

# FORM 10-Q

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

(Mark One)

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

For the quarterly period ended December 31, 2009

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)

N/A

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer   
(Do not check if a smaller reporting company)

Smaller reporting company

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

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

Class of Common Stock

Common stock, par value \$1.00

Shares Outstanding as of December 31, 2009

235,699,337

BECTON, DICKINSON AND COMPANY  
FORM 10-Q  
For the quarterly period ended December 31, 2009  
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ITEM 1. FINANCIAL STATEMENTS  
BECTON, DICKINSON AND COMPANY

CONDENSED CONSOLIDATED BALANCE SHEETS  
Thousands of dollars

	December 31, 2009 (Unaudited)	September 30, 2009
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and equivalents	\$ 1,182,306	\$ 1,394,244
Short-term investments	276,107	551,561
Trade receivables, net	1,075,263	1,168,662
Inventories:		
Materials	162,289	171,449
Work in process	221,849	223,094
Finished products	779,861	762,219
	<u>1,163,999</u>	<u>1,156,762</u>
Prepaid expenses, deferred taxes and other	359,218	375,725
Total Current Assets	<u>4,056,893</u>	<u>4,646,954</u>
Property, plant and equipment	6,364,218	6,241,329
Less allowances for depreciation and amortization	<u>3,364,792</u>	<u>3,274,700</u>
	2,999,426	2,966,629
Goodwill	769,975	621,872
Core and Developed Technology, Net	301,433	309,990
Other Intangibles, Net	266,531	96,659
Capitalized Software, Net	214,292	197,224
Other	<u>485,726</u>	<u>465,296</u>
Total Assets	<u>\$ 9,094,276</u>	<u>\$ 9,304,624</u>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities:</b>		
Short-term debt	\$ 205,441	\$ 402,965
Payables and accrued expenses	<u>1,333,386</u>	<u>1,374,128</u>
Total Current Liabilities	1,538,827	1,777,093
Long-Term Debt	1,487,844	1,488,460
Long-Term Employee Benefit Obligations	619,993	782,034
Deferred Income Taxes and Other	187,453	114,325
Commitments and Contingencies	—	—
<b>Shareholders' Equity:</b>		
Common stock	332,662	332,662
Capital in excess of par value	1,533,450	1,485,674
Retained earnings	7,978,872	7,752,831
Deferred compensation	18,079	17,906
Common shares in treasury — at cost	(4,265,077)	(4,073,699)
Accumulated other comprehensive income	<u>(337,827)</u>	<u>(372,662)</u>
Total Shareholders' Equity	<u>5,260,159</u>	<u>5,142,712</u>
Total Liabilities and Shareholders' Equity	<u>\$ 9,094,276</u>	<u>\$ 9,304,624</u>

See notes to condensed consolidated financial statements

## BECTON, DICKINSON AND COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
Thousands of dollars, except per share data  
(Unaudited)

	Three Months Ended	
	December 31,	
	2009	2008
Revenues	\$ 1,916,774	\$ 1,717,919
Cost of products sold	919,542	796,274
Selling and administrative	450,928	406,019
Research and development	100,284	97,314
Total Operating Costs and Expenses	<u>1,470,754</u>	<u>1,299,607</u>
Operating Income	446,020	418,312
Interest income	8,789	1,651
Interest expense	(12,987)	(7,824)
Other (expense) income, net	<u>(2,354)</u>	<u>9,411</u>
Income From Continuing Operations Before Income Taxes	439,468	421,550
Income tax provision	<u>123,490</u>	<u>112,131</u>
Income From Continuing Operations	315,978	309,419
Income from Discontinued Operations, net	<u>398</u>	<u>2,649</u>
Net Income	<u>\$ 316,376</u>	<u>\$ 312,068</u>
Basic Earnings per Share:		
Income from Continuing Operations	\$ 1.33	\$ 1.28
Income from Discontinued Operations	<u>—</u>	<u>0.01</u>
Basic Earnings per Share	<u>\$ 1.33</u>	<u>\$ 1.29</u>
Diluted Earnings per Share:		
Income from Continuing Operations	\$ 1.30	\$ 1.25
Income from Discontinued Operations	<u>—</u>	<u>0.01</u>
Diluted Earnings per Share	<u>\$ 1.30</u>	<u>\$ 1.26</u>
Dividends per Common Share	<u>\$ 0.370</u>	<u>\$ 0.330</u>

See notes to condensed consolidated financial statements

BECTON, DICKINSON AND COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
Thousands of dollars  
(Unaudited)

	Three Months Ended December 31,	
	2009	2008
<b>Operating Activities</b>		
Net income	\$ 316,376	\$ 312,068
Income from discontinued operations, net	(398)	(2,649)
Income from continuing operations	315,978	309,419
Adjustments to income from continuing operations to derive net cash provided by continuing operating activities, net of amounts acquired:		
Depreciation and amortization	125,221	116,459
Share-based compensation	35,320	33,761
Deferred income taxes	1,709	9,293
Change in working capital	88,691	(101,416)
Pension obligation	(158,593)	(102,060)
Other, net	(13,698)	48
Net Cash Provided by Continuing Operating Activities	<u>394,628</u>	<u>265,504</u>
<b>Investing Activities</b>		
Capital expenditures	(111,564)	(95,365)
Capitalized software	(25,496)	(25,069)
Proceeds (purchases) of investments, net	279,593	(8,825)
Acquisitions of business, net of cash acquired	(274,756)	—
Other, net	(9,605)	253
Net Cash Used for Continuing Investing Activities	<u>(141,828)</u>	<u>(129,006)</u>
<b>Financing Activities</b>		
Change in short-term debt	(197,309)	928
Payments of debt	(28)	(93)
Repurchase of common stock	(191,133)	(283,321)
Excess tax benefits from payments under share-based compensation plans	7,824	3,702
Dividends paid	(89,889)	(82,102)
Issuance of common stock and other, net	3,862	(6,651)
Net Cash Used for Continuing Financing Activities	<u>(466,673)</u>	<u>(367,537)</u>
<b>Discontinued Operations</b>		
Net cash (used for) provided by operating activities	(109)	2,361
Net cash used for investing activities	—	(64)
Net Cash (Used for) Provided by Discontinued Operations	<u>(109)</u>	<u>2,297</u>
Effect of exchange rate changes on cash and equivalents	2,044	(4,116)
Net decrease in cash and equivalents	<u>(211,938)</u>	<u>(232,858)</u>
Opening Cash and Equivalents	<u>1,394,244</u>	<u>830,477</u>
Closing Cash and Equivalents	<u>\$ 1,182,306</u>	<u>\$ 597,619</u>

See notes to condensed consolidated financial statements

BECTON, DICKINSON AND COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Dollar and share amounts in thousands, except per share data

December 31, 2009

Note 1 — Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, in the opinion of the management of the Company, include all adjustments which are of a normal recurring nature, necessary for a fair presentation of the financial position and the results of operations and cash flows for the periods presented. However, the financial statements do not include all information and footnotes required for a presentation in accordance with U.S. generally accepted accounting principles. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included or incorporated by reference in the Company's 2009 Annual Report on Form 10-K. The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the full year.

The Company evaluates subsequent events and the evidence they provide about conditions existing at the date of the balance sheet as well as conditions that arose after the balance sheet date but before the financial statements are issued. The effects of conditions that existed at the date of the balance sheet date are recognized in the financial statements. Events and conditions arising after the balance sheet date but before the financial statements are issued are evaluated to determine if disclosure is required to keep the financial statements from being misleading. To the extent such events and conditions exist, disclosures are made regarding the nature of events and the estimated financial effects for those events and conditions. For purposes of preparing the accompanying condensed consolidated financial statements and the following notes to these financial statements, the Company evaluated subsequent events through the date the financial statements were issued.

Note 2 — Accounting Change

The Company implemented revised business combination rules for acquisitions occurring after October 1, 2009. Under the new rules, acquired in-process research and development assets will be recorded as indefinite-lived intangible assets until projects are completed or abandoned and acquisition-related costs are expensed as incurred. The new requirements are effective on a prospective basis with limited exception relating to income tax uncertainties. Disclosures required under the revised business combination rules relating to the Company's acquisition of HandyLab, Inc., on November 19, 2009, are provided in Note 9.

The Company implemented new fair value measurement requirements for nonfinancial assets and liabilities measured on a nonrecurring basis on October 1, 2009. The new guidance defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures relating to fair value measurements. Assets and liabilities subject to this guidance primarily include goodwill and indefinite-lived intangible assets measured at fair value for impairment assessments, long-lived assets measured at fair value when impaired and non-financial assets and

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liabilities measured at fair value in business combinations. The Company's adoption of this guidance did not materially impact the consolidated financial statements.

### Note 3 — Comprehensive Income

Comprehensive income was comprised of the following:

	Three Months Ended December 31,	
	2009	2008
Net Income	\$ 316,376	\$ 312,068
Other Comprehensive Income (Loss), Net of Tax		
Foreign currency translation adjustments	21,332	(139,477)
Benefit plans adjustment	8,059	3,097
Unrealized losses on investments, net of amounts reclassified	—	(29)
Unrealized gains (losses) on cash flow hedges, net of amounts realized	5,444	(9,900)
	<u>34,835</u>	<u>(146,309)</u>
Comprehensive Income	<u>\$ 351,211</u>	<u>\$ 165,759</u>

The change in foreign currency translation adjustments is primarily attributable to a weaker U.S. dollar against stronger European currencies at December 31, 2009 compared to a stronger U.S. dollar versus European and Latin American currencies at December 31, 2008.

### Note 4 — Earnings per Share

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

	Three Months Ended December 31,	
	2009	2008
Average common shares outstanding	237,360	242,397
Dilutive share equivalents from share-based plans	5,605	5,914
Average common and common equivalent shares outstanding — assuming dilution	<u>242,965</u>	<u>248,311</u>

Note 5 — Contingencies

The Company is named as a defendant in five purported class action suits brought on behalf of direct purchasers of the Company's products, such as distributors, alleging that the Company violated federal antitrust laws, resulting in the charging of higher prices for the Company's products to the plaintiff and other purported class members. The cases filed are as follows: *Louisiana Wholesale Drug Company, Inc., et. al. vs. Becton Dickinson and Company* (Civil Action No. 05-1602, U.S. District Court, Newark, New Jersey), filed on March 25, 2005; *SAJ Distributors, Inc. et. al. vs. Becton Dickinson & Co.* (Case 2:05-CV-04763-JD, U.S. District Court, Eastern District of Pennsylvania), filed on September 6, 2005; *Dik Drug Company, et. al. vs. Becton, Dickinson and Company* (Case No. 2:05-CV-04465, U.S. District Court, Newark, New Jersey), filed on September 12, 2005; *American Sales Company, Inc. et. al. vs. Becton, Dickinson & Co.* (Case No. 2:05-CV-05212-CRM, U.S. District Court, Eastern District of Pennsylvania), filed on October 3, 2005; and *Park Surgical Co. Inc. et. al. vs. Becton, Dickinson and Company* (Case 2:05-CV-05678- CMR, U.S. District Court, Eastern District of Pennsylvania), filed on October 26, 2005. These actions have been consolidated under the caption "*In re Hypodermic Products Antitrust Litigation.*" The Company is also named as a defendant in four purported class action suits brought on behalf of indirect purchasers of the Company's products, alleging that the Company violated federal and state antitrust laws, resulting in the charging of higher prices for the Company's products to the plaintiff and other purported class members. The cases filed are as follows: *Jabo's Pharmacy, Inc., et. al. v. Becton Dickinson & Company* (Case No. 2:05-CV-00162, U.S. District Court, Greenville, Tennessee), filed on June 7, 2005; *Drug Mart Tallman, Inc., et. al. v. Becton Dickinson and Company* (Case No. 2:06-CV-00174, U.S. District Court, Newark, New Jersey), filed on January 17, 2006; *Medstar v. Becton Dickinson* (Case No. 06-CV-03258-JLL (RJH), U.S. District Court, Newark, New Jersey), filed on May 18, 2006; and *The Hebrew Home for the Aged at Riverdale v. Becton Dickinson and Company* (Case No. 07-CV-2544, U.S. District Court, Southern District of New York), filed on March 28, 2007. A fifth purported class action on behalf of indirect purchasers *International Multiple Sclerosis Management Practice v. Becton Dickinson & Company* (Case No. 2:07-cv-10602, U.S. District Court, Newark, New Jersey), filed on April 5, 2007 was voluntarily withdrawn by the plaintiff. The plaintiffs in each of the antitrust class action lawsuits seek monetary damages. All of the antitrust class action lawsuits have been consolidated for pre-trial purposes in a Multi-District Litigation (MDL) in Federal court in New Jersey.

