

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

(Mark One)

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

For the quarterly period ended June 30, 2000

OR

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

For the transition period from _____ to _____

Commission file number 001-4802

Becton, Dickinson and Company

(Exact name of registrant as specified in its charter)

New Jersey

22-0760120

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

1 Becton Drive Franklin Lakes, New Jersey 07417-1880

(Address of principal executive offices)
(Zip Code)

(201) 847-6800

(Registrant's telephone number, including area code)

N/A

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

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

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

Class of Common Stock	Shares Outstanding as of July 31, 2000
Common stock, par value \$1.00	253,223,142

BECTON, DICKINSON AND COMPANY

FORM 10-Q

For the quarterly period ended June 30, 2000

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

<TABLE>
 <CAPTION>

	June 30,	
September 30,		
Assets	2000	
1999		
- - - - -	-----	-

<S>	(Unaudited)	<C>
Current Assets:	<C>	<C>
Cash and equivalents	\$ 76,940	\$
59,932		
Short-term investments	6,225	
4,660		
Trade receivables, net	753,227	
812,544		
Inventories:		
Materials	170,064	
160,332		
Work in process	112,441	
94,627		
Finished products	424,060	
387,574		
-----	-----	--
	706,565	
642,533		
Prepaid expenses, deferred taxes and other	165,069	
164,056		
-----	-----	--
Total Current Assets	1,708,026	
1,683,725		
Property, plant and equipment	3,124,479	
2,932,804		
Less allowances for depreciation and amortization	1,585,595	
1,501,655		
-----	-----	--
	1,538,884	
1,431,149		
Goodwill, Net	491,881	
526,942		
Core and Developed Technology, Net	313,611	
329,460		
Other Intangibles, Net	174,026	
178,285		
Other	334,379	
287,397		
-----	-----	--
Total Assets	\$4,560,807	
\$4,436,958		
	=====	

Liabilities and Shareholders' Equity

- - - - -

Current Liabilities:		
Short-term debt	\$ 701,242	\$
631,254		
Payables and accrued expenses	739,176	
698,068		
-----		---
Total Current Liabilities	1,440,418	
1,329,322		
Long-Term Debt	787,780	
954,169		
Long-Term Employee Benefit Obligations	330,189	
344,068		
Deferred Income Taxes and Other	47,055	
40,711		
Commitments and Contingencies	-	
-		
Shareholders' Equity:		
Preferred stock	44,394	
46,717		
Common stock	332,662	
332,662		
Capital in excess of par value	72,998	
44,626		
Retained earnings	2,775,887	
2,539,020		
Unearned ESOP compensation	(21,177)	
(20,310)		
Deferred compensation	6,559	
5,949		
Shares in treasury - at cost	(982,700)	
(997,333)		
Accumulated other comprehensive income	(273,258)	
(182,643)		
-----		---
Total Shareholders' Equity	1,955,365	
1,768,688		
-----		---
Total Liabilities and Shareholders' Equity	\$4,560,807	
\$4,436,958		
=====		

</TABLE>

See notes to condensed consolidated financial statements

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

<TABLE>

<CAPTION>

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
Revenues	\$ 914,140	\$ 873,002	\$ 2,698,436	\$ 2,515,932
Cost of products sold	453,838	461,323	1,377,776	1,276,293
Selling and administrative	248,773	231,924	726,674	688,044
Research and development	60,202	50,694	171,120	167,255
Special charges	-	75,553	-	75,553
Total Operating Costs and Expenses	762,813	819,494	2,275,570	2,207,145
Operating Income	151,327	53,508	422,866	308,787
Interest expense, net	(17,564)	(16,877)	(60,320)	(53,506)
Gains on sales of investments, net	31,766	-	64,925	-
Other (expense) income, net	(4,021)	(1,267)	893	1,218

Income Before Income Taxes	161,508	35,364	428,364	256,499
Income tax provision	47,090	2,240	119,481	57,103
	-----	-----	-----	-----
Net Income	\$ 114,418	\$ 33,124	\$ 308,883	\$ 199,396
	=====	=====	=====	=====
Earnings Per Share:				
Basic	\$.45	\$.13	\$ 1.22	\$.79
	=====	=====	=====	=====
Diluted	\$.43	\$.12	\$ 1.17	\$.75
	=====	=====	=====	=====
Dividends Per Common Share	\$.0925	\$.085	\$.2775	\$.255
	=====	=====	=====	=====

</TABLE>

See notes to condensed consolidated financial statements

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

<TABLE>
<CAPTION>

	Nine Months Ended June 30,	
	2000	1999
	-----	-----
	<C>	<C>
<S>		
Operating Activities		

Net income	\$ 308,883	\$ 199,396
Adjustments to net income to derive net cash provided by operating activities:		
Depreciation and amortization	214,755	191,250
Gains on sales of investments, net	(64,925)	-
Non-cash special charges	-	54,326
In-process research and development from business combinations	-	16,800
Change in working capital	(17,034)	(185,815)
Other, net	(2,550)	30,277
	-----	-----
Net Cash Provided by Operating Activities	439,129	306,234
	-----	-----
Investing Activities		

Capital expenditures	(271,296)	(212,098)
Acquisitions of businesses, net of cash acquired	(21,047)	(153,247)
Sales (purchases) of investments, net	81,349	(19,762)
Capitalized software	(41,698)	(47,661)
Other, net	(33,130)	(39,018)
	-----	-----
Net Cash Used for Investing Activities	(285,822)	(471,786)
	-----	-----
Financing Activities		

Change in short-term debt	(34,387)	306,302
Proceeds of long-term debt	979	185
Payments of long-term debt	(60,600)	(109,610)
Issuance of common stock from treasury	31,836	25,149
Dividends paid	(72,093)	(66,029)
	-----	-----
Net Cash (Used for) Provided by Financing Activities	(134,265)	155,997
	-----	-----
Effect of exchange rate changes on cash and equivalents	(2,034)	(6,712)
	-----	-----
Net increase (decrease) in cash and equivalents	17,008	(16,267)
Opening Cash and Equivalents	59,932	83,251
	-----	-----

Closing Cash and Equivalents	\$ 76,940	\$ 66,984
	=====	=====

</TABLE>

See notes to condensed consolidated financial statements

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BECTON, DICKINSON AND COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Dollar and Share Amounts in Thousands, Except Per-share Data
June 30, 2000

Note 1 - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, in the opinion of the management of the Company, include all adjustments which are of a normal recurring nature, necessary for a fair presentation of financial position and the results of operations and cash flows for the periods presented. However, the financial statements do not include all information and footnotes required for a presentation in accordance with generally accepted accounting principles. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included or incorporated by reference in the Company's 1999 Annual Report on Form 10-K. The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the full year. Prior year information has been reclassified to conform to current year presentation.

