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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2013

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 x No ¨

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

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

Large accelerated filer	x	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	¨

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

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 March 31, 2013
Common stock, par value $1.00	194,251,157

BECTON, DICKINSON AND COMPANY
FORM 10-Q
For the quarterly period ended March 31, 2013

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

	March 31, 2013 (Unaudited)	September 30, 2012
Assets		
Current Assets:		
Cash and equivalents	$ 2,023,860	$ 1,671,165
Short-term investments	396,845	509,566
Trade receivables, net	1,220,014	1,249,549
Inventories:		
Materials	207,665	200,514
Work in process	280,987	247,217
Finished products	903,173	792,948
	1,391,825	1,240,679
Prepaid expenses, deferred taxes and other	467,454	515,255
Assets held for sale	—	135,857
Total Current Assets	5,499,998	5,322,071
Property, plant and equipment	7,168,380	7,046,045
Less allowances for depreciation and amortization	3,853,416	3,742,117
	3,314,964	3,303,928
Goodwill	1,099,682	1,076,077
Core and Developed Technology, Net	560,130	511,674
Other Intangibles, Net	304,210	301,010
Capitalized Software, Net	358,267	346,182
Other	492,672	499,967
Total Assets	$11,629,923	$11,360,909
Liabilities and Shareholders' Equity		
Current Liabilities:		
Short-term debt	$ 407,436	$ 405,142
Payables and accrued expenses	1,470,603	1,572,913
Total Current Liabilities	1,878,039	1,978,055
Long-Term Debt	3,762,077	3,761,112
Long-Term Employee Benefit Obligations	1,113,435	1,224,148
Deferred Income Taxes and Other	287,590	261,705
Commitments and Contingencies	—	—
Shareholders' Equity:		
Common stock	332,662	332,662
Capital in excess of par value	2,013,295	1,920,035
Retained earnings	11,142,597	10,435,378
Deferred compensation	18,045	18,917
Common shares in treasury – at cost	(8,114,748)	(7,769,292)
Accumulated other comprehensive loss	(803,069)	(801,811)
Total Shareholders' Equity	4,588,782	4,135,889
Total Liabilities and Shareholders' Equity	$11,629,923	$11,360,909

See notes to condensed consolidated financial statements

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

	Three Months Ended March 31,		Six Months Ended March 31,	
	2013	2012	2013	2012
Revenues	$2,000,375	$1,928,961	$3,900,567	$3,760,681
Cost of products sold	982,256	941,184	1,876,319	1,841,649
Selling and administrative	514,610	487,694	1,010,489	969,964
Research and development	122,377	116,753	240,538	228,981
Total Operating Costs and Expenses	1,619,243	1,545,631	3,127,346	3,040,594
Operating Income	381,132	383,330	773,221	720,087
Interest income	11,818	16,678	19,740	32,126
Interest expense	(34,732)	(35,140)	(69,761)	(64,518)
Other income, net	2,253	4,657	2,967	4,272
Income From Continuing Operations Before Income Taxes	360,471	369,525	726,167	691,967
Income tax provision	84,351	94,401	179,797	168,298
Income From Continuing Operations	276,120	275,124	546,370	523,669
(Loss) Income from Discontinued Operations, net	(483)	15,909	354,703	30,350
Net Income	$ 275,637	$ 291,033	$ 901,073	$ 554,019
Basic Earnings per Share:				
Income from Continuing Operations	$ 1.42	$ 1.33	$ 2.79	$ 2.49
(Loss) Income from Discontinued Operations	—	0.08	1.81	0.14
Basic Earnings per Share (A)	$ 1.42	$ 1.41	$ 4.61	$ 2.63
Diluted Earnings per Share:				
Income from Continuing Operations	$ 1.39	$ 1.31	$ 2.74	$ 2.45
(Loss) Income from Discontinued Operations	—	0.08	1.78	0.14
Diluted Earnings per Share (A)	$ 1.39	$ 1.39	$ 4.53	$ 2.59
Dividends per Common Share	$ 0.495	$ 0.450	$ 0.990	$ 0.900

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

See notes to condensed consolidated financial statements

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

	Three Months Ended March 31,		Six Months Ended March 31,	
	2013	2012	2013	2012
Net Income	$275,637	$291,033	$901,073	$554,019
Other Comprehensive Income (Loss), Net of Tax				
Foreign currency translation adjustments	(71,625)	108,229	(33,700)	60,142
Defined benefit pension and postretirement plans	13,603	9,633	27,207	153,380
Unrealized gain (loss) on investments, net of amounts recognized	3	(3)	—	(31)
Unrealized gains on cash flow hedges, net of amounts realized	1,447	1,304	5,235	3,118
Other Comprehensive (Loss) Income, Net of Tax	(56,572)	119,163	(1,258)	216,609
Comprehensive Income	$219,065	$410,196	$899,815	$770,628

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)

	Six Months Ended March 31,	
	2013	2012
Operating Activities		
Net income	$ 901,073	$ 554,019
Less: Income from discontinued operations, net	354,703	30,350
Income from continuing operations	546,370	523,669
Adjustments to income from continuing operations to derive net cash provided by continuing operating activities, net of amounts acquired:		
Depreciation and amortization	265,477	260,719
Share-based compensation	58,263	53,626
Deferred income taxes	(897)	18,879
Change in operating assets and liabilities	(263,943)	(232,180)
Pension obligation	(87,689)	(55,798)
Other, net	25,366	5,498
Net Cash Provided by Continuing Operating Activities	542,947	574,413
Investing Activities		
Capital expenditures	(197,333)	(211,499)
Capitalized software	(32,445)	(29,853)
Proceeds from investments, net	115,711	122,265
Acquisitions of businesses, net of cash acquired	(138,225)	(50,891)
Divestitures of businesses	720,176	—
Other, net	(53,004)	(52,870)
Net Cash Provided by (Used for) Continuing Investing Activities	414,880	(222,848)
Financing Activities		
Change in short-term debt	193	1,674
Proceeds from long-term debt	—	1,488,285
Payments of debt	(15)	(39,300)
Repurchase of common stock	(356,485)	(1,000,007)
Excess tax benefits from payments under share-based compensation plans	14,136	7,376
Dividends paid	(193,413)	(188,222)
Issuance of common stock and other, net	35,504	7,705
Net Cash (Used for) Provided by Financing Activities	(500,080)	277,511
Discontinued Operations		
Net cash (used for) provided by operating activities	(100,043)	33,237
Net cash used for investing activities	(217)	(3,160)
Net Cash (Used for) Provided by Discontinued Operations	(100,260)	30,077
Effect of exchange rate changes on cash and equivalents	(4,792)	5,055
Net increase in cash and equivalents	352,695	664,208
Opening Cash and Equivalents	1,671,165	1,175,282
Closing Cash and Equivalents	$2,023,860	$ 1,839,490

See notes to condensed consolidated financial statements

BECTON, DICKINSON AND COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Dollar and share amounts in thousands, except per share data
March 31, 2013

Note 1 – Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, in the opinion of the management of the Company, include all adjustments which are of a normal recurring nature, necessary for a fair presentation of the financial position and the results of operations and cash flows for the periods presented. However, the financial statements do not include all information and accompanying notes required for a presentation in accordance with U.S. generally accepted accounting principles. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included or incorporated by reference in the Company's 2012 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.

