excluding any accumulated and unpaid dividends for all Dividend Periods ending on or prior to the Dividend Payment Date preceding the Effective Date of the Fundamental Change as well as dividends accumulated to the Effective Date of the Fundamental Change) from such Effective Date to but excluding the Mandatory Conversion Date (the "**Fundamental Change Dividend Make-whole Amount**");

(B) increase the number of shares of Common Stock to be issued on conversion by a number equal to (x) the Fundamental Change Dividend Make-whole Amount *divided by* (y) the greater of the Floor Price and 97% of the Stock Price; or

(C) pay the Fundamental Change Dividend Make-whole Amount in a combination of cash and shares of Common Stock in accordance with the provisions of clauses (A) and (B) above.

(ii) In addition, for any Series A Preferred Stock that are converted during the Fundamental Change Conversion Period, to the extent that, as of the Effective Date of the Fundamental Change, the Corporation has not declared any or all of the accumulated dividends on the Series A Preferred Stock as of such Effective Date (including accumulated and unpaid dividends for all dividend periods ending on or prior to the Dividend Payment Date preceding the Effective Date of the Fundamental Change as well as dividends accumulated to the Effective Date of the Fundamental Change, the "**Accumulated Dividend Amount**"), Holders who convert Series A Preferred Stock within the Fundamental Change Conversion Period will be entitled to receive such Accumulated Dividend Amount upon conversion. The Accumulated Dividend Amount will be payable at the Corporation's election in either:

(A) cash, to the extent the Corporation is legally permitted to do so,

(B) an additional number of shares of Common Stock equal to (x) the Accumulated Dividend Amount *divided by* (y) the greater of the Floor Price and 97% of the Stock Price, or

(C) a combination of cash and shares of Common Stock in accordance with the provisions of clauses (A) and (B) above.

(iii) The Corporation shall pay the Fundamental Change Dividend Make-whole Amount and the Accumulated Dividend Amount in cash, except to the extent the Corporation elects on or prior to the second Business Day following the Effective Date of a Fundamental Change to make all or any portion of such payments in shares of Common Stock. If the Corporation elects to deliver shares of Common Stock in respect of all or any portion of the Fundamental Change Dividend Make-whole Amount or the Accumulated Dividend Amount, to the extent that the Fundamental Change Dividend Make-whole Amount or the Accumulated Dividend Amount or any portion thereof paid by the delivery of shares of Common Stock exceeds the product of the number of additional shares the Corporation delivers in respect thereof and 97% of the Stock Price, the Corporation shall, if it is legally able to do so, declare and pay such excess amount in cash.

(e) Not later than the second Business Day following the Effective Date (or, if the Corporation provides notice to Holders after the Effective Date in accordance with Section D 7(b), on the date the Corporation gives notice of the Effective Date), the Corporation shall notify Holders of:

(i) the Fundamental Change Conversion Rate;

(ii) the Fundamental Change Dividend Make-whole Amount and whether the Corporation will pay such amount in cash, by the delivery of shares of Common Stock or a combination thereof, and specifying the combination thereof, if applicable; and

(iii) the Accumulated Dividend Amount as of the Effective Date and whether the Corporation will pay such in cash, by the delivery of shares of Common Stock or a combination thereof, and, specifying the combination thereof, if applicable.

8. Conversion Procedures.

(a) On the Mandatory Conversion Date, any Fundamental Change Holder Conversion Date or any Optional Conversion Date (each, a “**Conversion Date**”), dividends on any shares of Series A Preferred Stock converted to Common Stock shall cease to accrue and accumulate, and on the Conversion Date, such converted shares of Series A Preferred Stock shall cease to be outstanding, in each case, subject to the right of Holders of such shares of Series A Preferred Stock to receive shares of Common Stock (or Units of Exchange Property, if applicable) into which such shares of Series A Preferred Stock were converted and any accumulated and unpaid dividends on such shares to which such Holders are otherwise entitled pursuant to Section (D) 5(c), Section (D) 6(b) or Section (D) 7(d), as applicable.

(b) Subject to postponement as described in Section (D) 5(a), on the Mandatory Conversion Date, pursuant to Section (D) 5, any outstanding shares of Series A Preferred Stock shall automatically convert into shares of Common Stock. The Person or Persons entitled to receive the Common Stock issuable upon such conversion of the Series A Preferred Stock shall be treated as the Record Holder

or Record Holders, as the case may be, of such shares of Common Stock as of 5:00 p.m., New York City time, on the Mandatory Conversion Date. Except as provided under Section (D) 11, prior to 5:00 p.m., New York City time, on the Mandatory Conversion Date, shares of Common Stock issuable upon conversion of any shares of Series A Preferred Stock shall not be outstanding for any purpose, and Holders of shares of Series A Preferred Stock shall have no rights with respect to such shares of Common Stock, including, without limitation, voting rights, rights to participate in tender offers for the Common Stock and rights to receive any dividends or other distributions on the Common Stock, in each case by virtue of holding shares of Series A Preferred Stock. No allowance or adjustment, except as set forth in Section (D) 11, shall be made in respect of dividends payable to holders of record of Common Stock as of any date prior to the Mandatory Conversion Date.

(c) To effect an Optional Conversion pursuant to Section (D) 6 or a Fundamental Change Conversion pursuant to Section (D) 7, a Holder who

(i) holds a beneficial interest in shares of Series A Preferred Stock that are in global form must deliver to DTC the appropriate instruction form for conversion pursuant to DTC's conversion program and, if required, pay all transfer or similar taxes or duties, if any; or

(ii) holds Series A Preferred Stock in definitive, certificated form must:

(A) complete and manually sign the conversion notice on the back of the Series A Preferred Stock certificate or a facsimile of such conversion notice;

(B) deliver the completed conversion notice and the certificated Series A Preferred Stock to be converted to the Conversion and Dividend Disbursing Agent;

(C) if required, furnish appropriate endorsements and transfer documents; and

(D) if required, pay all transfer or similar taxes or duties, if any;

(the day on which the Holder complies with such requirements, the “**Optional Conversion Date**” or the “**Fundamental Change Holder Conversion Date**”, as the case may be). A Holder shall not be required to pay any taxes or duties relating to the issuance or delivery of shares of Common Stock if such Holder exercises its conversion rights, but such Holder shall be required to pay any tax or duty that may be payable relating to any transfer involved in the issuance or delivery of shares of Common Stock in a name other than the name of such Holder. A certificate representing the shares of Common Stock issuable upon conversion shall be issued and delivered to the converting Holder or, if the shares of Series A Preference Stock being converted are in book-entry form, the shares of Common Stock issuable upon conversion shall be delivered to the converting Holder through book-entry transfer through the facilities of DTC, in each case together with delivery by the Corporation to the converting Holder of any cash to which the converting Holder is entitled, on the later of the third Business Day immediately succeeding the Optional Conversion Date or the Fundamental Change Holder Conversion Date, as the case may be, and the Business Day after the Holder has paid in full all applicable taxes and duties, if any.

The issuance by the Corporation of shares of Common Stock upon an Optional Conversion or a Fundamental Change Conversion shall be deemed effective immediately prior to 5:00 p.m., New York City time, on the Optional Conversion Date or the Fundamental Change Holder Conversion Date, as the case may be. The Person or Persons entitled to receive the Common Stock issuable upon any such Optional Conversion or Fundamental Change Conversion of the Series A Preferred Stock shall be treated as the Record Holder or Record Holders, as the case may be, of such shares of Common Stock as of 5:00 p.m., New York City time, on the Optional Conversion Date or Fundamental Change Holder Conversion Date, as the case may be. Except as provided under Section (D) 11, prior to 5:00 p.m., New York City time, on the Optional Conversion Date or Fundamental Change Holder Conversion Date, as the case may be, shares of Common Stock issuable upon such Optional Conversion or Fundamental Change Conversion shall not be outstanding for any purpose, and Holders of shares of Series A Preferred Stock shall have no rights with respect to such shares of Common Stock, including voting rights, rights to participate in tender offers for the Common Stock and rights to receive any dividends or other distributions on the Common Stock, in each case by virtue of holding shares of Series A Preferred Stock.

(d) With respect to any Optional Conversion or any Fundamental Change Conversion of shares of Series A Preferred Stock, if there shall have been surrendered certificate or certificates, as the case may be, representing a greater number of shares of Series A Preferred Stock than the number of shares of Series A Preferred Stock to be converted, the Corporation shall execute and the Registrar shall countersign and deliver to such Holder or such Holder's designee, at the expense of the Corporation, new certificate or certificates, as the case may be, representing the number of shares of Series A Preferred Stock that shall not have been converted.

9. *Reservation of Common Stock.*

(a) The Corporation shall at all times reserve and keep available out of its authorized and unissued shares of Common Stock, solely for issuance, the full number of shares of Common Stock issuable upon payment of accumulated and unpaid dividends and upon conversion of the Series A Preferred Stock at the Maximum Conversion Rate then in effect.

(b) All shares of Common Stock delivered upon conversion of the Series A Preferred Stock shall be duly authorized, validly issued, fully paid and non-assessable, free and clear of all liens, claims, charges, security interests and other encumbrances (other than liens, claims, charges, security interests and other encumbrances created by Holders).

(c) Prior to the delivery of any securities that the Corporation shall be obligated to deliver upon conversion of the Series A Preferred Stock, the Corporation shall use its reasonable best efforts to comply with all federal and state laws and regulations thereunder, if any, requiring the registration of such securities with, or any approval of or consent to the delivery thereof by, any governmental authority.

(d) The Corporation hereby covenants and agrees that, if at any time the Common Stock shall be listed on the NYSE or any other national securities exchange or automated quotation system, the Corporation shall, if permitted by the rules of such exchange or automated quotation system, list

and keep listed, so long as the Common Stock shall be so listed on such exchange or automated quotation system, all Common Stock issuable upon conversion of the Series A Preferred Stock and payment of dividends thereon, if any; *provided, however*, that if the rules of such exchange or automated quotation system permit the Corporation to defer the listing of such Common Stock until the first conversion of Series A Preferred Stock into Common Stock in accordance with the provisions hereof, the Corporation covenants to list such Common Stock issuable upon conversion of the Series A Preferred Stock in accordance with the requirements of such exchange or automated quotation system at such time.

10. Fractional Shares.

(a) No fractional shares of Common Stock or any other common stock or ADRs included in the Exchange Property shall be issued to Holders, including as a result of any conversion of shares of Series A Preferred Stock or as a result of any payment of dividends on the Series A Preferred Stock in shares of Common Stock or Units of Exchange Property.

(b) In lieu of any fractional share of Common Stock or any other common stock or ADRs included in the Exchange Property otherwise issuable upon Mandatory Conversion, Optional Conversion, Fundamental Change Conversion or Acquisition Termination Redemption (including in connection with a dividend payment in connection therewith), that Holder shall be entitled to receive an amount in cash (computed to the nearest cent) based on the VWAP per share of Common Stock, or, if applicable, such other common stock or ADR, on the Trading Day immediately preceding the applicable Conversion Date or Acquisition Termination Redemption Date. In lieu of any fractional shares of Common Stock that would otherwise be delivered to a Holder in payment or partial payment of any dividend pursuant to Section (D) 4(b), the Holder will be entitled to receive an amount in cash (computed to the nearest cent) based on the Dividend Payment Average Price with respect to such dividend.

(c) If more than one share of the Series A Preferred Stock is surrendered for conversion at one time by or for the same Holder, the number of full shares of Common Stock, or, if applicable, other common stock or full ADRs, issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of Series A Preferred Stock so surrendered for conversion. If the Corporation pays dividends in Common Stock, other common stock or ADRs pursuant to Section (D) 4(b) on more than one share of Series A Preferred Stock held at any one time by or for the same Holder, the number of full shares of Common Stock, or, if applicable, other common stock or full ADRs, payable in connection with such dividend shall be computed on the basis of the aggregate number of shares of Series A Preferred Stock so surrendered for conversion.

11. Conversion Rate Adjustments to the Fixed Conversion Rates.

(a) Each Fixed Conversion Rate shall be adjusted from time to time as follows:

(i) If the Corporation issues Common Stock as a dividend or distribution to all or substantially all holders of the Common Stock, or if the Corporation effects a subdivision or combination (including, without limitation, a stock split or a reverse stock split) of the

Common Stock, each Fixed Conversion Rate shall be adjusted based on the following formula:

$$CR_1 = CR_0 \times \frac{OS_0}{OS_1}$$

where,

CR_0 = the Fixed Conversion Rate in effect immediately prior to 5:00 p.m., New York City time, on the Record Date for such dividend or distribution or immediately prior to 9:00 a.m., New York City time, on the effective date for such subdivision or combination, as the case may be;

CR_1 = the Fixed Conversion Rate in effect immediately after 5:00 p.m., New York City time, on such Record Date or immediately after 9:00 a.m., New York City time, on such effective date, as the case may be;

OS_0 = the number of shares of Common Stock outstanding immediately prior to 5:00 p.m., New York City time, on such Record Date or immediately prior to 9:00 a.m., New York City time, on such effective date, as the case may be, and prior to giving effect to such event; and

OS_1 = the number of shares of Common Stock that would be outstanding immediately after, and solely as a result of, such dividend, distribution, subdivision or combination.