Note 2 - Inventory Valuation

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

Note 3 - Comprehensive Income

Comprehensive income for the Company is comprised of the following:

<TABLE>
<CAPTION>

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2000	1999	2000	1999
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Net income	\$ 114,418	\$ 33,124	\$ 308,883	\$ 199,396
Other Comprehensive Income, Net of Tax				
Foreign currency translation adjustments	(24,181)	(44,039)	(101,899)	(123,706)
Unrealized (loss) gain on investments, net of amounts realized	(281)	65	11,284	(4,186)
	-----	-----	-----	-----
Comprehensive Income	\$ 89,956	\$ (10,850)	\$ 218,268	\$ 71,504
	=====	=====	=====	=====

</TABLE>

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During the second quarter of fiscal 2000, the Company sold an investment for a net gain of approximately \$33,000 before taxes. The amount of unrealized gains or losses on investments in comprehensive income has been adjusted to reflect the realized gains included in net income for investments sold during the year. See Note 10 for discussion of investments sold during the current year.

Note 4 - Earnings per Share

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

<TABLE>

<CAPTION>

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
Net income	\$ 114,418	\$ 33,124	\$ 308,883	\$ 199,396
Preferred stock dividends	(725)	(780)	(2,203)	(2,355)
Income available to common shareholders (A)	113,693	32,344	306,680	197,041
Preferred stock dividends - using "if converted" method	725	780	2,203	2,355
Additional ESOP contribution - using "if converted" method	(165)	(201)	(512)	(610)
Income available to common shareholders after assumed conversions (B)	\$ 114,253	\$ 32,923	\$ 308,371	\$ 198,786
Average common shares outstanding (C)	252,904	250,075	252,093	249,213
Dilutive stock equivalents from stock plans	5,939	9,818	6,283	10,943
Shares issuable upon conversion of preferred stock	4,816	5,179	4,816	5,179
Average common and common equivalent shares outstanding - assuming dilution (D)	263,659	265,072	263,192	265,335
Basic earnings per share (A/C)	\$.45	\$.13	\$ 1.22	\$.79
Diluted earnings per share (B/D)	\$.43	\$.12	\$ 1.17	\$.75

</TABLE>

Note 5 - Contingencies

The Company is involved, both as a plaintiff and a defendant, in various legal proceedings which arise in the ordinary course of business, including product liability and environmental matters. In the opinion of the Company, the results of these matters, individually and in the aggregate, are not expected to have a material impact on its results of operations, financial condition or cash flows.

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Note 6 - Segment Data

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

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

<TABLE>
<CAPTION>

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
Revenues				
Medical Systems	\$ 512,182	\$ 495,135	\$ 1,464,117	\$ 1,404,078
Biosciences	269,340	245,262	830,073	730,866
Preanalytical Solutions	132,618	132,605	404,246	380,988
Total Revenues (A)	\$ 914,140	\$ 873,002	\$ 2,698,436	\$ 2,515,932
Segment Operating Income				
Medical Systems	\$ 116,174	\$ 30,508	\$ 306,362	\$ 211,839
Biosciences	26,118	21,395	98,192	79,342

Preanalytical Solutions	32,074	30,923	94,061	91,143
Total Segment Operating Income	174,366	82,826	498,615	382,324
Unallocated Items (B)	(12,858)	(47,462)	(70,251)	(125,825)
Income Before Income Taxes	\$ 161,508	\$ 35,364	\$ 428,364	\$ 256,499

</TABLE>

(A) Intersegment revenues are not material.

(B) Includes interest, net, foreign exchange, corporate expenses, and gains on sales of investments.

Note 7 - Special Charges

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

<TABLE>

<CAPTION>

	Severance	Restructuring	Other
<S>	<C>	<C>	<C>
Accrual Balances at September 30, 1999	\$ 13,100	\$ 9,250	\$ 6,100
Payments	(4,200)	(5,900)	(3,500)
Accrual Balances at June 30, 2000	\$ 8,900	\$ 3,350	\$ 2,600

</TABLE>

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The 1998 restructuring plan included charges associated with the restructuring of certain manufacturing operations. As of June 30, 2000, a total of approximately 100 positions have been eliminated, and the Company expects that an additional 150 people will be affected by this plan, upon the closure of a U.S. surgical blade plant scheduled for the first half of fiscal year 2002. The remaining 1998 restructuring accruals related to this closure consist primarily of severance.

Note 8 - Acquisition Reserves

During fiscal year 1997, the Company acquired Difco Laboratories Incorporated ("Difco"). The assumed liabilities for the Difco acquisition included approximately \$17,500 for severance and other exit costs associated with the closing of certain Difco facilities. As of June 30, 2000, approximately \$2,000 of these reserves remained. The Company does not expect any significant reserve balance to remain at year-end.

Note 9 - Product Recall

On February 23, 2000, the Company announced that it was voluntarily recalling certain manufacturing lots of the BD Insyte(R) AutoGuard(TM) shielded IV catheter after receiving reports of localized skin irritation following product use. Accordingly, the Company recorded recall costs of approximately \$13,000 in the second quarter, which consisted primarily of costs associated with product returns, disposal of the affected product, and other direct recall costs. These recall costs were reported in cost of products sold. The Company has since adjusted its Insyte AutoGuard manufacturing process to address the situation, and shipments of this product resumed at the beginning of the third quarter.

Note 10 - Gains on Sales of Investments, Net

During the first nine months of fiscal 2000, the Company recorded approximately \$65,000 of net gains on sales of investments, which primarily consisted of two significant transactions.

During the second quarter, the Company sold an investment for a net gain of approximately \$33,000 before taxes. The proceeds from these sales were

approximately \$38,000. The cost of this investment was determined based upon the specific identification method.

During the third quarter, the Company received 480,000 shares of common stock in a publicly traded company (parent) in exchange for its shares in a majority-owned subsidiary of the parent company. The total value of the stock received by the Company was approximately \$51,000. Based upon the fair value of the parent common stock at the date of the exchange and the cost basis of subsidiary stock, the Company recorded a gain upon the exchange of the shares. The Company also entered into forward sale contracts to hedge the proceeds from the anticipated sale of the parent common stock. During the third quarter, the Company sold the parent common stock and settled the forward sale contracts. As a result of these transactions, the Company recorded a net gain of approximately \$29,000 before taxes.