On April 27, 2009, the Company entered into a settlement agreement with the direct purchaser plaintiffs in these actions. Under the terms of the settlement agreement, which is subject to preliminary and final approval by the court following notice to potential class members, the Company will pay \$45,000 into a settlement fund in exchange for a release by all potential class members of the direct purchaser claims related to the products and acts enumerated in the Complaint, as well as a dismissal of the case with prejudice. The release would not cover potential class members that affirmatively opt out of the settlement. No settlement has been reached to date with the indirect purchaser plaintiffs in these cases, which will continue to the extent these cases relate to their claims. On May 7, 2009, certain indirect purchaser plaintiffs in the litigation, who are not parties to the settlement, filed a motion with the court seeking to enjoin the consummation of the settlement agreement on the grounds that, among other things, the court had not yet ruled on the issue of which plaintiffs have direct purchaser standing. The Court has scheduled a hearing on the indirect plaintiffs' motions regarding direct purchaser standing and the proposed injunction of the settlement for February of 2010.

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In June 2007, Retractable Technologies, Inc. (“RTI”) filed a complaint against the Company under the caption *Retractable Technologies, Inc. vs. Becton Dickinson and Company* (Civil Action No. 2:07-cv-250, U.S. District Court, Eastern District of Texas). RTI alleges that the BD Integra™ syringes infringe patents licensed exclusively to RTI. In its complaint, RTI also alleges that the Company engaged in false advertising with respect to certain of the Company’s safety-engineered products in violation of the Lanham Act; acted to exclude RTI from various product markets and to maintain its market share through, among other things, exclusionary contracts in violation of state and federal antitrust laws; and engaged in unfair competition. In January 2008, the court granted the Company’s motion to sever the patent and non-patent claims into separate cases. The non-patent claims have been stayed, pending resolution of RTI’s patent claims. RTI seeks money damages and injunctive relief. On April 1, 2008, RTI filed a complaint against BD under the caption *Retractable Technologies, Inc. and Thomas J. Shaw v. Becton Dickinson and Company* (Civil Action No.2:08-cv-141, U.S. District Court, Eastern District of Texas). RTI alleges that the BD Integra™ syringes infringe another patent licensed exclusively to RTI. RTI seeks money damages and injunctive relief. On August 29, 2008, the court ordered the consolidation of these two cases. On November 9, 2009, at a trial of these consolidated cases, the jury rendered a verdict in favor of RTI on all but one of its infringement claims, but did not find any willful infringement, and awarded RTI \$5,000 in damages. RTI has asked the court to issue a permanent injunction. The Company plans to appeal the jury verdict.

On November 25, 1998, a suit was filed against the Company on behalf of an unspecified number of healthcare workers seeking class action certification in state court under the caption *Bales vs. Becton Dickinson et. al.* (Case No. 98-CP-40- 4343, Richland County Court of Common Pleas). The action alleges that healthcare workers have sustained needlesticks using hollow-bore needle devices manufactured by the Company and, as a result, require medical testing, counseling and/or treatment. The plaintiff seeks money damages. There is no current activity in this case. The Company continues to oppose class action certification in this case, including pursuing all appropriate rights of appeal.

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

On May 28, 2004, Therasense, Inc. (“Therasense”) filed suit against the Company (*Therasense, Inc. and Abbott Laboratories v. Nova Biomedical Corporation and Becton, Dickinson and Company* (Case Number: C 04-02123 WDA, U.S. District Court, Northern District of California)) asserting that the Company’s blood glucose monitoring products (a product line no longer sold by the Company) infringe four Therasense patents and seeking money damages. On August 10, 2004, in response to a motion filed by Therasense in the U.S. District Court for the District of Massachusetts, the court transferred to the U.S. District Court in California an action

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previously filed by the Company against Therasense requesting a declaratory judgment that the Company's products do not infringe the Therasense patents and that the Therasense patents are invalid. On April 4, 2008, the District Court granted the Company summary judgment with respect to two of the patents asserted against the Company, finding no infringement by the Company. On June 24, 2008, the District Court ruled that a third patent asserted against the Company was invalid and unenforceable. On August 8, 2008, a jury delivered a verdict in the Company's favor, finding that the last of the four patents asserted against the Company was invalid. On January 25, 2010, the U.S. Court of Appeals for the Federal Circuit upheld the findings at the District Court.

On October 19, 2009, Gen-Probe Incorporated ("Gen-Probe") filed a patent infringement action against BD in the United States District Court for the Southern District of California. The complaint alleges that the BD Viper™ and BD Viper™ XTR™, and BD ProbeTec™ specimen collection products infringe eight U.S. patents of Gen-Probe. Gen-Probe is seeking monetary damages and injunctive relief.

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

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

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

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

Given the uncertain nature of litigation generally, the Company is not able in all cases to estimate the amount or range of loss that could result from an unfavorable outcome of the litigation to which the Company is a party. In accordance with U.S. generally accepted accounting principles, the Company establishes accruals to the extent probable future losses are estimable (in the case of environmental matters, without considering possible third-party recoveries). In view of the uncertainties discussed above, the Company could incur charges in

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excess of any currently established accruals and, to the extent available, excess liability insurance. In the opinion of management, any such future charges, individually or in the aggregate, could have a material adverse effect on the Company's consolidated results of operations and consolidated cash flows.

### Note 6 — Segment Data

The Company's organizational structure is based upon its three principal business segments: BD Medical ("Medical"), BD Diagnostics ("Diagnostics"), and BD Biosciences ("Biosciences"). The Company evaluates segment performance based upon operating income. Segment operating income represents revenues reduced by product costs and operating expenses. The Company hedges against certain forecasted sales of U.S.-produced products sold outside the United States. Gains and losses associated with these foreign currency translation hedges are reported in segment revenues based upon their proportionate share of these international sales of U.S.-produced products. Financial information for the Company's segments was as follows:

	Three Months Ended December 31,	
	2009	2008
Revenues (A)		
Medical	\$ 1,018,628	\$ 875,190
Diagnostics	595,474	540,191
Biosciences	<u>302,672</u>	<u>302,538</u>
	<u>\$ 1,916,774</u>	<u>\$ 1,717,919</u>
Segment Operating Income		
Medical	\$ 319,105	\$ 258,798
Diagnostics	162,401	154,535
Biosciences	<u>85,465</u>	<u>99,689</u>
Total Segment Operating Income	566,971	513,022
Unallocated Items (B)	<u>(127,503)</u>	<u>(91,472)</u>
Income from Continuing Operations Before Income Taxes	<u>\$ 439,468</u>	<u>\$ 421,550</u>

(A) Intersegment revenues are not material.

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

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	Three Months Ended	
	December 31,	
	2009	2008
Revenues by Organizational Units		
BD Medical		
Medical Surgical Systems	\$ 560,026	\$ 480,501
Diabetes Care	201,521	180,006
Pharmaceutical Systems	235,974	194,781
Ophthalmic Systems	21,107	19,902
	<u>\$ 1,018,628</u>	<u>\$ 875,190</u>
BD Diagnostics		
Preanalytical Systems	\$ 300,166	\$ 278,154
Diagnostic Systems	295,308	262,037
	<u>\$ 595,474</u>	<u>\$ 540,191</u>
BD Biosciences		
Cell Analysis	\$ 231,335	\$ 229,521
Discovery Labware	71,337	73,017
	<u>\$ 302,672</u>	<u>\$ 302,538</u>
	<u>\$ 1,916,774</u>	<u>\$ 1,717,919</u>

Note 7 — Share-Based Compensation

The Company grants share-based awards under the 2004 Employee and Director Equity-Based Compensation Plan (the “2004 Plan”), which provides long-term incentive compensation to employees and directors. The Company believes such awards align the interests of its employees and directors with those of its shareholders.

The fair value of share-based payments is recognized as compensation expense in net income. For the three months ended December 31, 2009 and 2008, compensation expense charged to income was \$35,320 and \$33,761, respectively. Share-based compensation attributable to discontinued operations was not material.

The amount of unrecognized compensation expense for all non-vested share-based awards as of December 31, 2009 was approximately \$172,346, which is expected to be recognized over a weighted-average remaining life of approximately 2.6 years.

The fair values of stock appreciation rights granted during the annual share-based grants in November of 2009 and 2008, respectively, were estimated on the date of grant using a lattice-based binomial valuation model based on the following assumptions:

	2009	2008
Risk-free interest rate	2.60%	2.73%
Expected volatility	28.00%	28.00%
Expected dividend yield	1.96%	2.11%
Expected life	6.5 years	6.5 years
Fair value derived	\$ 19.70	\$ 16.11

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### Note 8 — Benefit Plans

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

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

	Pension Plans		Other Postretirement Benefits	
	2009	2008	2009	2008
Service cost	\$ 18,313	\$ 12,939	\$ 1,249	\$ 863
Interest cost	22,836	21,135	3,544	3,807
Expected return on plan assets	(25,042)	(20,494)	—	—
Amortization of prior service (cost) credit	(270)	(276)	1	(116)
Amortization of loss (gain)	10,446	4,266	849	(36)
	<u>\$ 26,283</u>	<u>\$ 17,570</u>	<u>\$ 5,643</u>	<u>\$ 4,518</u>

Postemployment benefit costs for the three months ended December 31, 2009 and 2008 were \$5,467 and \$4,501, respectively.

### Note 9 — Acquisitions

On November 19, 2009, the Company acquired 100% of the outstanding shares of HandyLab, Inc., (“HandyLab”) a company that develops and manufactures molecular diagnostic assays and automation platforms. The acquisition-date fair value of consideration transferred totaled \$277,610, net of cash acquired, which consisted of the following:

Cash	\$ 274,756
Settlement of preexisting relationship	2,854 (A)
Total	<u>\$ 277,610</u>

(A) The acquisition effectively settled a prepaid asset associated with a pre-existing relationship with HandyLab, as discussed in further detail below.

HandyLab has developed and commercialized a flexible automated platform (“Jaguar Plus”) for performing molecular diagnostics which complements the Company’s molecular diagnostics offerings, specifically in the area of healthcare-associated infections. The Company plans to place its BD GeneOhm™ molecular assays onto the HandyLab platform and market them as the new BD Max™ System. The Company intends for this acquisition to allow further expansion of the BD molecular diagnostic menu and the achievement of revenue and cost synergies.