Any adjustment made under this Section (D) 11(a)(i) shall become effective immediately after 5:00 p.m., New York City time, on the Record Date for such dividend or distribution, or immediately after 9:00 a.m., New York City time, on the effective date for such subdivision or combination, as the case may be. If any dividend, distribution, subdivision or combination of the type described in this clause (i) is declared but not so paid or made, each Fixed Conversion Rate shall be immediately readjusted, effective as of the earlier of (a) the date the Board of Directors determines not to pay or make such dividend, distribution, subdivision or combination and (b) the date the dividend or distribution was to be paid or the date the subdivision or combination was to have been effective, to the Fixed Conversion Rate that would then be in effect if such dividend, distribution, subdivision or combination had not been declared.

(ii) If the Corporation issues to all or substantially all holders of the Common Stock any rights, options or warrants entitling them for a period expiring 60 calendar days or less from the date of issuance of such rights, options or warrants to subscribe for or purchase shares of Common Stock at less than the Average VWAP per share of Common Stock for the 10 consecutive Trading Day period ending on, and including, the Trading Day

immediately preceding the date of announcement for such issuance, each Fixed Conversion Rate will be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{(OS_0 + X)}{(OS_0 + Y)}$$

where,

CR_0 = the Fixed Conversion Rate in effect immediately prior to 5:00 p.m., New York City time, on the Record Date for such issuance;

CR_1 = the Fixed Conversion Rate in effect immediately after 5:00 p.m., New York City time, on such Record Date;

OS_0 = the number of shares of Common Stock outstanding immediately prior to 5:00 p.m., New York City time, on such Record Date;

X = the number of shares of Common Stock issuable pursuant to such rights, options or warrants; and

Y = the aggregate price payable to exercise such rights, options or warrants, *divided by* the Average VWAP per share of Common Stock for the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement for such issuance.

Any increase in the Fixed Conversion Rates made pursuant to this Section (D) 11(a)(ii) shall become effective immediately after 5:00 p.m., New York City time, on the Record Date for such issuance. To the extent such rights, options or warrants are not exercised prior to their expiration or termination, each Fixed Conversion Rate shall be decreased, effective as of the date of such expiration or termination, to the Fixed Conversion Rate that would then be in effect had the increase with respect to the issuance of such rights, options or warrants been made on the basis of delivery of only the number of shares of Common Stock actually delivered. If such rights, options or warrants are not so issued, each Fixed Conversion Rate shall be decreased, effective as of the earlier of (a) the date the Board of Directors determines not to issue such rights, options or warrants and (b) the date such rights, options or warrants were to have been issued, to the Fixed Conversion Rate that would then be in effect if such issuance had not been announced.

For purposes of this Section (D) 11(a)(ii), in determining whether any rights, options or warrants entitle the holders thereof to subscribe for or purchase shares of the Common Stock at less than the Average VWAP per share of Common Stock for the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement for such issuance, and in determining the aggregate price payable to exercise such rights, options or warrants, there shall be taken into account any consideration the Corporation receives for such rights, options or warrants and any amount payable on exercise thereof, with the value of such consideration,

if other than cash, to be determined in good faith by the Board of Directors, which determination shall be final.

(iii) If the Corporation pays a dividend or other distribution to all or substantially all holders of Common Stock of shares of the Corporation's capital stock (other than Common Stock), evidences of the Corporation's indebtedness, the Corporation's assets or rights to acquire the capital stock, indebtedness or assets of the Corporation, excluding:

- (1) any dividend, distribution or issuance as to which an adjustment was effected pursuant to Section (D) 11(a)(i) or Section (D) 11(a)(ii);
- (2) dividends or distributions paid exclusively in cash as to which an adjustment was effected pursuant to Section (D) 11(a) (iv) below;
- (3) Spin-Offs as to which the provisions set forth below in this Section (D) 11(a)(iii) apply;
and
- (4) any dividends or distributions in connection with a Reorganization Event that is included in Exchange Property under Section (D) 11(e),

then each Fixed Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{SP_0}{(SP_0 - FMV)}$$

where,

CR_0 = the Fixed Conversion Rate in effect immediately prior to 5:00 p.m., New York City time, on the Record Date for such dividend or distribution;

CR_1 = the Fixed Conversion Rate in effect immediately after 5:00 p.m., New York City time, on such Record Date;

SP_0 = the Average VWAP per share of Common Stock for the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the Ex-Dividend Date for such dividend or distribution; and

FMV = the fair market value (as determined in good faith by the Board of Directors, which determination shall be final) on the Ex-Dividend Date for such dividend or distribution of shares of the Corporation's capital stock (other than Common Stock), evidences of the Corporation's indebtedness, the Corporation's assets or rights to acquire the capital stock, indebtedness or assets of the Corporation, expressed as an amount per share of Common Stock.

If the Board of Directors determines the “FMV” (as defined in this Section (D) 11(a)(iii)) of any dividend or other distribution for purposes of this Section (D) 11(a)(iii) by referring to the actual or when-issued trading market for any securities, it shall in doing so consider the prices in such market of such securities for the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the Ex-Dividend Date for such dividend or distribution.

Notwithstanding the foregoing, if “FMV” (as defined in this Section (D) 11(a)(iii)) is equal to or greater than “SP0” (as defined in this Section (D) 11(a)(iii)), in lieu of the foregoing increase, each Holder shall receive, in respect of each share of Series A Preferred Stock, at the same time and upon the same terms as holders of Common Stock and solely as a result of holding shares of Series A Preferred Stock, the amount and kind of shares of the Corporation’s capital stock (other than Common Stock), evidences of the Corporation’s indebtedness, the Corporation’s assets or rights to acquire the capital stock, indebtedness or assets of the Corporation that such Holder would have received if such Holder owned a number of shares of Common Stock equal to the Maximum Conversion Rate in effect immediately prior to 5:00 p.m., New York City time, on the Ex-Dividend Date for such dividend or other distribution.

Any increase made under the portion of this Section (D) 11(a)(iii) above shall become effective immediately after 5:00 p.m., New York City time, on the Record Date for such dividend or other distribution. If such dividend or other distribution is not so paid or made, each Fixed Conversion Rate shall be decreased, effective as of the earlier of (a) the date the Board of Directors determines not to pay the dividend or other distribution and (b) the date such dividend or distribution was to have been paid, to the Fixed Conversion Rate that would then be in effect if the dividend or other distribution had not been declared.

If the transaction that gives rise to an adjustment pursuant to this Section (D)11(a)(iii) is one pursuant to which the payment of a dividend or other distribution on the Common Stock consists of shares of capital stock of, or similar equity interests in, a Subsidiary or other business unit of the Corporation (a “**Spin-Off**”) that are, or, when issued, will be, traded on a U.S. national securities exchange or a reasonably comparable non-U.S. equivalent, then each Fixed Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{(FMV_0 + MP_0)}{MP_0}$$

where,

CR₀ = the Fixed Conversion Rate in effect at 5:00 p.m., New York City time, on the tenth Trading Day immediately following, and including, the Ex-Dividend Date for such dividend or distribution;

CR_1 = the Fixed Conversion Rate in effect immediately after 5:00 p.m., New York City time, on the tenth Trading Day immediately following, and including, the Ex-Dividend Date for such dividend or distribution;

FMV_0 = the Average VWAP per share of such capital stock or similar equity interests distributed to holders of the Common Stock applicable to one share of Common Stock over the 10 consecutive Trading Day period commencing on, and including, the Ex-Dividend Date for such dividend or distribution; and

MP_0 = the Average VWAP per share of Common Stock over the 10 consecutive Trading Day period commencing on, and including, the Ex-Dividend Date for such dividend or distribution.

The adjustment to each Fixed Conversion Rate under the immediately preceding paragraph shall occur at 5:00 p.m., New York City time, on the tenth consecutive Trading Day immediately following, and including, the Ex-Dividend Date for such dividend or other distribution, but will be given effect as of 9:00 a.m., New York City time, on the date immediately following the Record Date for such dividend or distribution. The Corporation shall delay the settlement of any conversion of shares of Series A Preferred Stock if the Conversion Date occurs after the Record Date for such dividend or distribution and prior to the end of such 10 consecutive Trading Day period. In such event, the Corporation shall deliver the shares of Common Stock issuable in respect of such conversion (based on the adjusted Fixed Conversion Rates as described above) on the first Business Day immediately following the last Trading Day of such 10 consecutive Trading Day period.

For purposes of this Section (D) 11(a)(iii) (and subject in all respects to Section (D) 11(a)(i) and Section (D) 11(a)(ii)):

(A) rights, options or warrants distributed by the Corporation to all or substantially all holders of the Common Stock entitling them to subscribe for or purchase shares of the Corporation's capital stock, including Common Stock (either initially or under certain circumstances), which rights, options or warrants, until the occurrence of a specified event or events ("**Trigger Event**"):

(i) are deemed to be transferred with such shares of the Common Stock;

(ii) are not exercisable; and

(iii) are also issued in respect of future issuances of the Common Stock, shall be deemed not to have been distributed for purposes of this Section (D) 11(a)(iii) (and no adjustment to the Fixed Conversion Rates under this Section (D) 11(a)(iii) shall be required) until the occurrence of the earliest Trigger Event, whereupon such rights, options or warrants shall be deemed to have been distributed and an appropriate adjustment (if any is required) to the Fixed Conversion Rates shall be made under this Section (D) 11(a)(iii).

(B) If any such right, option or warrant, including any such existing rights, options or warrants distributed prior to the Issue Date, are subject to events, upon the occurrence of which such rights,

options or warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution and Record Date with respect to new rights, options or warrants with such rights (in which case the existing rights, options or warrants shall be deemed to terminate and expire on such date without exercise by any of the holders thereof).

(C) In addition, in the event of any distribution (or deemed distribution) of rights, options or warrants, or any Trigger Event or other event (of the type described in the immediately preceding clause (B)) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Fixed Conversion Rates under this clause (iii) was made:

(1) in the case of any such rights, options or warrants that shall all have been redeemed or repurchased without exercise by any holders thereof, upon such final redemption or repurchase (x) the Fixed Conversion Rates shall be readjusted as if such rights, options or warrants had not been issued and (y) the Fixed Conversion Rates shall then again be readjusted to give effect to such distribution, deemed distribution or Trigger Event, as the case may be, as though it were a cash distribution pursuant to Section (D) 11(a)(iv), equal to the per share redemption or repurchase price received by a holder or holders of Common Stock with respect to such rights, options or warrants (assuming such holder had retained such rights, options or warrants), made to all holders of Common Stock as of the date of such redemption or repurchase; and

(2) in the case of such rights, options or warrants that shall have expired or been terminated without exercise by any holders thereof, the Fixed Conversion Rates shall be readjusted as if such rights, options and warrants had not been issued.

For purposes of Section (D) 11(a)(i), Section (D) 11(a)(ii) and this Section (D) 11(a)(iii), if any dividend or distribution to which this Section (D) 11(a)(iii) is applicable includes one or both of:

(A) a dividend or distribution of shares of Common Stock to which Section (D) 11(a)(i) is applicable (the “**Clause A Distribution**”); or

(B) an issuance of rights, options or warrants to which Section (D) 11(a)(ii) is applicable (the “**Clause B Distribution**”), then:

(1) such dividend or distribution, other than the Clause A Distribution and the Clause B Distribution, shall be deemed to be a dividend or distribution to which this Section (D) 11(a)(iii) is applicable (the “**Clause C Distribution**”) and any Fixed Conversion Rate adjustment required by this Section (D) 11(a)(iii) with respect to such Clause C Distribution shall then be made; and

(2) the Clause A Distribution and Clause B Distribution shall be deemed to immediately follow the Clause C Distribution and any Fixed Conversion Rate adjustment required by Section (D) 11(a)(i) and Section (D) 11(a)(ii) with respect thereto shall then be

made, except that, if determined by the Corporation (I) the “Record Date” of the Clause A Distribution and the Clause B Distribution shall be deemed to be the Record Date of the Clause C Distribution and (II) any shares of Common Stock included in the Clause A Distribution or Clause B Distribution shall be deemed not to be “outstanding immediately prior to 5:00 p.m., New York City time, on such Record Date or immediately prior to 9:00 a.m., New York City time, on such effective date” within the meaning of Section (D) 11(a)(i) or “outstanding immediately prior to 5:00 p.m., New York City time, on such Record Date” within the meaning of Section (D) 11(a)(ii).

(iv) The Corporation pays a distribution consisting exclusively of cash to all or substantially all holders of the Common Stock, excluding any regular quarterly cash dividends or distributions of up to \$0.73 per share of Common Stock (the “**Initial Dividend Threshold**”), each Fixed Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{SP_0}{(SP_0 - C)}$$

where,

CR₀ = the Fixed Conversion Rate in effect immediately prior to 5:00 p.m., New York City time, on the Record Date for such distribution;

CR₁ = the Fixed Conversion Rate in effect immediately after 5:00 p.m., New York City time, on the Record Date for such distribution;

SP₀ = the Average VWAP per share of Common Stock over the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the Ex-Dividend Date for such distribution; and

C = an amount of cash per share of Common Stock that the Corporation distributes to holders of the Common Stock; *provided* that in the case of a regular quarterly cash dividend or distribution, such amount shall only include the amount of such dividend or distribution in excess of the Initial Dividend Threshold.