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

of Operations

Results of Operations

Third quarter revenues exceeded prior year revenues by 5%. Revenues for the nine months increased \$183 million or 7% from last year. Recent acquisitions and sales of safety-engineered products contributed to revenue growth for the quarter and nine months. Revenue growth was unfavorably affected by the strengthened dollar against the Euro as compared to the prior year. The impact of foreign currency translation reduced revenues by an estimated \$24 million and \$53 million for the three and nine month periods, respectively. International revenues grew approximately 2% for the quarter, or 8% after excluding the unfavorable impact of foreign currency translation.

<TABLE>
<CAPTION>

Segment Revenues (Dollars in millions)	Three Months Ended June 30,			Nine Months Ended June 30,		
	2000	1999	% Change	2000	1999	% Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Medical Systems						
United States	\$ 249	\$ 238	5	\$ 688	\$ 657	5
International	263	257	2	776	747	4
Total	\$ 512	\$ 495	3	\$ 1,464	\$ 1,404	4
Biosciences						
United States	\$ 159	\$ 136	17	\$ 481	\$ 402	20
International	110	109	1	349	329	6
Total	\$ 269	\$ 245	10	\$ 830	\$ 731	14
Preanalytical Solutions						
United States	\$ 73	\$ 76	(4)	\$ 220	\$ 208	6
International	60	57	5	184	173	6
Total	\$ 133	\$ 133	-	\$ 404	\$ 381	6
Total Revenues						
United States	\$ 481	\$ 450	7	\$ 1,389	\$ 1,267	10
International	433	423	2	1,309	1,249	5
Total	\$ 914	\$ 873	5	\$ 2,698	\$ 2,516	7

</TABLE>

BD Medical Systems ("Medical") revenues increased 3% for the quarter, or 7% after excluding the estimated unfavorable impact of foreign currency translation. The Medical segment results reflected favorable sales growth from safety-engineered products. BD Biosciences ("Biosciences") revenues, which increased 10% for the quarter, or 12% after excluding the estimated unfavorable impact of foreign currency translation, reflected strong growth in flow cytometry and tissue culture products. While the number of placements is on plan for our new BDProbeTec ET system, which permits laboratories to perform advanced clinical molecular diagnostics, the selling cycle has been longer than expected resulting in lower than expected product revenues. Recent

acquisitions, primarily in the United States, also added about \$18 million to Biosciences revenues and about \$6 million to Medical revenues for quarter. BD Preanalytical ("Preanalytical") revenues, which were about the same as a last year, increased 3% for the quarter after excluding the estimated unfavorable impact of foreign currency translation. Preanalytical segment revenues were adversely affected by a shift in the inventory levels of a key U.S. distributor

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in the third quarter. End-user demand for Preanalytical products remains strong, led by sales of safety-engineered devices.

The prior year's third quarter segment operating income was affected by the special and other charges, which are more fully discussed below. Excluding these charges in the prior year's quarter, Medical segment operating income was unchanged. We are experiencing slightly lower gross profit margins on our newer safety-engineered devices until production scale is achieved and costs are reduced. Biosciences segment operating income for the quarter decreased 7%, excluding last year's charges, primarily due to a \$5 million in-process research and development charge discussed below. Amortization associated with 1999 acquisitions for this segment also affected the growth rate. Excluding the special charges in the prior year's quarter, Preanalytical segment operating income decreased 9% primarily due to the unfavorable impact of foreign currency translation. (See Note 6 in "Notes to Condensed Consolidated Financial Statements" for additional segment income information.)

In the second quarter, we recorded recall costs of approximately \$13 million, as more fully described in Note 9 in "Notes to Condensed Consolidated Financial Statements." These recall costs were reported in cost of products sold. We believe third quarter revenues were unaffected by this recall as we made adjustments to the product's manufacturing process and shipments of this product resumed at the beginning of the third quarter.

Reported gross profit margin was 50.4% for the quarter and 48.9% for the nine months ended June 30, 2000. Excluding the product recall costs recorded in the second quarter, gross profit margin would have been 49.4% for the nine months. The prior year's gross profit margin would have been 50.2% and 50.3% for the quarter and nine months, respectively, after excluding the effect of the charges associated with exited product lines discussed below. The decline in gross profit margin for the nine months reflects a less profitable mix of products sold and higher costs associated with the scale up of production of safety-engineered products.

Selling and administrative expense was 27.2% of revenues for the quarter and 26.9% for the nine months compared with the prior year's ratios of 26.6% and 27.3%, respectively. The increase in this ratio in the current quarter reflects slightly lower than expected revenues. The overall improvement in the ratio for the nine months reflects savings achieved through spending controls and productivity improvements.

Investment in research and development was 6.6% of revenues for the current quarter, compared with 5.8% a year ago. The current quarter's expenditures included a \$5 million charge for purchased in-process research and development in connection with an agreement with a third party. This charge represented the fair value of certain acquired research and development projects in the area of cancer diagnostics which were determined not to have reached technological feasibility and which do not have alternative future uses. Research and development expense in the first nine months of 1999 also included in-process research and development charges of \$17 million in connection with the acquisition of two businesses. Excluding these charges in both years, research and development would have been 6.2% and 6.0% of revenues for the first nine months of fiscal 2000 and 1999, respectively.

During the third quarter of fiscal year 1999, we recorded special charges of \$76 million associated with the exiting of product lines and other activities, the impairment of assets, and an enhanced voluntary retirement incentive program, as more fully described in our 1999 Annual Report on Form 10-K. We also

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recorded charges of \$27 million in cost of products sold to reflect the write-off of inventories and to provide appropriate reserves for expected future returns related to the exited product lines.

Operating margin was 16.6% and 15.7% for the quarter and nine months, respectively. Excluding in-process research and development in the current quarter and special and other charges in the prior year's quarter, third quarter operating margins would have been 17.1% and 17.9% in 2000 and 1999, respectively. Excluding the aforementioned charges as well as product recall charges in the current year and in-process research and development charges in the prior year, operating margins would have been 16.3% and 17.0% for the first nine months of fiscal 2000 and 1999, respectively. This decline primarily reflects the decrease in gross profit margin discussed earlier.

We recorded net gains on the sales of investments of \$32 million and \$65 million

for the three and nine month periods, respectively, as is described more fully in Note 10 in the "Notes to Condensed Consolidated Financial Statements."

