

**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, 2021  
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)

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

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on Which Registered</u>
Common stock, par value \$1.00	BDX	New York Stock Exchange
Depository Shares, each representing a 1/20th interest in a share of 6.00% Mandatory Convertible Preferred Stock, Series B	BDXB	New York Stock Exchange
1.000% Notes due December 15, 2022	BDX22A	New York Stock Exchange
1.900% Notes due December 15, 2026	BDX26	New York Stock Exchange
1.401% Notes due May 24, 2023	BDX23A	New York Stock Exchange
3.020% Notes due May 24, 2025	BDX25	New York Stock Exchange
0.632% Notes due June 4, 2023	BDX/23A	New York Stock Exchange
1.208% Notes due June 4, 2026	BDX/26A	New York Stock Exchange
1.213% Notes due February 12, 2036	BDX/36	New York Stock Exchange
0.000% Notes due August 13, 2023	BDX23B	New York Stock Exchange
0.034% Notes due August 13, 2025	BDX25A	New York Stock Exchange

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 every Interactive Data File required to be submitted 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 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"/>	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 check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

There were 284,771,077 shares of Common Stock, \$1.00 par value, outstanding at December 31, 2021.

BECTON, DICKINSON AND COMPANY  
FORM 10-Q  
For the quarterly period ended December 31, 2021

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ITEM 1. FINANCIAL STATEMENTS  
 BECTON, DICKINSON AND COMPANY  
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
 Millions of dollars, except per share data  
 (Unaudited)

	Three Months Ended December 31,	
	2021	2020
Revenues	\$ 4,995	\$ 5,315
Cost of products sold	2,572	2,583
Selling and administrative expense	1,223	1,149
Research and development expense	329	291
Acquisitions and other restructurings	34	50
Other operating expense, net	21	—
Total Operating Costs and Expenses	<u>4,180</u>	<u>4,074</u>
Operating Income	815	1,241
Interest expense	(98)	(118)
Interest income	2	2
Other income, net	4	32
Income Before Income Taxes	723	1,157
Income tax provision	46	154
Net Income	677	1,003
Preferred stock dividends	(23)	(23)
Net income applicable to common shareholders	<u>\$ 655</u>	<u>\$ 981</u>
Basic Earnings per Share	<u>\$ 2.30</u>	<u>\$ 3.38</u>
Diluted Earnings per Share	<u>\$ 2.28</u>	<u>\$ 3.35</u>
Dividends per Common Share	<u>\$ 0.87</u>	<u>\$ 0.83</u>

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

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

	Three Months Ended December 31,	
	2021	2020
Net Income	\$ 677	\$ 1,003
Other Comprehensive Income (Loss), Net of Tax		
Foreign currency translation adjustments	41	64
Defined benefit pension and postretirement plans	11	42
Cash flow hedges	(7)	28
Other Comprehensive Income, Net of Tax	45	134
Comprehensive Income	<u>\$ 722</u>	<u>\$ 1,138</u>

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

BECTON, DICKINSON AND COMPANY  
CONDENSED CONSOLIDATED BALANCE SHEETS  
Millions of dollars

	December 31, 2021 (Unaudited)	September 30, 2021
<u>Assets</u>		
Current Assets:		
Cash and equivalents	\$ 1,903	\$ 2,283
Restricted cash	144	109
Short-term investments	8	12
Trade receivables, net	2,177	2,497
Inventories:		
Materials	699	641
Work in process	393	402
Finished products	1,943	1,823
	3,035	2,866
Prepaid expenses and other	1,040	1,072
Total Current Assets	8,307	8,838
Property, Plant and Equipment	13,031	12,942
Less allowances for depreciation and amortization	6,648	6,549
Property, Plant and Equipment, Net	6,384	6,393
Goodwill	24,116	23,901
Developed Technology, Net	9,302	9,417
Customer Relationships, Net	2,765	2,818
Other Intangibles, Net	544	548
Other Assets	1,945	1,952
Total Assets	\$ 53,363	\$ 53,866
<u>Liabilities and Shareholders' Equity</u>		
Current Liabilities:		
Current debt obligations	\$ 1,064	\$ 500
Payables, accrued expenses and other current liabilities	5,671	6,126
Total Current Liabilities	6,735	6,626
Long-Term Debt	16,360	17,110
Long-Term Employee Benefit Obligations	1,078	1,228
Deferred Income Taxes and Other Liabilities	5,030	5,225
Commitments and Contingencies (See Note 4)		
Shareholders' Equity		
Preferred stock	2	2
Common stock	365	365
Capital in excess of par value	19,435	19,272
Retained earnings	14,233	13,826
Deferred compensation	24	23
Common stock in treasury - at cost	(7,855)	(7,723)
Accumulated other comprehensive loss	(2,043)	(2,088)
Total Shareholders' Equity	24,160	23,677
Total Liabilities and Shareholders' Equity	\$ 53,363	\$ 53,866

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,	
	2021	2020
<b>Operating Activities</b>		
Net income	\$ 677	\$ 1,003
Adjustments to net income to derive net cash provided by operating activities:		
Depreciation and amortization	557	555
Share-based compensation	83	83
Deferred income taxes	(69)	(66)
Change in operating assets and liabilities	(278)	24
Pension obligation	(144)	26
Other, net	(154)	(91)
Net Cash Provided by Operating Activities	674	1,533
<b>Investing Activities</b>		
Capital expenditures	(188)	(246)
Acquisitions, net of cash acquired	(415)	(67)
Other, net	(84)	(116)
Net Cash Used for Investing Activities	(686)	(430)
<b>Financing Activities</b>		
Payments of debt	—	(267)
Dividends paid	(271)	(264)
Other, net	(56)	(61)
Net Cash Used for Financing Activities	(327)	(592)
Effect of exchange rate changes on cash and equivalents and restricted cash	(6)	18
Net (decrease) increase in cash and equivalents and restricted cash	(345)	530
Opening Cash and Equivalents and Restricted Cash	2,392	2,917
Closing Cash and Equivalents and Restricted Cash	\$ 2,047	\$ 3,447

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, 2021

**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" or "BD"), 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 2021 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.

***BD's Intention to Spin Off Diabetes Care***

On May 6, 2021, the Company announced its intention to spin off its Diabetes Care business as a separate publicly traded company named Embecta Corp. ("Embecta") to BD's shareholders. The proposed spin-off is intended to be a tax-free transaction for U.S. federal income tax purposes and is expected to be completed in the first half of calendar year 2022, subject to the satisfaction of customary conditions, including the effectiveness of a registration statement on Form 10. On February 1, 2022, BD's Board of Directors approved the spin-off, as well as the distribution date of April 1, 2022. Subsequent to the spin-off, the historical results of the Diabetes Care business will be reflected as discontinued operations in the Company's consolidated financial statements. Disclosures pertaining to Embecta's issuance of debt in connection with the spin-off are provided in Note 12.

**Note 2 – Shareholders' Equity**

Changes in certain components of shareholders' equity for the first quarters of fiscal years 2022 and 2021 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, 2021	\$ 365	\$ 19,272	\$ 13,826	\$ 23	(80,164)	\$ (7,723)
Net income	—	—	677	—	—	—
Common dividends (\$0.87 per share)	—	—	(248)	—	—	—
Preferred dividends	—	—	(23)	—	—	—
Common stock issued for share-based compensation and other plans, net	—	(71)	—	—	762	19
Share-based compensation	—	83	—	—	—	—
Common stock held in trusts, net (a)	—	—	—	—	(5)	—
Repurchase of common stock (b)	—	150	—	—	(462)	(150)
Balance at December 31, 2021	\$ 365	\$ 19,435	\$ 14,233	\$ 24	(79,869)	\$ (7,855)

(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, 2020	\$ 365	\$ 19,270	\$ 12,791	\$ 23	(74,623)	\$ (6,138)
Net income	—	—	1,003	—	—	—
Common dividends (\$0.83 per share)	—	—	(242)	—	—	—
Preferred dividends	—	—	(23)	—	—	—
Common stock issued for share-based compensation and other plans, net	—	(53)	—	—	549	2
Share-based compensation	—	83	—	—	—	—
Common stock held in trusts, net (a)	—	—	—	—	(7)	—
Effect of change in accounting principles	—	—	(9)	—	—	—
Balance at December 31, 2020	\$ 365	\$ 19,301	\$ 13,522	\$ 23	(74,080)	\$ (6,136)

- (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.
- (b) Represents shares received upon final settlement of an accelerated share repurchase agreement, and the related forward sale contract, entered into during the fourth quarter of fiscal year 2021. The share repurchases were made pursuant to the repurchase program authorized by the Board of Directors on September 24, 2013 for 10 million shares, for which there is no expiration date. In November 2021, the Board of Directors authorized the Company to repurchase up to an additional 10 million shares of BD common stock, for which there is also no expiration date.

The components and changes of *Accumulated other comprehensive income (loss)* for the first quarters of fiscal years 2022 and 2021 were as follows:

(Millions of dollars)	Total	Foreign Currency Translation			Cash Flow Hedges
		Benefit Plans	Benefit Plans	Cash Flow Hedges	
Balance at September 30, 2021	\$ (2,088)	\$ (1,292)	\$ (784)	\$ (10)	
Other comprehensive income (loss) before reclassifications, net of taxes	34	41	—	(7)	
Amounts reclassified into income, net of taxes	11	—	11	—	
Balance at December 31, 2021	\$ (2,043)	\$ (1,251)	\$ (774)	\$ (17)	

(Millions of dollars)	Total	Foreign Currency Translation			Cash Flow Hedges
		Benefit Plans	Benefit Plans	Cash Flow Hedges	
Balance at September 30, 2020	\$ (2,548)	\$ (1,416)	\$ (1,040)	\$ (91)	
Other comprehensive income before reclassifications, net of taxes	115	64	24	27	
Amounts reclassified into income, net of taxes	19	—	18	2	
Balance at December 31, 2020	\$ (2,414)	\$ (1,352)	\$ (998)	\$ (62)	

The amounts of foreign currency translation recognized in other comprehensive income during the three months ended December 31, 2021 and 2020 included net gains (losses) relating to net investment hedges. Other comprehensive income relating to benefit plans during the three months ended December 31, 2020 represented a net gain recognized as a result of the Company's remeasurement, as of October 31, 2020, of the legacy Bard U.S. defined pension benefit plan upon its merger with the BD defined benefit cash balance pension plan in the first quarter of fiscal year 2021. Additional disclosures regarding amounts the Company recognized in other comprehensive income relating to cash flow hedges during the three months ended December 31, 2021 and 2020 are provided in Note 10.

The tax impacts for amounts recognized in other comprehensive income (loss) before reclassifications and for reclassifications out of *Accumulated other comprehensive income (loss)* relating to benefit plans and cash flow hedges during the three months ended December 31, 2021 and 2020 were immaterial to the Company's consolidated financial results.



### Note 3 – 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,	
	2021	2020
Average common shares outstanding	284,685	290,590
Dilutive share equivalents from share-based plans	2,038	2,522
Average common and common equivalent shares outstanding – assuming dilution	286,723	293,112
Share equivalents excluded from the diluted shares outstanding calculation:		
Mandatory convertible preferred stock (a)	5,965	5,995
Share-based plans (b)	730	1,552

- (a) Excluded from the diluted shares outstanding calculation because the result would have been antidilutive.
- (b) Excluded from the diluted earnings per share calculation as the exercise prices of these awards were greater than the average market price of the Company's common shares.