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The acquisition was accounted for under the acquisition method of accounting for business combinations and HandyLab's results of operations were included in the Diagnostics segment's results as of the acquisition date. Pro forma information was not provided as the acquisition did not have a material effect on the Company's consolidated results. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date. These fair values are based upon the information available as of December 31, 2009 and may be adjusted should further information regarding events or circumstances existing at the acquisition date become available.

Acquired in-process research and development	\$ 169,000
Deferred tax assets	22,330
Other	8,843
Total identifiable assets acquired	<u>200,173</u>
Deferred tax liabilities	(64,220)
Other	(6,468)
Total liabilities assumed	<u>(70,688)</u>
Net identifiable assets acquired	129,485
Goodwill	<u>148,125</u>
Net assets acquired	<u>\$ 277,610</u>

The acquired in-process research and development assets of \$169,000 consisted of two projects that were still in development at the acquisition date: Platform technology for \$26,000 and Jaguar Plus technology for \$143,000. The Platform technology is incorporated into an automated platform that performs molecular diagnostics on certain specimens. The Jaguar Plus technology incorporates the Platform technology as well as additional technology to perform assays or molecular tests. The fair values of these projects were determined based on the present value of projected cash flows utilizing an income approach reflecting the appropriate risk-adjusted discount rate based on the applicable technological and commercial risk of each project.

The \$148,125 of goodwill was allocated to the Diagnostics segment. The primary item that generated goodwill is the value of the Company's access to HandyLab's flexible automated platform and expected synergies. No portion of this goodwill is expected to be deductible for tax purposes. The Company recognized \$2,500 of acquisition related costs that were expensed in the current period and reported in the Condensed Consolidated Statements of Income as "Selling and administrative".

In May 2009, the Company entered into a twenty-year product development and supply agreement with HandyLab. This agreement provided the Company with access and distribution rights to HandyLab's proprietary technology. Upon executing this agreement, the Company recorded an initial payment for exclusive distribution rights over a twelve-year term. At the acquisition date, the unamortized balance of the recognized prepaid was \$2,854. The Company's acquisition of HandyLab effectively settled the preexisting product development and supply agreement. Because the terms of the contract were determined to represent fair value at the acquisition date, the Company did not record any gain or loss separately from the acquisition.

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### Note 10 — Divestitures

On July 8, 2009, the Company sold certain assets and liabilities related to the elastics and thermometer components of the Home Healthcare product line of the Medical segment for \$51,022. The Company recognized a pre-tax gain on sale of \$18,145. Concurrent with the sale, the Company exited the remaining portion of the Home Healthcare product line. The results of operations associated with the Home Healthcare product line are reported as discontinued operations for all periods presented in the accompanying Condensed Consolidated Statements of Income and Cash Flows and related disclosures.

Results of discontinued operations were as follows:

	Three Months Ended December 31,	
	2009	2008
Revenues	<u>\$ 522</u>	<u>\$ 15,585</u>
Income from discontinued operations before income taxes	550	3,503
Less: income tax provision	<u>152</u>	<u>854</u>
Income from discontinued operations, net	<u>\$ 398</u>	<u>\$ 2,649</u>

### Note 11 — Other Intangible Assets

Intangible assets consisted of:

	December 31, 2009		September 30, 2009	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets				
Core and developed technology	\$ 537,351	\$ 235,918	\$ 539,674	\$ 229,684
Patents, trademarks, and other	<u>317,436</u>	<u>222,675</u>	<u>312,430</u>	<u>218,531</u>
	<u>\$ 854,787</u>	<u>\$ 458,593</u>	<u>\$ 852,104</u>	<u>\$ 448,215</u>
Unamortized intangible assets				
Acquired in-process research and development	\$ 169,000		\$ —	
Trademarks	<u>2,770</u>		<u>2,760</u>	
	<u>\$ 171,770</u>		<u>\$ 2,760</u>	

Intangible amortization expense for the three months ended December 31, 2009 and 2008 was \$12,335 and \$11,723, respectively.

Note 12 — Derivative Instruments and Hedging Activities

The Company uses derivative instruments to mitigate certain exposures. The effects these derivative instruments and hedged items have on financial position, financial performance, and cash flows are provided below.

*Foreign Currency Risks and Related Strategies*

The Company has foreign currency exposures throughout Europe, Asia Pacific, Canada, Japan and Latin America. The Company partially hedges forecasted export sales denominated in foreign currencies using forward and option contracts, generally with one-year terms. The Company's hedging program has been designed to mitigate exposures resulting from movements of the U.S. dollar, from the beginning of a reporting period, against other foreign currencies. The Company's strategy is to offset the changes in the present value of future foreign currency revenue resulting from these movements with either gains or losses in the fair value of foreign currency derivative contracts. Forward contracts were utilized to hedge forecasted sales in fiscal year 2009 and 2010.

The Company designates forward contracts utilized to hedge these certain forecasted sales denominated in foreign currencies as cash flow hedges. Changes in the effective portion of the fair value of the Company's forward contracts that are designated and qualify as cash flow hedges (i.e., hedging the exposure to variability in expected future cash flows that is attributable to a particular risk) are included in Other comprehensive income (loss) until the hedged transactions are reclassified in earnings. These changes result from the maturity of derivative instruments as well as the commencement of new derivative instruments. The changes also reflect movements in the period-end foreign exchange rates against the spot rates at the time the Company enters into any given derivative instrument contract. Once the hedged revenue transaction occurs, the gain or loss on the contract is recognized from Accumulated other comprehensive income (loss) to "Revenues." The Company records the premium or discount of the forward contracts, which is included in the assessment of hedge effectiveness, to Revenues.

At December 31, 2009, the Company expects to reclassify \$38,511, net of tax, of net losses on foreign currency exchange instruments from Accumulated other comprehensive income (loss) to revenues during the next 12 months due to actual and forecasted export sales. In the event the revenue transactions underlying a derivative instrument are no longer probable of occurring, accounting for the instrument under hedge accounting must be discontinued. Gains and losses previously recognized in other comprehensive income (loss) must be reclassified into Other (expense) income. If only a portion of the revenue transaction underlying a derivative instrument is no longer probable of occurring, only the portion of the derivative relating to those revenues would no longer be eligible for hedge accounting.

Transactional currency exposures that arise from entering into transactions, generally on an intercompany basis, in non-hyperinflationary countries that are denominated in currencies other than the functional currency are mitigated primarily through the use of forward contracts and currency options. Hedges of the transactional foreign exchange exposures resulting primarily from intercompany payables and receivables are undesignated hedges. As such, the gains or losses on these instruments are recognized immediately in income. The offset of these gains or losses against the gains and losses on the underlying hedged items, as well as the hedging costs associated with the derivative instruments, are recognized in Other (expense) income

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The total notional amounts of the Company's outstanding foreign exchange contracts as of December 31, 2009 and September 30, 2009 were \$2,083,886 and \$2,601,109, respectively.

### *Interest Rate Risks and Related Strategies*

The Company's primary interest rate exposure results from changes in short-term U.S. dollar interest rates. The Company's policy is to manage interest cost using a mix of fixed and variable rate debt. The Company periodically utilizes interest rate swaps to manage such exposures. Under these interest rate swaps, the Company exchanges, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated as either fair value or cash flow hedges.

For interest rate swaps designated as fair value hedges (i.e., hedges against the exposure to changes in the fair value of an asset or a liability or an identified portion thereof that is attributable to a particular risk), changes in the fair value of the interest rate swaps offset changes in the fair value of the fixed rate debt due to changes in market interest rates.

Changes in the fair value of the interest rate swaps designated as cash flow hedges (i.e., hedging the exposure to variability in expected future cash flows that is attributable to a particular risk) are offset by amounts recorded in other comprehensive income (loss). If interest rate derivatives designated as cash flow hedges are terminated, the balance in accumulated other comprehensive income (loss) attributable to those derivatives is reclassified into earnings over the remaining life of the hedged debt. The amounts, related to terminated interest rate swaps, expected to be reclassified and recorded in Interest expense within the next 12 months is \$1,240, net of tax.

As of December 31, 2009 and September 30, 2009, the total notional amounts of the Company's outstanding interest rate swaps designated as fair value hedges were \$200,000 and \$400,000, respectively. The current year's outstanding swap represents a fixed-to-floating rate swap agreement that was entered into to convert the interest payments on \$200,000 in 4.55% notes, due April 15, 2013, from the fixed rate to a floating interest rate based on LIBOR. The Company had no outstanding interest rate swaps designated as cash flow hedges as of December 31, 2009.

### *Commodity Price Risks and Related Strategies*

The Company also manages risks associated with certain forecasted commodity purchases by using forward contracts. In 2009, the Company entered into a commodity forward contract on ethane to manage the price risk associated with forecasted purchases of polyethylene used in the Company's manufacturing process. The contract was designated as a cash flow hedge and once hedged commodity purchases occurred, the gain or loss on the contract was recognized from Accumulated other comprehensive income (loss) to "Cost of products sold." The ethane forward contract matured in first quarter 2010 and as such, there were no unrecognized amounts relating to this contract recorded in Accumulated other comprehensive income as of December 31, 2009. The notional amount of the Company's commodity contracts at September 30, 2009 was 206,000 gallons of ethane.

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### *Risk Exposures Not Hedged*

The Company purchases resins, which are oil-based components used in the manufacture of certain products. While the Company has been able to hedge certain purchases of polyethylene, the Company does not currently utilize any hedges to manage the risk exposures related to other resins. Significant increases in world oil prices that lead to increases in resin purchase costs could impact future operating results.

### Effects on Consolidated Balance Sheets

The location and amounts of derivative instrument fair values in the consolidated balance sheet are segregated below between designated, qualifying hedging instruments and ones that are not designated under for hedge accounting.

	December 31, 2009	September 30, 2009
Asset derivatives-designated for hedge accounting		
Forward exchange contracts	\$ 49	\$ 618
Interest rate swap	1,294	1,971
Total asset derivatives-designated for hedge accounting	<u>\$ 1,343</u>	<u>\$ 2,589</u>
Asset derivatives-undesignated for hedge accounting		
Forward exchange contracts	<u>\$ 4,369</u>	<u>\$ 12,575</u>
Total asset derivatives (A)	<u>\$ 5,712</u>	<u>\$ 15,164</u>
Liability derivatives-designated for hedge accounting		
Forward exchange contracts	\$ 51,788	\$ 70,980
Commodity forward contracts	—	6
Total liability derivatives-designated for hedge accounting	<u>\$ 51,788</u>	<u>\$ 70,986</u>
Liability derivatives-undesignated for hedge accounting		
Forward exchange contracts	<u>\$ 12,162</u>	<u>\$ 18,490</u>
Total liability derivatives (B)	<u>\$ 63,950</u>	<u>\$ 89,476</u>

(A) All asset derivatives are included in Prepaid expenses, deferred taxes and other.

(B) All liability derivatives are included in Payables and accrued expenses.

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*Effects on Consolidated Statements of Income*

*Cash flow hedges*

The location and amount of gains and losses on designated derivative instruments recognized in the consolidated statement of income for the three months ended December 31, consisted of:

Derivatives Accounted for as Designated Cash Flow Hedging Relationships	Gain (Loss) Recognized in OCI on Derivatives		Location of Gain (Loss) Reclassified from Accumulated OCI into Income	Gain (Loss) Reclassified from Accumulated OCI into Income	
	Three Months Ended December 31,			Three Months Ended December 31,	
	2009	2008		2009	2008
Forward exchange contracts	\$ 5,113	\$ (10,010)	Revenues	\$ (14,567)	\$ 32,717
Interest rate swaps	309	273	Interest expense	(498)	(440)
Commodity forward contracts	22	(163)	Cost of products sold	(35)	—
Total	<u>\$ 5,444</u>	<u>\$ (9,900)</u>		<u>\$ (15,100)</u>	<u>\$ 32,277</u>

The Company's designated derivative instruments are perfectly effective. As such, there were no gains or losses, related to hedge ineffectiveness or amounts excluded from hedge effectiveness testing, recognized immediately in income for the three months ended December 31, 2009 and 2008.