Net interest expense was \$7 million higher for the nine months compared with the prior year, due to additional borrowings to fund an acquisition completed in the fourth quarter of fiscal 1999. Other expense, net was \$3 million higher for the quarter compared with the prior year, primarily due to the write-down in the current quarter of an asset held for sale.

The income tax rate was 29.2% for the quarter and 27.9% for the nine months and reflected the higher rate on the gains on sales of investments. Excluding the investment gains, the in-process research and development charge, and the asset write-down in the current quarter as well as the special and other charges in the prior year, the third quarter rate would have been 26% for both years.

Net income for the current quarter was \$114 million and diluted earnings per share were \$.43. Excluding the one-time items in both years discussed above, third quarter earnings per share would have been \$.40 and \$.38 in 2000 and 1999, respectively. The unfavorable effect of foreign currency translation reduced third quarter earnings per share by an estimated \$.03.

Financial Condition

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During the first nine months of 2000, cash provided by operating activities was \$439 million compared with \$306 million during the first nine months of last year. This increase reflects lower trade receivable balances compared with the prior year's third quarter. Capital expenditures during the first nine months were \$271 million compared with last year's amount of \$212 million. We expect capital spending for fiscal 2000 to be about \$400 million, reflecting increased investment in additional manufacturing capacity for safety-engineered products.

Trade receivables of \$753 million decreased \$59 million from fiscal year-end levels primarily from increased collection activity. Inventory levels increased \$64 million since fiscal year-end reflecting the building of inventory needed for the acceleration of revenues in the fourth quarter consistent with historical trends.

As of June 30, 2000, total debt of \$1.5 billion represented 43.1% of total capital (shareholders' equity, net non-current deferred income tax liabilities, and debt), down from 44.4% a year ago. As our long-term debt rating is A2 by Moody's and A+ by Standard & Poor's,

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we believe we have the capacity to arrange additional borrowings as would be needed in the ordinary course of business.

Adoption of New Accounting Standards

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In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities". This Statement requires that all derivatives be recorded in the balance sheet as either an asset or liability measured at fair value and that changes in fair value be recognized currently in earnings unless specific hedge accounting criteria are met. In June 1999, the FASB issued SFAS No. 137, which deferred the effective date of SFAS No. 133. As a result, we will be adopting the provisions of this Statement in our first quarter of fiscal 2001. We have determined that the adoption of this Statement will not have a material effect on our earnings and financial position based on the derivatives owned by us at June 30, 2000.

In December 1999, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements". This SAB provides the SEC's views in applying generally accepted accounting principles to selected revenue recognition issues. We are required to adopt the provisions of this SAB no later than our fourth quarter of fiscal 2001. The SEC is expected to issue additional guidance on this SAB during August 2000 and we will evaluate the future impact on our consolidated financial statements at that time.

Forward-Looking Statements

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

litigation, and changes in health care or other governmental regulation, as well as other factors discussed herein and in BD's other filings with the Securities and Exchange Commission.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

We are involved, both as a plaintiff and a defendant, in various legal proceedings which arise in the ordinary course of business, including product liability and environmental matters.

Latex Cases

As described more fully in our 1999 Annual Report on Form 10-K, we, along with a number of other manufacturers, have been named as a defendant in approximately 375 product liability lawsuits related to natural rubber latex that have been filed in various state and Federal courts. Cases pending in Federal court are being coordinated under the matter In re Latex Gloves Products Liability Litigation (MDL Docket No. 1148) in Philadelphia, and analogous procedures have been implemented in the state courts of California, Pennsylvania and New Jersey. We are vigorously defending these lawsuits.

Needle-Stick Cases

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

Generally, these actions allege that health care workers have sustained needle sticks using hollow-bore needle devices manufactured by us and, as a result, require medical testing, counseling and/or treatment.

In the matter of Benner v. Becton, Dickinson and Company, et al., (No. 99 Civ. 4785, United States District Court, Southern District of New York), an amended complaint has been filed in the third quarter naming both additional plaintiffs and additional defendants. We continue to vigorously defend this matter.

Summary

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

Item 2. Changes in Securities and Use of Proceeds.

Not applicable.

Item 3. Defaults Upon Senior Securities.

Not applicable.

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

Not applicable.

Item 5. Other Information.

Not applicable.

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

a) Exhibits

- 3(b) - By-Laws, as amended and restated as of July 25, 2000.
- 10(d) - Amendment dated as of April 24, 2000 to the Stock Award Plan dated February 11, 1992, as amended and restated.
- 10(f) - Amendment dated as of April 24, 2000 to the 1982 Non-Qualified Stock Option Plan dated February 8, 1994, as amended and restated.
- 10(g) (i) - Amendment dated as of April 24, 2000 to the Salary and Bonus Deferral Plan, dated August 15, 1996, as amended and restated.
- 10(g) (ii) - Amendment dated as of April 24, 2000 to the Directors' Deferral Plan, dated November 1, 1996.
- 10(h) - Amendment dated as of April 24, 2000 to the 1990 Stock Option Plan dated February 8, 1994, as amended and restated.
- 10(k) - Amendments dated as of April 24, 2000 to the 1995 Stock Option Plan dated January 27, 1998, as amended and restated.
- 10(l) - Amendments dated as of April 24, 2000 to the 1998 Stock Option Plan.
- 10(o) - Amendments dated April 24, 2000 to the Non-Employee Directors 2000 Stock Option Plan.
- 27 - Financial Data Schedule.

b) Reports on Form 8-K

During the three-month period ended June 30, 2000, we filed one Current Report on Form 8-K. In a report dated April 21, 2000, we announced our results for the quarter ended March 31, 2000 and filed our By-Laws as amended and restated as of March 28, 2000.

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SIGNATURE

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

Becton, Dickinson and Company

(Registrant)

Date August 11, 2000

/s/ John R. Considine

John R. Considine
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

/s/ Richard M. Hyne

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

EXHIBIT INDEX

<TABLE> <CAPTION> Exhibit Number	Description	Method of Filing
<S>	<C>	<C>
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27	Financial Data Schedule	Filed with this report

BY-LAWS

of

BECTON, DICKINSON AND COMPANY
A New Jersey Corporation
as Amended and Restated July 25, 2000

ARTICLE I
Offices

The registered office of Becton, Dickinson and Company ("Company") shall be in the Borough of Paramus, 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. Special meetings of the shareholders may be called by the Board of Directors or by the Chairman of the Board or by the President, and shall be called by the Chairman of the Board 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.