### Note 4 – Contingencies

The Company is involved, both as a plaintiff and a defendant, in various legal proceedings that arise in the ordinary course of business, including, without limitation, product liability and environmental matters in certain U.S. and international locations. 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 litigation in which the Company is a party. In accordance with U.S. GAAP, the Company establishes accruals to the extent probable future losses are estimable (and 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, 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 any class. With respect to the civil investigative demands ("CIDs") served by the Department of Justice which are 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.

#### Product Liability Matters

As of December 31, 2021, the Company is defending approximately 26,260 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 ("RI") and in a federal multi-district litigation ("MDL") established in the Southern District of Ohio, 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. The first bellwether trial in the hernia MDL began in August 2021, resulting in a complete defense verdict. Trials are scheduled into fiscal year 2022 in various state and/or federal courts, including one trial currently scheduled for March 2022 in the MDL and another scheduled in RI in June 2022. The Company expects additional trials of Hernia Product Claims to take place over the next 12 months.

The Company also continues to be a defendant in certain other mass tort litigation. As of December 31, 2021, the Company is defending product liability claims involving the Company's line of pelvic mesh products, the majority of which are pending in various federal court jurisdictions and in a coordinated proceeding in New Jersey Superior Court. Also, as of December 31, 2021, the Company is defending product liability claims involving the Company's line of inferior vena cava ("IVC") filter products. The majority of those claims are pending in various federal court jurisdictions after having been remanded from the MDL in the United States District Court for the District of Arizona.

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.

#### ***Other Legal Matters***

On February 27, 2020, a putative class action captioned *Kabak v. Becton, Dickinson and Company, et al.*, Civ. No. 2:20-cv-02155 (SRC) (CLW), now captioned *Industriens Pensionsforsikring v. Becton, Dickinson and Company, et al.*, was filed in the U.S. District Court for the District of New Jersey against the Company and certain of its officers. The complaint, which purports to be brought on behalf of all persons (other than defendants) who purchased or otherwise acquired the Company's common stock from November 5, 2019 through February 5, 2020, asserts claims for purported violations of Sections 10 and 20 of the Securities Exchange Act of 1934 and Securities and Exchange Commission ("SEC") Rule 10b-5 promulgated thereunder, and seeks, among other things, damages and costs. The complaint alleges that defendants concealed certain material information regarding Alaris™ infusion pumps, allegedly rendering certain public statements about the Company's business, operations and prospects false or misleading, thereby allegedly causing investors to purchase stock at an inflated price. The plaintiff filed a second amended complaint to add certain additional factual allegations on February 3, 2021, which the Company moved to dismiss on March 19, 2021. The motion to dismiss was granted, resulting in the dismissal of the second amended complaint on September 15, 2021. The court's dismissal order, however, gave plaintiff an opportunity to replead, which it did on October 29, 2021. The Company moved to dismiss the newly amended pleading on December 16, 2021. That motion is pending. The Company believes that these allegations are without merit and it intends to defend itself vigorously.

On November 2, 2020, a civil action captioned *Jankowski v. Forlenza, et al.*, Civ. No. 2:20-cv-15474, was filed in the U.S. District Court for the District of New Jersey by a shareholder, Ronald Jankowski, derivatively on behalf of the Company, against its individual directors and certain of its officers. The complaint seeks recovery for breach of fiduciary duties by directors and various officers; violations of the Securities Exchange Act of 1934, including sections 10(b), 14(a) and 21D; and insider trading. In general, the complaint also alleges, among other things, that various directors and/or officers caused the Company to issue purportedly misleading statements and SEC filings regarding Alaris™ infusion pumps, and issue a purportedly misleading proxy statement. The complaint seeks damages, including restitution and disgorgement of profits, and an injunction requiring the Company to undertake remedial measures with respect to certain corporate governance and internal procedures. A second derivative action, *Schranz v. Polen, et al.*, Civ. No. 2:21-cv-01081 (D. N.J.), was filed on January 24, 2021, and the two actions were consolidated. In March 2021, the Company received letters from two additional shareholders which, in general, mirrored the allegations in the *Jankowski* and *Schranz* consolidated actions, and demanded, among other things, that the Board of Directors pursue civil action against members of management for claimed breaches of fiduciary duties. Consistent with New Jersey law, the Board appointed a special committee to review the allegations and demands in the derivative actions and demand letters. Following an investigation, the special committee determined that no action was warranted, and rejected the shareholders' demands. The special committee's determination has been communicated to counsel for the shareholders. Should the shareholders continue to pursue their claims in court, the Company will take appropriate steps to seek dismissal of the complaints.

In February 2021, the Company received a subpoena from the Enforcement Division of the SEC requesting information from the Company relating to, among other things, Alaris™ infusion pumps. The Company is cooperating with the SEC and responding to these requests. The Company cannot anticipate the timing, scope, outcome or possible impact of the investigation, financial or otherwise.

In April 2019, the Department of Justice served the Company and CareFusion with CIDs seeking information regarding certain of CareFusion's contracts with the Department of Veteran's Affairs for certain products, including Alaris™ and Pyxis™ devices, in connection with a civil investigation of possible violations of the False Claims Act, and the government recently expanded the investigation to include several additional contracts. The government has made several requests for documents and interviews or depositions of Company personnel. The Company is cooperating with the government and responding to these requests.

In September 2021, the Company received a CID related to an inquiry initiated by the Northern District of Georgia in 2018. The requests concern sales and marketing practices with respect to certain aspects of the Company's urology business. The government has made requests for documents and has interviewed employees. The inquiry is ongoing and the Company is cooperating with the government and responding to its requests.

In September 2021, the Company was served with a complaint from the New Mexico Attorney General, alleging violations of the state's consumer protection laws in connection with the sales and marketing of its IVC filters. The Company filed its

motion to dismiss on December 27, 2021 and intends to vigorously defend itself in the litigation. As the case is in its early stages, the Company cannot anticipate the timing, scope, outcome or possible impact at present.

In July 2021, the Company became aware of lawsuits that had been filed against it in state and federal court in Georgia. The suits were filed by plaintiffs who reside near Company facilities in Covington, GA, where ethylene oxide (“EtO”) sterilization activities take place. There are currently approximately 205 of such suits. The claims allege a variety of injuries, including but not limited to multiple types of cancer, allegedly attributable to exposure to EtO in the ambient air. The Company has meritorious defenses and intends to defend itself vigorously.

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.

The Company cannot predict the outcome of these other legal matters discussed above, nor can it predict whether any outcome will have a material adverse effect on the Company’s consolidated results of operations and/or consolidated cash flows. Accordingly, the Company has made no provisions for these other legal matters in its consolidated results of operations.

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 consolidated results of operations and/or consolidated cash flows.

#### ***Litigation Accruals***

The Company regularly monitors and evaluates the status of product liability and other legal matters, and may, from time-to-time, engage in settlement and mediation discussions taking into consideration developments in the matters and the risks and uncertainties surrounding litigation. These discussions could result in settlements of one or more of these claims at any time.

Accruals for the Company’s product liability claims which are discussed above, as well as the related legal defense costs, amounted to approximately \$3 billion and \$2.5 billion at December 31, 2021 and September 30, 2021, respectively. These accruals are largely recorded within *Deferred Income Taxes and Other Liabilities* on the Company’s condensed consolidated balance sheets.

In view of the uncertainties discussed above, 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 /or consolidated cash flows.

#### **Note 5 – Revenues**

The Company’s policies for recognizing sales have not changed from those described in the Company’s 2021 Annual Report on Form 10-K. 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.

#### ***Measurement of Revenues***

The Company’s allowance for doubtful accounts reflects the current estimate of credit losses expected to be incurred over the life of its trade receivables. Such estimated credit losses are determined based on historical loss experiences, customer-specific credit risk, and reasonable and supportable forward-looking information, such as country or regional risks that are not captured in the historical loss information. The allowance for doubtful accounts for trade receivables is 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 includes rebates, sales discounts and sales returns. The Company’s

rebate liability at December 31, 2021 and September 30, 2021 was \$609 million and \$576 million, respectively. The impact of other forms of variable consideration, including sales discounts and sales returns, is not material to the Company's revenues.

***Effects of Revenue Arrangements on Consolidated Balance Sheets***

Capitalized contract costs associated with the costs to fulfill contracts for certain products in the Medication Management Solutions organizational unit are immaterial to the Company's condensed consolidated balance sheets. 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. Capitalized contract costs related to such commissions are immaterial to the Company's condensed consolidated balance sheets.

Contract liabilities for unearned revenue that is allocable to performance obligations, such as extended warranty and software maintenance contracts, which are performed over time 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 condensed consolidated balance sheets.

***Remaining Performance Obligations***

The Company's obligations relative to service contracts and pending installations of equipment, primarily in the Company's Medication Management Solutions unit, represent unsatisfied performance obligations of the Company. The revenues under existing contracts with original expected durations of more than one year, which are attributable to products and/or services that have not yet been installed or provided are estimated to be approximately \$2.1 billion at December 31, 2021. The Company expects to recognize the majority of this revenue over the next three years.

Within the Company's Medication Management Solutions, Medication Delivery Solutions, Integrated Diagnostic Solutions, 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 revenue attributable to the unsatisfied minimum purchase commitment-related performance obligations, for contracts with original expected durations of more than one year, is estimated to be approximately \$2.4 billion at December 31, 2021. This revenue will be recognized over the customer relationship periods.

***Disaggregation of Revenues***

A disaggregation of the Company's revenues by segment, organizational unit and geographic region is provided in Note 6.

**Note 6 – Segment Data**

The Company's organizational structure is based upon three worldwide 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 segment, organizational unit and geographical areas for the three-month periods are detailed below. The Company has no material intersegment revenues.

s of dollars)	Three Months Ended December 31,					
	2021			2020		
	United States	International	Total	United States	International	Total
<b>Medical</b>						
Intravenous Delivery Solutions	\$ 619	\$ 465	\$1,084	\$568	\$ 440	1,008
Intravenous Management Solutions	484	143	627	477	152	630
Diabetes Care	151	138	289	150	136	285
Pharmaceutical Systems	102	294	397	79	260	339
Total segment revenues	\$357	\$1,040	\$2,397	\$1,274	\$ 988	2,261
<b>Life Sciences</b>						
Mediated Diagnostic Solutions	\$ 615	\$ 530	\$1,145	\$1,014	\$ 653	1,667
Instruments	129	209	338	120	192	312
Total segment revenues	\$744	\$ 739	\$1,483	\$1,134	\$ 845	1,979
<b>Interventional</b>						
Medical	\$ 281	\$ 80	\$ 361	\$262	\$ 70	332
Catheter Intervention	217	197	413	232	193	426
Catheter and Critical Care	254	87	340	228	89	317
Total segment revenues	\$752	\$ 363	\$1,115	\$722	\$ 353	1,075
<b>Total Company revenues</b>	<b>\$2,853</b>	<b>\$1,143</b>	<b>\$4,995</b>	<b>\$3,130</b>	<b>\$1,186</b>	<b>5,315</b>

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

(Millions of dollars)	Three Months Ended December 31,	
	2021	2020
<b>Income Before Income Taxes</b>		
Medical	\$ 716	\$ 666
Life Sciences	534	972
Interventional	265	302
Total Segment Operating Income	1,514	1,940
Acquisitions and other restructurings	(34)	(50)
Unallocated other operating expense, net (a)	(25)	—
Net interest expense	(96)	(116)
Other unallocated items (b)	(636)	(616)
Total Income Before Income Taxes	\$ 723	\$ 1,157

- (a) The amount for the three-months ended December 31, 2021 includes \$25 million of costs incurred for consulting, legal, tax and other advisory services associated with the planned spin-off of BD's Diabetes Care business.
- (b) Primarily comprised of foreign exchange, certain general and administrative expenses and share-based compensation expense.