*Fair value hedge*

The location and amount of gains or losses on the hedged fixed rate debt attributable to changes in the market interest rates and the offsetting gain (loss) on the related interest rate swap were as follows:

Income Statement Classification	Gain/(Loss) on Swap		Gain/(Loss) on Borrowings	
	Three Months Ended December 31,		Three Months Ended December 31,	
	2009	2008	2009	2008
Other (expense) income (A)	<u>\$ (677)</u>	<u>\$ 1,408</u>	<u>\$ 677</u>	<u>\$ (1,408)</u>

(A) Changes in the fair value of the interest rate swap offset changes in the fair value of the fixed rate debt due to changes in market interest rates. There was no hedge ineffectiveness relating to this interest rate swap.

*Undesignated hedges*

The location and amount of gains and losses recognized in income on derivatives not designated for hedge accounting were as follows:

Derivatives Not Designated For Hedge Accounting	Location of Gain (Loss) Recognized in Income on Derivatives	Amount of Gain (Loss) Recognized in Income on Derivative	
		Three Months Ended December 31,	
		2009	2008
Forward exchange contracts (B)	Other (expense) income	<u>\$ (4,436)</u>	<u>\$ 3,909</u>

(B) The gains and losses on forward contracts and currency options utilized to hedge the intercompany transactional foreign exchange exposures are largely offset by gains and losses on the underlying hedged items in Other (expense) income.

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## Note 13 — Financial Instruments and Fair Value Measurements

The Company adopted newly issued fair value measurement requirements for financial assets and liabilities on October 1, 2008 and for nonfinancial assets and liabilities on October 1, 2009. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement provisions require the categorization of assets and liabilities carried at fair value within a three-level hierarchy based upon inputs used in measuring fair value.

The fair values of financial instruments, including those not recognized on the statement of financial position at fair value, carried at December 31, 2009 are classified in accordance with the fair value hierarchy in the table below:

	Carrying Value	Basis of Fair Value Measurement		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Cash and equivalents	\$ 328,074	\$ 328,074	\$ —	\$ —
Forward exchange contracts	4,418	—	4,418	—
Interest rate swap	1,294	—	1,294	—
Total Assets	<u>\$ 333,786</u>	<u>\$ 328,074</u>	<u>\$ 5,712</u>	<u>\$ —</u>
<b>Liabilities</b>				
Forward exchange contracts	\$ 63,950	\$ —	\$ 63,950	\$ —
Long-term debt	1,487,844	—	1,591,001	—
Total Liabilities	<u>\$ 1,551,794</u>	<u>\$ —</u>	<u>\$ 1,654,951</u>	<u>\$ —</u>

The Company's cash and equivalents include balances in money market funds that permit daily redemption. The fair values of these investments are based upon the quoted prices provided by the holding financial institutions. The Company's remaining cash equivalents and short-term investments are carried at cost, which approximates fair value. The Company measures the fair value of forward exchange contracts and currency options based upon observable inputs, specifically spot currency rates and forward currency prices for similar assets and liabilities. The fair value of forward commodity contracts and interest rate swaps are provided by the financial institutions that are counterparties to these arrangements. The fair value of long-term debt is based upon quoted prices in active markets for similar instruments.

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

Company Overview

Becton, Dickinson and Company ("BD") is a global medical technology company engaged principally in the development, manufacture and sale of medical devices, instrument systems and reagents used by healthcare institutions, life science researchers, clinical laboratories, the pharmaceutical industry and the general public. Our business consists of three worldwide business segments – BD Medical ("Medical"), BD Diagnostics ("Diagnostics") and BD Biosciences ("Biosciences"). Our products are marketed in the United States and internationally through independent distribution channels and directly to end-users by BD and independent sales representatives.

Overview of Financial Results

BD reported first quarter revenues of \$1.917 billion, representing an increase of 12% from the same period a year ago, and reflecting volume increases of approximately 9%, favorable foreign currency translation of approximately 3% and price decreases of less than 1%. The Medical and Diagnostics segments led revenue growth, which was aided by flu-related sales. Sales in the United States of safety-engineered devices in the first quarter of 2010 were \$298 million, representing an 11% increase from the prior year's period. International sales of safety-engineered devices of \$156 million in the first quarter of 2010 grew 16% above such sales in the prior year's period, after taking into account a 6% favorable impact due to foreign currency translation, net of hedge losses. Overall, first quarter international revenues were \$1.044 billion, representing an increase of 13% above the prior year's period, after taking into account an estimated 5% favorable impact due to foreign currency translation, net of hedge losses.

As further discussed in our 2009 Annual Report on Form 10-K, we face currency exposure each reporting period 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. We purchase forward contracts to partially protect against adverse foreign exchange rate movements. Gains or losses on our derivative instruments are largely offset by the gains or losses on the underlying hedged transactions. We do not enter into derivative instruments for trading or speculative purposes. During the first quarter 2010, the U.S. dollar weakened against most foreign currencies, primarily the Euro, compared to rates during the first quarter of 2009. The resulting favorable impact of foreign currency translation on revenues in the first quarter 2010 was partially offset by hedge losses, recorded in Revenues, resulting from our hedging activities. For further discussion refer to Note 12 in the Notes to Condensed Consolidated Financial Statements.

Results of Operations

Revenues

Refer to Note 6 in the Notes to Condensed Consolidated Financial Statements for segment financial data.

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### *Medical Segment*

First quarter revenues of \$1.019 billion represented an increase of \$143 million, or 16%, over the prior year's quarter, including an estimated \$32 million, or 4%, favorable impact due to foreign currency translation, net of hedge losses. The revenue growth is attributable to strong sales of Medical Surgical Systems and Pharmaceutical Systems products, including about 7 percentage points of growth from flu-related products, as well as Diabetes Care products. Global sales of safety-engineered products were \$228 million, a growth of 19% when compared to \$193 million in the prior year's quarter, and included a \$4 million favorable impact due to foreign currency translation, net of hedge losses.

### *Diagnostics Segment*

First quarter revenues of \$595 million represented an increase of \$55 million, or 10%, over the prior year's quarter, including an estimated \$11 million, or 2%, favorable impact due to foreign currency translation, net of hedge losses. Sales of safety-engineered devices and infectious disease testing systems, including about 2 percentage points of growth from flu-related products, contributed to revenue growth. Global sales of safety-engineered products of \$226 million grew 7%, as compared with \$210 million in the prior year's quarter, and included a \$4 million favorable impact due to foreign currency translation, net of hedge losses.

### *Biosciences Segment*

First quarter revenues of \$303 million were flat compared with the prior year's quarter and included an estimated \$2 million, or less than 1%, unfavorable impact due to foreign currency translation, inclusive of hedge losses. Demand for clinical and research instruments, as expected, continues to be impacted by capital funding constraints. Demand within the Discovery Labware unit was adversely impacted by a distributor's inventory reduction as well as a delay in purchases from a large customer. Biosciences revenues reflected a larger portion of our hedge losses than the Medical and Diagnostics segments, as these losses are allocated to the segments based on their proportionate share of international sales of U.S.-produced products. For this reason, foreign currency translation had an unfavorable impact on Biosciences revenues for the quarter.

## Segment Operating Income

### *Medical Segment*

Segment operating income for the first quarter was \$319 million, or 31.3% of Medical revenues, compared with \$259 million, or 29.6% of segment revenues, in the prior year's quarter. Gross profit margin was lower in the current quarter than the first quarter of 2009 primarily due to unfavorable foreign currency translation, including hedge losses. Higher manufacturing start-up costs and higher pension costs allocated to the segment also contributed to the decrease from the prior period. These unfavorable impacts on gross profit margin were partially offset by decreases in certain raw material costs. See further discussion on gross profit margin below. Selling and administrative expense as a percentage of Medical revenues was lower in the first quarter of 2010 compared with the first quarter of 2009, as continued spending controls more than offset unfavorable foreign currency translation.

### *Diagnostics Segment*

Segment operating income for the first quarter was \$162 million, or 27.3% of Diagnostics revenues, compared with \$155 million, or 28.6% of segment revenues, in the prior year's quarter. Gross profit margin was lower in the current quarter than in the first quarter of 2009 primarily due to unfavorable foreign currency translation, including hedge losses. Higher

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pension costs allocated to the segment also contributed to the decrease from the prior period. These unfavorable impacts on gross profit margin were partially offset by decreases in certain raw material costs. See further discussion on gross profit margin below. Selling and administrative expense as a percentage of Diagnostics revenues was lower in the first quarter of 2010 compared with the first quarter of 2009, as continued spending controls more than offset unfavorable foreign currency translation.

### *Biosciences Segment*

Segment operating income for the first quarter was \$85 million, or 28.2% of Biosciences revenues, compared with \$100 million, or 33.0% of segment revenues, in the prior year's quarter. Gross profit margin was lower in the current quarter than the first quarter of 2009 primarily due to the net unfavorable impact of foreign currency translation, including hedge losses. See further discussion on gross profit margin below. Selling and administrative expense as a percentage of Biosciences revenues for the first quarter of 2010 increased compared with the first quarter of 2009 primarily due to unfavorable foreign currency translation.

### Gross Profit Margin

Gross profit margin was 52.0% for the first quarter, compared with 53.6% for the comparable prior year period. Gross profit margin in the first quarter of 2010 as compared with the prior year's period reflected an estimated unfavorable impact of 190 basis points from both foreign currency translation and the hedging of certain foreign currencies, in particular the Euro, as previously discussed above under "Overview of Financial Results". The operating performance impact on gross margin was favorable by 30 basis points as compared to prior year, and the result of decreases in certain raw material costs which were partially offset by higher manufacturing start-up costs and higher pension costs.

### Selling and Administrative Expense

Selling and administrative expense was 23.5% of revenues for the first quarter, compared with 23.6% for the prior year's period. Aggregate expenses for the current period reflect increases in core spending of \$10 million, an estimated \$19 million unfavorable impact of foreign currency translation, and an \$11 million increase in the deferred compensation plan liability, as further discussed below. Aggregate expenses for the current period also reflect the recognition of a \$5 million legal contingency. See Note 5 in the Notes to the Condensed Consolidated Financial Statements for further discussion.

### Research and Development Expense

Research and development expense was \$100 million for the first quarter, compared with the prior year's amount of \$97 million, an increase of 3% over the prior year's period. Research and development expense was 5.2% of revenues in the first quarter, compared with 5.7% of revenues in the prior year's period. The decrease in research and development expenditures as a percentage of revenues reflects the timing of expenses and is not indicative of the spending expected for the total year.

### Non-Operating Expense and Income

Interest income was \$9 million in the first quarter, compared with \$2 million in the prior year's period. The increase resulted from investment gains on assets related to our deferred compensation plan and higher investment levels, which was partially offset by the impact of lower interest rates during the period. The related increase in the deferred compensation plan

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liability was recorded as an increase in selling and administrative expenses. Interest expense was \$13 million in the first quarter, compared with \$8 million in the prior year's period, which reflects higher levels of long-term fixed rate debt, partially offset by lower interest rates on floating rate debt. Other (expense) income was \$(2) million in the first quarter, compared with \$9 million in the prior year's period, and includes an \$8 million unfavorable change to net foreign exchange losses compared with the prior year's period. The first quarter of 2009 also included \$3 million of income relating to the completion of a collaborative research and development agreement for which there was no corresponding amount recognized in the current year's period.