D. ADVANCE NOTICE OF NOMINATIONS AND BUSINESS TO BE TRANSACTED AT ANNUAL MEETINGS OF SHAREHOLDERS. No business may be transacted at an annual meeting of shareholders, other than business that is either (a) 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), (b) otherwise properly brought before the annual meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (c) otherwise properly brought before the annual meeting by any shareholder of the Company (i) 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 (ii) who complies with the notice procedures set forth in this Section 2.D.

In addition to any other applicable requirements, for nominations of persons for election to the Board of Directors or for other business to be properly brought before an annual meeting by a shareholder, 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 120th day prior to such annual meeting and not later than the close of business on the later of the 90th 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 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 first anniversary of the preceding year's annual meeting, a stockholder'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.

To be in proper written form, a shareholder's notice to the Secretary must set forth (a) 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), (b) as to each 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, (c) the name and record address of such shareholder, (d) the class or series and number of shares of capital stock of the Company that are owned beneficially or of record by such shareholder, (e) a description of all arrangements or understandings between such shareholder and any other person or persons (including their names) in connection with

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such nomination or proposal of such business by such shareholder and any material interest of such shareholder in such business and (f) a representation that such shareholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

No business shall be conducted at the annual meeting of shareholders except business brought before the annual meeting in accordance with the procedures set forth in this Section 2.D; provided, however, that, once business has been

properly brought before the annual meeting in accordance with such procedures, nothing in Section 2.D. shall be deemed to preclude discussion by any shareholder of any such business. If the Chairman of an annual meeting determines that business was not properly brought before the annual meeting in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

SECTION 3. QUORUM. 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. If a quorum not be present or represented at any meeting, 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 until the required voting shares shall be represented. At such adjourned meeting with the requisite amount of voting shares represented, any business may be transacted which 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 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 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 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, 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.

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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 of the Chairman of the Board, the Vice Chairman or the President, shall act as chairman of the meeting at all meetings of the shareholders. The Secretary, or in his absence one of the Assistant Secretaries, shall act as secretary of the meeting. In case none of the officers above designated to act as Chairman or Secretary of the meeting shall be present, a chairman or a secretary of the meeting, as the case may be, shall be chosen by a vote of the shareholders.

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 Corporation may determine the shareholders entitled to consent to corporate action in writing without a meeting, 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 of 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 Corporation by delivery to its registered office in New Jersey, its principal place of business or to any officer or agent of the Corporation having custody of the book in which proceedings of meetings of shareholders are recorded. Delivery made to the Corporation'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

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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.

Directors

SECTION 1. QUALIFICATIONS. Each Director shall be at least 21 years of age, a shareholder of record of the Company, and shall be elected in the manner provided by 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 Directors may adopt such rules and regulations for the conduct of their meetings and the management of the Company as they 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 may designate.

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SECTION 4. TELEPHONE MEETINGS. Any or all Directors may participate in a meeting of the Board or a committee of the Board 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 immediately following 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 telegraph, telex, TWX, cable, wireless or similar means of 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. 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 statute, 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 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 of the Board. 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 duties.

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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 the committees enumerated in the By-laws and may appoint one or more other committees. The Board shall designate one member of each committee its chairman. To the extent provided in the By-law or any resolution conferring or limiting its powers each committee shall have and may exercise all the

authority of the Board, 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;
- (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, 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. EXECUTIVE COMMITTEE. The Executive Committee shall consist of not less than 3 members. During the intervals between meetings of the Board of Directors and subject to Section 1 of this Article, the Executive Committee shall possess and may exercise all the powers and authority of the Board of Directors in the control and management of the business and affairs of the Company.

SECTION 3. FINANCE AND INVESTMENT COMMITTEE. The Finance and Investment Committee shall consist of not less than four members. Based upon periodic reports and recommendations of management, the Finance and Investment Committee shall regularly review the financial and accounting affairs of the Company and shall:

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- (i) monitor the Company's financial structure and recommend to the Board appropriate debt or equity financing to meet the Company's long-term objectives;
- (ii) review and approve the Company's dividend policy and recommend to the Board appropriate dividend action;
- (iii) review and approve financial plans, capital expenditure budgets and capital expenditures (including leases) that on an individual basis exceed \$10 million and that are not included in the capital expenditure budget;
- (iv) review and approve purchases and dispositions of real property; provided, that notwithstanding the foregoing or anything contained -----
in clause (iii) above to the contrary, any two executive officers of the Company acting together shall have the power, without the need for any approval of the Finance and Investment Committee or the Board, to approve, execute and effect from time to time (A) acquisitions of real property that on an individual basis have purchase prices of up to and including \$25 million, and (B) dispositions of real property that on an individual basis have sale prices of up to and including \$25 million and do not result in a pre-tax loss of \$5 million or more on the consolidated books of the Company;
- (v) review and recommend appropriate Board action with respect to acquisitions and divestitures of assets (including, without limitation, stock and other equity interests in corporations, partnerships or other entities and intellectual property rights, but excluding individual purchases and dispositions of real property and acquisitions of assets approved pursuant to clause (iii) above) that, individually or in the aggregate, in one or more of a series of related transactions, have a purchase or sale price, as applicable, equal to or greater than \$10 million;
- (vi) review and approve (A) the establishment of a subsidiary in a country in which the Company has no other subsidiary if the operation of such subsidiary would involve an investment of more than \$2.5 million, (B) the dissolution of a subsidiary that would result in a pre-tax loss of \$5 million or more on the consolidated books of the Company, (C) the establishment of a subsidiary in a

country in which the Company has an existing subsidiary if the operation of such new subsidiary would involve an investment of more than \$25 million, and (D) any change in capital of a subsidiary that exceeds \$25 million or that would result in a pre-tax charge of \$5 million or more on the consolidated books of the Company;

- (vii) (a) periodically review actual results versus original estimates for acquisitions and/or capital expenditures approved five years earlier in individual amounts of \$10 million or greater and (b) review on a quarterly basis, pursuant to guidelines established from time to time by this Committee, (i) actions taken by management during the prior three-month

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period without specific Board or Committee approval, pursuant to the delegations of authority set forth in sub-paragraphs (iv), (v) and (vi) above, (ii) any notable changes or deviations in financial condition, and (iii) the Company's foreign exchange exposure and its management thereof; and

- (viii) periodically undertake a comprehensive review of the Company's risk management strategy.

The Finance and Investment Committee also shall (i) act as fiduciary of the Company's employee benefit plans in the United States and Puerto Rico which require funding, and (ii) be responsible for the selection of fund managers and trustees, the establishment and implementation of funding and investment policies and guidelines, and for the fiscal management and control of all such plans of the Company and its subsidiaries in the United States and Puerto Rico.