#### Note 7 – Benefit Plans

The Company has defined benefit pension plans covering certain employees in the United States and certain international locations. The measurement date used for these plans is September 30.

Net pension cost included the following components for the three-month periods:

(Millions of dollars)	Three Months Ended December 31,	
	2021	2020
Service cost	\$ 35	\$ 43
Interest cost	20	20
Expected return on plan assets	(48)	(48)
Amortization of prior service credit	(4)	(4)
Amortization of loss	16	27
Settlements	5	—
Net pension cost	\$ 24	\$ 38

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. All components of the Company's net periodic pension cost, aside from service cost, are recorded to *Other income, net* on its condensed consolidated statements of income.

#### Note 8 – Business Restructuring Charges

The Company incurred restructuring costs during the three months ended December 31, 2021, primarily in connection with the Company's simplification and other cost saving initiatives, which were largely recorded within *Acquisitions and other restructurings*. These simplification and other costs saving initiatives are focused on reducing complexity, enhancing product quality, refining customer experience, and improving cost efficiency across all of the Company's segments. Restructuring liability activity for the three months ended December 31, 2021 was as follows:

(Millions of dollars)	Employee Termination		Other		Total
Balance at September 30, 2021	\$ 14	\$ 5	\$ 19		
Charged to expense	3	14	17		
Cash payments	(6)	(14)	(20)		
Balance at December 31, 2021	\$ 11	\$ 5	\$ 16		

#### Note 9 – Intangible Assets

Intangible assets consisted of:

(Millions of dollars)	December 31, 2021			September 30, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized intangible assets						
Developed technology	14,339	(5,237)	9,302	14,399	(4,988)	9,417
Customer relationships	4,687	(1,922)	2,765	4,658	(1,839)	2,818
Product rights	118	(82)	36	123	(83)	40
Trademarks	409	(142)	267	409	(137)	271
Patents and other	542	(347)	195	533	(342)	191
Amortized intangible assets	20,295	(7,738)	12,557	20,122	(7,388)	12,737
Unamortized intangible assets						
Required in-process research and development	44		\$ 44	44		\$ 44
Trademarks	2		\$ 2	2		\$ 2
Unamortized intangible assets	46		\$ 46	46		\$ 46

Intangible amortization expense for the three months ended December 31, 2021 and 2020 was \$355 million and \$348 million, respectively.

The following is a reconciliation of goodwill by business segment:

(Millions of dollars)	Medical	Life Sciences	Interventional	Total
Goodwill as of September 30, 2021	\$ 10,255	\$ 836	\$ 12,810	\$ 23,901
Acquisitions (a)	—	46	205	251
Currency translation	(14)	(3)	(21)	(37)
Goodwill as of December 31, 2021	<u>\$ 10,242</u>	<u>\$ 880</u>	<u>\$ 12,994</u>	<u>\$ 24,116</u>

(a) Represents goodwill recognized relative to certain acquisitions which were not material individually or in the aggregate.

#### Note 10 – 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 had on the Company's balance sheets and the fair values of the derivatives outstanding at December 31, 2021 and September 30, 2021 were not material. The effects on the Company's 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. In order to mitigate foreign currency exposure relating to its investments in certain foreign subsidiaries, the Company has hedged the currency risk associated with those investments with certain instruments, such as foreign currency-denominated debt and cross-currency swaps, which are designated as net investment hedges, as well as currency exchange contracts.

The notional amounts of the Company's foreign currency-related derivative instruments as of December 31, 2021 and September 30, 2021 were as follows:

(Millions of dollars)	Hedge Designation	December 31, 2021	September 30, 2021
Foreign exchange contracts (a)	Undesignated	\$ 1,451	\$ 2,735
Foreign currency-denominated debt (b)	Net investment hedges	2,478	2,543
Cross-currency swaps (c)	Net investment hedges	1,958	1,958

(a) Represent hedges of transactional foreign exchange exposures resulting primarily from intercompany payables and receivables. Gains and 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. Net amounts recognized in *Other income, net*, during the three months ended December 31, 2021 and 2020 were immaterial to the Company's consolidated financial results.

(b) Represents foreign currency-denominated long-term notes outstanding which were effective as economic hedges of net investments in certain of the Company's foreign subsidiaries.

(c) Represents cross-currency swaps which were effective as economic hedges of net investments in certain of the Company's foreign subsidiaries.

Net gains or losses relating to the net investment hedges, 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)*. Upon the termination of a net investment hedge, any net gain or loss included in *Accumulated other comprehensive income (loss)* relative to the investment hedge remains until the foreign subsidiary investment is disposed of or is substantially liquidated.

Net gains (losses) recorded to *Accumulated other comprehensive income (loss)* relating to the Company's net investment hedges for the three-month periods were as follows:

(Millions of dollars)	Three Months Ended December 31,	
	2021	2020
Foreign currency-denominated debt	\$ 49	\$ (56)
Cross-currency swaps	30	(124)

#### **Interest Rate Risks and Related Strategies**

The Company uses a mix of fixed and variable rate debt to manage its interest rate exposure, and 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 cash flow or fair value hedges.

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 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, within *Interest expense*, over the remaining life of the hedged debt. The amounts reclassified from accumulated other comprehensive income relating to cash flow hedges during the three months ended December 31, 2021 and 2020, as well as the amounts expected to be reclassified within the next 12 months, are not material to the Company's consolidated financial results.

The Company recorded \$27 million of net after-tax gains during the three months ended December 31, 2020 in *Other comprehensive income* relating to interest rate hedges. Amounts recorded during the three months ended December 31, 2021 were immaterial to the Company's consolidated financial results.

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. Amounts recorded during the three months ended December 31, 2021 and 2020 were immaterial to the Company's consolidated financial results.

The notional amounts of the Company's interest rate-related derivative instruments as of December 31, 2021 and September 30, 2021 were as follows:

(Millions of dollars)	Hedge Designation	December 31, 2021	September 30, 2021
Interest rate swaps (a)	Fair value hedges	\$ 700	\$ 700
Forward starting interest rate swaps (b)	Cash flow hedges	1,000	1,000

(a) Represents 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.

(b) Represents interest rate derivatives entered into to mitigate exposure to interest rate risk related to future debt issuances.

#### **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, 2021 were immaterial to the Company's consolidated financial results and the Company had no outstanding commodity derivative forward contracts at September 30, 2021.



## Note 11 – 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, 2021 and September 30, 2021 to the total of these amounts shown on the Company's consolidated statements of cash flows:

(Millions of dollars)	December 31, 2021	September 30, 2021
Cash and equivalents	\$ 1,903	\$ 2,283
Restricted cash	144	109
Cash and equivalents and restricted cash	<u>\$ 2,047</u>	<u>\$ 2,392</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 fair values of the Company's financial instruments are as follows:

(Millions of dollars)	Basis of fair value measurement	December 31, 2021	September 30, 2021
Institutional money market accounts and ultra-short bond fund (a)	Level 1	\$ 100	\$ 200
Current portion of long-term debt (b)	Level 2	1,073	503
Long-term debt (b)	Level 2	17,698	18,537

- (a) These financial instruments are recorded within *Cash and equivalents* on the consolidated balance sheets. The institutional money market accounts permit daily redemption. The fair values of these investments are based upon the quoted prices in active markets provided by the holding financial institutions.
- (b) 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.

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. 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.

### Nonrecurring Fair Value Measurements

In the first quarter of fiscal year 2021, the Company recorded charges to *Cost of products sold* of \$34 million to write down the carrying value of certain fixed assets. The amounts recognized were recorded to adjust the carrying amount of assets to the assets' fair values, which were estimated, based upon a market participant's perspective, using Level 3 inputs, including values estimated using the income approach.

### Transfers of trade receivables

Over the normal course of its business activities, the Company transfers certain trade receivable assets to third parties under factoring agreements. Per the terms of these agreements, the Company surrenders control over its trade receivables upon transfer. Accordingly, the Company accounts for the transfers as sales of trade receivables by recognizing an increase to *Cash and equivalents* and a decrease to *Trade receivables, net* when proceeds from the transactions are received. The costs incurred by the Company in connection with factoring activities were not material to its consolidated financial results. The amounts transferred and yet to be remitted under factoring arrangements are provided below.

(Millions of dollars)	Three Months Ended December 31,	
	2021	2020
Trade receivables transferred to third parties under factoring arrangements	\$ 155	\$ 492
	December 31, 2021	September 30, 2021
Amounts yet to be collected and remitted to the third parties	\$ 155	\$ 130

**Note 12 – Debt**

In January 2022, Embecta, a wholly-owned subsidiary of the Company, agreed to issue \$500 million of 5.000% senior secured notes due February 15, 2030, in connection with the Company's planned spin-off of Embecta, which is further discussed in Note 1. It is expected that the notes will be issued in February 2022. Prior to the spin-off date, the notes will be guaranteed on an unsecured, unsubordinated basis solely by the Company. The Company's guarantee will automatically and unconditionally terminate upon the earlier of: (1) the consummation of the spin-off and (2) the consummation of a satisfaction and discharge of the indenture, a defeasance or a covenant defeasance related to the notes or otherwise in accordance with the provisions of the indenture.

Also in connection with the spin-off, Embecta expects to enter into an arrangement for a senior secured term loan facility with an aggregate principal amount of \$.150 billion and a senior secured revolving credit facility providing borrowings of up to \$500 million, which is expected to be undrawn at the spin-off date. Embecta is expected to use the aggregate proceeds received from the issuance of the senior secured notes and the term loan facility to make a distribution payment of approximately \$1.440 billion to the Company in connection with the spin-off.

## 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. References to years throughout this discussion relate to our fiscal years, which end on September 30.

### 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: EMEA (which includes Europe, the Middle East and Africa); Greater Asia (which includes countries in Greater China, Japan, South Asia, Southeast Asia, Korea, Australia and New Zealand); 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 Greater Asia. We are primarily focused on certain countries whose healthcare systems are expanding.

### BD's Intention to Spin Off Diabetes Care

On May 6, 2021, we announced our intention to spin off our Diabetes Care business as a separate publicly traded company, Embecta, to BD's shareholders. The Company believes that as an independent, publicly traded entity, the Diabetes Care business will be positioned to more effectively allocate its capital and operational resources with a dedicated growth strategy. Additional disclosures regarding our planned spin-off of the Diabetes Care business are provided in Note 1 in the Notes to Condensed Consolidated Financial Statements.

### COVID-19 Pandemic Impacts and Response

A novel strain of coronavirus disease ("COVID-19") was officially declared a pandemic by the World Health Organization in March 2020 and governments around the world have implemented various measures to slow and control the ongoing spread of COVID-19. Over the course of the pandemic, these government measures, as well as ongoing shifts in healthcare priorities, have unfavorably impacted demand for certain of our products. Our first quarter fiscal year 2022 revenues reflected an unfavorable comparison to the prior-year quarter, which substantially benefited from sales related to COVID-19 diagnostic testing on the BD Veritor™ Plus and BD Max™ Systems. The factors that affected our revenue growth in the first quarter of our fiscal year 2022, including those related to the COVID-19 pandemic, are discussed in greater detail further below.