Note 2 – Accounting Changes

In February 2013, the Financial Accounting Standards Board issued guidance to expand the reporting requirements for amounts reclassified out of accumulated other comprehensive income. These requirements are effective, on a prospective basis, for all reporting periods beginning after December 15, 2012. The Company adopted the revised presentation requirements, which did not impact the recognition of items in its consolidated financial statements, on March 31, 2013.

Note 3 – Accumulated Other Comprehensive Income

The components and changes in accumulated other comprehensive income (loss) for the six-month period ended March 31, 2013 were as follows:

	Total	Foreign Currency Translation Adjustments	Benefit Plans Adjustments (A)	Unrealized Gain (Loss) on Investments (B)	Unrealized Losses on Cash Flow Hedges(C)
Balance at September 30, 2012	$(801,811)	$ 51,259	$(814,739)	$ (135)	$(38,196)
Other comprehensive (loss) income before reclassifications	(31,356)	(33,700)	—	—	2,344
Amounts reclassified into income (D)	30,098	—	27,207	—	2,891
Balance at March 31, 2013	$(803,069)	$ 17,559	$(787,532)	$ (135)	$(32,961)

(A) The reclassifications from accumulated other comprehensive income (loss) are included in the computation of net periodic pension cost and additional details are provided in Note 8. The reclassification amount for the three months ended March 31, 2013 was $13,602. The reclassification amounts for the three and six months ended March 31, 2012 were $9,633 and $21,196, respectively. Amounts are net of taxes.

(B) Amounts are net of taxes.

(C) The reclassification amount for the three months ended March 31, 2013 was $1,552. The reclassification amounts for the three and six months ended March 31, 2012 were $1,304 and $2,251, respectively. Additional details regarding the reclassifications from accumulated other comprehensive income (loss) related to cash flow hedges are provided in Note 12. Amounts are net of taxes.

(D) The benefit plan-related amount is not reclassified into income in its entirety. The reclassification amount for cash flow hedges consists of $2,680 related to interest rate swaps that was recorded in *Interest expense* and $211 related to commodity forward contracts that was recorded in *Costs of products sold.*

The loss in foreign currency translation adjustments for the six months ended March 31, 2013 was primarily attributable to the weakening of the Euro and the Yen against the U.S. dollar during the period.

The income tax benefits associated with the benefit plan-related reclassification adjustments for amortization of prior service credit and amortization of net actuarial losses for the three months ended March 31, 2013 and 2012 were $7,506 and $5,416, respectively. The income tax benefits associated with the reclassification adjustments for amortization of prior service credit and amortization of net actuarial losses for the six months ended March 31, 2013 and 2012 were $15,011 and $12,017, respectively.

The income tax benefit recorded in the three months ended March 31, 2013 for unrealized losses on cash flow hedges was $64. There were no unrealized gains or losses recorded on cash flow hedges in the three months ended March 31, 2012. The income tax provision recorded in the six months ended March 31, 2013 and 2012 for unrealized gains on cash flow hedges was $1,437 and $531, respectively. The tax benefits associated with the reclassification adjustments for realized hedge losses in the three months ended March 31, 2013 and 2012 were $952 and $799, respectively. The tax benefits associated with the reclassification adjustments for realized hedge losses in the six months ended March 31, 2013 and 2012 were $1,772 and $1,380, respectively.

Note 4 – Earnings per Share

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

	Three Months Ended March 31,		Six Months Ended March 31,	
	2013	2012	2013	2012
Average common shares outstanding	194,609	206,426	195,528	210,385
Dilutive share equivalents from share-based plans	3,534	3,377	3,540	3,585
Average common and common equivalent shares outstanding – assuming dilution	198,143	209,803	199,068	213,970

Note 5 – Contingencies

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

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The Company is named as a defendant in the following purported class action suits brought on behalf of distributors and other entities that purchase the Company's products (the "Distributor Plaintiffs"), alleging that the Company violated federal antitrust laws, resulting in the charging of higher prices for the Company's products to the plaintiffs and other purported class members.

Case	Court	Date Filed
Louisiana Wholesale Drug Company, Inc., et. al. vs. Becton Dickinson and Company	U.S. District Court, Newark, New Jersey	March 25, 2005
SAJ Distributors, Inc. et. al. vs. Becton Dickinson & Co.	U.S. District Court, Eastern District of Pennsylvania	September 6, 2005
Dik Drug Company, et. al. vs. Becton, Dickinson and Company	U.S. District Court, Newark, New Jersey	September 12, 2005
American Sales Company, Inc. et. al. vs. Becton, Dickinson & Co.	U.S. District Court, Eastern District of Pennsylvania	October 3, 2005
Park Surgical Co. Inc. et. al. vs. Becton, Dickinson and Company	U.S. District Court, Eastern District of Pennsylvania	October 26, 2005

These actions have been consolidated under the caption *"In re Hypodermic Products Antitrust Litigation."*

The Company is also named as a defendant in the following purported class action suits brought on behalf of purchasers of the Company's products, such as hospitals (the "Hospital Plaintiffs"), alleging that the Company violated federal and state antitrust laws, resulting in the charging of higher prices for the Company's products to the plaintiffs and other purported class members.

Case	Court	Date Filed
Jabo's Pharmacy, Inc., et. al. v. Becton Dickinson & Company	U.S. District Court, Greenville, Tennessee	June 3, 2005
Drug Mart Tallman, Inc., et. al. v. Becton Dickinson and Company	U.S. District Court, Newark, New Jersey	January 17, 2006
Medstar v. Becton Dickinson	U.S. District Court, Newark, New Jersey	May 18, 2006
The Hebrew Home for the Aged at Riverdale v. Becton Dickinson and Company	U.S. District Court, Southern District of New York	March 28, 2007

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

On April 27, 2009, the Company entered into a settlement agreement with the Distributor Plaintiffs in these actions. The settlement agreement provides for, among other things, the payment by the Company of $45,000 in exchange for a release by all potential class members of the direct purchaser claims under federal antitrust laws related to the products and acts enumerated in the complaint, and a dismissal of the case with prejudice, insofar as it relates to direct purchaser claims. The release does not cover potential class members that affirmatively opt out of the settlement or indirect purchaser claims. The District Court preliminarily approved the settlement in November 2012 and granted final approval in April 2013. The settlement funds have been paid into escrow, subject to any appeals. The Company currently cannot estimate the range of reasonably possible losses with respect to these class action matters beyond the $45,000 settlement.