Notwithstanding the foregoing, if “C” (as defined in this Section (D) 11(a)(iv)) is equal to or greater than “SP₀” (as defined in this Section (D) 11(a)(iv)), in lieu of the foregoing increase, each Holder shall receive, in respect of each share of Series A Preferred Stock, at the same time and upon the same terms as holders of shares of Common Stock and solely as a result of holding shares of Series A Preferred Stock, the amount of cash that such Holder would have received if such Holder owned a number of shares of Common Stock equal to the Maximum Conversion Rate in effect immediately prior to 5:00 p.m., New York City time, on the Record Date for such distribution.

The Initial Dividend Threshold is subject to adjustment in a manner inversely proportional to adjustments to the Fixed Conversion Rates; *provided* that no adjustment will be made to the Initial Dividend Threshold for any adjustment made to the Fixed Conversion Rates under this Section (D) 11(a)(iv).

Any adjustment to the Fixed Conversion Rates pursuant to this Section (D) 11(a)(iv) shall become effective immediately after 5:00 p.m., New York City time, on the Record Date for such distribution. If such distribution is not so paid, the Fixed Conversion Rates shall be decreased, effective as of the earlier of (a) the date the Board of Directors determines not to pay such dividend and (b) the date such dividend was to have been paid, to the Fixed Conversion Rates that would then be in effect if such distribution had not been declared.

(v) If the Corporation or one or more of its Subsidiaries purchases Common Stock pursuant to a tender offer or exchange offer pursuant to a Schedule TO or registration statement on Form S-4 for Common Stock (excluding, for the avoidance of doubt, any securities convertible or exchangeable for Common Stock, and except as provided in Section (D) 11(c)(iii)) and the cash and value of any other consideration included in the payment per share of Common Stock validly tendered or exchanged exceeds the Average VWAP per share of Common Stock over the 10 consecutive Trading Day period commencing on, and including, the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer (the “**Expiration Date**”), each Fixed Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{(FMV + (SP_1 \times OS_1))}{(SP_1 \times OS_0)}$$

where:

CR_0 = the Fixed Conversion Rate in effect immediately prior to 5:00 p.m., New York City time, on the tenth Trading Day immediately following, and including, the Trading Day next succeeding the Expiration Date;

CR_1 = the Fixed Conversion Rate in effect immediately after 5:00 p.m., New York City time, on the tenth Trading Day immediately following, and including, the Trading Day next succeeding the Expiration Date;

FMV = the fair market value (as determined in good faith by the Board of Directors) as of the Expiration Date of the aggregate value of all cash and any other consideration paid or payable for shares of the Common Stock validly tendered or exchanged and not withdrawn as of the Expiration Date (the “**Purchased Shares**”);

OS_1 = the number of shares of Common Stock outstanding as of the last time tenders or exchanges may be made pursuant to such tender or exchange offer (the “**Expiration Time**”), less any Purchased Shares;

OS₀ = the number of shares of Common Stock outstanding at the Expiration Time, including any Purchased Shares; and

SP₁ = the Average VWAP per share of Common Stock for the 10 consecutive Trading Day period commencing on, and including, the Trading Day next succeeding the Expiration Date.

The adjustment to each Fixed Conversion Rate under this Section (D) 11(a)(v) shall occur at 5:00 p.m., New York City time, on the tenth consecutive Trading Day immediately following, and including, the Trading Day immediately following the Expiration Date, but will be given effect as of 9:00 a.m., New York City time, on the Expiration Date. The Corporation shall delay the settlement of any conversion of Series A Preferred Stock if the Conversion Date occurs during such 10 consecutive Trading Day period. In such event, the Corporation shall deliver the shares of Common Stock issuable in respect of such conversion (based on the adjusted Fixed Conversion Rates) on the first Business Day immediately following the last Trading Day of such 10 consecutive Trading Day period.

(vi) If the Corporation has in effect a stockholder rights plan while any shares of Series A Preferred Stock remain outstanding, Holders shall receive, upon a conversion of shares of Series A Preferred Stock, in addition to Common Stock, rights under the Corporation's stockholder rights agreement unless, prior to such conversion, the rights have expired, terminated or been redeemed or unless the rights have separated from the Common Stock. If the rights provided for in the stockholder rights plan have separated from the Common Stock in accordance with the provisions of the applicable stockholder rights agreement so that Holders would not be entitled to receive any rights in respect of the Common Stock, if any, that the Corporation is required to deliver upon conversion of Series A Preferred Stock, each Fixed Conversion Rate shall be adjusted at the time of separation as if the Corporation made a distribution to all holders of the Common Stock of shares of the Corporation's capital stock (other than Common Stock), evidences of the Corporation's indebtedness, the Corporation's assets or rights to acquire the capital stock, indebtedness or assets of the Corporation pursuant to Section (D) 11(a)(iii) above, subject to readjustment upon the subsequent expiration, termination or redemption of the rights. A distribution of rights pursuant to a stockholder rights plan will not trigger an adjustment to the Fixed Conversion Rates pursuant to Section (D) 11(a)(ii) or Section (D) 11(a)(iii) above.

(b) *Adjustment for Tax Reasons.* The Corporation may make such increases in each Fixed Conversion Rate, in addition to any other increases required by this Section (D) 11, if the Board of Directors deems it advisable in order to avoid or diminish any income tax to holders of the Common Stock resulting from any dividend or distribution of the Corporation's shares (or issuance of rights or warrants to acquire shares) or from any event treated as such for income tax purposes or for any other reasons; *provided* that the same proportionate adjustment must be made to each Fixed Conversion Rate. If any adjustment to the Fixed Conversion Rate is treated as a distribution to any Non-U.S. Holder which is subject to withholding tax, the Corporation (or Transfer Agent or any paying agent on behalf of the Corporation) may set off any withholding tax that is required to be

collected with respect to such deemed distribution against cash payments and other distributions otherwise deliverable to such Non-U.S. Holder.

(c) *Calculation of Adjustments; Adjustments to Threshold Appreciation Price, Initial Price, Applicable Market Value and Five-Day Average VWAP.*

(i) All required calculations (including adjustments to the Fixed Conversion Rates) will be made to the nearest cent or 1/10,000th of a share of Common Stock. Prior to the Mandatory Conversion Date, no adjustment in a Fixed Conversion Rate will be required unless the adjustment would require an increase or decrease of at least one percent in such Fixed Conversion Rate. If any adjustment is not required to be made because it would not change the Fixed Conversion Rates by at least one percent, then the adjustment will be carried forward and taken into account in any subsequent adjustment; *provided, however*, that on the earlier of the Mandatory Conversion Date, the Acquisition Termination Redemption Date, an Optional Conversion Date and the Effective Date of a Fundamental Change, adjustments to the Fixed Conversion Rates will be made with respect to any such adjustment carried forward that has not been taken into account before such date.

If an adjustment is made to the Fixed Conversion Rates pursuant to this Section (D) 11, an inversely proportional adjustment shall also be made (x) to the Threshold Appreciation Price and the Initial Price solely for purposes of determining which of clauses (i), (ii) and (iii) of the definition of Conversion Rate shall apply on the Mandatory Conversion Date (subject to postponement as described in Section (D) 5(a)), and (y) to the Floor Price. Such adjustment shall be made by dividing each of the Threshold Appreciation Price and the Initial Price by a fraction, the numerator of which shall be either Fixed Conversion Rate immediately after such adjustment pursuant to clause (i), (ii), (iii), (iv) or (v) of Section (D) 11(a) or Section (D) 11(b) and the denominator of which shall be such Fixed Conversion Rate immediately before such adjustment. The Corporation shall make appropriate adjustments to the VWAP per share of Common Stock used to calculate the Applicable Market Value, the Five-Day Average VWAP or the Acquisition Termination Market Value, as the case may be, to account for any adjustments to the Fixed Conversion Rates that became effective during the period in which the Applicable Market Value, the Five-Day Average VWAP or the Acquisition Termination Market Value, as the case may be, is being calculated.

(ii) Notwithstanding Section (D) 11(a), no adjustment to the Fixed Conversion Rates shall be made if Holders participate in the transaction that would otherwise require an adjustment (other than in the case of a share split or share combination), at the same time, upon the same terms and otherwise on the same basis as holders of the Common Stock and solely as a result of holding shares of Series A Preferred Stock, as if such Holders held a number of shares of Common Stock equal to the Maximum Conversion Rate as of the Record Date for such transaction, *multiplied by* the number of shares of Series A Preferred Stock held by such Holders.

(iii) The Fixed Conversion Rates shall not be adjusted except as provided herein. Without limiting the foregoing, the Fixed Conversion Rates shall not be adjusted for:

(A) the issuance of any shares of Common Stock (or rights with respect thereto) pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Corporation's securities and the investment of additional optional amounts in the Common Stock under any plan;

(B) the issuance of any shares of Common Stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan, employee agreement or arrangement or program of the Corporation or any Subsidiaries of the Corporation;

(C) the issuance of any shares of Common Stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security outstanding as of the Issue Date;

(D) a change solely in the par value of the Common Stock;

(E) stock repurchases that are not tender offers, including structured or derivative transactions;

(F) as a result of a tender offer solely to holders of fewer than 100 shares of Common Stock;

(G) a tender or exchange offer by a person other than the Corporation or one or more of its subsidiaries; or

(H) the payment of dividends on the Series A Preferred Stock, whether in cash or in shares of Common Stock.

(iv) The Corporation shall have the power to resolve any ambiguity and its action in so doing, as evidenced by a resolution of the Board of Directors, shall be final and conclusive unless clearly inconsistent with the intent hereof.

(d) *Notice of Adjustment.* Whenever a Fixed Conversion Rate, a Fundamental Change Conversion Rate or an Acquisition Termination Conversion Rate, as applicable, is to be adjusted, the Corporation shall: (i) compute such adjusted Fixed Conversion Rate, Fundamental Change Conversion Rate or Acquisition Termination Conversion Rate, as applicable, and prepare and transmit to the Transfer Agent an Officers' Certificate setting forth such adjusted Fixed Conversion Rate, Fundamental Change Conversion Rate or Acquisition Termination Conversion Rate, as applicable, the method of calculation thereof in reasonable detail and the facts requiring such adjustment and upon which such adjustment is based; (ii) as soon as practicable following the determination of a revised Fixed Conversion Rate, Fundamental Change Conversion Rate or Acquisition Termination Conversion Rate, as applicable, provide, or cause to be provided, a written notice to Holders of the occurrence of such event and (iii) as soon as practicable following the determination of a revised Fixed Conversion Rate, Fundamental Change Conversion Rate or the Acquisition Termination Conversion Rate, as applicable, provide, or cause to be provided, to Holders a statement setting forth

in reasonable detail the method by which the adjustment to such Fixed Conversion Rate, Fundamental Change Conversion Rate or Acquisition Termination Conversion Rate, as applicable, was determined and setting forth such revised Fixed Conversion Rate, Fundamental Change Conversion Rate or Acquisition Termination Conversion Rate, as applicable.

(e) *Recapitalizations, Reclassifications and Changes of the Common Stock.* In the event of:

(A) any reclassification of the Common Stock (other than changes only in par value or resulting from a subdivision or combination);

(B) any consolidation or merger of the Corporation with or into another Person or any statutory exchange or binding share exchange; or

(C) any sale, transfer, lease or conveyance to another Person of all or substantially all of the property and assets of the Corporation and its Subsidiaries;

in each case as a result of which the shares of Common Stock are exchanged for, or converted into, other securities, property or assets (including cash or any combination thereof) (any such event, a “**Reorganization Event**”), then, at the effective time of such Reorganization Event, each share of Series A Preferred Stock outstanding immediately prior to such Reorganization Event shall, without the consent of Holders, become convertible into the kind and amount of such other securities, property or assets (including cash or any combination thereof) that a holder of a number of shares of Common Stock equal to the relevant Conversion Rate immediately prior to such transaction would have owned or been entitled to receive (the “**Exchange Property**”) in such Reorganization Event, and, at the effective time of such Reorganization Event, without the consent of Holders, the Corporation shall amend the Certificate of Incorporation to provide for such change in the convertibility of the Series A Preferred Stock; *provided* that if the kind and amount of Exchange Property receivable upon such Reorganization Event is not the same for each share of Common Stock held immediately prior to such Reorganization Event, then the Exchange Property receivable upon such Reorganization Event shall be deemed to be the weighted average of the types and amounts of consideration received by the holders of the Common Stock that affirmatively make an election with respect to the kind and amount of Exchange Property so receivable (or of all such holders if none makes an election). The Conversion Rate then in effect shall be applied on the applicable Conversion Date to the amount of such Exchange Property received per share of Common Stock in the Reorganization Event (a “**Unit of Exchange Property**”), as determined in accordance with this Section (D) 11(e). For the purpose of determining and calculating the Conversion Rate, the value of a Unit of Exchange Property shall be determined in good faith by the Board of Directors, except that if a Unit of Exchange Property includes common stock or American Depositary Receipts (“**ADRs**”) that are traded on a U.S. national securities exchange, the value of such common stock or ADRs shall be the Applicable Market Value determined with regard to a share of such common stock or a single ADR, as the case may be (or for the purpose of determining the Stock Price on a Fundamental Change Holder Conversion Date, the value of such common stock or ADRs shall be the Five-Day Average VWAP determined with regard to a share of such common stock or a single ADR, as the case may be). For the purpose of paying accumulated and unpaid dividends in Units of Exchange Property in accordance with Section

(D) 4, the value of a Unit of Exchange Property (other than cash) shall equal 97% of the value determined pursuant to the immediately preceding sentence.