SECTION 4. AUDIT COMMITTEE. The Audit Committee shall consist of not less than three members, none of whom are current or former officers or employees of the Company or any subsidiary of the Company and each of whom is appointed by the Board. The Audit Committee, which is part of the Board, shall assist the Board in monitoring (1) the integrity of the financial statements of the Company, and (2) the independence and performance of the Company's internal and external auditors.

The members of the Audit Committee shall meet the independence and expertise requirements of the New York Stock Exchange. The members of the Audit Committee shall be appointed by the Board on the recommendation of the Corporate Governance Committee.

The Audit Committee shall have the authority, following notice to the Chairman of the Board and Chief Executive Officer of the Company, to retain special legal, accounting or other consultants to advise the Committee. The Audit Committee may request any officer or employee of the Company, or the Company's outside counsel or independent auditor, to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

The Audit Committee shall make regular reports to the Board.

The Audit Committee shall:

In regards to the independent auditor:

1. Recommend to the Board the appointment of the independent auditor, which firm is ultimately accountable to the Audit Committee and the Board, and evaluate, with management, the performance of the independent auditor, and, if so determined by the Audit Committee, recommend to the Board the replacement of the independent auditor.

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2. Receive reports from the independent auditor at least annually regarding the auditor's independence, discuss such reports with the auditor to the extent they disclose any relationships or services that may impact the objectivity and independence of the outside auditor, and, if so determined by the Audit Committee, recommend that the Board take appropriate action to satisfy itself of the independence of the auditor.

In regards to financial reporting:

1. Review the annual and quarterly financial statements with management and the independent auditor, including significant reporting issues and judgements made in connection with such financial statements.
2. Review the Company's accounting principles and any changes thereto suggested by the independent auditor, internal auditors or management.
3. Submit the Audit Committee report required by the rules of the Securities

and Exchange Commission to be included in the Company's annual proxy statement.

In regards to the audit process of the independent auditor:

1. Meet with the independent auditor prior to the audit to review planning and staffing.
2. Review with the independent auditor any problems or difficulties the auditor may have encountered in the course of the audit, and any management letter provided by the auditor and the Company's response to that letter.
3. Discuss with the independent auditor the matters outlined by Statement on Auditing Standards No. 61 relating to the conduct of the audit, and obtain from the independent auditor assurance that the procedural, reporting and other requirements of Section 10A of the Securities Exchange Act of 1934 have been satisfied.

In regards to the internal audit process:

1. Review the appointment and replacement of the senior internal auditing executive, the adequacy of the internal audit staff and the scope of its activities.
2. Review the significant reports to management prepared by the internal auditing department and management's responses.
3. Review with management, internal audit and the independent auditor the adequacy of internal controls that could significantly affect the Company's financial statements.

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In regards to legal matters:

1. Review with the Company's General Counsel and management legal matters that may have a material impact on the financial statements, the Company's compliance policies and any material reports or inquiries received from regulators or governmental agencies.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditor. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditor or to assure compliance with laws and regulations and the Company's Code of Conduct.

The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

SECTION 5. COMPENSATION AND BENEFITS COMMITTEE. The Compensation and Benefits Committee (the "Committee") shall consist of not less than three members, all of whom are to be "nonemployee directors" within the meaning of Rule 16b-3(b) (3) under the Securities Exchange Act of 1934.

The Compensation and Benefits Committee shall: (i) review annually the overall compensation program for the Company's corporate officers, including the executive officers; (ii) approve the compensation of the executive officers, including, but not limited to, regular or periodic compensation and additional or year-end compensation; (iii) review and approve all consulting or employment contracts of the Company or of any subsidiary with any corporate officer, including any executive officer, or with any Director, provided, that any such contract with any Director must also be approved by the Board of Directors; (iv) serve as the granting and administrative committee for the Company's stock option and stock award plans; and (v) perform such other duties as may from time to time be assigned by the Board of Directors with respect to executive compensation.

In addition, the Committee shall: (i) oversee the administration of employee benefits and benefit plans for the Company and its subsidiaries; (ii) review and approve, or recommend to the Board, new benefits or changes in existing benefits; and (iii) appoint from among the management of the Company committees to administer such employee benefits and benefit plans.

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SECTION 6. CORPORATE AFFAIRS COMMITTEE. The Corporate Affairs Committee shall oversee the Company's policies, practices and procedures, as a responsible corporate citizen, in the general areas of ethical conduct and legal compliance, including, but not limited to, issues relating to the following areas:

- . Communications
 - To investors; governments; employees; and public, including crisis management organization and activities.
- . Employment Practices
 - Equal employment opportunity; business ethics; health and safety matters; and compliance with laws.
- . Community Relations
 - Charitable contributions; and environmental compliance.
- . Customer Relations
 - Quality control; recall process; and litigation relating to products or to business practices.
- . Business Practices and Ethics
 - Foreign Corrupt Practices Act; anti-boycott legislation; antitrust compliance; conflict of interest policy; and insider trading.

SECTION 7. CORPORATE GOVERNANCE COMMITTEE. The Corporate Governance Committee shall consist of not less than four members and shall be responsible for monitoring, considering and making recommendations to the Board in its areas of responsibility, which are:

- (i) To recommend to the Board candidates for election as directors at the annual meeting of shareholders or to fill vacancies on the Board;
 - (ii) To make recommendations concerning the composition, organization and functions of the Board and the performance, qualifications, conduct, including memberships on other boards, and compensation of directors;
 - (iii) To monitor and consider the Company's corporate governance and board practices and develop and periodically review a Statement of Corporate Governance Principles for the Company;
 - (iv) To monitor and recommend the functions and charters of the various committees of the Board;
 - (v) To make recommendations on the structure of Board meetings;
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- (vi) To recommend matters for consideration by the Board;
 - (vii) To review periodically the Company's shareholder rights plan; and
 - (viii) To review periodically the Company's by-laws and certificate of incorporation;

provided, however, that any director who is, or at any time in the prior

two years was, an officer or employee of the Company or of any subsidiary of the Company, shall recuse him- or herself from all determinations regarding the nomination of candidates for election to the Board and the compensation of directors.

SECTION 8. 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 chairman 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 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 is held within 2 days after the committee action, such report, if not made at the first meeting, shall be made to the Board at its second meeting following such action.