### Income Taxes

The income tax rate was 28.1% for the first quarter, compared with the prior year's rate of 26.6%. The increase is due to the impact of the reinstated research and experimentation tax credit in the prior year's first quarter.

### Diluted Earnings Per Share from Continuing Operations

Income from continuing operations and diluted earnings per share from continuing operations for the first quarter of 2010 were \$316 million and \$1.30, respectively. Income from continuing operations and diluted earnings per share from continuing operations for the prior year's first quarter were \$309 million and \$1.25, respectively. The current quarter's earnings reflect underlying performance as well as an estimated \$0.09 overall unfavorable impact of foreign exchange fluctuations, including foreign exchange hedge losses, as discussed above.

### Liquidity and Capital Resources

Cash generated from operations, along with available cash and cash equivalents, is expected to be sufficient to fund our normal operating needs, including capital expenditures, cash dividends and common stock repurchases in 2010. Net cash provided by continuing operating activities was \$395 million during the first quarter of 2010, compared with \$266 million in the same period in 2009. Net cash provided by continuing operations in the first quarters of the current and prior year was reduced by changes in the pension obligation, resulting primarily from discretionary cash contributions of approximately \$175 million and \$115 million, respectively. The change in working capital from the prior year's period primarily reflects improved collections in the current period compared with the prior year's period.

Net cash used for continuing investing activities for the first quarter of the current year was \$142 million, compared with \$129 million in the prior year period. Capital expenditures were \$112 million in the first three months of 2010 and \$95 million in the same period in 2009. The current year amount also reflects the payment of \$275 million of net cash relating to the HandyLab acquisition.

Net cash used for continuing financing activities for the first quarter of the current year was \$467 million, compared with \$368 million in the prior year period. The change in short-term debt reflected the repayment of \$200 million of 7.15% Notes, due October 1, 2009. For the first quarter of the current year, we repurchased \$191 million of our common stock, compared with approximately \$283 million of common stock repurchase in the prior year period. At December 31, 2009, authorization to repurchase an additional 15.1 million common shares remained in effect.

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As of December 31, 2009, total debt of \$1.7 billion represented 24.0% of total capital (shareholders' equity, net non-current deferred income tax liabilities, and debt), versus 26.8% at September 30, 2009. Short-term debt decreased to 12% of total debt at the end of December 31, 2009, from 21% at September 30, 2009.

We have in place a commercial paper borrowing program that is available to meet our short-term financing needs, including working capital requirements. Borrowings outstanding under this program were \$200 million at December 31, 2009. We have available a \$1 billion syndicated credit facility with an expiration date in December 2012. This credit facility, under which there were no borrowings outstanding at December 31, 2009, provides backup support for our commercial paper program and can also be used for other general corporate purposes. This credit facility includes a single financial covenant that requires BD to maintain an interest expense coverage ratio (ratio of earnings before income taxes, depreciation and amortization to interest expense) of not less than 5-to-1 for the most recent four consecutive fiscal quarters. On the last eight measurement dates, this ratio has ranged from 27-to-1 to 34-to-1. In addition, we have informal lines of credit outside the United States.

### Greek Government Receivables

Accounts receivable balances include sales to government-owned or supported healthcare facilities in Greece. These sales are subject to significant payment delays due to government funding and reimbursement practices. We believe that this is an industry-wide issue for suppliers to these facilities. The outstanding balances, net of reserves related to such sales, were approximately \$41 million and \$45 million at December 31, 2009 and September 30, 2009, respectively. If significant changes occur in the availability of government funding, we may not be able to collect on amounts due from these customers. We do not expect this concentration of credit risk to have a material adverse impact on our financial position or liquidity.

### Cautionary Statement Regarding Forward-Looking Statements

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

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

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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.

- The current economic downturn and continued instability in the global financial markets and the potential adverse effect on liquidity and capital resources for BD or its customers and suppliers, the cost of operating our business, the demand for our products and services, or the ability to produce our products. This includes the impact on developing countries and their demand for our products.
- The effects, if any, of healthcare reform in the U.S., including various proposals that, if enacted, would impose an excise tax on medical device manufacturers such as BD. Other legislative or administrative reforms in the U.S. or abroad could also reduce reimbursement rates, result in increased pricing pressures or otherwise adversely affect BD's business.
- Changes in domestic and foreign healthcare industry practices that result in increased pricing pressures, including the continued consolidation among healthcare providers and trends toward managed care and healthcare cost containment.
- Regional, national and foreign economic factors, including inflation, deflation, and fluctuations in interest rates and, in particular, foreign currency exchange rates, and the potential effect of such fluctuations on revenues, expenses and resulting margins, and credit ratings, as well as competition in certain markets.
- The effects of natural disasters, including pandemic diseases, earthquakes, fire, or the effects of climate change on our ability to manufacture our products, particularly where production of a product line is concentrated in one or more plants, or on our ability to source components from suppliers that are needed for such manufacturing.
- Fluctuations in the cost and availability of oil-based resins and other raw materials, as well as certain sub-assemblies and finished goods, and the ability to maintain favorable supplier arrangements and relationships (particularly with respect to sole-source suppliers) and the potential adverse effects of any disruption in the availability of such items.
- We operate in a highly competitive environment. New product introductions by our current or future competitors (for example, new forms of drug delivery) could adversely affect our ability to compete in the global market. Patents attained by competitors, particularly as patents on our products expire, may also adversely impact our competitive position. Certain competitors have established manufacturing sites or have contracted with suppliers in low-cost manufacturing locations as a means to lower their costs. New entrants may also appear.
- Difficulties inherent in product development, including the potential inability to successfully continue technological innovation, complete clinical trials, obtain regulatory approvals in the United States and abroad, obtain coverage and adequate reimbursement for new products, or gain and maintain market approval of products, as well as the possibility of encountering infringement claims by competitors with respect to patent or other intellectual property rights, all of which can preclude or delay commercialization of a product.

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- We sell certain products to pharmaceutical companies that are used to manufacture, or are sold with, products by such companies. As a result, fluctuations in demand for the products of these pharmaceutical companies could adversely affect our operating results.
- The effects, if any, of governmental and media activities regarding the business practices of group purchasing organizations, which negotiate product prices on behalf of their member hospitals with BD and other suppliers.
- Our ability to obtain the anticipated benefits of restructuring programs, if any, that we may undertake.
- Our ability to implement the upgrade of our enterprise resource planning system. Any delays or deficiencies in the design and implementation of our upgrade could adversely affect our business.
- Adoption of, or changes in, government laws and regulations affecting domestic and foreign operations, including those relating to trade, monetary and fiscal policies, taxation (including tax reforms that could adversely impact multinational corporations), environmental matters, sales practices, price controls, licensing and regulatory approval of new products, regulatory requirements for products in the postmarketing phase, or changes in enforcement practices with respect to any such laws and regulations. In particular, environmental laws, particularly with respect to the emission of greenhouse gases, are becoming more stringent throughout the world, which may increase our costs of operations or necessitate changes in our manufacturing plants or processes.
- Fluctuations in U.S. and international governmental funding and policies for life sciences research.
- Pending and potential litigation or other proceedings adverse to BD, including antitrust claims, product liability claims, patent infringement claims, and the availability or collectibility of insurance relating to any such claims.
- The effects of adverse media exposure or other publicity regarding BD's business or operations.
- Our ability to achieve the projected level or mix of product sales. Our earnings forecasts are generated based on such projected volumes and sales of many product types, some of which are more profitable than others.
- The effect of market fluctuations on the value of assets in BD's pension plans and the possibility that BD may need to make additional contributions to the plans as a result of any decline in the value of such assets.
- Product efficacy or safety concerns resulting in product recalls, regulatory action on the part of the U.S. Food and Drug Administration (or foreign counterparts) or declining sales.

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- Political conditions in international markets, including civil unrest, terrorist activity, governmental changes, restrictions on the ability to transfer capital across borders and expropriation of assets by a government.
- Our ability to penetrate developing and emerging markets, which also depends on economic and political conditions, and how well we are able to acquire or form strategic business alliances with local companies and make necessary infrastructure enhancements to production facilities, distribution networks, sales equipment and technology.
- The impact of business combinations, including any volatility in earnings relating to acquired in-process research and development assets, and our ability to successfully integrate any business we may acquire.
- Issuance of new or revised accounting standards by the Financial Accounting Standards Board or the Securities and Exchange Commission.

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

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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, 2009.

Item 4. Controls and Procedures

An evaluation was carried out by BD's management, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of BD's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of December 31, 2009. 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. There were no changes in our internal control over financial reporting during the fiscal quarter ended December 31, 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

We are involved, both as a plaintiff and a defendant, in various legal proceedings which arise in the ordinary course of business, including product liability and environmental matters as set forth in our 2009 Annual Report on Form 10-K. Since September 30, 2009, the following developments have occurred with respect to the legal proceedings in which we are involved:

Retractable Technologies, Inc. (“RTI”)

As was reported in our 2009 Annual Report on Form 10-K, on November 9, 2009, the jury rendered a verdict in favor of RTI on all but one of its infringement claims, but did not find any willful infringement, and awarded RTI \$5 million in damages. RTI has asked the court to issue a permanent injunction. BD plans to appeal the jury verdict.

TheraSense/Abbott

On January 25, 2010, the U.S. Court of Appeals for the Federal Circuit upheld the findings at the lower court that the Therasense patents at issue either were not infringed by BD or were invalid. A description of the suit and the lower court’s findings is contained in our 2009 Annual Report on Form 10-K.

Gen-Probe

As was reported in our 2009 Annual Report on Form 10-K, on October 19, 2009, Gen-Probe Incorporated (“Gen-Probe”) filed a patent infringement action against BD in the United States District Court for the Southern District of California. The complaint alleges that the BD Viper™ and BD Viper™ XTR™, and BD ProbeTec™ specimen collection products infringe eight U.S. patents of Gen-Probe. Gen-Probe is seeking monetary damages and injunctive relief.

Summary

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

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### Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in Part 1, Item 1A, of our Annual Report on Form 10-K for the 2009 fiscal year.

### 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, 2009.

#### Issuer Purchases of Equity Securities

For the three months ended December 31, 2009	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, 2009	562	\$ 68.60	—	7,644,414
November 1 – 30, 2009	899,065	\$ 71.85	894,300	16,750,114
December 1 – 31, 2009	1,647,036	\$ 77.16	1,644,400	15,105,714
Total	2,546,663	\$ 75.28	2,538,700	15,105,714

- (1) Includes 2,958 shares purchased during the quarter in open market transactions by the trustee under BD's deferred compensation plan and 1996 Directors' Deferral Plan, and 5,005 shares delivered to BD in connection with stock option exercises.
- (2) These repurchases were made pursuant to a repurchase program covering 10 million shares authorized by the Board of Directors of BD (the "Board") on November 24, 2008 (the "2007 Program"). The Board authorized the repurchase of 10 million additional shares on November 24, 2009.

### Item 3. Defaults Upon Senior Securities

Not applicable.

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

There were no matters submitted to a vote of security holders during the fiscal quarter ended December 31, 2009.