Due to the significant uncertainty that exists relative to the duration and overall impact of the COVID-19 pandemic, our future operating performance, particularly in the short-term, may be subject to volatility. While non-acute utilization rates for most of our products have largely recovered compared to pre-pandemic levels, resurgences in COVID-19 infections or new strains of the virus may weaken future demand for certain of our products and/or disrupt our operations. We also continue to see challenges posed by the pandemic to multiple aspects of our supply chain, including the cost and availability of raw materials, as well as cost impacts and logistical challenges affecting freight around the globe. We have also experienced staffing challenges due to higher rates of absenteeism which have been driven by the spread of the Omicron variant. Our suppliers are also experiencing higher rates of absenteeism, impacting the availability of certain raw materials and components. Additionally, the prevalence of the Omicron variant has resulted in hospital staffing shortages which has affected, and may continue to affect, the prioritization of acute and non-acute healthcare utilization. The United States and other governments may enact or use laws and regulations, such as the Defense Production Act or export restrictions, to ensure availability of needed COVID-19 testing and vaccination delivery devices. Any such action may impact our global supply chain network.

The impacts of the COVID-19 pandemic on our business, results of operations, financial condition and cash flows is dependent on certain factors including:

- The extent to which resurgences in COVID-19 infections or new strains of the virus, including the Delta and Omicron variants, result in future deferrals of elective medical procedures and/or the extent to which the imposition of new

governmental lockdowns, quarantine requirements or other restrictions may weaken demand for certain of our products and/or disrupt our operations;

- The degree to which the pandemic has escalated challenges that existed for global healthcare systems prior to the pandemic, such as staffing shortages, including nursing shortages, and budget constraints;
- The continued momentum of the global economy's recovery from the pandemic and the degree of pressure that a weakened macroeconomic environment would put on future healthcare utilization and the global demand for our products.

We remain focused on partnering with governments, healthcare systems, and healthcare professionals to navigate the COVID-19 pandemic. This focus includes providing access to our SARS-CoV-2 diagnostics tests and injection devices for global vaccination campaigns, as well as supplying products and solutions for ongoing care for patients around the world. We have also remained focused on protecting the health and safety of BD employees while ensuring continued availability of BD's critical medical devices and technologies during these unprecedented times.

#### Overview of Financial Results and Financial Condition

For the three months ended December 31, 2021, worldwide revenues of \$4.995 billion decreased 6.0% from the prior-year period. This decrease reflected the following impacts:

	<b>Increase (decrease) in current-period revenues</b>
Volume	5.8 %
Period-over-period decline in revenues related to COVID-19 testing	(12.8) %
Pricing	1.1 %
Foreign currency translation	(0.1) %
Decrease in revenues from the prior-year period	<b>(6.0) %</b>

The period-over-period decline in the Life Sciences segment's Integrated Diagnostic Solutions unit's sales related to COVID-19 diagnostic testing on the BD Verito<sup>FM</sup> Plus and BD Max<sup>TM</sup> Systems reflected current-period testing revenues of \$185 million, compared with sales of testing products in the prior-year period of \$866 million.

Volume growth in the first quarter of fiscal year 2022 was driven by demand for our core products as follows:

- Medical segment revenues were primarily driven by strong demand in the Medication Delivery Solutions and Pharmaceutical Systems units.
- The Life Sciences segment revenues reflected strong demand for core products in the Integrated Diagnostic Solutions and Biosciences units.
- Interventional segment revenues reflected strong demand in the Surgery and Urology and Critical Care units, which was partially offset by a decline in the Peripheral Intervention unit.

Our BD 2025 strategy for growth is anchored in three pillars: grow, simplify and empower. As we execute this strategy, we continue to invest in research and development, strategic tuck-in acquisitions, geographic expansion, and new product 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. As discussed above, current global economic conditions remain relatively volatile due to the COVID-19 pandemic. In addition, an inability to increase or maintain selling prices globally could adversely impact our businesses. Also, we are experiencing challenges related to global transportation channels and supply chains. These challenges have subjected certain of our costs, specifically raw material and freight costs, to inflationary pressures, which have unfavorably impacted our gross profit and operating margins. Additional discussion regarding the impacts of these inflationary pressures on our operating results for the three months ended December 31, 2021 is provided further below.

Cash flows from operating activities were \$674 million in the first three months of fiscal year 2022. At December 31, 2021, we had \$2.054 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 2022, we paid cash dividends of \$271 million, including \$248 million paid to common shareholders and \$23 million paid to preferred shareholders.

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 revenues during the first quarter of fiscal year 2022. A favorable foreign currency impact to our earnings during the first quarter of fiscal year 2022 resulted from current-

period sales of inventory recorded on our consolidated balance sheet in fiscal year 2021, when the U.S. dollar was weaker. 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,				
	2021	2020	Total Change	Estimated FX Impact	FXN Change
Medication Delivery Solutions	\$ 1,084	\$ 1,008	7.6 %	0.3 %	7.3 %
Medication Management Solutions	627	630	(0.4)%	0.1 %	(0.5)%
Diabetes Care	289	285	1.3 %	(0.3) %	1.6 %
Pharmaceutical Systems	397	339	16.9 %	(1.0) %	17.9 %
Total Medical Revenues	\$ 2,397	\$ 2,261	6.0 %	— %	6.0 %

The Medication Delivery Solutions unit's revenue growth in the first quarter of 2022 reflected strong demand for core offerings driven by competitive gains within the U.S. market for catheters and vascular care products. In the Medication Management Solutions unit, an unfavorable comparison of revenues in the first quarter of 2022 to prior-period revenues, which benefited from global pandemic-related infusion pump orders, was partially offset by strong growth in global placements of dispensing systems. Revenues in the Diabetes Care unit benefited from the timing of U.S. orders. The Pharmaceutical Systems unit's revenue growth in the first quarter of 2022 was driven by demand for our pre-filled devices and is enabled by capacity expansion investments.

Medical segment income for the three-month period is provided below.

(Millions of dollars)	Three months ended December 31,	
	2021	2020
Medical segment income	\$ 716	\$ 666
Segment income as % of Medical revenues	29.9 %	29.4 %

The Medical segment's income in the first quarter was primarily driven by higher gross profit margin as discussed in greater detail below:

- The Medical segment's higher gross profit margin in the first quarter of 2022 compared with the first quarter of 2021 primarily reflected the following:
  - Lower manufacturing costs resulting from continuous improvement projects which enhanced the efficiency of our operations, as well as favorable impacts from foreign currency translation, product mix and price initiatives;
  - Partially offset by the unfavorable impacts of higher raw material costs and product quality remediation expenses.

- Selling and administrative expense as a percentage of revenues was higher in the first quarter of 2022 compared with the first quarter of 2021, which benefited from the curtailment of certain selling, travel and other administrative activities due to the COVID-19 pandemic in the prior year.
- Research and development expense as a percentage of revenues was higher in the first quarter of 2022 compared with the first quarter of 2021, which reflected the timing of project spending and our continued reinvestment into the segment's growth initiatives.

### *Life Sciences Segment*

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

<u>(Millions of dollars)</u>	<b>Three months ended December 31,</b>				
	<b>2021</b>	<b>2020</b>	<b>Total Change</b>	<b>Estimated FX Impact</b>	<b>FXN Change</b>
Integrated Diagnostic Solutions	\$ 1,145	\$ 1,667	(31.3)%	(0.2) %	(31.1)%
Biosciences	338	312	8.6 %	(0.4) %	9.0 %
<b>Total Life Sciences Revenues</b>	<b>\$ 1,483</b>	<b>\$ 1,979</b>	<b>(25.0)%</b>	<b>(0.2) %</b>	<b>(24.8)%</b>

As previously discussed above, the Integrated Diagnostic Solutions unit's revenues related to COVID-19 diagnostic testing on the BD Veritof™ Plus and BD Max™ Systems in the first quarter of 2022 were \$185 million, compared with revenues from testing products in the prior-year period of \$866 million. The Integrated Diagnostic Solutions unit's first quarter revenues were favorably impacted by a recovery of routine lab testing to pre-pandemic levels, as well as high demand for the unit's combination influenza/COVID-19 testing assays. First quarter revenues in the Integrated Diagnostic Solutions unit also benefited from licensing revenues. The Biosciences unit's revenue growth in the first quarter of 2022 reflected strong demand for research reagents and instruments, including two recently launched BD FACSymphony™ instruments, which was driven by a return of lab utilization to normal levels and research efforts relating to COVID-19.

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

<u>(Millions of dollars)</u>	<b>Three months ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Life Sciences segment income	\$ 534	\$ 972
<i>Segment income as % of Life Sciences revenues</i>	<i>36.0 %</i>	<i>49.1 %</i>

The Life Sciences segment's income in the first quarter was driven by lower gross profit margin and higher operating expenses as discussed in greater detail below:

- The Life Sciences segment's lower gross profit margin in the first quarter of 2022 compared with the first quarter of 2021 primarily reflected the following:
  - The decline in COVID-19 testing revenues compared with the prior-year period, which benefited from substantially higher pricing of COVID-19 diagnostic tests;
  - Partially offset by favorable impacts from price initiatives relating to core products and licensing revenues in the current-year quarter.
- Selling and administrative expense as a percentage of revenues was higher in the first quarter of 2022 compared with the first quarter of 2021, primarily due to the current-period decline in revenues. Higher selling and administrative expense as a percentage of revenues in the current-year period also reflected the curtailment of certain selling, travel and other administrative activities in the prior-year period due to the COVID-19 pandemic.
- Research and development expense as a percentage of revenues was higher in the first quarter of 2022 compared with the first quarter of 2021, primarily due to the current-period decline in revenues and our continued reinvestment into the segment's growth initiatives.

### Interventional Segment

The following summarizes first quarter Interventional revenues by organizational unit:

(Millions of dollars)	Three months ended December 31,					
	2021	2020	Total Change	Estimated FX Impact	FXN Change	
Surgery	\$ 361	\$ 332	8.8 %	(0.1) %	8.9 %	
Peripheral Intervention	413	426	(2.9)%	0.2 %	(3.1)%	
Urology and Critical Care	340	317	7.2 %	(0.5) %	7.7 %	
Total Interventional Revenues	\$ 1,115	\$ 1,075	3.7 %	(0.1) %	3.8 %	

First quarter 2022 revenue growth in the Surgery unit reflected strong sales of hernia, biosurgery and infection prevention platforms. The Surgery unit's current-period revenues reflected a recovery of elective procedure volumes and the unit's acquisition of Tepha, Inc., which occurred in the fourth quarter of fiscal year 2021. First quarter revenues in the Peripheral Intervention unit were unfavorably impacted by a fiscal year 2021 product recall, temporary supply chain disruptions, and strategically planned discontinuations of lower-margin products. These unfavorable impacts to the Peripheral Intervention unit's first quarter 2022 revenues were partially offset by demand for the unit's atherectomy platform in China and by sales attributable to the acquisition of Venclose, Inc., which occurred in the first quarter of 2022. The Urology and Critical Care unit's revenue growth in the first quarter of 2022 showed strong demand for acute urology products, which was partially offset by strategically planned discontinuations of lower-margin products.

Interventional segment income for the three-month period is provided below.

(Millions of dollars)	Three months ended December 31,	
	2021	2020
Interventional segment income	\$ 265	\$ 302
Segment income as % of Interventional revenues	23.7 %	28.1 %

The Interventional segment's income in the first quarter was driven by lower gross profit margin and higher operating expenses as discussed in greater detail below:

- The Interventional segment's lower gross profit margin in the first quarter of 2022 compared with the first quarter of 2021 primarily reflected the amortization of recently acquired intangible assets.
- Selling and administrative expense as a percentage of revenues was higher in the first quarter of 2022 compared with the first quarter of 2021, which benefited from the curtailment of certain selling, travel and other administrative activities due to the COVID-19 pandemic in the prior year.
- Research and development expense as a percentage of revenues was higher in the first quarter of 2022 compared with the first quarter of 2021, which reflected the timing of project spending and our continued reinvestment into the segment's growth initiatives.