In June 2007, Retractable Technologies, Inc. ("RTI") filed a complaint against the Company under the caption Retractable Technologies, Inc. vs. Becton Dickinson and Company (Civil Action No. 2:07-cv-250, U.S. District Court, Eastern District of Texas). RTI alleges that the BD Integra™ syringes infringe patents licensed exclusively to RTI. In its complaint, RTI also alleges that the Company engaged in false advertising with respect to certain of the Company's safety-engineered products in violation of the Lanham Act; acted to exclude RTI from various product markets and to maintain its market share through, among other things, exclusionary contracts in violation of state and federal antitrust laws; and engaged in unfair competition. In January 2008, the court severed the patent and non-patent claims into separate cases, and stayed the non-patent claims during the pendency of the patent claims at the trial court level. RTI seeks money damages and injunctive relief. On April 1, 2008, RTI filed a complaint against BD under the caption Retractable Technologies, Inc. and Thomas J. Shaw v. Becton Dickinson and Company (Civil Action No.2:08-cv-141, U.S. District Court, Eastern District of Texas). RTI alleges that the BD Integra™ syringes infringe another patent licensed exclusively to RTI. RTI seeks money damages and injunctive relief. On August 29, 2008, the court ordered the consolidation of the patent cases. On November 9, 2009, at a trial of these consolidated cases, the jury rendered a verdict in favor of RTI on all but one of its infringement claims, but did not find any willful infringement, and awarded RTI $5,000 in damages. On May 19, 2010, the court granted RTI's motion for a permanent injunction against the continued sale by the Company of its BD Integra™ products in their current form, but stayed the injunction for the duration of the Company's appeal. At the same time, the court lifted a stay of RTI's non-patent claims. On July 8, 2011, the Court of Appeals for the Federal Circuit reversed the District Court judgment that the Company's 3ml BD Integra™ products infringed the asserted RTI patents and affirmed the District Court judgment of infringement against the Company's discontinued 1ml BD Integra™ products. On October 31, 2011, the Federal Circuit Court of Appeals denied RTI's request for an en banc rehearing. In January 2013, RTI's petition for review with the U.S. Supreme Court was denied.

The trial on RTI's antitrust and false advertising claims is expected to take place in September 2013. With respect to RTI's antitrust and false advertising claims, BD cannot estimate the possible loss or range of reasonably possible loss, as there are significant legal and factual issues to be resolved. These include summary judgment motions and motions to dismiss that are pending before the court. In addition, each party has filed motions seeking to exclude portions of the other party's expert testimony and to preclude the other party from introducing certain other evidence at trial. In the event that RTI ultimately succeeds at trial and subsequent appeals on its antitrust and false advertising claims, any potential loss could be material as RTI is seeking to recover substantial damages including disgorgement of profits and damages under the federal antitrust laws, which are trebled. BD believes RTI's allegations are without merit.

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

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

On October 19, 2009, Gen-Probe Incorporated ("Gen-Probe") filed a patent infringement action against BD in the U.S. District Court for the Southern District of California. The complaint alleges that the BD Viper™ and BD Viper™ XTR™ systems and BD ProbeTec™ specimen collection products infringe certain U.S. patents of Gen-Probe. On March 23, 2010, Gen-Probe filed a complaint, also in the U.S. District Court for the Southern District of California, alleging that the BD Max™ instrument infringes Gen-Probe patents. The patents alleged to be infringed are a subset of the Gen-Probe patents asserted against the Company in the October 2009 suit. On June 8, 2010, the court consolidated these cases. On December 1, 2012, the Company entered into a settlement agreement with Gen-Probe, under which the Company is granted a license to make, use and sell products accused of infringing Gen-Probe patents in the action. The payments that the Company will make to Gen-Probe under the settlement, which include a settlement payment, a licensing fee and ongoing royalties, are not material to the Company's consolidated results of operations and consolidated cash flows. Following the settlement, the case was dismissed with prejudice.

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

Note 6 – Segment Data

The Company's organizational structure is based upon its three principal business segments: BD Medical ("Medical"), BD Diagnostics ("Diagnostics") and BD Biosciences ("Biosciences"). These segments are strategic businesses that are managed separately because each one develops, manufactures and markets distinct products and services. The Company evaluates performance of its business segments and allocates resources to them primarily based upon operating income. Segment operating income represents revenues reduced by product costs and operating expenses. Financial information for the Company's segments was as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2013	2012	2013	2012
Revenues (A)				
Medical	$1,062,071	$1,021,187	$2,045,444	$1,971,584
Diagnostics	658,940	630,019	1,310,865	1,250,762
Biosciences	279,364	277,755	544,258	538,335
	$2,000,375	$1,928,961	$3,900,567	$3,760,681
Segment Operating Income				
Medical	$ 290,790	$ 285,251	$ 578,972	$ 538,986
Diagnostics	144,903	158,052	314,912	323,416
Biosciences	71,403	71,267	136,445	132,423
Total Segment Operating Income	507,096	514,570	1,030,329	994,825
Unallocated Items (B)	(146,625)	(145,045)	(304,162)	(302,858)
Income from Continuing Operations Before Income Taxes	$ 360,471	$ 369,525	$ 726,167	$ 691,967

(A) Intersegment revenues are not material.
(B) Includes primarily interest, net; foreign exchange; corporate expenses; and share-based compensation expense.

	Three Months Ended March 31,		Six Months Ended March 31,	
	2013	2012	2013	2012
Revenues by Organizational Units BD Medical				
Medical Surgical Systems	$ 538,565	$ 518,939	$ 1,074,503	$ 1,041,249
Diabetes Care	232,092	219,245	474,894	445,164
Pharmaceutical Systems	291,414	283,003	496,047	485,171
	1,062,071	1,021,187	2,045,444	1,971,584
BD Diagnostics				
Preanalytical Systems	330,031	323,313	664,798	639,935
Diagnostic Systems	328,909	306,706	646,067	610,827
	658,940	630,019	1,310,865	1,250,762
BD Biosciences	279,364	277,755	544,258	538,335
	$ 2,000,375	$ 1,928,961	$ 3,900,567	$ 3,760,681

Revenues by geographic areas were as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2013	2012	2013	2012
Total Revenues				
United States	$ 823,564	$ 821,104	$ 1,653,665	$ 1,627,323
International	1,176,811	1,107,857	2,246,902	2,133,358
	$ 2,000,375	$ 1,928,961	$ 3,900,567	$ 3,760,681

Note 7 – Share-Based Compensation

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

The fair value of share-based payments is recognized as compensation expense in net income. For the three months ended March 31, 2013 and 2012, compensation expense charged to income was $21,428 and $19,271, respectively. For the six months ended March 31, 2013 and 2012, compensation expense was $58,263 and $53,626, respectively. Share-based compensation attributable to discontinued operations was not material.

The amount of unrecognized compensation expense for all non-vested share-based awards as of March 31, 2013 was approximately $141,387, which is expected to be recognized over a weighted-average remaining life of approximately 2.2 years.