SECTION 1. ENUMERATION, APPOINTMENT AND REMOVAL. The corporate officers of the Company shall be a Chairman of the Board, a Vice Chairman of the Board, a President, one or more Executive Vice Presidents, one or more Senior Vice Presidents, one or more Sector Presidents, one or more Group Presidents, one or more Vice Presidents, a Contoller, 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

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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 at the first meeting of the Board of Directors after the annual election of Directors, and shall hold office until the next succeeding annual meeting of the Board of Directors, subject to the power of the Board of Directors to remove any corporate officer at 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.

SECTION 2. CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall be elected from among the members of the Board of Directors and shall have general charge and supervision over and responsibility for the business and affairs of the Company. He shall keep the Board of Directors fully informed concerning those areas in his charge, and shall perform such other duties as may be assigned to him by the Board of Directors. In the absence or disability of the Chairman of the Board and of the Vice Chairman of the Board, the Chief Executive Officer shall have all the powers and perform all the duties of the Chairman of the Board.

SECTION 3. 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.

SECTION 4. VICE CHAIRMAN OF THE BOARD. In the absence or disability of the Chairman of the Board, the Vice Chairman of the Board shall have all the powers and perform all the duties of the Chairman of the Board. He shall perform such other duties as may be assigned to him by the Board of Directors or Chairman of the Board.

SECTION 5. 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 6. 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 shall perform such other duties and possess such other powers as are incident to his office.

SECTION 7. 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 shall have the custody of the seal of the Company and shall affix the same to all instrument

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requiring it, and attest the same. He shall perform such other duties and possess such other powers as are incident to his 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 and in such form as the Board of Directors may from time to time prescribe.

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 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 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 corporation by, the Chairman or Vice Chairman of the Board, or the President or a Vice-President, and may be countersigned by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the corporation and may be sealed with the seal of the corporation 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 officer, transfer agent, or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of its issue.

SECTION 2. FIXING RECORD DATE. 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

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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 the law of New Jersey, the Board of Directors shall have power to determine, from time to time, whether and to what extent and at what times and places and under what conditions and regulations the books and records of account, minutes of the proceedings of the shareholders, Board of Directors and any committee of the Company, 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 this 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, this 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 by law, by the Certificate of Incorporation, by these By-laws, or by resolution of the Board of Directors, the Chief Executive Officer, the President or any Executive Vice President, Senior Vice President, Sector President, Group President, or Vice President, or the Controller or the Treasurer of the Company may enter into and execute in the name of the Company, contracts or other instruments in the regular course of

business, or contracts or other instruments not in the regular 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.

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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 this Company by which he may personally benefit, with the same force and effect as if he were either an entire stranger to the Company or to the Board of Directors, provided the fact that he 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 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 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 is or was a corporate agent of this 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 the right to amend or repeal it to the shareholders.

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 it 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 shall govern to the extent of such inconsistency.

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Amendment dated April 24, 2000 to the Stock Award Plan dated February 11, 1992, as amended and restated.

Section 10(a) of the Stock Award Plan, as amended, is amended and restated to read in its entirety as follows with respect to all currently outstanding and future Awards under such plan:

Section 10(a)

(a) In the event of a recapitalization of the Company, reclassification, stock split or combination, stock dividend, spin-off, split-off or other distribution of stock or property of the Company, or any merger, consolidation, other change in corporate capitalization or corporate structure, or the sale or other transfer by the Company of all or a part of its assets, (not including any transaction constituting a change in control of the Company, as defined in and separately covered by Paragraph 11), pursuant to which new or additional stock or securities, or cash or other property, is received by holders of Common Stock, or shares of Common Stock are exchanged for such stock, securities, cash or property, then the Board of Directors shall make appropriate adjustments to the shares reserved for issuance of Awards under the Plan, and to outstanding Awards and the type and amount of consideration deliverable thereunder, in order to ensure that a Grantee receives benefits under the Plan upon the occurrence of any such events equivalent to the benefits which such Grantee would have received in the absence of such occurrence.

Amendment dated April 24, 2000 to the 1982 Non-Qualified Stock Option Plan dated February 8, 1994, as amended and restated.

Section 9 of the 1982 Stock Option Plan, as amended, is amended and restated to read in its entirety as follows with respect to all currently outstanding and future option grants under such plan:

SECTION 9. Adjustments

In the event of any merger, consolidation, reorganization, recapitalization, stock dividend (including without limitation, stock dividends consisting of securities other than the Stock), distribution (other than regular cash dividends), stock split, reverse stock split, separation, spin-off, split-off or other distribution of stock or property of the Company, or other change in the corporate structure or capitalization, there shall be appropriate adjustment made by the Board in the number and kind of shares or other property that may be granted in the aggregate and to individual Employees under the Plan, the number and the kind of shares or other property subject to each outstanding Stock Option and Stock Appreciation Right, and the option prices.

Amendment dated April 24, 2000 to the Salary and Bonus Deferral Plan, dated August 15, 1996, as amended and restated.

The following section of the Salary and Bonus Deferral Plan, as amended, is amended and restated to read in its entirety as follows with respect to all currently outstanding and future deferred shares of Common Stock under such plan:

(1) Section 3.3 (d)

In the event of any merger, consolidation, reorganization, recapitalization, stock dividend (including without limitation, stock dividends consisting of securities other than the shares of Common Stock), distribution (other than regular cash dividends), stock split, reverse stock split, separation, spin-off, split-off or other distribution of stock or property of the Company, or other change in the corporate structure or capitalization, there shall be appropriate adjustment made by the Board in the number and kind of shares (rounded to the nearest one-one hundredth of a share) or other property that shall be credited in the aggregate and to individual participants' deferred stock accounts under the Plan, so that the participants' Deferred Stock Accounts reflect the same equity percentage interest in the Company after the transaction as was the case before such transaction, and so that each share of Common Stock credited to a participant's Deferred Stock Account before a transaction accrues the same benefits after the transaction as does each share of Common Stock outstanding before such transaction.

Amendment dated April 24, 2000 to the Directors' Deferral Plan, dated November 1, 1996.