### Geographic Revenues

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

(Millions of dollars)	Three months ended December 31,					
	2021	2020	Total Change	Estimated FX Impact	FXN Change	
United States	\$ 2,853	\$ 3,130	(8.9)%	— %	(8.9)%	
International	2,143	2,186	(2.0)%	(0.3) %	(1.7)%	
Total Revenues	\$ 4,995	\$ 5,315	(6.0)%	(0.1) %	(5.9)%	

The decline in U.S. revenues in the first quarter of 2022 was primarily driven by an unfavorable comparison to the prior-year quarter, which substantially benefited from sales in the Life Sciences segment's Integrated Diagnostic Solutions unit related to COVID-19 diagnostic testing, as further discussed above. This decline in U.S. revenues in the first quarter of 2022 was partially

offset by strong sales in the Medical segment's Medication Delivery Solutions and Pharmaceutical Systems units, as well as by strong sales in the Interventional segment's Surgery and Urology and Critical Care units.

The decline in International revenues in the first quarter of 2022 was primarily driven by an unfavorable comparison to the prior-year quarter, which substantially benefited from sales in the Life Sciences segment's Integrated Diagnostic Solutions unit related to COVID-19 diagnostic testing, as further discussed above. This decline in International revenues in the first quarter of 2022 was partially offset by strong sales in the Medical segment's Medication Delivery Solutions and Pharmaceutical Systems units, as well as by strong sales in the Life Sciences segment's Biosciences unit.

Emerging market revenues were as follows and reflected strong sales in China and Latin America:

<u>(Millions of dollars)</u>	<u>Three months ended December 31,</u>				
	<u>2021</u>	<u>2020</u>	<u>Total Change</u>	<u>Estimated FX Impact</u>	<u>FXN Change</u>
Emerging markets	\$ 766	\$ 650	17.8 %	1.3 %	16.5 %

#### *Specified Items*

Reflected in the financial results for the three-month periods of fiscal years 2022 and 2021 were the following specified items:

<u>(Millions of dollars)</u>	<u>Three months ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Integration costs (a)	\$ 17	\$ 33
Restructuring costs (a)	17	17
Separation and related costs (b)	25	—
Purchase accounting adjustments (c)	364	353
European regulatory initiative-related costs (d)	31	26
Investment gains/losses and asset impairments (e)	17	—
Transaction gain/loss, product and other litigation-related matters	5	(5)
Impacts of debt extinguishment	—	11
Total specified items	477	435
Less: tax impact of specified items	88	79
After-tax impact of specified items	\$ 389	\$ 357

- (a) Represents amounts associated with integration and restructuring activities which are primarily recorded in *Acquisitions and other restructurings* and are further discussed below.
- (b) Represents costs recorded to *Other operating expense, net* which were incurred for consulting, legal, tax and other advisory services associated with the planned spin-off of BD's Diabetes Care business.
- (c) Includes amortization and other adjustments related to the purchase accounting for acquisitions impacting identified intangible assets and valuation of fixed assets and debt. BD's amortization expense is primarily recorded in *Cost of products sold*.
- (d) Represents costs required to develop processes and systems to comply with regulations such as the European Union Medical Device Regulation ("EUMDR") and General Data Protection Regulation ("GDPR"). These costs were recorded in *Research and development expense* and *Cost of products sold*.
- (e) Represents unrealized losses recorded within *Other income, net* relating to certain investments.



### Gross Profit Margin

Gross profit margin for the three-month period of fiscal year 2022 compared with the prior-year period in fiscal year 2021 reflected the following impacts:

	<u>Three-month period</u>
<b>December 31, 2020 gross profit margin %</b>	51.4 %
Impact of purchase accounting adjustments and other specified items	(0.6)%
Period-over-period decline in COVID-19 testing profitability	(2.2)%
Operating performance	(0.6)%
Foreign currency translation	0.5 %
<b>December 31, 2021 gross profit margin %</b>	<u>48.5 %</u>

Operating performance in the three-month period of 2022 primarily reflected higher raw material costs, partially offset by the favorable impact of price initiatives.

### Operating Expenses

A summary of operating expenses for the three-month periods of fiscal years 2022 and 2021 is as follows:

	<u>Three months ended December 31,</u>		<u>Increase (decrease) in basis points</u>
	<u>2021</u>	<u>2020</u>	
<b>(Millions of dollars)</b>			
Selling and administrative expense	\$ 1,223	\$ 1,149	
% of revenues	24.5 %	21.6 %	290
Research and development expense	\$ 329	\$ 291	
% of revenues	6.6 %	5.5 %	110
Acquisitions and other restructurings	\$ 34	\$ 50	
Other operating expense, net	\$ 21	\$ —	

#### Selling and administrative expense

Higher selling and administrative expense as a percentage of revenues in the three-month period of 2022 compared with the prior-year period reflected the current-period decline in revenues, higher shipping costs in the current-year period, as well as the curtailment of certain selling, travel and other administrative activities in the prior-year period due to the COVID-19 pandemic.

#### Research and development expense

Research and development expense as a percentage of revenues in the three-month period of 2022 was higher compared with the prior-year period, which primarily reflected the current-period decline in revenues and the timing of project spending. Spending in both the current and prior-year periods reflected our continued commitment to drive innovation and growth with new products and platforms.

#### Acquisitions and other restructurings

Costs relating to acquisitions and other restructurings in the three-month periods of 2022 and 2021 included restructuring costs related to simplification and other cost saving initiatives, as well as system integration costs. For further disclosures regarding restructuring costs, refer to Note 8 in the Notes to Condensed Consolidated Financial Statements.

#### Other operating expense, net

Other operating expense in the three-month period of 2022 included consulting, legal, tax and other advisory expenses associated with the planned spin-off of BD's Diabetes Care business.

### **Nonoperating Income**

#### ***Net interest expense***

The components for the three-month periods of fiscal years 2022 and 2021 were as follows:

<b>(Millions of dollars)</b>	<b>Three months ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Interest expense	\$ (98)	\$ (118)
Interest income	2	2
Net interest expense	\$ (96)	\$ (116)

Lower interest expense in the current-year period compared with the prior-year period primarily reflected debt repayments and lower overall interest rates on debt outstanding during the current-year period.

#### **Income Taxes**

The income tax rates for the three-month periods of fiscal years 2022 and 2021 are provided below.

	<b>Three months ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Effective income tax rate	6.3 %	13.3 %
<i>Impact, in basis points, from specified items</i>	<i>(480)</i>	<i>(130)</i>

The effective income tax rate for the three-month period of fiscal year 2022 reflected a tax impact from specified items that was more favorable compared with the benefit associated with specified items recognized in the prior-year period, as well as a favorable impact relating to the timing of certain discrete items.

#### **Net Income and Diluted Earnings per Share**

Net Income and Diluted Earnings per Share for the three-month periods of fiscal years 2022 and 2021 were as follows:

	<b>Three months ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Net Income (Millions of dollars)	\$ 677	\$ 1,003
Diluted Earnings per Share	\$ 2.28	\$ 3.35
Unfavorable impact-specified items	\$ (1.36)	\$ (1.22)
Favorable impact-foreign currency translation	\$ 0.07	
Dilutive impact (a)		\$ 0.02

- (a) Represents the dilutive impact of convertible preferred shares outstanding which were excluded from the reported diluted earnings per share calculation because these share equivalents would have been antidilutive. Additional details regarding the computation of diluted earnings per share are provided in Note 3 in the Notes to Condensed Consolidated Financial Statements.

## 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>2021</u>	<u>2020</u>
Net cash provided by (used for)		
Operating activities	\$ 674	\$ 1,533
Investing activities	\$ (686)	\$ (430)
Financing activities	\$ (327)	\$ (592)

### *Net Cash Flows from Operating Activities*

Cash flows from operating activities in the first three months of fiscal year 2022 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 and prepaid expenses.

Cash flows from operating activities in the first three months of fiscal year 2021 reflected net income, adjusted by a change in operating assets and liabilities that was a net source of cash. This net source of cash primarily reflected lower levels of trade receivables, partially offset by lower levels of accounts payable and accrued expenses and higher levels of inventory.

### *Net Cash Flows from Investing Activities*

Our investments in capital expenditures are focused on projects that enhance our cost structure and manufacturing capabilities, as well as support our BD 2025 strategy for growth. Net outflows from investing activities in the first three months of fiscal year 2022 included capital expenditure-related outflows of \$188 million, compared with \$246 million in the prior-year period. Net outflows from investing activities in the first three months of fiscal years 2022 and 2021 also included cash payments of \$415 million relating to various strategic acquisitions we have executed as part of our growth strategy, including our acquisitions of Scanwell Health, Inc, Tissuemed, Ltd., and Venclose, Inc. in the first three months of fiscal year 2022.

### *Net Cash Flows from Financing Activities*

Net cash from financing activities in the first three months of fiscal years 2022 and 2021 included the following significant cash flows:

<u>(Millions of dollars)</u>	<u>Three months ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Cash inflow (outflow)		
Payments of debt	\$ —	\$ (267)
Dividends paid	\$ (271)	\$ (264)

Certain measures relating to our total debt were as follows:

<u>(Millions of dollars)</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Total debt	\$ 17,424	\$ 17,610
Weighted average cost of total debt	2.5 %	2.4 %
Total debt as a percentage of total capital*	40.4 %	41.0 %

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

### ***Cash and Short-Term Investments***

At December 31, 2021, total worldwide cash and equivalents and short-term investments, including restricted cash, were approximately \$2.054 billion. These assets were largely held in jurisdictions outside of the United States. We regularly review the amount of cash and short-term investments held outside of the United States and our historical foreign earnings are used to fund foreign investments or meet foreign working capital and property, plant and equipment expenditure needs. To fund cash needs in the United States, we rely on ongoing cash flow from U.S. operations, access to capital markets and remittances from foreign subsidiaries of earnings that are not considered to be permanently reinvested.

### ***Financing Facilities***

We have a five-year senior unsecured revolving credit facility in place which will expire in September 2026. The credit facility provides borrowings of up to \$2.75 billion, with separate sub-limits of \$100 million for letters of credit and swingline loans. The expiration date of the credit facility may be extended for up to two additional one year periods, subject to certain restrictions (including the consent of the lenders). The credit facility provides that we may, subject to additional commitments by lenders, request an additional \$500 million of financing, for a maximum aggregate commitment under the credit facility of up to \$3.25 billion. Proceeds from this facility may be used for general corporate purposes. There were no borrowings outstanding under the revolving credit facility at December 31, 2021.

The agreement for our revolving credit facility contains the following financial covenants. We were in compliance with these covenants, as applicable, as of December 31, 2021.

- We are required to have a leverage coverage ratio of no more than:
  - 4.25-to-1 as of the last day of each fiscal quarter following the closing of the credit facility; or
  - 4.75-to-1 for the four full fiscal quarters following the consummation of a material acquisition.

We also have informal lines of credit outside the United States. We may, from time to time, access the commercial paper market as we manage working capital over the normal course of our business activities. We had no commercial paper borrowings outstanding as of December 31, 2021. Also, over the normal course of our business activities, we transfer certain trade receivable assets to third parties under factoring agreements. Additional disclosures regarding sales of trade receivable assets are provided in Note 11 in the Notes to Condensed Consolidated Financial Statements.

### ***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, 2021 were unchanged compared with our ratings at September 30, 2021.

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 credit losses, 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. In addition to continually evaluating all governmental receivables for potential credit losses based upon historical loss experiences, we also evaluate such receivables based upon 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.

To date, we have not experienced a significant increased risk of credit losses in general as a result of the COVID-19 pandemic. No assurances can be given that the risk of credit losses will not increase in the future given the uncertainty around the duration of the pandemic and its economic impact.