The fair values of stock appreciation rights granted during the annual share-based grants in November of 2012 and 2011, respectively, were estimated on the date of grant using a lattice-based binomial valuation model based on the following assumptions:

	2013	2012
Risk-free interest rate	1.33%	1.67%
Expected volatility	21.00%	22.00%
Expected dividend yield	2.60%	2.50%
Expected life	8.0 years	7.9 years
Fair value derived	$ 12.08	$ 12.61

Note 8 – Benefit Plans

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

Effective January 1, 2013, all plan participants' benefits in the U.S. defined benefit traditional pension plan, which provided benefits to participants based upon a final average pay formula, were converted to a defined benefit cash balance pension plan. Upon conversion, each individual plan participant received an opening balance equal to the actuarial equivalent of individual benefits accrued under the defined benefit traditional pension plan through December 31, 2012. Following conversion, a participant will subsequently accrue benefits under the cash balance plan through monthly pay credits based upon the plan participant's age and length of service. Upon approval and communication of this benefit plan amendment to affected employees during the first quarter of fiscal year 2012, the Company remeasured its U.S. defined pension on November 30, 2011 and this interim remeasurement reduced the net pension cost for fiscal year 2012 by $40,200.

The Company's November 30, 2011 benefit plan remeasurement was based upon a discount rate of 5.1%, compared with the discount rate of 4.9% used on the September 30, 2011 measurement date. The increase in the discount rate reduced total fiscal year 2012 net pension cost by $5,300 and this change in the projected benefit obligation was recognized in *Other comprehensive income (loss)* as an actuarial gain. An increase in plan assets held as of November 30, 2011 compared with assets held as of September 30, 2011 also reduced total fiscal year 2012 net pension cost by $6,200. Total fiscal year 2012 net pension cost was reduced by $28,700 for negative prior service cost.

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

	Pension Plans		Other Postretirement Benefits	
	2013	2012	2013	2012
Service cost	$ 21,004	$ 17,723	$ 1,443	$ 1,475
Interest cost	21,747	21,540	2,519	3,220
Expected return on plan assets	(29,169)	(24,452)	—	—
Amortization of prior service credit	(3,269)	(2,594)	(285)	(172)
Amortization of loss	18,785	13,234	977	1,163
Net pension and postretirement cost	$ 29,098	$ 25,451	$ 4,654	$ 5,686

Net pension and postretirement cost included the following components for the six months ended March 31:

	Pension Plans		Other Postretirement Benefits	
	2013	2012	2013	2012
Service cost	$ 41,947	$ 40,752	$ 2,886	$ 2,945
Interest cost	43,431	49,529	5,037	6,435
Expected return on plan assets	(58,253)	(56,224)	—	—
Amortization of prior service credit	(6,529)	(5,964)	(570)	(345)
Amortization of loss	37,516	30,430	1,954	2,325
Net pension and postretirement cost	$ 58,112	$ 58,523	$ 9,307	$ 11,360

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

Postemployment benefit costs for the three months ended March 31, 2013 and 2012 were $11,694 and $8,995, respectively. For the six months ended March 31, 2013 and 2012, postemployment benefit costs were $23,388 and $17,990, respectively.

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Note 9 – Acquisitions

Cato

On March 11, 2013, the Company acquired a 100% interest in Cato Software Solutions (“Cato”), a privately held Austria-based manufacturer of cato® and chemocato® software, a suite of comprehensive medication safety solutions for pharmacy intravenous medication preparation, physician therapy planning and nurse bedside documentation. This acquisition is an important element of the Company’s strategy to help customers eliminate medication errors and streamline workflows, and it expands the Company’s presence in the hospital pharmacy space.

The fair value of consideration transferred was $23,307 which included $14,487 in cash, net of $140 in cash acquired, as well as $8,820 in contingent consideration that will be paid based upon the achievement of certain revenue milestones. The fair value of the contingent consideration was estimated using a probability-weighted discounted cash flow model that was based upon the probabilities assigned to the contingent events.

The acquisition was accounted for under the acquisition method of accounting for business combinations and Cato’s results of operations were included in the Medical segment’s results from the acquisition date. Pro forma information is not provided as the acquisition did not have a material effect on the Company’s consolidated results. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date. These fair values are based upon the information available as of March 31, 2013 and may be adjusted should further information regarding events or circumstances existing at the acquisition date become available.

Developed technology	$ 8,900
Other intangibles	3,700
Other assets	1,078
Total identifiable assets acquired	13,678
Deferred tax liabilities	(276)
Other liabilities	(1,424)
Total liabilities assumed	(1,700)
Net identifiable assets acquired	11,978
Goodwill	11,329
Net assets acquired	$ 23,307

The developed technology asset of $8,900 represents Cato’s developed automated data sharing and creation system that is used in medication preparation and delivery. The technology’s fair value was determined based on the present value of projected cash flows utilizing an income approach which reflected a risk-adjusted discount rate of 14.5%. The technology will be amortized over an expected useful life of 15 years, the period over which the technology is expected to generate substantial cash flows.

The $11,329 of goodwill was allocated to the Medical segment. Goodwill typically results through expected synergies from combining operations of an acquiree and an acquirer as well as from intangible assets that do not qualify for separate recognition. The goodwill recognized as a result of this acquisition includes, among other things, the Company's ability to accelerate growth of the early-stage market for comprehensive pharmacy workflow solutions. Also, synergies are expected from complementing the Company's existing safety-engineered products with Cato's medication safety solution. No portion of this goodwill is currently expected to be deductible for tax purposes. The Company recognized $650 of acquisition-related costs that were expensed in the current year-to-date period and reported in the Condensed Consolidated Statements of Income as *Selling and administrative*.

Safety Syringes

On December 24, 2012, the Company acquired a 100% interest in Safety Syringes, Inc., ("Safety Syringes"), a privately held California-based company that specializes in the development of anti-needlestick devices for prefilled syringes. This acquisition is intended to broaden the Company's existing healthcare worker safety offerings to include passive safety technologies.

The fair value of consideration transferred was $124,088 which included $123,738 in cash, net of $1,262 in cash acquired. The fair value of consideration transferred also included $350 for the effective settlement of an intangible asset associated with a preexisting licensing arrangement the Company entered into with Safety Syringes in fiscal year 2005. The terms of the licensing arrangement were determined to represent fair value at the acquisition date, and as such, the Company did not record any gain or loss separately from the acquisition.

The acquisition was accounted for under the acquisition method of accounting for business combinations and Safety Syringes' results of operations were included in the Medical segment's results from the acquisition date. Pro forma information is not provided as the acquisition did not have a material effect on the Company's consolidated results. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date. These fair values are based upon the information available as of March 31, 2013 and may be adjusted should further information regarding events or circumstances existing at the acquisition date become available.

Developed technology	$ 68,800
Other intangibles	4,750
Property, plant and equipment, net	6,853
Trade receivables, net	6,512
Other	6,507
Total identifiable assets acquired	93,422
Other liabilities assumed	(3,589)
Net identifiable assets acquired	89,833
Goodwill	34,255
Net assets acquired	$ 124,088

The developed technology asset of $68,800 represents Safety Syringes' developed anti-needlestick technology. The technology's fair value was determined based on the present value of projected cash flows utilizing an income approach which reflected a risk-adjusted discount rate of 16%. The technology will be amortized over an expected useful life of 15 years, the period over which the technology is expected to generate substantial cash flows.