Section 3.4 (f) of the Directors' Deferral Plan, is amended and restated to read in its entirety as follows with respect to all currently outstanding and future deferred shares of Common Stock under such plan:

Section 3.4 (f)

In the event of any merger, consolidation, reorganization, recapitalization, stock dividend (including without limitation, stock dividends consisting of securities other than the shares of Common Stock), distribution (other than regular cash dividends), stock split, reverse stock split, separation, spin-off, split-off or other distribution of stock or property of the Company, or other change in the corporate structure or capitalization, there shall be appropriate adjustment made by the Board in the number and kind of shares (rounded to the nearest one-one hundredth of a share) or other property that shall be credited in the aggregate and to individual participants' deferred stock accounts under the Plan, so that the participants' Deferred Stock Accounts reflect the same equity percentage interest in the Company after the transaction as was the case before such transaction, and so that each share of Common Stock credited to a participant's Deferred Stock Account before a transaction accrues the same benefits after the transaction as does each share of Common Stock outstanding before such transaction.

Amendment dated April 24, 2000 to the 1990 Stock Option Plan dated February 8, 1994, as amended and restated.

Section 9 of the 1990 Stock Option Plan, as amended, is amended and restated to read in its entirety as follows with respect to all currently outstanding and future option grants under such plan:

SECTION 9. Adjustments

In the event of any merger, consolidation, reorganization, recapitalization, stock dividend (including without limitation, stock dividends consisting of securities other than the Stock), distribution (other than regular cash dividends), stock split, reverse stock split, separation, spin-off, split-off or other distribution of stock or property of the Company, or other change in the corporate structure or capitalization, there shall be appropriate adjustment made by the Board in the number and kind of shares or other property that may be granted in the aggregate and to individual Employees under the Plan, the number and the kind of shares or other property subject to each outstanding Stock Option and Stock Appreciation Right, and the option prices.

Amendments dated April 24, 2000 to the 1995 Stock Option Plan dated January 27, 1998, as amended and restated.

The following sections of the 1995 Stock Option Plan, as amended, are amended and restated to read in their entirety as follows with respect to all currently outstanding and future option grants under such plan:

(1) SECTION 9. Adjustments

In the event of any merger, consolidation, reorganization, recapitalization, stock dividend (including without limitation, stock dividends consisting of securities other than the Stock), distribution (other than regular cash dividends), stock split, reverse stock split, separation, spin-off, split-off or other distribution of stock or property of the Company, or other change in the corporate structure or capitalization, there shall be appropriate adjustment made by the Board in the number and kind of shares or other property that may be granted in the aggregate and to individual Employees under the Plan, the number and the kind of shares or other property subject to each outstanding Stock Option and Stock Appreciation Right, and the option prices.

(2) Section 2(d):

'Change in Control' means:

(1) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 25% or more of either (A) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that, for purposes of this Section 2(d), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, or (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any affiliated company, (iv) any acquisition by any corporation pursuant to a transaction that complies with Sections 2(d)(3)(A), 2(d)(3)(B) and 2(d)(3)(C), or (v) any acquisition that the Board determines, in good faith, was inadvertent, if the acquiring Person divests as promptly as practicable a sufficient amount of the Outstanding Company Common Stock and/or the Outstanding Company Voting Securities, as applicable, to reverse such acquisition of 25% or more thereof.

(2) Individuals who, as of April 24, 2000, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to April 24, 2000 whose election, or nomination for election as a director by the Company's shareholders, was

approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.

(3) Consummation of a reorganization, merger, consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the

case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 25% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

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

Amendments dated April 24, 2000 to the 1998 Stock Option Plan

The following sections of the 1998 Stock Option Plan are amended and restated to read in their entirety as follows with respect to all currently outstanding and future option grants under such plan:

(1) SECTION 9. Adjustments

In the event of any merger, consolidation, reorganization, recapitalization, stock dividend (including without limitation, stock dividends consisting of securities other than the Stock), distribution (other than regular cash dividends), stock split, reverse stock split, separation, spin-off, split-off or other distribution of stock or property of the Company, or other change in the corporate structure or capitalization, there shall be appropriate adjustment made by the Board in the number and kind of shares or other property that may be granted in the aggregate and to individual Employees under the Plan, the number and the kind of shares or other property subject to each outstanding Stock Option and Stock Appreciation Right, and the option prices.

(2) Section 2(d):

'Change in Control' means:

(1) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 25% or more of either (A) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that, for purposes of this Section 2(d), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, or (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any affiliated company, (iv) any acquisition by any corporation pursuant to a transaction that complies with Sections 2(d)(3)(A), 2(d)(3)(B) and 2(d)(3)(C), or (v) any acquisition that the Board determines, in good faith, was inadvertent, if the acquiring Person divests as promptly as practicable a sufficient amount of the Outstanding Company Common Stock and/or the Outstanding Company Voting Securities, as applicable, to reverse such acquisition of 25% or more thereof.

(2) Individuals who, as of April 24, 2000, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to April 24, 2000 whose election, or nomination for election as a director by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent

Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.

(3) Consummation of a reorganization, merger, consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any corporation resulting from such

Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 25% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

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

Amendments dated April 24, 2000 to the Non-Employee Directors 2000 Stock Option Plan.

The following sections of the Non-Employee Directors 2000 Stock Option Plan, are amended and restated to read in their entirety as follows with respect to all currently outstanding and future option grants under such plan:

(1) Section 9. Adjustments

In the event of any merger, consolidation, reorganization, recapitalization, stock dividend (including without limitation, stock dividends consisting of securities other than the Stock), distribution (other than regular cash dividends), stock split, reverse stock split, separation, spin-off, split-off or other distribution of stock or property of the Company, or other change in the corporate structure or capitalization, the number and kind of shares or other property that may be granted in the aggregate and to individual Directors under the Plan, the number and the kind of shares or other property subject to each outstanding Stock Option, and the option prices under outstanding Stock Options, shall be adjusted automatically to prevent dilution or enlargement of rights, and the Board shall cause such automatic adjustment to be given effect.

(2) Section 2 (d)

'Change in Control' means:

(1) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 25% or more of either (A) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that, for purposes of this Section 2(d), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, or (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any affiliated company, (iv) any acquisition by any corporation pursuant to a transaction that complies with Sections 2(d)(3)(A), 2(d)(3)(B) and 2(d)(3)(C), or (v) any acquisition that the Board determines, in good faith, was inadvertent, if the acquiring Person divests as promptly as practicable a sufficient amount of the Outstanding Company Common Stock and/or the Outstanding Company Voting Securities, as applicable, to reverse such acquisition of 25% or more thereof.

(2) Individuals who, as of April 24, 2000, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to April 24, 2000 whose election, or nomination for election as a director by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the

election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.

(3) Consummation of a reorganization, merger, consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any corporation resulting from such

Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 25% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

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

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

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<F1>THESE ITEMS ARE CONSOLIDATED ONLY AT YEAR-END.

</FN>

</TABLE>