The above provisions of this Section (D) 11(e) shall similarly apply to successive Reorganization Events and the provisions of Section (D) 11(a)-(d) shall apply to any shares of capital stock of the Corporation (or of any successor) received by the holders of Common Stock in any such Reorganization Event.

The amendment to the Certificate of Incorporation providing that the Series A Preferred Stock shall be convertible into Exchange Property shall also provide for anti-dilution and other adjustments that are as nearly equivalent as possible to the adjustments described under this Section (D) 11. The Corporation shall not become a party to any Reorganization Event unless the terms of such transaction are consistent with this Section (D) 11(e).

The Corporation (or any successor thereof) shall, as soon as reasonably practicable (but in any event within five Business Days) after the occurrence of any Reorganization Event, provide written notice to Holders of such occurrence of such Reorganization Event and of the kind and amount of the cash, securities or other property that constitute the Exchange Property. Failure to deliver such notice shall not affect the operation of this Section (D) 11(e) or the effectiveness of such Reorganization Event.

12. Liquidation Rights.

(a) *Voluntary or Involuntary Liquidation*. In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, each Holder shall be entitled to receive for each share of Series A Preferred Stock, out of the assets of the Corporation or proceeds thereof (whether capital or surplus) available for distribution to stockholders of the Corporation, subject to the rights of any creditors of the Corporation, before any payment or distribution of such assets or proceeds is made to or set aside for the holders of Common Stock and any other Junior Stock of the Corporation, payment in full in an amount equal to the sum of (x) the Initial Liquidation Preference and (y) an amount equal to any accumulated and unpaid dividends on each share of Series A Preferred Stock, whether or not declared, to (but not including) the date fixed for liquidation, dissolution or winding up (such amounts collectively, the “**Liquidation Preference**”).

(b) *Partial Payment*. If in any distribution described in Section (D) 12(a) the assets of the Corporation or proceeds thereof are not sufficient to pay in full the amounts payable with respect to all outstanding shares of Series A Preferred Stock and any Parity Stock as to such distribution, Holders and the holders of such Parity Stock shall share ratably in any such distribution in proportion to the full accumulated and unpaid respective distributions to which they are entitled.

(c) *Residual Distributions*. After payment of the full amount of the Liquidation Preference, including an amount equal to any accumulated and unpaid dividends, to which they are entitled, Holders will have no right or claim to any of the remaining assets of the Corporation (or proceeds thereof).

(d) *Merger, Consolidation and Sale of Assets Not Liquidation* . For purposes of this Section (D) 12, the merger or consolidation of the Corporation with or into any other corporation or other entity, or the sale, lease or exchange (for cash, securities or other property) of all or substantially all of the assets of the Corporation, shall not constitute a liquidation, dissolution or winding up of the Corporation.

13. Acquisition Termination Redemption.

(a) Within ten Business Days following the earlier of (i) the date on which an Acquisition Termination Event occurs and (ii) April 23, 2018, if the Acquisition has not closed on or prior to such date, the Corporation shall be entitled, but not required, in the sole discretion of the Corporation, to mail a notice of an Acquisition Termination Redemption to Holders (provided that, if the Series A Preferred Stock are held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC). If the Corporation provides such notice of an Acquisition Termination Redemption to Holders, then, on the Acquisition Termination Redemption Date, the Corporation shall be required to redeem the Series A Preferred Stock, in whole but not in part, at a redemption amount per share of Series A Preferred Stock equal to the Acquisition Termination Make-whole Amount.

“**Acquisition Termination Event**” means either (1) the Bard Merger Agreement is terminated or (2) the Corporation shall determine in its reasonable judgment that the Acquisition will not occur.

“**Acquisition Termination Make-whole Amount**” means, for each share of Series A Preferred Stock, an amount in cash equal to \$1,000 *plus* accumulated and unpaid dividends to the Acquisition Termination Redemption Date (whether or not declared); *provided, however,* that if the Acquisition Termination Share Price exceeds the Initial Price, the Acquisition Termination Make-whole Amount will equal the Reference Amount.

“**Acquisition Termination Share Price**” means the average VWAP per share of Common Stock over the 10 consecutive Trading Day period ending on the Trading Day preceding the date on which the Corporation shall provide notice of an Acquisition Termination Redemption to Holders.

The “**Reference Amount**” means, for each share of Series A Preferred Stock, an amount equal to the sum of the following amounts:

- (i) a number of shares of Common Stock equal to the Acquisition Termination Conversion Rate; *plus*
- (ii) cash in an amount equal to the Acquisition Termination Dividend Amount;

provided that the Corporation may pay cash in lieu of delivering all or any portion of shares of Common Stock set forth in clause (i) above, and the Corporation may deliver shares of Common Stock in lieu of paying all or any portion of the cash amount set forth in clause (ii) above, in each case, as set forth in this Section (D) 13.

“**Acquisition Termination Conversion Rate**” means a rate equal to the Fundamental Change Conversion Rate, assuming for such purpose that the date on which the Corporation provides notice of an Acquisition Termination Redemption is the Fundamental Change Effective Date and that the Acquisition Termination Share Price is the Stock Price with respect to such Fundamental Change.

“**Acquisition Termination Dividend Amount**” means an amount of cash equal to the sum of (x) the Fundamental Change Dividend Make-whole Amount and (y) the Accumulated Dividend Amount, assuming in each case, for such purpose, that the date on which the Corporation provides notice of an Acquisition Termination Redemption is the Fundamental Change Effective Date.

(b) If the Acquisition Termination Share Price exceeds the Initial Price, the Corporation may pay cash (computed to the nearest cent) in lieu of delivering all or any portion of the number of shares of Common Stock equal to the Acquisition Termination Conversion Rate. If the Corporation shall make such an election, it shall pay cash (computed to the nearest cent) in an amount equal to such number of shares of Common Stock in respect of which it shall have made such election *multiplied by* the Acquisition Termination Market Value.

(c) If the Acquisition Termination Share Price shall exceed the Initial Price, the Corporation may elect to deliver shares of Common Stock in lieu of paying cash for some or all of the Acquisition Termination Dividend Amount. If the Corporation makes such an election, it shall deliver a number of shares of Common Stock equal to such portion of the Acquisition Termination Dividend Amount to be paid by the delivery of shares of Common Stock, *divided by* the greater of the Floor Price and 97% of the Acquisition Termination Market Value; *provided* that, if the Acquisition Termination Dividend Amount or portion thereof in respect of which shares of Common Stock are delivered exceeds the product of such number of shares of Common Stock *multiplied by* 97% of the Acquisition Termination Market Value, the Corporation shall, if it is legally able to do so, declare and pay such excess amount in cash (computed to the nearest cent).

“**Acquisition Termination Market Value**” means the average VWAP per share of Common Stock over the 20 consecutive Trading Day period commencing on and including the third Trading Day following the date on which the Corporation provides notice of an Acquisition Termination Redemption.

“**Acquisition Termination Redemption Date**” means the date specified by the Corporation in its notice of an Acquisition Termination Redemption that is not less than 30 nor more than 60 days following the date on which the Corporation shall provide notice of such Acquisition Termination Redemption; *provided*, that, if (a) the Acquisition Termination Share Price is greater than the Initial Price and (b)(i) the Corporation shall elect to pay cash in lieu of delivering all or any portion of the shares of Common Stock equal to the Acquisition Termination Conversion Rate, or, (ii) if the Corporation shall elect to deliver shares of Common Stock in lieu of paying all or any portion of the Acquisition Termination Dividend Amount in cash, the Acquisition Termination Redemption Date shall be no earlier than the third Business Day following the last Trading Day of the 20 consecutive Trading Day period used to determine the Acquisition Termination Market Value.

(d) The notice of an Acquisition Termination Redemption shall specify:

(i) the Acquisition Termination Make-whole Amount;

(ii) if the Acquisition Termination Share Price exceeds the Initial Price, the number of shares of Common Stock and the amount of cash comprising the Reference Amount per share of Series A Preferred Stock (before giving effect to any election to pay or deliver, with respect to each share of Series A Preferred Stock, cash in lieu of all or a portion of the number of shares of Common Stock equal to the Acquisition Termination Conversion Rate or shares of Common Stock in lieu of all or a portion of cash in respect of the Acquisition Termination Dividend Amount);

(iii) if applicable, whether the Corporation shall pay cash in lieu of delivering all or any portion of the number of shares of Common Stock equal to the Acquisition Termination Conversion Rate comprising a portion of the Reference Amount (specifying, if applicable, the number of such shares of Common Stock in respect of which cash will be delivered);

(iv) if applicable, whether the Corporation shall deliver shares of Common Stock in lieu of paying cash for all or any portion of the Acquisition Termination Dividend Amount comprising a portion of the Reference Amount (specifying, if applicable, the percentage of the Acquisition Termination Dividend Amount in respect of which shares of Common Stock will be delivered in lieu of cash); and

(v) the Acquisition Termination Redemption Date.

(e) If any portion of the Acquisition Termination Make-whole Amount is to be paid by the delivery of shares of Common Stock, no fractional shares of Common Stock will be delivered to Holders. The Corporation shall instead, to the extent it is legally permitted to do so, pay a cash amount (computed to the nearest cent) to each Holder that would otherwise be entitled to a fraction of a share of Common Stock based on the Average VWAP per share of Common Stock over the five consecutive Trading Day period beginning on, and including, the seventh Scheduled Trading Day immediately preceding the Acquisition Termination Redemption Date. If the Acquisition Termination Redemption date occurs on or prior to the last Trading Day of such five consecutive Trading Day period, payment of the cash payable in lieu of delivery of fractional shares of Common Stock will be deferred until the business day immediately following the last Trading Day of such five consecutive Trading Day period. More than one share of Series A Preferred Stock is to be redeemed from a Holder, the number of shares of Common Stock issuable in connection with the payment of the Reference Amount shall be computed on the basis of the aggregate number of shares of Series A Preferred Stock so redeemed.

(f) All cash payments to which a Holder is entitled in connection with an Acquisition Termination Redemption will be rounded to the nearest cent.

(g) To the extent that the Corporation, in its reasonable judgment, determines that a Shelf Registration Statement is required in connection with the issuance of shares of Common Stock issued as payment of any portion of the Acquisition Termination Make-whole Amount or resales of such shares by Holders thereof that are not “affiliates” of the Corporation (and have not been “affiliates”

during the immediately preceding three months) for purposes of the Securities Act, the Corporation shall, to the extent such a Shelf Registration Statement is not currently filed and effective, use its commercially reasonable efforts to file and maintain the effectiveness of such a Shelf Registration Statement until the earlier of such time as all such shares of Common Stock have been resold thereunder and such time as all such shares would be freely tradable pursuant to Rule 144 under the Securities Act without registration by holders thereof that are not “affiliates” of the Corporation (and have not been “affiliates” of the Corporation during the immediately preceding three months) for purposes of the Securities Act. To the extent applicable, the Corporation shall also use its commercially reasonable efforts to have such shares of Common Stock qualified or registered under applicable state securities laws, if required, and approved for listing on the NYSE (or if the Common Stock is not then listed on the NYSE, on the principal other U.S. national or regional securities exchange on which the Common Stock is then listed).

(h) Other than pursuant to the Acquisition Termination Redemption provisions described above, the Series A Preferred Stock will not be redeemable.

14. *Status of Converted or Repurchased Shares.* Shares of Series A Preferred Stock that are duly converted in accordance herewith or repurchased or otherwise acquired by the Corporation shall revert to authorized but unissued shares of Preferred Stock, undesignated as to series and available for future issuance; *provided* that any such cancelled shares of Series A Preferred Stock may be reissued only as shares of any series of Preferred Stock other than Series A Preferred Stock.

15. *Voting Rights.*

(a) *General.* Holders shall not have any voting rights in respect of their shares of Series A Preferred Stock except as set forth herein or as otherwise from time to time required by law. Except as provided herein with respect to voting rights allocated *pro rata* with other classes or series of Parity Stock based on the liquidation preference of each such class or series, Holders will be entitled to one vote for each such share on any matter on which Holders are entitled to vote, including any action by written consent.

(b) *Preferred Directors.* Whenever, at any time or times, dividends payable on the shares of Series A Preferred Stock have not been paid for an aggregate of six or more Dividend Periods, whether or not consecutive (an “**Event of Non-payment**”), Holders will have the right, with holders of shares of any one or more other classes or series of outstanding Parity Stock upon which like voting rights have been conferred and are exercisable at the time, voting together as a class (and with voting rights allocated *pro rata* based on the liquidation preference of each such class or series), to elect two directors (together, the “**Preferred Directors**” and each, a “**Preferred Director**”) at the next annual meeting or special meeting of the Corporation’s stockholders and at each subsequent annual meeting or special meeting of the Corporation’s stockholders until all accumulated and unpaid dividends have been paid in full on Series A Preferred Stock, at which time such right will terminate, except as otherwise provided herein or expressly provided by law, subject to re-vesting in the event of each and every Event of Non-payment; *provided* that it will be a qualification for election for any Preferred Director that the election of such Preferred Director will not cause the Corporation to violate any corporate governance requirements of any securities exchange or other trading facility

on which the Corporation's equity securities may then be listed or traded, including that the Corporation have a majority of independent directors.