The $34,255 of goodwill was allocated to the Medical segment. Goodwill typically results through expected synergies from combining operations of an acquiree and an acquirer as well as from intangible assets that do not qualify for separate recognition. The goodwill recognized as a result of this acquisition includes, among other things, the synergies expected from complementing the Company's existing healthcare safety offerings with passive anti-needlestick technologies. Additionally, synergies are expected to result from expanding the market for the passive anti-needlestick offerings through the Company's broader global sales organization and customer relationships. This goodwill is expected to be deductible for tax purposes. The Company recognized $1,980 of acquisition-related costs that were expensed in the current year-to-date period and reported in the Condensed Consolidated Statements of Income as *Selling and administrative*.

Note 10 – Divestiture

On October 31, 2012, the Company completed the sale of its BD Biosciences—Discovery Labware unit, excluding its Advanced Bioprocessing platform, to Corning Incorporated. Gross cash proceeds from the sale were approximately $724,071, and the Company recognized a pre-tax gain on sale from this divestiture of $561,749. The after-tax gain recognized from this divestiture was $346,555. As a result of this divestiture, the Company derecognized $16,601 of goodwill, allocated based upon the relative fair values of the disposed assets.

The Company agreed to perform some contract manufacturing and other transition services for a defined period after the sale; however, the Company will not have the ability to exert significant influence over the Discovery Labware disposal group after the sale, and cash flows associated with these activities are not expected to be material. The net cash flows from these activities are reported in the Condensed Consolidated Statements of Income as *Other income (expense)*.

The results of operations associated with the Discovery Labware disposal group are reported as discontinued operations for all periods presented in the accompanying Condensed Consolidated Statements of Income and Cash Flows and related disclosures.

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Results of discontinued operations were as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2013	2012	2013	2012
Revenues	$ —	$ 61,879	$ 20,196	$ 117,853
(Loss) income from discontinued operations before income taxes	(1,660)	23,453	569,863	45,221
Less income tax (benefit) provision	(1,177)	7,544	215,160	14,871
(Loss) income from discontinued operations, net	$ (483)	$ 15,909	$ 354,703	$ 30,350

Note 11 – Intangible Assets

Intangible assets consisted of:

	March 31, 2013		September 30, 2012	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets				
Core and developed technology	$ 930,453	$ 370,323	$ 856,585	$ 344,911
Product rights	163,654	17,727	163,465	12,232
Patents, trademarks, and other	342,139	247,674	325,998	240,036
	$1,436,246	$ 635,724	$1,346,048	$ 597,179
Unamortized intangible assets				
Acquired in-process research and development	$ 61,136		$ 61,138	
Trademarks	2,682		2,677	
	$ 63,818		$ 63,815	

Intangible amortization expense for the three months ended March 31, 2013 and 2012 was $21,500 and $16,484, respectively. Intangible amortization expense for the six months ended March 31, 2013 and 2012 was $40,819 and $32,657, respectively.

Note 12 – Derivative Instruments and Hedging Activities

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

Foreign Currency Risks and Related Strategies

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

The total notional amounts of the Company's outstanding foreign exchange contracts as of March 31, 2013 and September 30, 2012 were $1,696,651 and $2,020,698, respectively.

From time to time, the Company may partially hedge forecasted export sales denominated in foreign currencies using forward and option contracts, generally with one-year terms. The Company's hedging program has been designed to mitigate exposures resulting from movements of the U.S. dollar, from the beginning of a reporting period, against other foreign currencies. The Company's strategy is to offset the changes in the present value of future foreign currency revenue resulting from these movements with either gains or losses in the fair value of foreign currency derivative contracts. The Company did not enter into contracts to hedge cash flows for fiscal year 2012 and, as of March 31, 2013, the Company had not entered into such contracts to hedge cash flows for fiscal year 2013.

Interest Rate Risks and Related Strategies

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

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

Changes in the fair value of the interest rate swaps designated as cash flow hedges (i.e., hedging the exposure to variability in expected future cash flows that is attributable to a particular risk) are offset by amounts recorded in *Other comprehensive income (loss)*. If interest rate derivatives designated as cash flow hedges are terminated, the balance in *Accumulated other comprehensive* *income (loss)* attributable to those derivatives is reclassified into earnings over the remaining life of the hedged debt. The amount, related to terminated interest rate swaps, expected to be reclassified and recorded in *Interest expense* within the next 12 months is $5,418, net of tax.

The total notional amounts of the Company's outstanding interest rate swaps designated as fair value hedges were $200,000 at both March 31, 2013 and September 30, 2012. The outstanding swap represents a fixed-to-floating rate swap agreement that was entered into to convert the interest payments on $200,000 in 4.55% notes, due April 15, 2013, from the fixed rate to a floating interest rate based on LIBOR. This swap was terminated, concurrent with the maturity of the underlying notes, in April 2013.

The Company had no outstanding interest rate swaps designated as cash flow hedges as of March 31, 2013 or as of September 30, 2012.

Other Risk Exposures

The Company purchases resins, which are oil-based components used in the manufacture of certain products. Significant increases in world oil prices that lead to increases in resin purchase costs could impact future operating results. From time to time, the Company has managed price risks associated with these commodity purchases. In July 2012, the Company entered into cash-settled forward contracts to hedge approximately 16% of its expected global resin purchase volumes in fiscal year 2013. These contracts were designated as cash flow hedges and the total notional amount of these contracts at March 31, 2013 and September 30, 2012 was $11,412 and $22,534, respectively.

Effects on Consolidated Balance Sheets

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

	March 31, 2013	September 30, 2012
Asset derivatives-designated for hedge accounting		
Interest rate swap	$ 193	$ 2,353
Commodity forward contracts	1,312	—
Total asset derivatives-designated for hedge accounting	1,505	2,353
Asset derivatives-undesignated for hedge accounting		
Forward exchange contracts	20,175	17,197
Total asset derivatives (A)	$ 21,680	$ 19,550
Liability derivatives-designated for hedge accounting		
Commodity forward contracts	$ —	$ 1,666
Liability derivatives-undesignated for hedge accounting		
Forward exchange contracts	15,955	16,563
Total liability derivatives (B)	$ 15,955	$ 18,229

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

Effects on Consolidated Statements of Income

Cash flow hedges

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

Derivatives Accounted for as Designated Cash Flow Hedging Relationships	Gain (Loss) Recognized in OCI on Derivatives, Net of Tax		Location of Gain (Loss) Reclassified from Accumulated OCI into Income	Gain (Loss) Reclassified from Accumulated OCI into Income, Net of Tax	
	2013	2012		2013	2012
Interest rate swaps	$ —	$ —	Interest expense	$(1,341)	$(1,304)
Commodity forward contracts	(105)	—	Cost of products sold	(211)	—
	$ (105)	$ —		$(1,552)	$(1,304)

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

Derivatives Accounted for as Designated Cash Flow Hedging Relationships	Gain (Loss) Recognized in OCI on Derivatives, Net of Tax		Location of Gain (Loss) Reclassified from Accumulated OCI into Income	Gain (Loss) Reclassified from Accumulated OCI into Income, Net of Tax	
	2013	2012		2013	2012
Interest rate swaps	$ —	$ 867	Interest expense	$(2,680)	$(2,251)
Commodity forward contracts	2,344	—	Cost of products sold	(211)	—
	$ 2,344	$ 867		$(2,891)	$(2,251)

The Company's designated derivative instruments are highly effective. As such, there were no gains or losses, related to hedge ineffectiveness or amounts excluded from hedge effectiveness testing, recognized immediately in income for the three and six-month periods ending March 31, 2013.