### ***Regulatory Matters***

#### **FDA Warning Letter**

On January 11, 2018, BD received a Warning Letter from the FDA with respect to our former BD Preanalytical Systems ("PAS") unit, citing certain alleged violations of quality system regulations and of law. 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. BD has worked closely with the FDA and implemented corrective actions to address the quality management system concerns identified in the warning letter. In March 2020, the FDA conducted a subsequent inspection of PAS, which it classified as Voluntary Action Indicated, which means the FDA will not take or recommend any administrative or regulatory action as a result of the unit's response to the observations associated with the quality management concerns in the inspection. BD continues to work with the FDA to generate additional clinical evidence and file 510(k)s as remaining commitments associated with the Warning Letter. In January 2022, BD received FDA clearance for its BD Vacutainer® ACD Blood Collection Tubes used in immunohematology. The FDA review of these remaining commitments is ongoing and no assurances can be given regarding further action by the FDA as a result of these commitments, including but not limited to action pursuant to the Warning Letter.

#### Consent Order — Covington, Georgia, USA

On October 28, 2019, BD entered into a consent order with the Environmental Protection Division of the Georgia Department of Natural Resources (the "EPD"), following the filing of a complaint and motion for temporary restraining order by the EPD seeking to enjoin BD from continuing sterilization operations at its Covington, Georgia facility. Under the terms of the consent order, which has been amended two times upon mutual agreement of BD and EPD, BD voluntarily agreed to a number of operational changes at its Covington and Madison, Georgia facilities, as well as at its distribution center in Covington, designed to further reduce ethylene oxide emissions, including but not limited to operating at a reduced capacity until successful implementation of fugitive emission control technology, ongoing ambient air monitoring and operational controls at such facilities. Following submission of data relating to the implementation of these operational changes, BD was permitted to return to normal operations in December 2021 at its facilities in Georgia in accordance with the operating conditions set forth in its permit applications, including a condition to continue ambient air monitoring. However, BD's sterilization operations in Georgia remain subject to the EPD's final approval of BD's permit applications and could be subject to additional restrictions. BD has business continuity plans in place to mitigate the impact of any additional restrictions on our operations at these facilities, although it is possible that these plans will not be able to fully offset such impact, especially considering the reduced capacity of third-party sterilization service providers and the regulatory timelines associated with transferring sterilization operations for regulated products.

At a broader level, several states have increased the regulatory requirements associated with the use and emission of ethylene oxide, the most frequently used sterilant for medical devices and health care products in the U.S. This increased regulation could require BD or sterilization service providers, including providers used by BD, to temporarily suspend operations to install additional fugitive emissions control technology, limit the use of ethylene oxide or take other actions, which would further reduce the available capacity of third-party providers to sterilize medical devices and health care products. A few states have filed lawsuits to require additional air quality controls and expand limitations on the use of ethylene oxide at sterilization facilities. For example, in December 2020, the State of New Mexico filed a lawsuit seeking a temporary restraining order and a preliminary and permanent injunction against a major medical device sterilizer, which sterilizes certain of our surgery products, to reduce ethylene oxide emissions associated with their sterilization process. On the federal level, in late 2019, the U.S. Environmental Protection Agency provided notice that it would be conducting rulemaking to reconsider federal regulations applicable to the use and emission of ethylene oxide. If any such proceedings or rulemaking result in the suspension of sterilization operations at BD or at medical device sterilizers used by BD, or otherwise limit the availability of third-party sterilization capacity, this could interrupt or otherwise adversely impact production of certain of our products. BD has business continuity plans in place to mitigate the impact of any such disruptions, although these plans may not be able to fully offset such impact, for the reasons noted above.

#### Consent Decree with FDA

As previously reported, our BD Alaris™ infusion pump organizational unit is operating under an amended consent decree entered into by CareFusion (the "Consent Decree") that includes all infusion pumps manufactured by or for CareFusion 303, Inc., the organizational unit that manufactures and sells Alaris™ infusion pumps in the United States.

Following an inspection that began in March 2020 of our Medication Management Systems facility (CareFusion 303, Inc.) in San Diego, California, the FDA issued to BD a Form 483 Notice (the "Form 483 Notice") that contains a number of observations of non-conformance with quality system regulations. In addition, in December 2021, the FDA issued to CareFusion 303, Inc. a letter of non-compliance with respect to the Consent Decree (the "Non-Compliance Letter") stating that, among other things, it had determined that certain of BD's corrective actions with respect to the Form 483 Notice appeared to be adequate, some were still in progress such that adequacy could not be determined yet, and certain others were not adequate (e.g., complaint handling and corrective and preventive actions (CAPA), design verification and medical device reporting). Per the terms of the Non-Compliance Letter, CareFusion 303, Inc. provided the FDA with a proposed comprehensive corrective action plan and has retained an independent expert to conduct periodic audits of CareFusion 303, Inc. infusion pump facilities over the next four years. CareFusion 303, Inc. will update its corrective action plan to address any observations that may arise

during the course of these audits, and these updates, as well as the audit reports, will be shared with FDA in accordance with the terms of the Non-Compliance Letter. The FDA's review of the items raised in the Form 483 Notice and Non-Compliance Letter remains ongoing, and no assurances can be given regarding further action by the FDA as a result of the observations, including but not limited to action pursuant to the Consent Decree, or that the corrective actions proposed by CareFusion 303, Inc. will be adequate to address these observations. Additionally, we cannot currently predict the amount of additional monetary investment that will be incurred to resolve this matter or the matter's ultimate impact on our business.

The Consent Decree authorizes the FDA, in the event of any violations in the future, to order us to cease manufacturing and distributing infusion pumps, recall products and take other actions. We may be required to pay damages of \$15,000 per day per violation if we fail to comply with any provision of the Consent Decree, up to \$15 million per year. We may also be subject to future proceedings and litigation relating to the matters addressed in the Consent Decree, including, but not limited to, additional fines, penalties, other monetary remedies, and expansion of the terms of the Consent Decree.

We are undertaking certain remediation of our BD Alaris™ System, and are currently shipping the product in the United States, only in cases of medical necessity and to remediate recalled software versions. As previously disclosed, we submitted our 510(k) premarket notification to the FDA for the BD Alaris™ System in April 2021. The 510(k) submission is intended to bring the regulatory clearance for the BD Alaris™ System up-to-date, address open recall issues and provide other updates and features, including a new version of BD Alaris™ System software that will provide clinical, operational and cybersecurity updates. We will not be able to fully resume commercial operations for the BD Alaris™ System in the United States until BD's 510(k) submission relating to the product has been cleared by the FDA. No assurances can be given as to when or if clearance will be obtained from the FDA.

For further discussion of risks relating to the regulations to which we are subject, see Part I, Item 1A, of our 2021 Annual Report on Form 10-K (the "2021 Annual Report").

### **Cautionary Statement Regarding Forward-Looking Statements**

This report includes forward-looking statements within the meaning of the federal securities laws. BD and its representatives may also, from time to time, make certain forward-looking statements in publicly released materials, both written and oral, including statements contained in filings with the SEC, 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, pricing, 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. This report also includes forward-looking statements regarding the proposed spin-off of the Diabetes Care business, including the anticipated benefits of the spin-off and the expected timing of completion of the spin-off. 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 2021 Annual Report.

- Any impact of the COVID-19 pandemic, including resurgences in COVID-19 infections or new strains of the virus, may have on our business, the global economy's recovery and the global healthcare system, which may include decreases in the demand for our products, disruptions to our operations (including employee absenteeism) or disruptions to our supply chain.
- Factors such as the rate of vaccination, the effectiveness of vaccines against different strains, the rate of infections, and competitive factors that could impact the demand and pricing for our COVID-19 diagnostics testing.
- 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.

- The risks associated with the proposed spin-off of our Diabetes Care business, including factors that could delay, prevent or otherwise adversely affect the completion, timing or terms of the spin-off, our ability to realize the expected benefits of the spin-off, or the qualification of the spin-off as a tax-free transaction for U.S. federal income tax purposes.
- 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), new entrants into our markets and changes in the practice of medicine.
- Risks relating to our overall level of indebtedness, including our ability to service our debt and refinance our indebtedness, which is dependent upon the capital markets and our overall financial condition at such time.
- 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 governments or 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.
- Cost containment efforts in the U.S. or in other countries in which we do business, such as alternative payment reform and increased use of competitive bidding and tenders, including, without limitation, any expansion of the volume-based procurement process in China.
- 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 cost reduction measures instituted by and the continued consolidation among healthcare providers.
- The impact of changes in U.S. federal laws and policies that could affect fiscal and tax policies, healthcare and international trade, including import and export regulation and international trade agreements. In particular, tariffs or other trade barriers imposed by the U.S. or other countries could adversely impact our supply chain costs or otherwise adversely impact our results of operations.
- Increases in operating costs, including fluctuations in the cost and availability of oil-based resins and other raw materials, as well as certain components, used in our products, including increases resulting from any transportation issues, product shortages or other disruptions in the global supply chain, inflationary pricing pressure, labor shortages, primarily in the United States, and increased labor costs, the ability to maintain favorable supplier and service arrangements and relationships (particularly with respect to sole-source suppliers and sterilization services), and the potential adverse effects of any disruption in the availability of such items and services.
- Security breaches of our information 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, including sensitive personal data, 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 and maintain regulatory approvals and registrations 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 could preclude or delay commercialization of a product. Delays in obtaining necessary approvals or clearances from the 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.

- Conditions in international markets, including social and political conditions, civil unrest, terrorist activity, governmental changes, restrictions on the ability to transfer capital across borders, tariffs and other protectionist measures, difficulties in protecting and enforcing our intellectual property rights and governmental expropriation of assets. 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.
- 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 climate change, weather, regulatory or other events that adversely impact our supply chain, including our ability to manufacture our products (particularly where production of a product line or sterilization operations are concentrated in one or more plants), source materials or components or services from suppliers (including sole-source suppliers) that are needed for such manufacturing (including sterilization), or provide products to our customers, including events that impact key distributors.
- Natural disasters, including the impacts of climate change, hurricanes, tornadoes, windstorms, fires, earthquakes and floods and other extreme weather events, global health pandemics, war, terrorism, labor disruptions and international conflicts that could cause significant economic disruption and political and social instability, resulting in decreased demand for our products, or adversely affecting our manufacturing and distribution capabilities or causing interruptions in our supply chain.
- Pending and potential future litigation or other proceedings asserting, and/or investigations concerning and/or subpoenas and requests 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)), potential anti-corruption and related internal control violations under the Foreign Corrupt Practices Act, antitrust claims, securities law claims, product liability (which may involve lawsuits seeking class action status or seeking to establish multi-district litigation proceedings, including pending claims relating to our hernia repair implant products, surgical continence products for women and vena cava filter products), claims with respect to environmental matters, data privacy breaches 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 post-marketing 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, our U.S. infusion pump business is operating under a Consent Decree with the FDA. The Consent Decree authorizes the FDA, in the event of any violations in the future, to order our U.S. infusion pump business to cease manufacturing and distributing products, recall products or take other actions, and order the payment of significant monetary damages if the business subject to the decree fails to comply with any provision of the Consent Decree. We are undertaking certain remediation of our BD Alaris™ System, and are currently shipping the product in the U.S., only in cases of medical necessity and to remediate recalled software versions. We will not be able to fully resume commercial operations for the BD Alaris System in the U.S. until BD's 510(k) submission relating to the product has been cleared by the FDA. No assurances can be given as to when or if clearance will be obtained from the FDA.
- 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 FASB or the SEC.

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in information reported since the end of the fiscal year ended September 30, 2021.