Upon any termination of the right set forth in the immediately preceding paragraph, the Preferred Directors shall cease to be qualified as directors, the term of office of all Preferred Directors then in office shall terminate immediately and the authorized number of directors shall be reduced by the number of Preferred Directors elected as described above.

Any Preferred Director may be removed at any time, with or without cause, and any vacancy created thereby may be filled, only at a meeting of the Corporation's stockholders at which this is a permitted action by the affirmative vote of Holders of a majority in voting power of the shares of Series A Preferred Stock at the time outstanding voting separately as a class together with the holders of shares of Parity Stock upon which like voting rights have been conferred and are exercisable at the time (and with voting rights allocated *pro rata* based on the liquidation preference of each such class or series), to the extent the voting rights of such Holders described above are then exercisable. If the office of any Preferred Director becomes vacant for any reason other than removal from office as described above, the remaining Preferred Director may choose a successor who will hold office for the unexpired term in respect of which such vacancy occurred.

At any time after the right of Holders to elect Preferred Directors has become vested and is continuing but a meeting of the Corporation's stockholders to elect such Preferred Directors has not yet been held, or if a vacancy shall exist in the office of any such Preferred Director that has not been filled by the remaining Preferred Director, the Board of Directors may, but shall not be required to, call a special meeting of Holders and the holders of any one or more classes or series of outstanding Parity Stock upon which like voting rights have been conferred and are exercisable at the time, for the purpose of electing the Preferred Directors that such Holders and holders are entitled to elect; *provided* that in the event the Board of Directors does not call such special meeting, such election will be held at the next annual meeting. At any such meeting held for the purpose of electing such Preferred Director or Preferred Directors, as the case may be, (whether at an annual meeting or special meeting), the presence in person or by proxy of Holders and holders of shares representing at least a majority of the voting power of the Series A Preferred Stock and any Parity Stock having similar voting rights shall be required to constitute a quorum of the Series A Preferred Stock and any Parity Stock having similar voting rights. The affirmative vote of Holders and the holders of any Parity Stock having similar voting rights constituting a majority of the voting power of such shares present at such meeting, in person or by proxy, shall be sufficient to elect any such Preferred Director.

(c) Voting Rights as to Particular Matters. In addition to any other vote or consent of stockholders required by law or herein, so long as any shares of Series A Preferred Stock remain outstanding, the Corporation will not, without the affirmative vote or consent of Holders of at least two-thirds in voting power of the shares of Series A Preferred Stock at the time outstanding and all other Parity Stock having similar voting rights that are exercisable at the time (subject to the last paragraph of this Section (D) 15(c)), voting together as a single class (and with voting rights allocated *pro rata* based on the liquidation preference of each such class or series), given in person or by proxy,

either by vote at any meeting called for such purpose, or by written consent in lieu of such meeting, shall be necessary for effecting or validating:

(i) Authorization of Senior Stock. Any amendment or alteration of the Certificate of Incorporation to authorize or create or increase the authorized amount of, or any issuance of, any shares of, or any securities convertible into or exchangeable or exercisable for shares of, any class or series of capital stock of the Corporation ranking senior to Series A Preferred Stock with respect to either or both the payment of dividends and/or the rights to distribution of assets on any liquidation, dissolution or winding up of the Corporation (“**Senior Stock**”);

(ii) Amendment of Series A Preferred Stock. Any amendment, alteration or repeal of any provision of the Certificate of Incorporation (including, unless no vote on such merger or consolidation is required in accordance with Section (D) 15(c)(iii), any amendment, alteration or repeal by means of a merger, consolidation or otherwise) so as to adversely affect the rights, preferences, privileges or voting powers of the Series A Preferred Stock; or

(iii) Share Exchanges, Reclassifications, Mergers and Consolidations. Any consummation of a binding share exchange, a reclassification involving the Series A Preferred Stock, or a merger or consolidation of the Corporation with or into another corporation or other entity, unless in each case (x) the Series A Preferred Stock remains outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, is converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (y) the Series A Preferred Stock remaining outstanding or such new preference securities, as the case may be, have such rights, preferences, privileges and voting powers, and limitations and restrictions thereof, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers, and limitations and restrictions thereof, of Series A Preferred Stock immediately prior to such consummation, taken as a whole;

provided, however, that for all purposes of this Section (D) 15(c), the creation and issuance, or an increase in the authorized or issued amount, whether pursuant to pre-emptive or similar rights or otherwise, of any series of Preferred Stock, or any securities convertible into or exchangeable or exercisable for any other series of Preferred Stock (including the Series A Preferred Stock), ranking equally with and/or junior to Series A Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and the rights to distribution of assets upon liquidation, dissolution or winding up of the Corporation shall not be deemed to adversely affect the rights, preferences, privileges or voting powers, and shall not require the affirmative vote or consent of, Holders.

If any amendment, alteration, repeal, share exchange, reclassification, merger or consolidation specified in this Section (D) 15(c) would adversely affect one or more but not all series of Parity Stock (including the Series A Preferred Stock for this purpose), then only the one or more series of Parity Stock adversely affected and entitled to vote, rather than all series of Parity Stock, shall vote as a class.

Without the consent of Holders, so long as such action does not adversely affect the special rights, preferences, privileges or voting powers of the Series A Preferred Stock, and limitations and restrictions thereof, the Corporation may amend, alter, supplement, or repeal any terms of the Series A Preferred Stock for the following purposes:

(i) to cure any ambiguity or mistake, or to correct or supplement any provision contained in this Article IV, Section (D) that may be defective or inconsistent with any other provision contained in this Article IV, Section (D);

(ii) to make any provision with respect to matters or questions relating to the Series A Preferred Stock that is not inconsistent with the provisions of this Article IV, Section (D); or

(iii) to waive any rights of the Corporation with respect thereto;

provided that any such amendment, alteration, supplement or repeal of any terms of the Series A Preferred Stock effected in order to conform the terms thereof to the description of the terms of the Series A Preferred Stock set forth under “Description of Mandatory Convertible Preferred Stock” in the Prospectus Supplement, shall not be deemed to adversely affect the special rights, preferences, privileges and voting powers, and limitations and restrictions thereof, of the Series A Preferred Stock.

(d) *Procedures for Voting and Consents* . The rules and procedures for calling and conducting any meeting of Holders (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Certificate of Incorporation, the Bylaws, applicable law and the rules of any national securities exchange or other trading facility on which the Series A Preferred Stock is listed or traded at the time.

16. *Record Holders.* To the fullest extent permitted by applicable law, the Corporation and the Transfer Agent may deem and treat the Record Holder of any share of Series A Preferred Stock as the absolute, true and lawful owner thereof for all purposes, including, without limitation, for purposes of making payment and settling conversions, to the fullest extent permitted by law and neither the Corporation nor the Transfer Agent shall be affected by any notice to the contrary.

17. *Notices.* All notices or communications in respect of Series A Preferred Stock shall be sufficiently given if given in writing and delivered in person or by first class mail, postage prepaid, or if given in such other manner as may be permitted in the Certificate of Incorporation, the Bylaws or by applicable law. Notwithstanding the foregoing, if shares of Series A Preferred Stock are issued in book-entry form through DTC or any similar facility, such notices may be given to Holders in any manner permitted by such facility.

18. *No Pre-emptive Rights; No Redemption Right.* No share of Series A Preferred Stock or share of Common Stock issued upon conversion of the Series A Preferred Stock shall have any rights of preemption whatsoever as to any securities of the Corporation, or any warrants, rights or options

issued or granted with respect thereto, regardless of how such securities, or such warrants, rights or options, may be designated, issued or granted. Except as set forth in Section (D) 13, the Series A Preferred Stock is not redeemable.

19. Replacement Stock Certificates.

(a) If physical certificates are issued, and any of the Series A Preferred Stock certificates shall be mutilated, lost, stolen or destroyed, the Corporation shall, at the expense of the Holder thereof, issue, in exchange and in substitution for and upon cancellation of the mutilated Series A Preferred Stock certificate, or in lieu of and substitution for the lost, stolen or destroyed Series A Preferred Stock certificate, a new Series A Preferred Stock certificate of like tenor and representing an equivalent amount of shares of Series A Preferred Stock, but only upon receipt of evidence of such loss, theft or destruction of such Series A Preferred Stock certificate and indemnity, if requested, satisfactory to the Corporation and the Transfer Agent.

(b) The Corporation is not required to issue any certificate representing the Series A Preferred Stock on or after the Mandatory Conversion Date (subject to postponement as described in Section (D) 5(a)). In lieu of the delivery of a replacement certificate following the Mandatory Conversion Date (subject to postponement as described in Section (D) 5(a)), the Transfer Agent, upon delivery of the evidence and indemnity described in clause (a) above, shall deliver the shares of Common Stock issuable, along with any other consideration payable or deliverable, pursuant to the terms of the Series A Preferred Stock formerly evidenced by the certificate.

20. Transfer Agent, Registrar, Conversion and Dividend Disbursing Agent. The duly appointed Transfer Agent, Registrar, Conversion and Dividend Disbursing Agent for the Series A Preferred Stock shall be Computershare Trust Company, N.A. The Corporation may, in its sole discretion, remove the Transfer Agent in accordance with the agreement between the Corporation and the Transfer Agent; *provided* that the Corporation shall appoint a successor transfer agent who shall accept such appointment prior to the effectiveness of such removal. Upon any such removal or appointment, the Corporation shall send notice thereof by first-class mail, postage prepaid, to Holders.

21. Stock Certificates. Shares of Series A Preferred Stock shall be represented by stock certificates substantially in the form set forth as Exhibit 1 hereto.

22. Signature. An Officer permitted by applicable law shall sign each stock certificate representing shares of the Series A Preferred Stock for the Corporation, in accordance with the Corporation's Bylaws and applicable law, by manual or facsimile signature. If an Officer whose signature is on a stock certificate representing shares of the Series A Preferred Stock no longer holds that office at the time the Registrar countersigned such stock certificate, such stock certificate shall be valid nevertheless. A stock certificate representing shares of the Series A Preferred Stock shall not be valid until an authorized signatory of the Registrar manually countersigns such stock certificate. Each such stock certificate shall be dated the date of its countersignature.

23. *Stock Transfer and Stamp Taxes.* The Corporation shall pay any and all stock transfer and documentary stamp taxes that may be payable in respect of any issuance or delivery of shares of Series A Preferred Stock or shares of Common Stock or other securities issued on account of Series A Preferred Stock pursuant hereto or certificates representing such shares or securities. The Corporation shall not, however, be required to pay any such tax that may be payable in respect of any transfer involved in the issuance or delivery of shares of Series A Preferred Stock or Common Stock or other securities in a name other than that in which the shares of Series A Preferred Stock with respect to which such shares or other securities are issued or delivered were registered, or in respect of any payment to any Person other than a payment to the Holder thereof, and shall not be required to make any such issuance, delivery or payment unless and until the Person otherwise entitled to such issuance, delivery or payment has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid or is not payable.

24. *Listing.* The Corporation hereby covenants and agrees that, if its listing application for the Depository Shares is approved, upon such listing, the Corporation shall use its reasonable best efforts to keep the Depository Shares listed on the NYSE.

25. *Ranking.* Notwithstanding anything in this Article IV, Section (D) to the contrary, the Series A Preferred Stock will, with respect to dividend rights and rights to distribution of assets upon the liquidation, winding-up or dissolution of the Corporation rank (i) senior to any Junior Stock, (ii) on parity with any Parity Stock and (iii) junior to any Senior Stock and the Corporation's existing and future indebtedness and other liabilities (including trade payables).

26. *Other Rights.* The shares of Series A Preferred Stock shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein, in the Prospectus Supplement or as provided by applicable law.

ARTICLE V. The business and affairs of the Corporation shall be managed by a Board of Directors consisting of not less than three nor more than twenty-one directors, the exact number of directors to be determined from time to time by resolution adopted by affirmative vote of a majority of the entire Board of Directors. A director shall hold office until his or her term expires and until his or her successor shall have been elected and qualified, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

Commencing at the annual meeting of shareholders that is held in calendar year 2009 (the "2009 Annual Meeting"), directors shall be elected annually for terms of one year, except that any director in office at the 2009 Annual Meeting whose term expires at the annual meeting of shareholders held in calendar year 2010 or calendar year 2011 (a "Continuing Classified Director") shall continue to hold office until the end of the term for which such director was previously elected and until such director's successor shall have been elected and qualified.

Except as otherwise required by law, until the term of a Continuing Classified Director expires or otherwise terminates as aforesaid, such Continuing Classified Director may be removed from

office by the shareholders of the Company only for cause pursuant to the applicable provisions of the New Jersey Business Corporation Act.

A director elected by shareholders at the 2009 Annual Meeting or at a subsequent annual meeting of shareholders to fill a newly-created directorship or other vacancy shall serve a term expiring at the next annual meeting of shareholders and until such director's successor shall have been elected and qualified. Any vacancy on the Board of Directors that results from an increase in the number of directors and any other vacancy occurring in the board of Directors may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Any director so elected by the Board of Directors shall hold office until the next succeeding annual meeting of shareholders and until his or her successor shall have been elected and qualified.