Fair value hedge

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

	Gain/(Loss) on Swap				Gain/(Loss) on Borrowings			
	Three Months Ended March 31,		Six Months Ended March 31,		Three Months Ended March 31,		Six Months Ended March 31,	
Income Statement Classification	2013	2012	2013	2012	2013	2012	2013	2012
Other income (expense) (A)	$(1,051)	$(577)	$(2,160)	$(1,732)	$ 1,051	$ 577	$2,160	$1,732

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

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Undesignated hedges

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

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Amount of Gain (Loss) Recognized in Income on Derivatives — Three Months Ended March 31, 2013	2012	Six Months Ended March 31, 2013	2012
Forward exchange contracts (B)	Other income (expense)	$ (8,838)	$ 8,903	$ 4,246	$ 6,039

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

Note 13 – Financial Instruments and Fair Value Measurements

The fair values of financial instruments, including those not recognized on the statement of financial position at fair value, carried at March 31, 2013 and September 30, 2012 are classified in accordance with the fair value hierarchy in the tables below:

	March 31, 2013 Total	Basis of Fair Value Measurement — Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Institutional money market investments	$1,165,990	$ 1,165,990	$ —	$ —
Forward exchange contracts	20,175	—	20,175	—
Interest rate swap	193	—	193	—
Commodity forward contracts	1,312	—	1,312	—
Total Assets	$1,187,670	$ 1,165,990	$ 21,680	$ —
Liabilities				
Forward exchange contracts	$ 15,955	$ —	$ 15,955	$ —
Contingent consideration liabilities	29,414	—	—	29,414
Total Liabilities	$ 45,369	$ —	$ 15,955	$ 29,414

	September 30, 2012 Total	Basis of Fair Value Measurement: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Institutional money market investments	$1,065,629	$ 1,065,629	$ —	$ —
Forward exchange contracts	17,197	—	17,197	—
Interest rate swap	2,353	—	2,353	—
Total Assets	$1,085,179	$ 1,065,629	$ 19,550	$ —
Liabilities				
Forward exchange contracts	$ 16,563	$ —	$ 16,563	$ —
Commodity forward contracts	1,666	—	1,666	—
Contingent consideration liabilities	20,261	—	—	20,261
Total Liabilities	$ 38,490	$ —	$ 18,229	$ 20,261

The Company's institutional money market accounts permit daily redemption and the fair values of these investments are based upon the quoted prices in active markets provided by the holding financial institutions. The Company's remaining cash equivalents were $857,870 and $605,536 at March 31, 2013 and September 30, 2012, respectively. Short-term investments are held to their maturities and are carried at cost, which approximates fair value. The cash equivalents consist of liquid investments with a maturity of three months or less and the short-term investments consist of instruments with maturities greater than three months and less than one year.

The Company measures the fair value of forward exchange contracts and currency options using an income approach with significant observable inputs, specifically spot currency rates, market designated forward currency prices and a discount rate. The fair value of interest rate swaps is provided by the financial institutions that are counterparties to these arrangements.

Long-term debt is recorded at amortized cost. The fair value of long-term debt is measured based upon quoted prices in active markets for similar instruments, which are considered Level 2 inputs in the fair value hierarchy. The fair value of long-term debt was $4,228,699 and $4,317,059 at March 31, 2013 and September 30, 2012, respectively. The fair value of $200,000 of 4.55% notes due on April 15, 2013, that were reclassified from long-term debt to short-term debt during the third quarter of fiscal year 2012, was $200,282 and $206,452 at March 31, 2013 and September 30, 2012, respectively.

The contingent consideration liabilities were recognized as part of the consideration transferred in the Company's acquisitions of the following: KIESTRA, which occurred in the second quarter of fiscal year 2012; Sirigen, which occurred in the fourth quarter of fiscal year 2012; and Cato, which occurred in the second quarter of fiscal year 2013. The fair values of the contingent consideration liabilities were estimated using probability-weighted discounted cash flow models that were based upon the probabilities assigned to the contingent events. The estimated fair values of the contingent consideration liabilities are remeasured at each reporting period based upon increases or decreases in the probability of the contingent payments. The change to the contingent consideration liabilities during the three and six months ended March 31, 2013 included an increase of approximately $388 resulting from the determination that payments relating to development milestones under the KIESTRA acquisition agreement will be paid in full. The Company recognized this increase of the contingent consideration liability in the Condensed Consolidated Statements of Income as *Research and development*. The contingent consideration liabilities relating to the KIESTRA and Cato acquisitions were additionally impacted by foreign currency translation during the three and six-month periods ended March 31, 2013.

The Company's policy is to recognize any transfers into fair value measurement hierarchy levels and transfers out of levels at the beginning of each reporting period. There were no transfers in and out of Level 1, Level 2 or Level 3 measurements for the three and six months ended March 31, 2013 and 2012.

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

Company Overview

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

Overview of Financial Results and Financial Condition

Second quarter revenues of $2.0 billion represented an increase of 3.7% from the same period a year ago, and reflected volume increases of approximately 4.3%, partially offset by price decreases of approximately 0.2% and unfavorable foreign currency translation of approximately 0.4%. Revenue growth in the second quarter of fiscal year 2013 was driven by our Medical and Diagnostics segments and reflected the benefits of new product sales. These benefits were partially offset by the unfavorable timing of orders in the Pharmaceutical Systems unit, and, in the Biosciences segment, by weaker Western European sales and the unfavorable timing of government funding in Japan. International revenues in our Medical and Diagnostics segments reflected continued strength in emerging market sales and strong sales of safety-engineered products. Sales in the United States of safety-engineered devices in the second quarter of 2013 of $287 million increased 1.6% over the prior year’s quarter. International sales of safety-engineered devices of $227 million in the second quarter of 2013 grew 10.6% over the prior year’s period, including an estimated 0.5% unfavorable impact due to foreign currency translation. International safety-engineered device revenue growth continues to be driven by strong growth in the Medical segment, with the largest growth in Western Europe and emerging markets.

We continue to invest in research and development spending, geographic expansion, and new product promotions to drive further revenue and profit growth. Our ability to sustain our long-term growth will depend on a number of factors, including our ability to expand our core business (including geographical expansion), develop innovative new products with higher gross profit margins across our business segments, and continue to improve operating efficiency and organizational effectiveness. The healthcare industry continues to face a challenging economic environment. The current economic conditions and other circumstances have resulted in pricing pressures for some of our products. Continued uncertainty in the research spending environment could adversely affect our Biosciences segment. In other areas of our U.S. business, healthcare utilization is stable but constrained. Additionally, uncertainty in Europe due to continued macroeconomic challenges has resulted in constrained healthcare utilization in that region.