Our Annual Meeting of Shareholders was held on February 2, 2010, at which the following matters were voted upon:

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

Nominee	Term	Votes	
		For Votes	Withheld
Henry P. Becton, Jr.	1 Year	159,137,090	12,848,272
Edward F. DeGraan	1 Year	165,600,066	6,385,296
Claire M. Fraser-Liggett	1 Year	162,624,080	9,361,282
Edward J. Ludwig	1 Year	163,494,713	8,490,649
Adel A.F. Mahmoud	1 Year	162,577,411	9,407,951
James F. Orr	1 Year	166,243,762	5,741,600
Willard J. Overlock, Jr.	1 Year	161,330,616	10,654,746
Bertram L. Scott	1 Year	161,474,395	10,510,967

The directors whose term of office as a director continued after the meeting are: Basil L. Anderson, Marshall O. Larsen, Gary A. Mecklenburg, Cathy E. Minehan and Alfred Sommer.

- ii.) A management proposal to ratify the selection of Ernst & Young, LLP as independent registered public accounting firm for the fiscal year ending September 30, 2010 was voted upon. 194,029,524 shares were voted for the proposal, 1,915,229 shares were voted against, and 274,053 shares abstained.
- iii.) A management proposal to amend BD's By-Laws to permit holders of at least 25% of the voting power of the outstanding capital stock to call a special meeting of shareholders was voted upon. 169,633,759 shares were voted for the proposal, 1,987,487 shares were voted against, 363,991 shares abstained, and there were 24,233,569 broker non-votes.
- iv.) A management proposal to amend the 2004 Employee and Director Equity-Based Compensation Plan was voted upon. 154,575,403 shares were voted for the proposal, 16,914,562 shares were voted against, 495,272 shares abstained, and there were 24,233,569 broker non-votes.
- v.) A management proposal requesting approval of material terms of performance goals under the 2004 Employee and Director Equity-Based Compensation Plan. 167,608,863 shares were voted for the proposal, 3,806,596 shares were voted against, 569,778 shares abstained, and there were 24,233,569 broker non-votes.
- vi.) A shareholder proposal requesting that the Board of Directors take the necessary steps to provide for majority voting in the election of directors was voted upon. 84,399,479 shares were voted for the proposal, 85,629,269 shares were voted against, 1,956,614 shares abstained, and there were 24,233,444 broker non-votes.
- vii.) A shareholder proposal requesting that the Board of Directors take the necessary steps to provide for cumulative voting in the election of directors was voted upon. 57,636,133 shares were voted for the proposal, 112,730,964 shares

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were voted against, 1,618,265 shares abstained, and there were 24,233,444 broker non-votes.

### Item 5. Other Information

On February 2, 2010, BD amended its By-Laws to permit holders of at least 25% of the voting power of BD's outstanding capital stock to call a special meeting of shareholders.

On February 2, 2010, BD's 2004 Employee and Director Equity-Based Compensation Plan was amended to authorize an additional 8,800,000 shares for the issuance of awards under the plan.

### Item 6. Exhibits

Exhibit 3(b)	By-Laws of the registrant, as amended and restated as of February 2, 2010.
Exhibit 10(o)	2004 Employee and Director Equity-Based Compensation Plan, as amended and restated as of November 24, 2009.
Exhibit 31	Certifications of Chief Executive Officer and Chief Financial Officer, pursuant to SEC Rule 13a — 14(a).
Exhibit 32	Certifications of Chief Executive Officer and Chief Financial Officer, pursuant to Rule 13a — 14(b) and Section 1350 of Chapter 63 of Title 18 of the U.S. Code.
Exhibit 101	The following materials from this report, formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Income, (iii) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text.

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 8, 2010

/s/ David V. Elkins

David V. Elkins  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

/s/ William A. Tozzi

William A. Tozzi  
Senior Vice President and Controller  
(Chief Accounting Officer)

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
3(b)	By-Laws of the registrant, as amended and restated as of February 2, 2010.
10(o)	2004 Employee and Director Equity-Based Compensation Plan, as amended and restated as of November 24, 2009. (Incorporated by reference to Appendix B of the registrant's proxy statement relating to the registrant's 2010 Annual Meeting of Shareholders held February 2, 2010.)
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 XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Income, (iii) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text.

BY-LAWS  
of  
BECTON, DICKINSON AND COMPANY  
A New Jersey Corporation  
as Amended and Restated as of February 2, 2010

ARTICLE I  
Offices

The registered office of Becton, Dickinson and Company (the "Company") shall be in the Borough of Franklin Lakes, County of Bergen, State of New Jersey or such other place within or without the State of New Jersey as the Board of Directors may designate. The Company may also establish and have such other offices within or without the State of New Jersey, as the Board of Directors may designate or its business may require.

ARTICLE II  
Meetings of Shareholders

SECTION 1. PLACE OF MEETINGS. Meetings of the shareholders shall be held at the registered office of the Company in New Jersey, or at such other place, within or without the State of New Jersey, as may be designated by the Board of Directors and stated in the notice of the meeting.

SECTION 2.A. ANNUAL MEETINGS. The annual meeting of shareholders for the election of Directors and the transaction of such other business as may be related to the purposes set forth in the notice of the meeting shall be held at such time as may be fixed by the Board of Directors.

B. SPECIAL MEETING FOR ELECTION OF DIRECTORS. If the annual meeting of shareholders is not held on the date designated, the Board of Directors may call a special meeting of the shareholders for the election of Directors and the transaction of other business.

C. SPECIAL MEETINGS. (a) Special meetings of the shareholders may be called by the Board of Directors or by the Chairman of the Board or by the Chief Executive Officer or by the President, and shall be called by the Chairman of the Board or by the Chief Executive Officer or by the President upon written request of a majority of the Directors then in office, which request shall state the time, place and purpose of the meeting. Subject to the other provisions of this Section 2.C, a special meeting of shareholders shall be called by the Secretary at the written request (a "Special Meeting Request") of holders of record of at least 25% of the voting power of the outstanding capital stock of the Company entitled to vote on the matter or matters to be brought before the proposed special meeting. Such Special Meeting Request must be made in proper written form as specified in subsection (b) of this Section 2.C. This Section 2.C is the exclusive means by which a shareholder may nominate persons for election to the Board of Directors and/or present other business at a special meeting of shareholders.

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(b) A Special Meeting Request to the Secretary must be delivered to or mailed and received at the principal executive offices of the Company, and shall be signed by each shareholder, or a duly authorized agent of such shareholder, requesting the special meeting. To be in proper written form, a Special Meeting Request must set forth (i) all the information required under subsection (c)(i) and/or (ii) of Article II, Section 2.D of these By-Laws, as applicable, with respect to the nominations or other business proposed to be brought before such special meeting; (ii) all of the information required to be set forth in a shareholder's notice under subsections (c)(iii) through (ix) of Article II, Section 2.D of these By-Laws with respect to each shareholder requesting such meeting; (iii) all information relating to each such shareholder that would be required to be disclosed in connection with the shareholder's solicitation of proxies for the election of directors in an election contest (even if an election contest is not involved), and all information, whether or not relating to such shareholder, that would otherwise be required in connection with the shareholder's solicitation of proxies with respect to the matters proposed to be acted upon at the meeting, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended; and (iv) an acknowledgment by such shareholder that any disposition of shares of common stock of the Company held of record by such shareholder as of the date of delivery of the Special Meeting Request and prior to the record date for the special meeting of shareholders requested by such shareholder shall constitute a revocation of such request with respect to such shares.

(c) The Secretary shall (as promptly as practicable but in no event more than ten days following delivery of a Special Meeting Request that complies with subsection (b) of this Section 2.C) determine whether the request has been made by shareholders owning and holding, in the aggregate, the number of shares necessary to request a special meeting pursuant to this Section 2.C. Upon the Secretary's finding that holders of the requisite number of shares have made the request, the Board shall determine (as promptly as practicable but in no event more than ten days following the date of the Secretary's finding), with the advice of counsel, whether the request is valid under the criteria set forth in subsection (d) of this Section 2.C, and if the request is determined to be valid shall proceed to fix a date, time and place for the meeting, which date shall be not more than 90 days after the receipt of the Special Meeting Request. Subject to the preceding sentence, in fixing a date and time for a special meeting pursuant to a Special Meeting Request, the Board of Directors may consider such factors as it deems relevant within the good faith exercise of business judgment, including, without limitation, the nature of the matters to be considered, the facts and circumstances surrounding any request for meeting and any plan of the Board of Directors to call an annual meeting or a special meeting, and nothing herein will limit the power of the Board of Directors or the chair appointed for any annual or special meeting in respect of the conduct of any such meeting.

(d) Notwithstanding the foregoing provisions of this Section 2.C, a special meeting requested by shareholders shall not be held if: (i) an annual or special meeting of shareholders that included an identical or substantially similar item of business ("Similar Business") (as determined in good faith by the Board of Directors) was held not more than 120 days before the Special Meeting Request was received by the Secretary; (ii) the Board of Directors has called or calls for an annual or special meeting of shareholders to be held within 90 days after the Special Meeting Request is received by the Secretary and the Board of Directors determines in good faith that the business to be conducted at such

meeting includes the Similar Business. For purposes of this Section 2.C, the election of directors shall be deemed to be Similar Business with respect to all items of business involving the election or removal of directors, changing the size of the Board of Directors and filling of vacancies and/or newly created directorships resulting from any increase in the authorized number of directors; or (iii) the Special Meeting Request relates to an item of business that is not a proper subject for shareholder action under applicable law.

(e) A shareholder may revoke a Special Meeting Request at any time by written revocation delivered to the Secretary, and if, following such revocation, there are outstanding un-revoked requests from shareholders holding less than the requisite number of shares of common stock entitling such shareholders to request the calling of a special meeting in accordance with this Section 2.C, the Board of Directors may, in its discretion, cancel the special meeting. If none of the shareholders who submitted the Special Meeting Request appears or sends a duly authorized agent to present the business to be presented for consideration that was specified in the Special Meeting Request, the Company need not present such business for a vote at such special meeting.

(f) Business conducted at a special meeting requested by shareholders shall be limited to the matters described in the applicable Special Meeting Request and set forth in the applicable notice of meeting, provided that nothing herein shall prohibit the Board of Directors from submitting additional matters to the shareholders at any such special meeting requested by shareholders.

D. (a) **ADVANCE NOTICE OF NOMINATIONS AND BUSINESS TO BE TRANSACTED AT ANNUAL MEETINGS OF SHAREHOLDERS.** No business may be transacted and no nominations of persons for election to the Board of Directors may be made at an annual meeting of shareholders, other than business and nominations that are either: (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof); (ii) otherwise properly brought before the annual meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof); or (iii) otherwise properly brought before the annual meeting by any shareholder of the Company (1) who is a shareholder of record on the date of the giving of the notice provided for in this Section 2.D. and on the record date for the determination of shareholders entitled to vote at such annual meeting, and (2) who complies with the notice procedures set forth in this Section 2.D.

(b) *Notice.* In addition to any other applicable requirements, for any business or nominations of persons for election to the Board of Directors to be properly brought before an annual meeting by a shareholder under subsection 2.D(a)(iii) above, such shareholder must have given timely notice thereof in proper written form to the Secretary of the Company. To be timely, a shareholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Company not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of shareholders; provided, however, that in the event that the annual meeting is called for on a date that is not within 30 days before or after such anniversary date, notice by the shareholder in order to be timely must be so received not earlier than the 120<sup>th</sup> day prior to such annual meeting and not later than the close of business on the later of the 90<sup>th</sup> day prior to such annual meeting or the tenth day following the day on which

such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for the giving of a shareholder's notice as described above.

Notwithstanding anything in the first sentence of the preceding paragraph to the contrary, in the event that the number of Directors to be elected to the Board of Directors is increased and there is no notice or public disclosure by the Company naming all of the nominees for Director or specifying the size of the increased Board of Directors at least 70 days prior to the anniversary date of the immediately preceding annual meeting of shareholders, a shareholder's notice required by this Section 2.D. shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Company not later than the close of business on the tenth day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made.