Notwithstanding the foregoing, whenever the holders of any one or more classes or series of Preferred Stock issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of shareholders, the election, filling of vacancies and other features of such directorships shall be governed by the terms of this Restated Certificate of Incorporation applicable thereto.

The Board of Directors shall have the power to remove a director for cause and suspend a director pending a final determination that cause exists for removal.

ARTICLE VI. [DELETED]

ARTICLE VII. The number of directors constituting the current Board of Directors is fifteen. The name and address of each member of the Board is as follows

Catherine M. Burzik	c/o Becton, Dickinson and Company 1 Becton Drive, MC 079 Franklin Lakes, New Jersey 07417-1880
R. Andrew Eckert	c/o Becton, Dickinson and Company 1 Becton Drive, MC 079 Franklin Lakes, New Jersey 07417-1880
Vincent A. Forlenza	c/o Becton, Dickinson and Company 1 Becton Drive, MC 079 Franklin Lakes, New Jersey 07417-1880
Claire M. Fraser	c/o Becton, Dickinson and Company 1 Becton Drive, MC 079 Franklin Lakes, New Jersey 07417-1880

Jeffrey W. Henderson

c/o Becton, Dickinson and Company
1 Becton Drive, MC 079
Franklin Lakes, New Jersey 07417-1880

Christopher Jones

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ARTICLE VIII. This Restated Certificate of Incorporation shall become effective upon filing.

ARTICLE IX. A director of the Corporation shall not be personally liable to the Corporation or its shareholders for damages for breach of any duty owed to the Corporation or its shareholders, except that this Article IX shall not relieve a director from liability for any breach of duty based upon an act or omission (a) in breach of such person's duty of loyalty to the Corporation or its shareholders, (b) not in good faith or involving a knowing violation of law or (c) resulting in receipt by such person of an improper personal benefit. If the New Jersey Business Corporation Act is amended after the effective date hereof to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall automatically be further eliminated

or limited to the fullest extent permitted by the New Jersey Business Corporation Act, as so amended from time to time.

ARTICLE X. An officer of the Corporation shall not be personally liable to the Corporation or its shareholders for damages for breach of any duty owed to the Corporation or its shareholders, except that this Article X shall not relieve an officer from liability for any breach of duty based upon an act or omission (a) in breach of such person's duty of loyalty to the Corporation or its shareholders, (b) not in good faith or involving a knowing violation of law or (c) resulting in receipt by such person of an improper personal benefit. If the New Jersey Business Corporation Act is amended after the effective date hereof to authorize corporate action further eliminating or limiting the personal liability of officers, then the liability of an officer of the Corporation shall automatically be further eliminated or limited to the fullest extent permitted by the New Jersey Business Corporation Act, as so amended from time to time. This Article X shall remain in effect only so long as the provisions hereof are authorized by the New Jersey Business Corporation Act, as amended from time to time, or other applicable law.

ARTICLE XI. Any matter for which a vote of holders of the Corporation's Common Stock shall be required under Section 14A:9-2 (amendment of certificate of incorporation), Section 14A:10-3 (plan of merger or plan of consolidation), Section 14A:10-11 (disposition of all, or substantially all, assets), Section 14A:10-13 (share exchange), and Section 14A:12-4 (dissolution by action of the board and shareholders) of the New Jersey Business Corporation Act shall be approved by the affirmative vote of a majority of the votes cast by the holders of shares of Common Stock entitled to vote thereon.

IN WITNESS WHEREOF, the undersigned has signed this Restated Certificate of Incorporation this 30th day of January, 2019.

BECTON, DICKINSON AND COMPANY

/s/ Gary DeFazio

Gary DeFazio

Senior Vice President & Corporate Secretary



March 27, 2018

Patrick Kaltenbach
16510 Shady View Ln
Los Gatos, CA 95032

Dear Patrick:

Congratulations on your offer of employment! Becton, Dickinson and Company (BD) is a leading medical technology company that delivers clinically proven products and services to improve patient care. We are a global company that fosters close relationships with our customers to better understand their respective businesses and helps solve healthcare's most difficult challenges. We take great pride in hiring individuals who have the talent, drive and commitment to make health care better for our customers. We are extremely delighted to have you join our team.

I am pleased to confirm in writing our offer of employment to you. The details of your offer are as follows:

Position: Your position is EVP & President Life Sciences Segment, reporting directly to me. Your position is classified as a Job Group 9. Positions are assigned to Job Groups according to the scope and impact of the position.

We recommended at the recent Board of Directors meeting your designation as both a "Corporate Officer" and an "Executive Officer" of the company. You will become a member of both the Management Committee and BD Leadership Team.

Start Date: Your first day of employment will be April 9, 2018.

Pay: Your base annual rate of pay will be \$650,000, subject to review and modification from time to time in accordance with standard Company practices. Associates are paid every other Friday. The two week pay period starts on Sunday and ends on the Saturday of the pay week.

Sign-On Bonus: You will receive a sign-on cash bonus of \$1,500,000 (less applicable taxes), payable within 30 days following your start date. Your sign-on bonus is conditioned upon your continued employment with BD for twelve months following receipt of the payment. If you voluntarily terminate your employment within twelve months of the award, you will be required to reimburse the Company, within 60 days of termination date, a pro-rated portion of the respective sign-on bonus based on months of completed service.

Sign-on Equity Bonus: In addition to your annual long-term incentive (LTI) grant, you will receive a new hire LTI grant valued at \$2,800,000 subject to approval of the BD Board of Directors at their first meeting after your start date. The grant will be made in Time Vested Units (TVUs), Performance Units (PSUs), and Stock Appreciation Rights (SARs). You will receive a second new hire LTI grant valued at \$2,800,000 approximately one year following your date of hire made entirely

in TVUs. TVUs vest one third (1/3) per year after the grant date, PSUs vest 100% after three years, and SARs vest one fourth (1/4) per year after the grant date.

Additionally, if Agilent's November 2018 Performance Unit grant payout exceeds 100%, you will receive a cash payment in January 2019 up to \$750,000 (less applicable taxes) to cover the difference. Similarly, if Agilent's November 2019 Performance Unit grant payout exceeds 100%, you will receive a second cash payment in January 2020 up to \$750,000 (less applicable taxes) to cover the difference. Timing of both payments is dependent on Agilent's public disclosure of the level of applicable performance unit payout.

Additional Cash Payments:

You will receive 3 cash payments totaling \$425,000 (less applicable taxes) to cover the 10% compounded interest return on the cash flow shortage for the first 3 years of employment. The 3 cash payments will be made in November 2018, November 2019, and November 2020 in an amount proportional to the compounded interest return on the cash flow shortage for that year.

Rewards: You are eligible for a comprehensive, competitive compensation program that rewards talented associates for their performance.

We offer a comprehensive benefits package to eligible associates and their dependents, including Medical, Dental, Life insurance programs, a competitive 401(k) plan with company match and various other insurance programs. Each of these is either fully paid by BD or offered subject to an employee contribution as of the associate's first day of employment. According to IRS regulations, you will have 31 days from the date of hire to make benefit elections for the remainder of the calendar year. Details regarding these plans will follow shortly under separate mailing from our benefits administrator, Benefits Direct. If you have not received this information two weeks after your start date, please contact Benefits Direct at 1-800-234-9855 and speak with a Customer Service Representative.

Performance Incentive Plan (PIP): You will be eligible to participate in the Company's short-term incentive plan, which is known as the PIP. Your PIP target for the current Fiscal Year ending September 30 will be 80% of your current Fiscal Year ending Base Salary (prorated from your start date). PIP payouts may range from zero to double the incentive opportunity and are earned based on achievement of company financial goals and individual associate performance. Your PIP award is discretionary; there is no guarantee that an associate will receive a PIP payment in a particular year.

Long-Term Incentive Program (LTI): Under the 2004 Employee and Director Equity-Based Compensation Plan, you will be eligible to participate in BD's discretionary LTI program. The LTI program provides associates with a potential opportunity to build wealth and share in the success of the Company through the achievement of strategic objectives. The target grant award value for your position is \$2,050,000. Annual LTI awards are determined based on individual associate performance and anticipated future contributions. Grants for each fiscal year are typically approved by the BD Board of Directors. There is no guarantee that an associate will receive an LTI award in a particular year.

Deferred Compensation Plan: You will be eligible to participate in the non-qualified BD Deferred Compensation Plan, which enables you to save over the IRS limits in the qualified 401(k) plan. You may elect to enroll in this plan within 30 days from the first day of your employment or annually in December. You may contribute up to 50% of your total eligible base pay and 100% of your eligible bonus compensation. Enrollment information will be sent to you by Fidelity Investments, our financial benefits service provider.

BD Share Retention and Ownership: Your position is subject to the BD Share Retention and Ownership Guidelines. Under the guidelines, you will be expected to hold in BD shares at least 75% of the net after-tax gain or net after-tax shares distributed to you from any equity-based compensation awards you have received until you have achieved and can maintain an ownership multiple of three (3.0) times your annual salary. More information will follow under separate cover.

Change in Control: You will receive from the Corporate Secretary's office and will be expected to sign a Change of Control Agreement that will increase your benefit should a change in control occur per the terms of the agreement.

Paid Time Off: You will be eligible for 30 days of vacation.

Tax Return Services: BD will pay the costs for its designated tax services partner to prepare and file your home and host country income tax returns for two years.

Mortgage Subsidy: BD will assume the remainder of your mortgage subsidy benefit to assist you with the cost of housing by subsidizing your mortgage payment and lowering your monthly interest rate and payment. If you leave the Company, the subsidy payment ceases and the interest rate reverts to the original note rate. Any remaining portion of the subsidy will revert to the Company. This benefit is directly paid by BD and is not exchangeable for other services or cash. A preferred lender must be used to receive this benefit.

Immigration Consideration: All offers of employment and continued employment are contingent upon an individual's ability to secure and maintain the legal right to work at BD, including work authorization. If efforts at securing this authorization should fail, the offer of employment is withdrawn with no liability to the Company for any expenses incurred, time spent or other inconvenience to the job applicant.

Ethics: As a company founded on a core set of values, we ask you to review the Company Code of Conduct and be prepared to sign an acknowledgement during your onboarding process.

At-Will Employment: While it is hoped that your association with BD is long lasting, the employment relationship between you and the Company is "at will." This means that your employment is not for any definite period of time and the Company or you may terminate your employment at any time, with or without notice, for any reason. Your at-will status is not subject to change without an express written agreement signed by an officer of the Company. There shall be no contract, expressed or implied, of employment.

Screening: Consistent with our policies for all BD personnel and the special consideration of our industry, this offer is contingent upon you taking a company paid drug screening test, the results of which must be negative, undergoing a motor vehicle record check (if applicable for the position), as well as completing a background check. These items must be completed prior to the above start date. If we do not receive the results prior to the above date, we will notify you to discuss an alternative start date.

Confidentiality Agreement and Agreement to Protect Company Assets: Your employment is contingent upon you signing the BD Confidentiality Agreement and Agreement to Protect Company Assets, if applicable. You will be asked to sign this document, once you receive the onboarding packet.

You understand that BD's offer of employment is based on your general skills and abilities and not because of your knowledge or possession, if any, of confidential or proprietary information of any former employer, customer, or other third party. You hereby certify that, by the time you become a BD associate, you will have returned all property, data and documents, whether electronic, paper, or other form, of any former employer, customer, or other third party. You agree (a) not to disclose or use, directly or indirectly, in furtherance of your employment with BD, any confidential or proprietary information, whether in electronic, paper, or other form, that you obtained through your employment with any previous employer(s) and (b) to comply with and abide by the BD Confidentiality Agreement and Agreement to Protect Company Assets, if applicable.

If you have any questions, please feel free to call Dan Charlebois 201-847-6157 or email Daniel.charlebois@BD.com. I'm looking forward to working together to make health care better.

Sincerely,

Thomas Polen
President of BD

I accept the above offer of employment:

Patrick Kaltenbach

Date

BD DEFERRED COMPENSATION AND RETIREMENT BENEFIT RESTORATION PLAN

Effective January 1, 2019

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BD DEFERRED COMPENSATION AND RETIREMENT BENEFIT RESTORATION PLAN

Amended and Restated as of January 1, 2019

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.

Effective as of October 1, 2009, the Plan was amended to allow Participants to change their Investment Elections on a daily basis.

Effective as of January 1, 2010, the Plan was amended to limit future hypothetical investment in Common Stock.

Effective as of January 1, 2013, the Plan was amended to reflect the conversion of certain Participants' Retirement Plan benefits from being calculated using the final average pay formula under the Retirement Plan to being calculated using the cash balance formula under the Retirement Plan and to reflect certain administrative practices.

Effective as of January 1, 2014, the Plan was amended to reflect certain design changes related to Plan eligibility. In addition, effective for deferrals made on and after January 1, 2014, the Plan was amended to reflect certain changes related to deferral elections and Company Matching Credits.

Effective as of January 1, 2016, the Plan was amended to clarify certain changes related to deferral elections and Company Matching Credits.