In addition to the economic conditions in the United States and elsewhere, numerous other factors can affect our ability to achieve our goals including, without limitation, increased competition and healthcare reform initiatives. For example, the U.S. Patient Protection and Affordable Care Act contains certain tax provisions that will affect BD. The most significant impact is the medical device excise tax, effective January 1, 2013, that imposes a 2.3% tax on certain U.S. sales of medical devices. During the second quarter of fiscal year 2013, we recorded a pre-tax charge of $14 million, or $0.05 diluted earnings per share from continuing operations, in selling and administrative expense relating to the medical device excise tax. We currently estimate that our fiscal 2013 excise tax (impacting only three quarters for fiscal year 2013) will be about $45 million.

Our financial position remains strong, with cash flows from operating activities totaling $543 million in the first six months of 2013. At March 31, 2013, we had $2.4 billion in cash and equivalents and short-term investments. Cash outflows relating to acquisitions primarily represented the purchase of Safety Syringes, Inc. ("Safety Syringes"), a privately held California-based company that specializes in the development of anti-needlestick devices for prefilled syringes for $124 million, net of cash acquired. Cash flows relating to acquisitions also included the purchase of Cato Software Solutions ("Cato"), a privately held Austria-based manufacturer of a suite of comprehensive medication safety software solutions, for $14 million, net of cash acquired. Refer to Note 9 in the Notes to Condensed Consolidated Financial Statements for further discussion of these acquisitions. Cash inflows from divestitures of $720 million represented the sale of Biosciences' Discovery Labware unit, excluding its Advanced Bioprocessing platform. Refer to Note 10 in the Notes to Condensed Consolidated Financial Statements for additional information. Also, we continued to return value to our shareholders in the form of share repurchases and dividends. During the first six months of 2013, we repurchased $356 million of our common stock and paid cash dividends of $193 million.

We face currency exposure each reporting period that arises from translating the results of our worldwide operations to the U.S. dollar at exchange rates that fluctuate from the beginning of such period. We evaluate our results of operations on both an as reported and a foreign currency-neutral basis, which excludes the impact of fluctuations in foreign currency exchange rates. We calculate foreign currency-neutral percentages by converting our current-period local currency financial results using the prior-period foreign currency exchange rates and comparing these adjusted amounts to our current-period reported results. From time to time, we may purchase forward contracts and options to partially protect against adverse foreign exchange rate movements. Gains or losses on our derivative instruments are largely offset by the gains or losses on the underlying hedged transactions. We do not enter into derivative instruments for trading or speculative purposes. For further discussion, refer to Note 12 in the Notes to Condensed Consolidated Financial Statements.

Results of Operations

Revenues

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

Medical Segment

Second quarter revenues of $1.062 billion increased 4.0% over the prior year's quarter, which reflected an estimated unfavorable foreign currency translation impact of 0.2%.

The following is a summary of second quarter Medical revenues by organizational unit:

(millions of dollars)	Three months ended March 31, 2013	2012	Total Change	Estimated Foreign Exchange Impact
Medical Surgical Systems	$ 539	$ 519	3.8%	(0.4)%
Diabetes Care	232	219	5.9%	(0.7)%
Pharmaceutical Systems	291	283	3.0%	0.6%
Total Revenues	$1,062	$1,021	4.0%	(0.2)%

Medical segment revenue growth was driven by new products across all three organizational units. Revenue growth in the Diabetes Care unit reflected strong sales of pen needles, including the BD Ultra-Fine™ Nano and PentaPoint™ products. Solid revenue growth in the Medical Surgical Systems unit was largely attributable to sales in emerging markets and strong international sales of safety-engineered products, including the BD PhaSeal™ System. Revenue growth in the Pharmaceutical Systems unit was unfavorably impacted by the unfavorable timing of orders. Global sales of safety-engineered products were $256 million, as compared with $236 million in the prior year's quarter, and included an estimated $1 million unfavorable impact due to foreign currency translation. Total Medical revenues for the six-month period ended March 31, 2013 increased by 3.7% from the prior-year six-month period, including an estimated 1.0% unfavorable impact from foreign currency translation. For the six-month period ended March 31, 2013, global sales of safety-engineered products were $508 million, compared with $476 million in the prior year's period, and included an estimated $3 million unfavorable impact due to foreign currency translation.

Medical operating income for the second quarter was $291 million, or 27.4% of Medical revenues, compared with $285 million, or 27.9% of segment revenues, in the prior year's quarter. Gross profit margin was higher in the current quarter than the second quarter of 2012 primarily due to lower manufacturing costs resulting from Project ReLoCo, a global, cross-functional business initiative to drive sustained low-cost capability primarily benefitting Medical Surgical Systems. Gross profit margin was also favorably impacted by lower raw material costs and the Company's change in useful lives of certain machinery and equipment assets, which was effective January 1, 2012. These favorable impacts on gross profit margin were partially offset by price decreases on certain product lines and unfavorable foreign currency translation. See further discussion on gross profit margin below. Selling and administrative expense as a percent of Medical revenues in the second quarter of 2013 was higher than in the second quarter of 2012. This increase reflected the medical device excise tax previously discussed as well as increased spending for expansion in emerging markets. Research and development expenses for the quarter increased $4 million, or 9% above the prior year's period, reflecting ongoing investment in new products and platforms. Segment operating income for the six-month period was $579 million, or 28.3% of Medical revenues, compared with $539 million, or 27.3%, in the prior year's period.

Diagnostics Segment

Second quarter revenues of $659 million increased 4.6% over the prior year's quarter, which reflected an estimated unfavorable foreign currency translation impact of 0.3%.

The following is a summary of second quarter Diagnostics revenues by organizational unit:

	Three months ended March 31,			
(millions of dollars)	2013	2012	Total Change	Estimated Foreign Exchange Impact
Preanalytical Systems	$330	$323	2.1%	(0.1)%
Diagnostic Systems	329	307	7.2%	(0.6)%
Total Revenues	$659	$630	4.6%	(0.3)%

Diagnostics segment revenue growth was primarily driven by new product sales and international expansion in the Diagnostic Systems unit. Global sales of safety-engineered products in the Preanalytical Systems unit totaled $258 million, compared with $252 million in the prior year's quarter, and included an immaterial unfavorable impact due to foreign currency translation. Total Diagnostics revenues for the six-month period ended March 31, 2013 increased by 4.8% from the prior-year six-month period, including an estimated 0.7% unfavorable impact from foreign currency translation. For the six-month period ended March 31, 2013, global sales of safety-engineered products in the Preanalytical Systems unit were $517 million, compared with $500 million in the prior year's period, and included an estimated $3 million unfavorable impact due to foreign currency translation.