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, 2021. 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, 2021 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.

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 2021 Annual Report, and in Note 4 of the Notes to Condensed Consolidated Financial Statements in this report, which is incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in Part I, Item 1A, of our 2021 Annual Report.

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, 2021.

	<u>Issuer Purchases of Equity Securities</u>			
For the three months ended December 31, 2021	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2)
October 1 – 31, 2021 (3)	463,251	\$ 251.87	462,062	753,131
November 1 – 30, 2021	112	243.13	—	10,753,131
December 1 – 31, 2021	—	—	—	10,753,131
Total	463,363	\$ 251.87	462,062	10,753,131

- (1) Includes 1,301 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) The repurchases were made pursuant to the repurchase program authorized by the Board of Directors on September 24, 2013 for 10 million shares, for which there is no expiration date. In November 2021, the Board of Directors authorized BD to repurchase up to an additional 10 million shares of BD common stock, for which there is also no expiration date.
- (3) Includes 462,062 shares received upon final settlement of a \$750 million accelerated share repurchase agreement (the "ASR agreement") executed in August 2021. The total average price paid per share in the table above reflects the volume weighted average price of BD's shares over the term of the ASR agreement. Additional disclosures regarding this transaction are provided in Note 2 of the Notes to Condensed Consolidated Financial Statements in this report.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

- [10\(a\)](#) 2004 Employee and Director Equity-Based Compensation Plan, as amended and restated as of November 23, 2021
- [22](#) Subsidiary Issuer of Guaranteed Securities
- [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.
- 101 The following materials from this report, formatted in iXBRL (Inline 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.
- 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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 3, 2022

/s/ Christopher J. DeOrefice

Christopher J. DeOrefice

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

/s/ Thomas J. Spoerel

Thomas J. Spoerel

Senior Vice President, Controller and Chief Accounting Officer

(Principal Accounting Officer)

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

**As amended and restated as of November 23, 2021**

Section 1. *Purpose.*

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

Section 2. *Definition.*

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

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

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

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

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

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

(f) “**Change in Control**” means

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

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

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

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

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

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

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

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



(j) **“Disability”** shall mean a Participant’s disability as determined in accordance with a disability insurance program maintained by the Company.

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

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

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

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

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

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

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

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

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

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

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

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

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

- (v) **“Participant”** shall mean an individual granted an Award under the Plan.
- (w) **“Performance Unit”** shall mean any right granted under Section 8.
- (x) **“Restrictive Covenants”** shall mean the restrictive covenants set forth in any written agreement, contract or other instrument, which may, but need not, include the Participant’s Award Agreement, pursuant to which such restrictive covenants apply to an Award under the Plan.
- (y) **“Restricted Stock”** shall mean any Share granted under Section 7.
- (z) **“Restricted Stock Unit”** shall mean a contractual right granted under Section 7 that is denominated in Shares. Each Unit represents a right to receive the value of one Share (or a percentage of such value, which percentage may be higher than 100%) upon the terms and conditions set forth in the Plan and the applicable Award Agreement. Awards of Restricted Stock Units may include, without limitation, the right to receive dividend equivalents.
- (aa) **“Retirement”** shall mean a Separation from Service after attainment of retirement as specified in the applicable terms of an Award.
- (ab) **“Return on Common Equity”** for a period shall mean net income less preferred stock dividends divided by total shareholders’ equity, less amounts, if any, attributable to preferred stock.
- (ac) **“Return on Invested Capital”** for a period shall mean earnings before interest, taxes, depreciation and amortization divided by the difference of total assets less non-interest bearing current liabilities.
- (ad) **“Return on Net Assets”** for a period shall mean net income less preferred stock dividends divided by the difference of average total assets less average non-debt liabilities, with average defined as the sum of assets or liabilities at the beginning and ending of the period divided by two.
- (ae) **“Revenue Growth”** shall mean the percentage change in revenue (as defined in Statement of Financial Accounting Concepts No. 6, published by the Financial Accounting Standards Board) from one period to another.
- (af) **“Plan”** shall mean this Becton, Dickinson and Company 2004 Employee and Director Equity-Based Compensation Plan.
- (ag) **“Separation from Service”** shall mean a termination of employment or other separation from service from the Company, as described in Code Section 409A and the regulations thereunder, including, but not limited to a termination by reason of Retirement or involuntary termination without Cause, but excluding any such termination where there is a simultaneous re-employment by the Company.
- (ah) **“Shares”** shall mean shares of the common stock of the Company, \$1.00 par value.
- (ai) **“Specified Employee”** shall mean a Participant who is deemed to be a specified employee in accordance with procedures adopted by the Company that reflect the requirements of Code Section 409A(2)(B)(i) and the guidance thereunder.

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

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

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

Section 3. *Eligibility.*

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

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

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

Section 4. *Administration.*

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

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

appropriate for the proper administration of the Plan; (ix) determine whether and to what extent Awards should comply or continue to comply with any requirement of statute or regulation; (x) determine whether the conditions to forfeit an Award have been met; and (xi) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan. Notwithstanding the foregoing, the Plan will be interpreted and administered by the Committee in a manner that is consistent with the requirements of Code Section 409A to allow for tax deferral thereunder, and the Committee shall take no action hereunder that would result in a violation of Code Section 409A.

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

Section 5. *Shares Available For Awards.*

(a) The number of Shares available for issuance under the Plan is 46,000,000 shares, subject to adjustment as provided below. Notwithstanding the foregoing and subject to adjustment as provided in Section 5(e), (i) no Participant may receive Options and Stock Appreciation Rights under the Plan in any calendar year that relate to more than 250,000 Shares, (ii) the maximum number of Shares with respect to which unrestricted Awards (either as to vesting, performance or otherwise) may be made to employees under the Plan is 450,000 Shares, and (iii) the maximum number of Shares that may be issued with respect to any Awards granted on or after February 2, 2010 that are not Awards of Options or Stock Appreciation Rights shall be 13,940,000.

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

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

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

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

exercise price with respect to any Award or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award; *provided, however*, that the number of Shares subject to any Award denominated in Shares shall always be a whole number.

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

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

#### Section 6. *Options and Stock Appreciation Rights.*

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

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

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

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

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

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

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

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

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

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

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

(d) Notwithstanding anything contained herein to the contrary and except as otherwise provided by the Committee at the time a Restricted Stock award is granted or in any amendment thereto, upon a Participant's (i) Separation from Service on account of Retirement, death or Disability, any and all remaining restrictions with respect to an award of Restricted Stock granted to the Participant shall lapse, and the Participant shall receive all of the Shares of Restricted Stock subject to the award, and (ii) voluntary termination, involuntary termination without Cause or involuntary termination with Cause, all Shares of Restricted Stock held by the Participant shall be forfeited as of the date of termination.

(e) Notwithstanding anything contained herein to the contrary and except as otherwise provided by the Committee at the time a Restricted Stock Unit award is granted or in any amendment thereto, upon a Participant's:

(i) Separation from Service on account of Retirement or Disability, any and all remaining restrictions with respect to Restricted Stock Units granted to the Participant shall lapse and the Participant shall receive any amounts otherwise payable with respect to such Restricted Stock Units as soon as administratively practicable thereafter (or at such later distribution date as may be set by the Committee at the time of the Award or in any amendment thereto), except that, for amounts subject to Code Section 409A, in the case of a Participant who is a Specified Employee, the payment of such amounts that are made on account of the Specified Employee's Separation from Service shall not be made prior to the earlier of (A) the first day of the seventh month following the Participant's Separation from Service (without regard to whether the Participant is reemployed on that date) or (B) death;

(ii) Separation from Service on account of involuntary termination without Cause, all Restricted Stock Units held by the Participant shall be forfeited as of the date of termination; provided, that the Committee may, in its discretion, authorize the payment to the Participant of all amounts payable with respect to such Restricted Stock Units in the case of financial hardship on the part of the Participant or in connection with a reduction-in-force. Notwithstanding the foregoing, for amounts subject to Code Section 409A, in the case of a Participant who is a Specified Employee, the payment of any amounts that are made on account of the Specified Employee's Separation from Service shall not be made prior to the earlier of (A) the first day of the seventh month following the Participant's Separation from Service (without regard to whether the Participant is reemployed on that date) or (B) death;

(iii) death, any and all remaining restrictions with respect to Restricted Stock Units granted to the Participant shall lapse and the Participant's beneficiary shall receive

any amounts otherwise payable with respect to such Restricted Stock Units as soon as administratively practicable thereafter; and

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

Section 8. *Performance Units.*

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

(b) Subject to the terms of the Plan, a Performance Unit granted under the Plan (i) may be denominated or payable in cash, Shares (including, without limitation, Restricted Stock), other securities, other Awards, or other property and (ii) shall confer on the holder thereof rights valued as determined by the Committee and payable to, or exercisable by, the holder of the Performance Unit, in whole or in part, upon the achievement of such performance goals during such performance periods as the Committee shall establish. Subject to the terms of the Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Unit granted and the amount of any payment or transfer to be made pursuant to any Performance Unit shall be determined by the Committee; provided, that the performance period relating to any Award of Performance Units shall be at least twelve (12) months.

(c) Notwithstanding anything contained herein to the contrary and except as otherwise provided by the Committee at the time a Performance Unit Award is granted or in any amendment thereto, upon a Participant's:

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

(ii) death or 409A Disability prior to the expiration of any performance period applicable to a Performance Unit granted to the Participant, the Participant or the Participant's beneficiary shall receive upon such event a partial payment with respect to, or a partial right to exercise, such Performance Unit as determined by the Committee in its discretion;

(iii) Separation from Service on account of Disability (other than a 409A Disability) prior to the expiration for any performance period applicable to a Performance Unit granted to the Participant, the Participant shall be entitled to receive, following the expiration of such performance period, a partial payment with respect to, or a partial right to exercise, such Performance Unit as determined by the Committee in its discretion; and

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

Section 9. *Other Stock-Based Awards.*

The Committee is hereby authorized to grant to Participants such other Awards (including, without limitation, rights to dividends and dividend equivalents) that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares) as are deemed by the

Committee to be consistent with the purposes of the Plan (provided that no rights to dividends and dividend equivalents shall be granted in tandem with an Award of Options or Stock Appreciation Rights). Subject to the terms of the Plan, the Committee shall determine the terms and conditions of such Awards; provided, that (i) if the vesting conditions applicable to any such Award to an employee relate exclusively to the passage of time and continued employment, such time period shall consist of not less than thirty-six (36) months, (ii) if the vesting of the award is contingent upon the achievement of any performance goals over a performance period, the performance period relating to such Award shall be at least twelve (12) months. Shares or other securities delivered pursuant to a purchase right granted under this Section 9 shall be purchased for such consideration, which may be paid by such method or methods and in such form or forms, including, without limitation, cash, Shares, other securities, other Awards, or other property, or any combination thereof, as the Committee shall determine, the value of which consideration, as established by the Committee, shall, except in the case of Substitute Awards, not be less than the Fair Market Value of such Shares or other securities as of the date such purchase right is granted. To the extent that any Other Stock-Based Awards granted by the Committee are subject to Code Section 409A as nonqualified deferred compensation, such Other Stock-Based Awards shall be subject to terms and conditions that comply with the requirements of Code Section 409A to avoid adverse tax consequences under Code Section 409A.