Effective as of January 1, 2017, the Plan was amended and restated to rename the Plan as the BD Deferred Compensation and Retirement Benefit Restoration Plan, to eliminate the 15-year annual installment distribution option with respect to amounts deferred on or after January 1, 2017, and to clarify the eligibility to receive certain in-kind distributions of Common Stock of the Company. In addition, effective as of January 1, 2017, the CareFusion Corporation Deferred Compensation Plan was merged into the Plan.

Effective as of January 1, 2018, the Plan was amended and restated to limit eligibility for Restoration Plan Benefits and to add an annual non-elective Company crediting allocation for eligible Participants who are eligible for 401(k) Plan Non-Elective Contributions and whose Total Eligible Compensation during the applicable year exceeds the limitation on compensation required under Code Section 401(a)(17).

Effective as of January 1, 2019, the Plan was amended and restated to reflect the addition of C. R. Bard, Inc. as a participating employer in the Plan, and to incorporate certain amendments that became effective in 2018.

ARTICLE I
Definitions

Section“401(k) Plan” means the BD 401(k) Plan.
1.1

Section“401(k) Plan Non-Elective Contributions” means Company Non-Elective Contributions (as defined in the 401(k) Plan).
1.2

Section“Account” or “Accounts” means the bookkeeping account or accounts established under the Plan, if any, on behalf of a Participant and
1.3 includes earnings credited thereon or losses charged thereto.

Section“Agreement” means an agreement entered into between an Eligible Employee and the Company, as agreed to by the Compensation and
1.4 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“Annual Open Enrollment Period” means the annual period designated by the Committee, which ends not later than the December 31
1.5 of a Plan Year, during which a Participant may make or change deferral and/or distribution elections under this Plan.

Section“Base Salary” means the base salary or wages otherwise taken into account under the 401(k) Plan, determined in accordance with the
1.6 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“Beneficiary” or “Beneficiaries” means the beneficiary or beneficiaries who, pursuant to the provisions of this Plan, is or are to receive
1.7 the amount, if any, payable under this Plan upon the death of a Participant.

Section“Board of Directors” means the Board of Directors of the Company.
1.8

Section“Bonus” means the annual bonus payable under the Company’s Performance Incentive Plan, or any successor thereto.
1.9

Section“Change in Control” of the Company means any of the following events:
1.10

(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 1.10, 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 1.10(3)(A), 1.10(3)(B) and 1.10(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“Code” means the Internal Revenue Code of 1986, as amended, or any successor statute.

1.11

Section“Committee” means the Plan Administrative Committee, which 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.

1.12

Section“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.

1.13

Section“Company” means Becton, Dickinson and Company and any successor to such corporation by merger, purchase or otherwise.

1.14

Section“Company Discretionary Credits” means the amounts credited to a Participant’s Company Discretionary Credit Account, if any, pursuant to Section 3.5.

1.15

Section“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 V.

1.16

Section“Company Matching Credits” means the amounts credited to a Participant’s Company Matching Credit Account, if any, pursuant to Section 3.4.

1.17

Section“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 V.

1.18

Section“Company Non-Elective Credits” means the amounts credited to a Participant’s Company Non-Elective Credit Account, if any, pursuant to Section 3.6.
1.19

Section“Company Non-Elective Credit Account” means the bookkeeping account established under Section 3.6, if any, on behalf of a Participant and includes any earnings credited thereon or losses charged thereto pursuant to Article V.
1.20

Section“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.
1.21

Section“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.
1.22

Section“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 V.
1.23

Section“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.
1.24

Section“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.
1.25

Section“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).
1.26

Section“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.
1.27

Section“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 3.7.
1.28

Section“Deferred Restoration Distribution Account” means the bookkeeping account established under Section 3.7 on behalf of a Participant, and includes any earnings credited thereon or losses charged thereto pursuant to Article V.
1.29

Section“Deferred Restoration Distribution Election” means the election by a Participant under Section 3.7 to defer all or a portion of the Participant’s distributable Restoration Plan Benefit.
1.30

Section“Deferred Salary” means the amount of a Participant’s Base Salary that such Participant has elected to defer until a later year pursuant
1.31 to an election under Section 3.1.

Section“Deferred Salary Account” means the bookkeeping account established under Section 3.1 on behalf of a Participant, and includes any
1.32 earnings credited thereon or losses charged thereto pursuant to Article V.

Section“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
1.33 Salary.

Section“Deferred Stock Account” means the bookkeeping account established under Section 5.3(b) on behalf of a Participant and includes, in
1.34 addition to amounts stated in that Section, any Dividend Reinvestment Return credited thereon.

Section“Deferred Stock Election” means the election by a Participant under Section 5.3(b) to have applicable deferred amounts credited in the
1.35 form of Common Stock to the Participant’s Deferred Stock Account.

Section“Disability” means a Participant’s total disability as defined below and determined in a manner consistent with Code Section 409A and
1.36 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“Disabled” means that a Participant is totally and permanently disabled as defined in the Company’s Long-Term Disability Plan. With
1.37 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“Dividend Reinvestment Return” means the amounts which are credited to each Participant’s Deferred Stock Account pursuant to
1.38 Section 5.3(b) to reflect dividends declared by the Company on its Common Stock.

Section“Equity-Based Compensation” means (i) November 24, 2003, awards granted under the Stock Award Plan and (ii) Restricted Stock
1.39 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“Equity-Based Compensation Plan” means the Becton, Dickinson and Company 2004 Employee and Director Equity-Based
1.40 Compensation Plan.

Section“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute.
1.41

Section“Fiscal Year” means the fiscal year of the Company, which currently is the twelve-month period commencing on the first day of
1.42 October and ending on the last day of September of the following calendar year.

Section“Grandfathered Deferred Compensation Plan Deferrals” means amounts deferred under the terms of this Plan as in effect as of
1.43 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“Grandfathered Restoration Plan Benefit” means amounts deferred under the terms of the Restoration Plan as in effect as of December
1.44 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 Retirement
Plan and shall otherwise be made in accordance with Reg. §1.409A-6(a)(3)(i).

Section“Group” means the Company and any other company which is related to the Company as a member of a controlled group of corporations in accordance with Section 414(b) of the Code, as a trade or business under common control in accordance with Section 414(c) of the Code or any other entity to the extent it is required to be treated as part of the Group in accordance with Section 414(o) of the Code and any regulations thereunder, or any organization which is part of an affiliated service group in accordance with Section 414(m) of the Code. For the purposes under the Plan of determining whether or not a person is a Participant and the period of employment of such person, each such company shall be included in the “Group” only for such period or periods during which such other company is a member of the controlled group or under common control.

Section“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“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“Other Stock-Based Awards” means awards granted under Section 9 of the Equity-Based Compensation Plan.

Section“Participant” means a common law employee of the Company who meets the eligibility and participation requirements set forth in Article II.

Section“Performance Units” means awards granted under Section 8 of the Equity-Based Compensation Plan.

Section“Plan” means the BD 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“Plan Year” means the calendar year.

Section“Restricted Stock Units” means Restricted Stock Units granted under Section 7 of the Equity-Based Compensation Plan.

Section“Restoration Plan” means the Becton, Dickinson and Company Retirement Benefit Restoration Plan, as amended and restated from time to time.

Section“Restoration Plan Benefit” means the Participant’s benefit described in Article IV of this Plan.

1.55

Section“Retirement Plan” means the BD Retirement Plan, as it may be amended and restated from time to time.

1.56

Section“Retirement Plan Participating Employer” means the Company or a member of the Group that has (i) adopted the Retirement Plan as of, or after, January 1, 2018 or (ii) adopted the Employees’ Retirement Plan of C. R. Bard, Inc. as of, or after, January 1, 2019.

Section“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“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“Spouse” means the individual to whom the Participant is legally married on the date of death or other benefit commencement.

1.60

Section“Stock Award Plan” means the Becton, Dickinson and Company Stock Award Plan as the same may be amended from time to time.

1.61

Section“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“Total Eligible Compensation” means the base salary or wages and bonus otherwise taken into account under the 401(k) Plan, 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; provided, however, that Total Eligible Compensation for a Plan Year shall not exceed three (3) times the dollar limit otherwise in effect for such Plan Year under Code Section 401(a)(17).

ARTICLE II
Eligibility and Participation

Section Eligibility.
2.1

- (a) Only “Eligible Employees” and “Eligible Non-Pension Employees” who meet the conditions of this Article II shall be eligible to become a Participant in this Plan.
- (b) 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 3.7 (*i.e.*, eligibility for the restoration portion of the Plan). Notwithstanding the foregoing, effective January 1, 2018, Eligible Non-Pension Employees will not be eligible to accrue Restoration Plan Benefits with respect to periods of employment during which the Eligible Non-Pension Employees are eligible to receive 401(k) Plan Non-Elective Contributions (including any waiting periods to receive 401(k) Plan Non-Elective Contributions).
- (c) 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 \$210,000 or more (indexed annually by the same amount as the compensation limit under Code Section 401(a)(17)) for the calendar year in which the Deferral Election is required to be made.
- (d) An “Eligible Non-Pension Employee” for purposes of Section 3.6 (*i.e.*, eligibility for the Company Non-Elective Credits under the Plan) is an individual who meets the requirements set forth in Section 2.1(c) and who is eligible to receive 401(k) Plan Non-Elective Contributions.

- (e) The Committee shall have the ability to adjust, prospectively for any Plan Year, the dollar limitation in Section 2.1(c) (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 Sections 2.1(a), (b), (c) or (d); or
 - (ii) designate as eligible particular individuals, groups of individuals or employees of business units who otherwise would be ineligible under Sections 2.1(a), (b), (c) or (d);

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.

- (f) 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 Participation. 2.2

- (a) General Rule. An Eligible Employee or Eligible Non-Pension Employee shall become an active Participant in the Plan at the earliest time that the Eligible Employee or Eligible Non-Pension Employee: (i) makes a timely Deferral Election pursuant to Subsections (b) and (c) herein; (ii) meets the requirements under Subsection (d) with respect to eligibility for a Restoration Plan Benefit; or (iii) meets the requirements under Subsection (e) with respect to eligibility for a Company Non-Elective Credit.
- (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 Subsection (c) herein 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;
 - (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), in accordance with the provisions of Article V;
 - (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. Notwithstanding the foregoing, Eligible Non-Pension Employees will not be eligible to accrue Restoration Plan Benefits with respect to periods of employment during which the Eligible Non-Pension Employees are eligible to receive 401(k) Plan Non-Elective Contributions (including any waiting periods to receive 401(k) Plan Non-Elective Contributions).
- (e) Unless the Committee determines otherwise or unless otherwise provided in an Agreement, if any, an Eligible Non-Pension Employee shall automatically become a Participant in this Plan upon an allocation of Company Non-Elective Credits under Section 3.6 to his or her Company Non-Elective Credit Account.
- (f) 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 Deferred Salary Election.

3.1

- (a) Each Participant who has elected to defer the maximum pre-tax elective deferral that is permitted for a calendar year under the 401(k) Plan 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. A Participant may elect to defer from 1% to 75% of the Participant's Base Salary (in increments of 1%). 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 401(k) Plan, 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 Deferred Bonus Election.

3.2

- (a) Each Participant who agrees to defer the maximum pre-tax elective deferral that is permitted for a calendar year under the 401(k) Plan 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. In the event that Participant's Deferred Bonus Election does not result in a deferral of at least \$5,000 but the Participant's Bonus is at least \$5,000, such Participant's Deferred Bonus Election shall be automatically increased to the percentage that results in a deferral of \$5,000. In the event that the Participant's Bonus is less than \$5,000, such Participant's Deferred Bonus Election shall be void.

- (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 Deferred Equity-Based Compensation Election.

3.3

- (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 his or her 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 Equity-Based Compensation for each type of Equity-Based Compensation must result in a deferral of at least 25% of such type 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 Company Matching Credits.

3.4

(a) Effective for deferrals made on or after January 1, 2016, 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 BD 401(k) Plan. 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 BD 401(k) Plan (other than catch-up contributions). 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 BD 401(k) Plan (other than catch-up contributions), 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 BD 401(k) Plan (other than catch-up contributions), less the matching contribution to which the Participant is entitled under the BD 401(k) Plan.

(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 Company Discretionary Credits.

3.5

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.

Section Company Non-Elective Credits.

3.6

Effective January 1, 2018, each Eligible Non-Pension Employee shall receive a Company Non-Elective Credit credited to the Participant's Company Non-Elective Credit Account for each Plan Year if the Eligible Non-Pension Employee is employed by a Retirement Plan Participating Employer on the Company's last business day of such Plan Year, unless not employed on such date due to death, Disability, or retirement from active employment (within the meaning of Section 6.1(a)(i) and (ii)).

- (a) The Company Non-Elective Credit shall equal:
 - (i) 3% of the Participant's Total Eligible Compensation attributable to the portion of the Plan Year during which the Participant qualified as a Non-Pension Employee for such Plan Year; minus
 - (ii) The amount of the Participant's 401(k) Plan Non-Elective Contributions for such Plan Year.
- (b) Company Non-Elective Credits under Section 3.6(a) shall be credited to the Participant's Company Non-Elective Credit Account as soon as practicable after the end of the Plan Year to which the Company Non-Elective Credit relates, and shall be subject to the vesting schedule described in Article V.

Section Deferred Restoration Distribution Election.