(c) Required contents of notice. To be in proper written form, a shareholder's notice under subsection 2.D(a)(iii)(2) to the Secretary must set forth:

- (i) as to each person whom the shareholder proposes to nominate for election or reelection as a Director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, and Rule 14a-11 thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected);
- (ii) as to each other matter such shareholder proposes to bring before the annual meeting, a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting;
- (iii) the name and record address of such shareholder;
- (iv) the class or series and number of shares of capital stock of the Company that are owned beneficially or of record by such shareholder, together with proof of ownership if requested by the Company;
- (v) a description of any agreement, arrangement or understanding between or among such shareholder and any other person or persons (including their names) in connection with such proposal of such business or nomination by such shareholder, and any material interest of such shareholder in such business or nomination;
- (vi) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, stock appreciation or similar rights, hedging or similar transactions, and borrowed or loaned shares) that has been entered into as of the date of the shareholder's notice by, or on behalf of, such shareholder, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such shareholder with respect to shares of stock of the Company;

(vii) a representation that the shareholder will notify the Company in writing of any such agreement, arrangement or understanding referenced in clause (vi) above (including any amendment or modification thereto) in effect as of the record date for the annual meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed;

(viii) a representation that such shareholder is a holder of record of capital stock of the Company and is entitled to vote at the annual meeting and intends to appear in person or by proxy at the annual meeting to bring such business or nomination before the meeting; and

(ix) a representation whether the shareholder intends, or is part of a group which intends, (1) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Company's outstanding capital stock required to approve or adopt the proposal or elect the nominee, and/or (2) otherwise to solicit proxies from shareholders in support of such proposal or nomination. In addition, a shareholder seeking to submit such business at an annual meeting shall promptly provide any other information reasonably requested by the Company.

(d) No business or nomination for director shall be conducted at the annual meeting of shareholders except business or nominations brought before the annual meeting in accordance with the procedures set forth in this Section 2.D; provided, however, that, once such business or nomination has been properly brought before the annual meeting in accordance with such procedures, nothing in this Section 2.D. shall be deemed to preclude discussion by any shareholder of any such business or nomination. In addition, only such persons who are nominated in accordance with the procedures set forth in this Section 2.D shall be eligible to be elected at an annual meeting of the Company. If the chairman of an annual meeting determines that such business or nomination was not properly brought before the annual meeting in accordance with the foregoing procedures, the chairman shall declare to the meeting that such business or nomination was not properly brought before the meeting, and such business shall not be transacted or such defective nomination shall be disregarded.

(e) The provisions of this Section 2.D shall not be applicable to any shareholder proposal submitted for inclusion in the Company's proxy statement pursuant to Rule 14a-8 under Regulation 14A of the Securities Exchange Act of 1934, as amended.

SECTION 3. QUORUM; ADJOURNMENT. The presence, in person or by proxy, of the holders of shares representing a majority of the votes entitled to be cast at a meeting shall constitute a quorum. The shareholders present in person or by proxy at a duly organized meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum. The chairman of the meeting or a majority of the shareholders present in person, or by proxy, shall have power to adjourn the meeting without notice. At such adjourned meeting, any business may be transacted that might have been transacted at the meeting as originally notified.

SECTION 4. NOTICE OF MEETINGS. A written notice of each annual or special meeting of the shareholders of the Company, signed by the Chairman of the Board or the Chief Executive Officer or the President or the Secretary, which shall state the time, place and purpose of such meeting, shall be delivered personally or mailed, not less than 10 days nor more than 60 days before the date of any such meeting, to each shareholder of record entitled to vote at such meeting. If mailed, the notice shall be directed to the shareholder at his or her address as it appears on the records of the stock transfer agent. Any shareholder, in person or by proxy, may at any time by a duly signed statement in writing to that effect, waive any statutory or other notice of any meeting, whether such statement be signed before or after such meeting.

SECTION 5. VOTING. At all meetings of the shareholders, each holder of common stock having the right to vote, and present at the meeting in person or by proxy, shall be entitled to one vote for each full share of common stock of the Company entitled to vote and registered in his or her name. Each holder of preferred stock of any series shall have such voting powers, if any, as the Board of Directors shall have fixed by resolution prior to the issuance of any shares of such series. Whenever any action is to be taken by vote of the shareholders, other than the election of Directors, it shall be authorized by a majority of the votes cast at a meeting of the shareholders by the holders of shares entitled to vote, unless a greater plurality is required by law or the Certificate of Incorporation.

SECTION 6. PROXIES. Any shareholder of record entitled to vote may be represented at any annual or special meeting of the shareholders by a duly appointed proxy. All proxies shall be written and properly signed, but shall require no other attestation, and shall be filed with the Secretary of the meeting before being voted.

SECTION 7. ORGANIZATION. The Chairman of the Board, or in the absence or disability of the Chairman of the Board or if a vacancy exists in the office of Chairman of the Board, a director or officer designated by the Board of Directors shall act as chairman of the meeting at all meetings of the shareholders. The Secretary, or in his or her absence or disability one of the Assistant Secretaries, shall act as secretary of the meeting. In case none of the officers above designated to act as secretary of the meeting shall be present, a secretary of the meeting shall be chosen by the Board of Directors.

SECTION 8. ORDER OF BUSINESS. The order of business at all meetings of the shareholders shall be as determined by the chairman of the meeting, but the order of business to be followed at any meeting at which a quorum is present may be changed by a vote of the shareholders.

SECTION 9. RECORD DATE FOR ACTION BY WRITTEN CONSENT. In order that the Company may determine the shareholders entitled to consent to corporate action in writing without a meeting in accordance with law, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any shareholder of record seeking to have the shareholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in

all events within 10 days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within 10 days after the date on which such a request is received, the record date for determining shareholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Company by delivery to its registered office in New Jersey, its principal place of business or to any officer or agent of the Company having custody of the book in which proceedings of meetings of shareholders are recorded. Delivery made to the Company's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining shareholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

Nothing in this Article II, Section 9 shall require the Board of Directors to take any action with respect to any proposed action or other proposal for which consent is sought other than to fix a record date as provided for herein; and the fixing of any such record date shall not be deemed to be an action taken by the Board of Directors with respect to any such proposed action or other proposal for which consent is sought for any other purpose.

SECTION 10. INSPECTORS OF WRITTEN CONSENT. In the event of the delivery, in the manner provided by Article II, Section 9, to the Company of the requisite written consent or consents to take corporate action and/or any related revocation or revocations, the Company shall engage nationally recognized independent inspectors of elections for the purpose of promptly performing a ministerial review of the validity of the consents and revocations. For the purpose of permitting the inspectors to perform such review, no action by written consent without a meeting shall be effective until such date as the independent inspectors certify to the Company that the consents delivered to the Company in accordance with Article II, Section 9 represent at least the minimum number of votes that would be necessary to take the corporate action. Nothing contained in this paragraph shall in any way be construed to suggest or imply that the Board of Directors or any shareholder shall not be entitled to contest the validity of any consent or revocation thereof, whether before or after such certification by the independent inspectors, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

SECTION 11. EFFECTIVENESS OF WRITTEN CONSENT. Every written consent shall bear the date of signature of each shareholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within 60 days of the earliest dated written consent received in accordance with Article II, Section 9, a written consent or consents signed by a sufficient number of holders to take such action are delivered to the Company in the manner prescribed in Article II, Section 9.

ARTICLE III  
Directors

SECTION 1. QUALIFICATIONS. Each Director shall be at least 21 years of age and shall be elected in the manner provided by the Certificate of Incorporation and these By-Laws.

SECTION 2. DUTIES AND POWERS. The Board of Directors shall control and manage the business and affairs of the Company, and shall exercise all powers of the Company and perform all acts which are not required to be exercised or performed by the shareholders. The Board of Directors may adopt such rules and regulations for the conduct of its meetings and the management of the Company as it may deem proper.

SECTION 3. PLACE OF MEETINGS. Meetings of the Board of Directors shall be held at the principal office of the Company or at such other place within or without the State of New Jersey, as the Chairman of the Board or the Board of Directors may designate.

SECTION 4. TELEPHONE MEETINGS. Any or all Directors may participate in a meeting of the Board of Directors or a committee thereof by means of conference telephone or any means of communication by which all persons participating in the meeting are able to hear each other.

SECTION 5. NOTICE OF MEETINGS. There shall be an annual meeting of the Board of Directors held without notice on the date of the annual meeting of shareholders, or as soon thereafter as convenient, at the same place as the annual meeting of shareholders unless some other location is designated by the Chairman of the Board or by the President. Regular meetings, without notice, may be held at such time and place as the Board of Directors may designate. The Chairman of the Board or the President may call any special meeting of the Board of Directors, and shall do so whenever requested in writing by at least one-third of the Directors. Notice of each special meeting shall be mailed to each Director at least four days before the date on which the meeting is to be held, or be telephoned or sent to each Director by fax, e-mail, telegraph, telex, TWX, cable, wireless or similar means of electronic communication, or be delivered in person, not later than the day before the date on which such meeting is to be held. The Board of Directors may meet to transact business at any time and place without notice, provided that each Director shall be present, or that any Director or Directors not present shall waive notice in writing, either before or after such meeting. The attendance of any Director at a meeting without protesting prior to the conclusion of the meeting the lack of notice of such meeting shall constitute a waiver of notice by him or her. Neither the business to be transacted at, nor the purpose of, any meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting. Notice of an adjourned meeting need not be given if the time and place are fixed at the meeting adjourning, and if the period of adjournment does not exceed 10 days in any one adjournment.

SECTION 6. QUORUM. A majority of the Directors then in office shall constitute a quorum for the transaction of business, but the Director or Directors present, if less than a quorum, may adjourn any meeting from time-to-time until such quorum shall be

present. All questions coming before the Board of Directors shall be determined and decided by a majority vote of the Directors present, unless the vote of a greater number is required by law, the Certificate of Incorporation or these By-Laws.

SECTION 7. ACTION WITHOUT A MEETING. The Board of Directors may act without a meeting if, prior or subsequent to such action, each Director shall consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

SECTION 8. COMPENSATION OF DIRECTORS. The Board of Directors may, by the affirmative vote of a majority of the Directors then in office, fix reasonable fees or compensation of the Directors for services to the Company, including attendance at meetings of the Board of Directors or committees thereof. Nothing herein contained shall be construed to preclude any Director from serving the Company in any other capacity and receiving compensation therefor. Each Director shall be entitled to receive reimbursement for reasonable expenses incurred in the performance of his or her duties.

#### ARTICLE IV Committees

SECTION 1. HOW CONSTITUTED AND POWERS. The Board of Directors, by resolution of a majority of the Directors then in office, shall appoint from among its members Audit, Compensation and Benefits, Corporate and Scientific Affairs, Corporate Governance and Nominating, and Executive Committees, and may appoint one or more other committees. The Board of Directors shall designate one member of each committee as its chair. If the chair of a committee is unavailable to attend or participate in a committee meeting, the committee members attending or participating in the meeting shall designate one member to serve as the committee's acting chair for the meeting.