Section 10. *Effect of Termination on Certain Awards.*

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

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

(b) if termination is voluntary or involuntary without Cause, the Participant may exercise each Option or Stock Appreciation Right held by the Participant within three months after such termination (but not after the expiration date of such Award) to the extent such Award was exercisable pursuant to its terms at the date of termination; provided, however, if the Participant should die within three months after such termination, each Option or Stock Appreciation Right held by the Participant may be exercised by the Participant's estate, or by any person who acquires the right to exercise by reason of the Participant's death, at any time within a period of one year after death (but not after the expiration date of the Award) to the extent such Award was exercisable pursuant to its terms at the date of termination;

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

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



Section 11. *General Provisions Applicable To Awards.*

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

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

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

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

(e) The Plan and any Award granted hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of New Jersey, without regard to any contrary conflict of laws. Any legal proceeding arising out of or relating to the Plan and any Award granted hereunder will be brought exclusively in any state or federal court of competent jurisdiction located within the State of New Jersey and will not be commenced or maintained in any other court.

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

(g) Every Award (other than an Option or Stock Appreciation Right) to a member of the Executive Group shall, if the Committee intends that such Award should constitute "qualified performance-based compensation" for purposes of Section 162(m) of the Code, include a pre-established formula, such that payment, retention or vesting of the Award is subject to the achievement during a performance period or periods, as determined by the Committee, of a level or levels, as determined by the Committee, of one or more of the following performance measures: (i) Return on Net Assets, (ii) Revenue Growth, (iii) Return on Common Equity, (iv)

Total Shareholder Return, (v) Earnings Per Share, (vi) Net Revenue Per Employee (vii) Market Share, (viii) Return on Invested Capital, or (ix) Net Income. For any Award subject to any such pre-established formula, no more than 150,000 Shares can be paid in satisfaction of such Award to any Participant, subject to adjustment as provided in Section 5(e). Notwithstanding any provision of this Plan to the contrary, the Committee shall not be authorized to increase the amount payable under any Award to which this Section 11(f) applies upon attainment of such pre-established formula.

(h) Notwithstanding any other provision of the Plan to the contrary, upon a Change in Control:

(i) All outstanding Awards granted prior to January 1, 2015 shall become fully vested and exercisable, all performance targets applicable to such Awards, if any, shall be deemed to have been met at target performance, and any restrictions applicable to such Awards shall automatically lapse.

(ii) All outstanding Awards granted on or after January 1, 2015 shall become fully vested and exercisable, all performance targets applicable to such Awards, if any, shall be deemed to have been met at target performance, and any restrictions applicable to such Awards shall automatically lapse, except to the extent such Awards are (1) assumed by the successor corporation (or an affiliate thereof) or continued, or (2) replaced with an equity award that preserves the existing value of the Award at the time of the Change in Control on terms that are no less favorable to the Participant than those applicable to the Award (in each case in clauses (1) and (2), a "Continuing Award"), in which event such Continuing Awards shall remain outstanding and be governed by their respective terms, subject to Section 11(g)(iii) below.

(iii) In the event a Participant holding a Continuing Award is involuntarily terminated without Cause or such Participant terminates employment with the Company for Good Reason (as defined below) within the two-year period commencing on the Change in Control, then, as of the date of such termination, the Continuing Award shall become fully vested and exercisable, all performance targets applicable to the Award, if any, shall be deemed to have been met at target performance, and any other restrictions applicable to any Award shall automatically lapse.

(iv) For purposes of this Section 11(g), the following capitalized terms shall have the meanings provided below.

(A) "Good Reason" means the occurrence (without the Participant's express written consent) of (1) a reduction in the Participant's base salary as in effect immediately prior to the Change in Control or as the same may be increased thereafter from time to time, or a reduction in the Participant's annual performance incentive award opportunity or equity-based compensation that is not in good faith and consistent with past practices, or (2) any change in the location of the Participant's principal place of employment as it existed immediately prior to the Change in Control to a location that is more than twenty-five (25) miles from such principal place of employment. No event described above shall constitute Good Reason unless the Participant gives written notice to the Company of the existence of the event within 90 days after the initial occurrence of such event and the Company has not remedied such within 30 days of receipt of such notice. Notwithstanding the foregoing, if a Participant is a party to a Change in Control Agreement (as defined below), "Good Reason" with respect to such Participant for purposes of this Plan shall have the meaning given to such term in the Change in Control Agreement.

(B) “Change in Control Agreement” means an employment agreement or other agreement or plan between the Company and a Participant and approved by the Board or the Committee that provides for the continued employment of the Participant following a Change in Control and the payment of benefits upon termination of employment in connection with or following a Change in Control.

(v) Notwithstanding anything in this Section 11(g) to the contrary, any Awards that are otherwise subject to Code Section 409A shall not be distributed or payable upon a Change in Control unless the Change in Control otherwise meets the requirements for a change in the ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company within the meaning of Code Section 409A and the regulations and other guidance promulgated thereunder; instead such Awards shall be distributed or payable in accordance with the Award’s applicable terms.

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

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

(k) Notwithstanding any provision of the Plan to the contrary (but subject to Sections (7)(d) and (e), 8(c), 10, and 11(h) of the Plan), no Award granted under the Plan shall become vested over a period of less than one year following the date the applicable Award is granted; provided, however, that, notwithstanding the foregoing, Awards that result in the issuance of up to 5% of the Shares reserved for issuance under Section 5(a)(ii) may be granted to any one or more Participants without respect to such minimum vesting provisions. Nothing in this Section 11(k) shall preclude the Committee from taking action, in its sole discretion, to accelerate the vesting of any Award in connection with or following a Participant’s death, Disability, retirement, termination of service other than for Cause, or the consummation of a Change in Control.

(l) Notwithstanding any provision of the Plan to the contrary, any dividend or dividend equivalent otherwise payable in respect of any Award of Restricted Stock, Restricted Stock Unit, Performance Unit, or Other Stock-Based Award that remains subject to vesting conditions at the time of payment or accrual of such dividend or dividend equivalent shall be retained by the Company and remain subject to the same vesting conditions as the underlying Award to which the dividend relates, and the right to any such accumulated dividends shall be forfeited upon the forfeiture of the Award to which such dividends relate.

#### Section 12. *Amendments and Termination.*

(a) Except to the extent prohibited by applicable law and unless otherwise expressly provided in an Award Agreement or in the Plan, the Board may amend, alter, suspend, discontinue, or terminate the Plan or any portion thereof at any time; *provided, however*, that no such amendment, alteration, suspension, discontinuation or termination shall be made without (i) shareholder approval (A) if the effect thereof is to increase the number of Shares available for issuance under the Plan or to expand the class of persons eligible to participate in the Plan or (B) if such approval is necessary to comply with any tax or regulatory requirement for which or

with which the Board deems it necessary or desirable to qualify or comply or (ii) the consent of the affected Participant, if such action would adversely affect the rights of such Participant under any outstanding Award. Notwithstanding anything to the contrary herein, the Committee may amend the Plan in such manner as may be necessary to enable the Plan to achieve its stated purposes in any jurisdiction outside the United States in a tax-efficient manner and in compliance with local rules and regulations. In all events, no termination or amendment shall be made in a manner that is inconsistent with the requirements under Code Section 409A to allow for tax deferral.

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

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

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

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

Section 13. *Confidentiality, Non-Solicitation and Non-Compete.*

By accepting an Award under the Plan, a Participant agrees, understands, and acknowledges that the Participant shall be bound by, and shall abide by the Restrictive Covenants. In the event that a Participant breaches any applicable Restrictive Covenant, the Company may claw back or recoup any vested and unvested Awards granted under the Plan to such Participant (including any amounts or benefits arising from such Award) in accordance with Section 14.

Section 14. *Clawback Policy; Recoupment*

Notwithstanding any other provision of the Plan to the contrary, any Award granted under the Plan (including any amounts or benefits arising from such Award) shall be subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of the Company's Policy Regarding the Recovery of Compensation, as it may be amended from time to time (the "Policy"). By accepting an Award under the Plan, a Participant agrees and consents to the Company's application, implementation and enforcement of (i) the Policy or any similar policy established by the Company that may apply to the Participant and (ii) any provision of applicable law relating to cancellation, rescission, payback or recoupment of compensation, and expressly agrees that the Company may take such actions as are necessary to effectuate the Policy, any similar policy (as applicable to the Participant) or applicable law without further consent or action being required by the Participant. The Company's rights under the Policy shall be in addition to, and not in substitution of, the Company's rights under the Plan or otherwise and, in all events, the terms of the Policy shall prevail to the extent that the terms of the Policy conflict with the Plan or any other plan, program, agreement or arrangement.

Section 15. *Miscellaneous.*

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

(b) The Committee may delegate to one or more officers or managers of the Company, or a committee of such officers or managers, the authority, subject to such terms and limitations as the Committee shall determine, to grant Awards to, or to cancel, modify, waive rights with respect to, alter, discontinue, suspend or terminate Awards held by, employees who are not officers or directors of the Company for purposes of Section 16 of the Securities Exchange Act of 1934, as amended. The Committee may delegate to one or more officers or managers of the Company, or a committee of such officers or managers, the authority, subject to such terms and limitations as the Committee shall determine, authority to carry out a specified part or parts of its administrative responsibilities or ministerial functions in connection with the Plan, including but not limited to determining whether the conditions to forfeit an Award have been met. Any delegation of authority may be removed by the Committee at any time with or without cause. Notwithstanding the foregoing, (1) any delegation to management with respect to the Plan shall conform with the requirements of the corporate law of New Jersey and with the requirements, if any, of the New York Stock Exchange, in either case as in effect from time to time, (2) interpretations or determinations with respect to an executive officer's rights under an Award or the Plan shall be made by the Committee, and (3) if any action or direction of any person to whom authority hereunder has been delegated conflicts with an action or direction of the Committee, then the authority of the Committee shall supersede that of the delegate with respect to such action or direction. Any action taken by a person under an authorized delegation of authority in compliance with this Section 15.2(b) shall have the same force and effect as if taken directly by the Committee.

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

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

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

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

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

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

Section 16. *Effective Date of Plan.*

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

Section 17. *Term of the Plan.*

No Award shall be granted under the Plan after January 29, 2023. However, unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such date, and the authority of the Committee to amend, alter, adjust, suspend, discontinue, or terminate any such Award, or to waive any conditions or rights under any such Award, and the authority of the Board to amend the Plan, shall extend beyond such date.

**Subsidiary Issuers of Guaranteed Securities**

As of December 31, 2021, Becton, Dickinson and Company (“BD”) is the guarantor of the senior unsecured registered notes listed below issued by Becton Dickinson Euro Finance S.à r.l. (“BD Finance”). BD owns, directly or indirectly, 100% of BD Finance.

**Becton Dickinson Euro Finance S.à r.l.**

0.334% Notes due August 13, 2028

1.336% Notes due August 13, 2041

1.213% Notes due February 12, 2036

1.208% Notes due June 4, 2026

0.632% Notes due June 4, 2023

**CERTIFICATION**

I, Thomas E. Polen, 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 3, 2022

/s/ Thomas E. Polen

Thomas E. Polen

Chairman, Chief Executive Officer and President

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## CERTIFICATION

I, Christopher J. DeLorefice, 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 3, 2022

/s/ Christopher J. DeLorefice

Christopher J. DeLorefice

Executive Vice President and Chief Financial Officer

**CERTIFICATION**

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, 2021 (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, Thomas E. Polen, the Chief Executive Officer of Becton, Dickinson and Company, certify that:

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

Date: February 3, 2022

/s/ Thomas E. Polen

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Name: Thomas E. Polen

Chief Executive Officer

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### CERTIFICATION

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, 2021 (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 J. DeLOrefice, the Chief Financial Officer of Becton, Dickinson and Company, certify that:

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

Date: February 3, 2022

/s/ Christopher J. DeLOrefice

Name: Christopher J. DeLOrefice  
Chief Financial Officer