3.7

- (a) General Rule. Each Participant who is eligible to receive a Restoration Plan Benefit under the Plan may elect, in accordance with this Section 3.7, 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 and not described in Section 4.4(b)(i)(D), 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 or is otherwise described in Section 4.4(b)(i)(D)

below, 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 Deferral Period.
3.8

- (a) In accordance with Section 2.2(b), and subject to the limitation of Section 3.8(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 3.9 and the acceleration provisions of Article VI, a Participant's deferral period with respect to amounts deferred other than those described in Section 3.8(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 3.8(a) and Section 2.2(b), and subject to Section 6.1(f), 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 3.8(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 Modification of Deferral Period.

3.9

- (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 3.9(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 Amount of Restoration Plan Benefit.

4.1

- (a) 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. Notwithstanding the foregoing, effective January 1, 2018, no Participants will be eligible to accrue Restoration Plan Benefits with respect to periods of employment during which the Participants are eligible to receive 401(k) Plan Non-Elective Contributions (including any waiting periods to receive 401(k) Plan Non-Elective Contributions).

- (b) Effective as of January 1, 2005, for purposes of calculating a Participant's Restoration Plan Benefit under Section 4.1(a), if, as determined by the Committee in its sole discretion, a Participant (i) permanently directly transferred employment from a foreign affiliate of the Company that has not adopted the Retirement Plan and this Plan to a member of the Group (as defined in the Retirement Plan) that has adopted the Retirement Plan and this Plan or to a Unit (as defined in the Retirement Plan) to which participation in the Retirement Plan and this Plan has been extended, and (ii) while employed by the foreign affiliate, had what the Committee determines (in its sole discretion) to be an agreement with such foreign affiliate to provide for deferred compensation that recognized the Participant's period of employment by the foreign affiliate and compensation paid to the Participant by the foreign affiliate, then the Participant's period of employment by the foreign affiliate and compensation paid to the Participant by the foreign affiliate during the Participant's period of employment with the foreign affiliate shall be taken into account solely under this Plan to the same extent that such period of employment and compensation would have otherwise been taken into account had it been employment with and compensation paid by the Company, a member of the Group that has adopted the Retirement Plan and this Plan, or a Unit to which participation in the Retirement Plan and this Plan has been extended. In addition, any such Participant's Restoration Plan Benefit shall be offset, solely to the extent permitted under Code Section 409A, for (i) any Social Security or other governmental pension or retirement benefit earned during the Participant's period of employment with the foreign affiliate; and (ii) any retirement benefit the Participant is entitled to under a foreign based retirement plan sponsored by the Company or member of the Group.

Section Pre-Retirement Restoration Death Benefit.

4.2

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 (and taking into account service and compensation described in Section 4.1(b)), 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 Early Retirement Adjustments.

4.3

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 Payment of Restoration Plan Benefits.

4.4

- (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 3.7, 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. Except as otherwise provided herein, or otherwise provided in a Participant's Agreement, if any, and unless deferred under Section 3.7, 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.
- (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.
- (D)Cash Balance Conversion Participant. For a Participant whose benefit under the Retirement Plan is converted on or after January 1, 2013 from being calculated using the final average pay formula under the Retirement Plan to being calculated using the cash balance formula under the Retirement Plan, the Normal Form of Payment for the Participant's entire Restoration Plan Benefit 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 (E) below, to the extent that 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 (E) 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 (E) below, to the extent that 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)Cash Balance Conversion Participant. Subject to subparagraph (E) below, in the case of a Participant whose benefit under the Retirement Plan is converted on or after January 1, 2013 from being calculated using the final average pay formula under the Retirement Plan to being calculated using the cash balance formula under the Retirement Plan, payment of such Participant's entire Restoration Plan Benefit shall commence on the date described in subparagraph (A) above.

(E)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 Payment of Restoration Plan Benefit Following Change in Control.

4.5

- (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 and Cash Balance Conversion Participant. Notwithstanding the provisions of Sections 4.4(b)(ii)(A), 4.4(b)(ii)(C) and 4.4(b)(ii)(D) (and any procedures adopted thereunder), and unless provided otherwise in a Participant's Agreement, if any, to the extent that a Participant's Restoration Plan Benefit that is determined using the final average pay formula under the Retirement Plan or is otherwise described in Section 4.4(b)(i)(D) 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 Restoration Plan Benefit on Account of Disability Retirement.

4.6

- (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 or that is otherwise described in Section 4.4(b)(i)(D) 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 Crediting of Employee Deferrals and Company Matching, Discretionary and Non-Elective Credits.

5.1

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 Investment Election.

5.2

- (a) 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. Subject to Section 5.3(b), an eligible Participant may change a prior Investment Election (or default Investment Election) with respect to deferred amounts on a daily 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.
- (b) For purposes of Company Non-Elective Credits, the most recent Investment Elections in effect for a Participant's Company Matching Credits (if any) that relate to the same Plan Year as the Company Non-Elective Credits as of the date the Company Non-Elective Credits are made will be used for such Company Non-Elective Credits and, in the absence of any Investment Elections, the Plan's default Investment Elections will be used for the Company Non-Elective Credits.

Section Hypothetical Earnings.

5.3

- (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.

(i) A Participant's Deferred Equity Compensation is automatically credited in the form of Common Stock to the Participant's Deferred Stock Account. With respect to other deferred amounts hereunder, 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 part of the Participant's deferred amounts (in whole percentage increments) credited in the form of Common Stock to a Deferred Stock Account; provided, however, that a Participant may not make an election to have any future deferred amounts credited to a Deferred Stock Account if, at the time of the election, more than 10% of the balance of the Participant's deferred amounts are credited to a Deferred Stock Account (disregarding amounts in the Participant's Deferred Equity Compensation Account, if any). For purposes of administering this rule and subject to the Committee's right to adopt administrative procedures pursuant to Section 5.3(b)(viii) below, the following additional rules apply:

(A) Any Investment Election that is in effect on January 1, 2010, that would require future deferred amounts to be credited to the Participant's Deferred Stock Account and that would otherwise violate the 10% limitation set forth above shall be void and of no effect. In the absence of a Participant's amending such Investment Election on or before January 1, 2010, pursuant to procedures implemented by the Committee, the Participant's future deferred amounts that would otherwise have been credited to the Deferred Stock Account will be hypothetically invested in another Investment Option selected by the Committee for this purpose.

(B) Any Investment Election made after January 1, 2010, that would otherwise violate the 10% limitation set forth above shall be void and of no effect. In the absence of a Participant amending such Investment Election or otherwise making a new Investment Election that complies with this Section 5.3(b)(i), the Participant's future deferred amounts that would otherwise have been credited to the Deferred Stock Account

will be hypothetically invested in another Investment Option selected by the Committee for this purpose.

- (ii) If the restrictions of Section 5.3(b)(i) do not apply (such that the Participant may otherwise elect to have deferred amounts credited to the Deferred Stock Account), in no event may a Participant make an Investment Election to have more than 10% of any future deferred amounts (disregarding Deferred Equity Compensation) credited to the Deferred Stock Account. Any Investment Election that would otherwise violate the provisions of this Section 5.3(b)(ii) shall be void and of no effect. In the absence of a Participant amending such Investment Election or otherwise making a new Investment Election that complies with this Section 5.3(b)(ii), the Participant's future deferred amounts that would otherwise have been credited to the Deferred Stock Account will be hypothetically invested in another Investment Option selected by the Committee for this purpose. Notwithstanding the foregoing, if any Investment Election otherwise in effect on January 1, 2010 would violate the limitations of this Section 5.3(b)(ii), then, in the absence of a Participant's amending that Investment Election on or before January 1, 2010, pursuant to procedures implemented by the Committee, the Participant's Investment Election will be modified so that the Investment Election is reduced so that 10% of future deferred amounts are credited to the Deferred Stock Account with the remaining deferred amounts hypothetically invested in another Investment Option selected by the Committee for this purpose.
- (iii) Elections under this Section 5.3(b) 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; provided, however, that a Participant may not elect any such transfer that would increase the Participant's hypothetical investment in Common Stock credited to the Deferred Stock Account if, at the time of the election or as a result thereof, more than 10% of the Participant's Deferred Stock Account (excluding any Deferred Equity-Based Compensation) is or would be credited to the Participant's Deferred Stock Account. Any transfer election that violates the provisions of this Section 5.3(b)(iii) shall be void and of no effect. 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).

- (iv) A Participant's Deferred Stock Account will be credited:
 - (A) 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
 - (B) 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
 - (C) 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.
- (v) 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.

- (vi) 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.
 - (vii) 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.
 - (viii) The Committee may adopt administrative procedures to implement the provisions of this Section 5.3(b).
- (c) Limitations on Allocations and Reallocations to and From Deferred Stock Account.

In addition to the limitations of Section 5.3(b), 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 Vesting.
5.4

- (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 and Company Non-Elective 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 BD 401(k) Plan. 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 Account Statements.
5.5

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 Timing of Distributions.

6.1

- (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 3.7 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. Notwithstanding the foregoing, in the case of a Participant who incurs a Separation from Service with vested Company Non-Elective Credits, such vested Company Non-Elective Credits shall be paid in the form of a single lump sum distribution as soon as practicable after such Separation from Service for any reason (subject to the delay requirements described below that are applicable to Specified Employees). 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 with the Company 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 would be determined under the Retirement Plan, regardless of whether the Participant participates in 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 3.8(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 Form of Distribution.
6.2

- (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. Notwithstanding the foregoing, a Participant who is eligible to receive Company Non-Elective Credits hereunder shall receive such amounts in the form of a single lump sum distribution in cash; no other forms of distribution are available for receiving such amounts. 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 single lump sum distribution in cash and, to the extent distributable amounts are credited to the Participant's Deferred Stock Account or Deferred Equity-Based Compensation 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 or 10-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)). Notwithstanding the foregoing, in the case of any deferral amounts that were credited to a Participant's Accounts prior to January 1, 2017 and that are vested, the Participant may elect, in accordance with such procedures established by the Committee, to have such amounts paid at the time otherwise required or permitted in the form of annual installments over a 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 3.8(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 or that is otherwise described in Section 4.4(b)(i)(D), 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 or that is otherwise described in Section 4.4(b)(i)(D): (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 or that is otherwise described in Section 4.4(b)(i)(D), 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 Unsecured Promise to Pay.

7.1

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 Plan Unfunded.

7.2

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 Designation of Beneficiary.

7.3

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 Expenses.

7.4

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 Voting Common Stock.

7.5

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 Non-Assignability.

7.6

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 Mandatory Deferral.

7.7

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 Employment/Participation Rights.

7.8

- (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 Severability.

7.9

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 No Individual Liability.

7.10

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 Tax and Other Withholding.

7.11

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 Applicable Law.

7.12

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 Incompetency.

7.13

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 Notice of Address.

7.14

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 Committee.

8.1

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 Claims Procedure.

8.2

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 Plan to Comply With Code Section 409A.

8.3

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 Amendment of the Plan.

9.1

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. Notwithstanding the foregoing, the Board of Directors hereby grants to the Committee the authority to

approve and adopt amendments to the Plan, provided that such amendments will not materially increase the Company's costs related to providing benefits under the Plan or materially affect the benefits of participants in the Plan.

Section Termination of the Plan.

9.2

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 No Impairment of Benefits.

9.3

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 Effective Date.

9.4

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, 2019.

* * *

Becton, Dickinson and Company hereby adopts this amended and restated BD Deferred Compensation and Retirement Benefit Restoration Plan, effective as of January 1, 2019.

IN WITNESS WHEREOF, this Plan has been executed this day of December, 2018.

By Jeanne Cardoso

Its Vice President, Global Benefits

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.)

I V . 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.

ATTACHMENT B

Provisions Related to Merger with CareFusion Corporation Deferred Compensation Plan

The CareFusion Corporation Deferred Compensation Plan (the "CFN Plan") was merged into the Plan effective as of January 1, 2017. Notwithstanding anything in the Plan to the contrary, all amounts credited under the CFN Plan as of December 31, 2016 remain subject to, and are exclusively controlled by, all of the terms and conditions of the CFN Plan as in effect on December 31, 2016, provided, however, that the Board of Directors and the Committee may amend the applicable provisions under the CFN Plan in accordance with Article IX of the Plan.

CERTIFICATIONS

I, Vincent A. Forlenza, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Becton, Dickinson and Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 5, 2019

/s/ Vincent A. Forlenza

Vincent A. Forlenza

Chairman and Chief Executive Officer

I, Christopher Reidy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Becton, Dickinson and Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 5, 2019

/s/ Christopher Reidy

Christopher Reidy

Executive Vice President, Chief Financial Officer and Chief
Administrative Officer

The certification set forth below is being submitted in connection with the Quarterly Report on Form 10-Q of Becton, Dickinson and Company for the quarter ended December 31, 2018 (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, Vincent A. Forlenza, 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.

February 5, 2019

/s/ Vincent A. Forlenza

Name: Vincent A. Forlenza

Chief Executive Officer

The certification set forth below is being submitted in connection with the Quarterly Report on Form 10-Q of Becton, Dickinson and Company for the quarter ended December 31, 2018 (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, Christopher Reidy, 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.

February 5, 2019

/s/ Christopher Reidy

Name: Christopher Reidy

Chief Financial Officer