Each committee's purpose, membership, and authority and responsibilities shall be set forth in its charter established by the Board of Directors, which shall be posted on the Company's website, *www.bd.com*. To the extent provided in these By-laws, in each committee's charter, or by any resolution conferring or limiting its powers, each committee shall have and may exercise all the authority of the Board of Directors, except that no committee shall:

- (a) make, alter, or repeal any By-law of the Company;
- (b) elect, appoint or remove any Director, or elect, appoint or remove any corporate officer;
- (c) submit to shareholders any action that requires approval of shareholders;
- (d) amend or repeal any resolution adopted by the Board of Directors which by its terms is amendable or repealable only by the Board of Directors;
- (e) act on matters assigned to other committees appointed by the Board of Directors;

- (f) declare or pay any dividends or issue any additional shares of authorized and unissued capital stock; or
- (g) create, dissolve or fill any vacancy on any committee appointed by the Board of Directors.

The Board of Directors, by resolution of a majority of the Directors then in office, may fill any vacancy in any committee; appoint one or more alternate members of any committee to act in the absence or disability of members of such committees with all the powers of such absent or disabled members; or remove any Director from membership on any committee.

SECTION 2. MEETINGS AND PROCEDURES. Each committee may make its own rules of procedure and shall meet as provided by such rules or by resolution of the Board of Directors, and shall also meet at the call of the chair of the committee, the Chairman of the Board, the President, or a majority of the members of the committee.

A majority of the members of a committee shall constitute a quorum. The affirmative vote of a majority of all of the members of a committee shall be necessary for the adoption of a resolution or to approve any matter within the scope of the authority of a committee. Minutes of the proceedings of a committee shall be recorded in a book provided for that purpose and filed with the Secretary of the Company. A committee may act without a meeting if, prior or subsequent to such action, each member shall consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the committee.

Action taken by a committee, with or without a meeting, shall be reported to the Board of Directors at its next regular meeting following such committee action; except that, when the meeting of the Board of Directors is held within two days after the committee action, such report, if not made at the first meeting, shall be made to the Board of Directors at its second meeting following such action.

## ARTICLE V Officers

SECTION 1. ENUMERATION, APPOINTMENT AND REMOVAL. The corporate officers of the Company shall be a Chairman of the Board, a Chief Executive Officer, a President, a Treasurer, a Secretary, and such other corporate officers (including assistant corporate officers) as the Board of Directors may deem necessary or desirable for the transaction of the business of the Company. In its discretion, the Board of Directors may leave unfilled any office except those of the President, Treasurer, and Secretary, and should any vacancy occur among said officers by death, resignation or otherwise, the same shall be filled at the next regular meeting of the Board of Directors or at a special meeting. Any two or more offices may be held by the same person. The Board of Directors, by resolution adopted by a majority of the Directors then in office, shall designate the Chairman of the Board or the President to serve as the Chief Executive Officer of the Company.

The corporate officers shall be elected by the Board of Directors and shall hold office until the next annual meeting of the Board of Directors, subject to the power of the Board of Directors to remove any corporate officer at its pleasure by an affirmative vote of the majority of the Directors then in office.

Every corporate officer shall have such authority and perform such duties in the management of the Company as may be provided in these By-laws, or such duties consistent with these By-laws as may be assigned by the Board of Directors or the Chief Executive Officer.

The Chief Executive Officer shall have the authority to appoint persons to the position of Senior Vice President, Vice President or another Vice President designation with respect to any business unit or function within the Company. Such persons shall not be deemed to be corporate officers solely by virtue of such appointment.

SECTION 2. CHAIRMAN OF THE BOARD. The Chairman of the Board shall preside at all meetings of the Board of Directors and of the shareholders, and shall perform such other duties as these By-laws or the Board of Directors may prescribe. In the absence or disability of the Chairman of the Board or if a vacancy exists in the office of Chairman of the Board, the Board of Directors shall designate a director or officer who shall have all the powers and perform all the duties of the Chairman of the Board.

SECTION 3. CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall have general charge and supervision over and responsibility for the business and affairs of the Company. He or she shall keep the Board of Directors fully informed concerning those areas in his or her charge, and shall perform such other duties as may be assigned to him or her by the Board of Directors.

SECTION 4. PRESIDENT. The President shall have such powers and perform such duties as may be provided by statute, these By-laws, and as may be assigned by the Board of Directors or the Chief Executive Officer.

SECTION 5. TREASURER. The Treasurer shall have the care and custody of the Company funds and securities, maintain banking relationships and execute credit and collection policies. He or she shall perform such other duties and possess such other powers as are incident to his or her office.

SECTION 6. SECRETARY. The Secretary shall attend all meetings of the Board of Directors and of the shareholders, and shall record all proceedings of such meetings in books to be kept for that purpose. The Secretary shall give, or cause to be given, notice of all meetings of the shareholders and the Board of Directors. He or she shall have the custody of the seal of the Company and shall affix the same to all instruments requiring it, and attest the same. He or she shall perform such other duties and possess such other powers as are incident to his or her office.

ARTICLE VI  
Certificate of Capital Stock

SECTION 1. FORM AND TRANSFERS. The interest of each shareholder of the Company shall be evidenced by certificates for shares of capital stock, certifying the number of shares represented thereby.

Transfers of shares of the capital stock of the Company shall be made only on the books of the Company, which shall include the books of the stock transfer agent, by the registered holder thereof, or by his or her attorney authorized by power of attorney duly executed and filed with the Secretary of the Company, or a transfer agent appointed as provided in Section 4 of this Article, and on surrender of the certificate or certificates for such shares properly endorsed and the payment of all taxes thereon. The person in whose name shares of capital stock stand on the books of the Company shall be deemed the owner thereof for all purposes. The Board of Directors may, from time-to-time, make such additional rules and regulations as it may deem expedient concerning the issue, transfer, and registration of certificates for shares of the capital stock of the Company. Certificates shall be signed by, or in the name of the Company by, the Chairman, the President or a Vice President who is a corporate officer, and may be countersigned by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Company and may be sealed with the seal of the Company or a facsimile thereof. Any or all signatures upon a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon such certificate, shall have ceased to be such corporate officer, transfer agent, or registrar before such certificate is issued, it may be issued by the Company with the same effect as if he were such corporate officer, transfer agent or registrar at the date of its issue.

SECTION 2. FIXING RECORD DATE. Except as provided in Article II, Section 9, for the purpose of determining the shareholders entitled to notice of or to vote at any meeting of shareholders or an adjournment thereof, or to express consent to or dissent from any proposal without a meeting, or for the purpose of determining the shareholders entitled to receive payment of any dividend or allotment of any right, or for the purpose of any other action, the Board of Directors shall fix a date not more than 60 days nor less than 10 days before the date of any such meeting, nor more than 60 days prior to any other action, as the record date for any such determination of shareholders.

SECTION 3. LOST, STOLEN, DESTROYED OR MUTILATED CERTIFICATES. No certificate for shares of capital stock in the Company shall be issued in place of any certificate alleged to have been lost, destroyed or stolen, except on production of evidence of such loss, destruction or theft and on delivery to the Company, if the Board of Directors shall so require, of a bond of indemnity upon such terms and secured by such surety as the Board of Directors may in its discretion require. A new certificate may be issued without requiring any bond when, in the judgment of the Board of Directors, it is proper to do so.

SECTION 4. TRANSFER AGENT AND REGISTRAR. The Board of Directors may appoint one or more transfer agents and one or more registrars, and may

require all certificates of capital stock to bear the signature or signatures of any of them. One corporation may serve as both transfer agent and registrar.

SECTION 5. EXAMINATION OF BOOKS BY SHAREHOLDERS. So far as it is not inconsistent with law, the Board of Directors shall have power to determine, from time-to-time, whether, to what extent, at what times and places, and under what conditions and regulations the books and records of account, minutes of the proceedings of the shareholders, the Board of Directors and any committee of the Board, and other documents of the Company, or any of them, shall be open to inspection of the shareholders.

SECTION 6. VOTING SHARES OF OTHER CORPORATIONS. Unless otherwise ordered by the Board of Directors, the Chairman of the Board and the President, or either of them, shall have full power and authority on behalf of the Company to attend and to act and to vote at any meeting of shareholders of any corporation in which the Company may hold stock, and at any such meeting shall possess and may exercise any and all rights and powers incident to the ownership of such stock, and which, as the owner thereof, the Company might have possessed and exercised if present. The Board of Directors, by resolution, from time-to-time, may confer like powers upon any other person or persons.

#### ARTICLE VII

##### Dividends

Dividends shall be declared and paid at such times and in such amounts as the Board of Directors may in its absolute discretion determine and designate, subject to the restrictions and limitations imposed by law.

#### ARTICLE VIII

##### Signatures

Unless otherwise required or permitted by law, by the Certificate of Incorporation, by these By-laws, or by resolution of the Board of Directors, any corporate officer may enter into and execute in the name of the Company, contracts or other instruments and filings in the ordinary course of business, or contracts or other instruments and filings not in the ordinary course of business which are authorized, either generally or specifically, by the Board of Directors, and the Secretary or an Assistant Secretary shall affix the Company seal thereto and attest the same, if required.

#### ARTICLE IX

##### Fiscal Year

The fiscal year of the Company shall begin on the 1st day of October in each year and end on the September 30th next succeeding.

#### ARTICLE X

##### Directors May Contract With Company

Any Director or corporate officer may be a party to or may be interested in any agreement or transaction of the Company by which he or she may personally benefit, with

the same force and effect as if he or she were either an entire stranger to the Company or to the Board of Directors, provided the fact that he or she is so interested or may personally benefit shall be disclosed or shall have been known to the majority of the Board of Directors; and further provided that such agreement or transaction shall be approved or ratified by the affirmative vote of a majority of the Directors, or a committee thereof, not so interested or benefited.

ARTICLE XI  
Indemnification

The Company shall indemnify to the full extent authorized or permitted by the New Jersey Business Corporation Act, any corporate agent (as defined in said Act), or his or her legal representative, made, or threatened to be made, a party to any action, suit or proceeding (whether civil, criminal, administrative or investigative) by reason of the fact that he or she is, or was, a corporate agent of the Company.

ARTICLE XII  
Amendments

These By-laws may be altered, amended or repealed by the shareholders or by a majority vote of the Directors then in office. Any By-law adopted, amended or repealed by the shareholders may be amended or repealed by a majority vote of the Directors then in office unless the resolution of the shareholders adopting such By-law expressly reserves to the shareholders the right to amend or repeal it.

ARTICLE XIII  
Force and Effect of By-Laws

These By-laws are subject to the provisions of the New Jersey Business Corporation Act and the Company's Certificate of Incorporation, as they may be amended from time-to-time. If any provision in these By-laws is inconsistent with a provision in that Act or the Certificate of Incorporation, the provision of that Act or the Certificate of Incorporation, as the case may be, shall govern to the extent of such inconsistency.

CERTIFICATIONS

I, Edward J. Ludwig, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Becton, Dickinson and Company;
  2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
  3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
  4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
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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 8, 2010

/s/ Edward J. Ludwig

Edward J. Ludwig

Chairman and Chief Executive Officer

I, David V. Elkins, 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 8, 2010

/s/ David V. Elkins

David V. Elkins

Executive Vice President and Chief Financial Officer

The certification set forth below is being submitted in connection with the Quarterly Report on Form 10-Q of Becton, Dickinson and Company for the quarter ended December 31, 2009 (the "Report") for the purpose of complying with Rule 13a – 14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

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

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

February 8, 2010

/s/ Edward J. Ludwig

Name: Edward J. Ludwig  
Chief Executive Officer

The certification set forth below is being submitted in connection with the Quarterly Report on Form 10-Q of Becton, Dickinson and Company for the quarter ended December 31, 2009 (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, David V. Elkins, the Chief Financial Officer of Becton, Dickinson and Company, certify that:

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

February 8, 2010

/s/ David V. Elkins

Name: David V. Elkins  
Chief Financial Officer