Diagnostics operating income for the second quarter was $145 million, or 22.0% of Diagnostics revenues, compared with $158 million, or 25.1% of segment revenues, in the prior year's quarter. Gross profit margin was lower in the current quarter than in the prior year's quarter primarily due to amortization expense related to the Jaguar Plus Platform, an in-process research development project that was acquired in the Company's fiscal year 2010 acquisition of HandyLab, Inc. and completed in the fourth quarter of fiscal year 2012. Gross profit margin in the second quarter of 2013 was also unfavorably impacted by foreign currency translation. These unfavorable impacts to gross profit margin were partially offset by decreases in certain raw material costs. See further discussion on gross profit margin below. Selling and administrative expense as a percentage of Diagnostics revenues in the second quarter of 2013 was higher than in the second quarter of 2012. This increase reflected the medical device excise tax previously discussed as well as increased spending for expansion in emerging markets and spending for new product launches. Research and development expenses in the second quarter of 2013 increased by $2 million, or 4.5% compared with the prior year's period, and reflected increased investment in new products and platforms. Segment operating income for the six-month period was $315 million, or 24.0% of Diagnostics revenues, compared with $323 million, or 25.9%, in the prior year's period.

Biosciences Segment

Second quarter revenues of $279 million increased 0.6% over the prior year's quarter, which reflected an estimated unfavorable foreign currency translation impact of 1.3%. Biosciences segment revenue growth was driven by increased instrument placements in the U.S. and favorable timing of Advanced Bioprocessing orders. Segment revenue growth was partially offset by weaker Western European sales due to austerity measures and the timing of government funding in Japan. For the six-month period ended March 31, 2013, total Biosciences revenues increased by 1.1% from the prior-year six-month period, including an estimated 1.5% unfavorable impact from foreign currency translation.

Biosciences operating income for the second quarter was $71 million, or 25.6% of Biosciences revenues, compared with $71 million, or 25.7% of segment revenues, in the prior year's quarter. Gross profit margin as a percent of Biosciences revenues, was lower in the current quarter than in the prior year's quarter primarily due to unfavorable foreign currency translation. See further discussion on gross profit margin below. Selling and administrative expense as a percentage of Biosciences revenues in the second quarter of 2013 was higher compared with the prior year's quarter. This increase reflected the medical device excise tax previously discussed as well as increased spending for expansion in emerging markets. Research and development expenses in the second quarter of 2013 were flat compared with spending in the prior year's period, reflecting timing of expenses and reduced headcount. Segment operating income for the six-month period was $136 million, or 25.1% of Biosciences revenues, compared with $132 million, or 24.6%, in the prior year's period.

Geographic Revenues

Revenues in the United States for the second quarter of $824 million represented an increase of 0.3% over the prior year's quarter. We view the environment in the U.S. as constrained, but stable. U.S. revenue growth reflected the unfavorable timing of orders in the Pharmaceutical Systems unit. In addition, sales growth in our Medical Surgical unit was impacted by an unfavorable comparison to the prior year period, which reflected strong sales of the BD PhaSeal™ product. In our Diabetes Care unit, revenue growth was unfavorably impacted by the timing of orders in our retail business. Diagnostics segment revenue growth in the United States reflected strong sales of the BD Veritor™ System, which was partially offset by unfavorable timing in the Preanalytical Systems unit. U.S. revenue growth in the Diagnostic Systems unit was unfavorably impacted by a decline in our Women's Health and Cancer platform sales due to guidelines providing for increased Pap smear testing intervals. Biosciences revenue growth in the United States was driven by increased instrument placements and the favorable timing of Advanced Bioprocessing orders. We remain cautious about the U.S. environment for this segment given the continued uncertainty around U.S. government research funding due to the impact of automatic U.S. government spending cuts, or sequestration that went into effect in March 2013.

International revenues for the second quarter of $1.177 billion represented an increase of 6.2% over the prior year's quarter, including a 0.7% unfavorable impact due to foreign currency translation. International revenues for the second quarter of 2013 reflected continued strength in emerging market revenues and strong sales of safety-engineered products for the Medical and Diagnostics segments. International Biosciences revenue growth was unfavorably impacted by weaker sales in Western Europe due to austerity measures and the timing of government funding in Japan.

Gross Profit Margin

Gross profit margin was 50.9% for the second quarter, compared with 51.2% for the comparable prior-year period. The decrease in gross profit margin reflected estimated unfavorable impacts of 10 basis points relating to operating performance and 20 basis points relating to foreign currency translation. Operating performance was favorably impacted by approximately 90 basis points primarily due to lower manufacturing costs from continuous improvement projects such as Project ReLoCo and lower raw material costs. Operating performance was also favorably impacted by approximately 40 basis points due to the Company's change in useful lives of certain machinery and equipment assets, which was effective January 1, 2012. Operating performance was adversely affected by approximately 140 basis points primarily due to, among other items, pricing declines on certain product lines and amortization of intangibles associated with recent acquisitions.

Gross profit margin was 51.9% in the six-month period of 2013, compared with 51.0% for the comparable prior-year period. The increase in gross profit margin reflected estimated favorable impacts of 60 basis points relating to operating performance and 30 basis points relating to foreign currency translation. Operating performance was favorably impacted by approximately 90 basis points primarily due to lower manufacturing costs from continuous improvement projects and lower raw material costs. Operating performance was also favorably impacted by approximately 50 basis points due to the Company's change in useful lives of certain machinery and equipment assets. Operating performance was adversely affected by approximately 80 basis points primarily due to, among other items, pricing declines on certain product lines and amortization of intangibles associated with recent acquisitions.

Selling and Administrative Expense

Selling and administrative expense was 25.7% of revenues for the second quarter, compared with 25.3% for the prior year's period. Aggregate expenses for the second quarter reflected an increase in core spending of $19 million, primarily relating to expansion of our business in emerging markets and higher expenses resulting from recent acquisitions. Aggregate expenses for the second quarter of 2013 also reflected $14 million related to the medical device excise tax previously discussed, as well as increased spending of $2 million related to our global enterprise resource planning initiative to update our business information systems. These increases were partially offset by favorable foreign currency translation of $2 million and a decrease in deferred compensation expense of $2 million. This change in the deferred compensation liability is further discussed below. Selling and administrative expenses in the current year's period also reflected a favorable comparison to the prior-year period of $4 million due to the timing of litigation costs.

Selling and administrative expense was 25.9% of revenues for the six-month period of fiscal year 2013, compared with 25.8% for the prior year's period. Aggregate expenses for the second quarter reflected an increase in core spending of $59 million, primarily relating to expansion of our business in emerging markets and higher expenses resulting from recent acquisitions. Aggregate expenses for the second quarter of 2013 also reflected $14 million related to the medical device excise tax previously discussed as well as increased spending of $5 million related to our global enterprise resource planning initiative to update our business information systems. These increases were partially offset by favorable foreign currency translation of $9 million and a decrease in deferred compensation expense of $6 million. Selling and administrative expenses in the current year's period also reflected a favorable comparison to the prior-year period of $22 million due to the timing of litigation costs.

Research and Development Expense

Research and development expense was $122 million, or 6.1% of revenues, for the second quarter, representing an increase of 4.8% compared with the prior year's amount of $117 million, or 6.1% of revenues. Research and development expense was $241 million, or 6.2% of revenues, for the six-month period in the current year, compared with the prior year's amount of $229 million, or 6.1% of revenues. The increases in research and development expense compared with the prior year's periods reflected increased investment in new products and platforms within the Medical and Diagnostics segments.

Non-Operating Expense and Income

Interest income was $12 million in the second quarter and $20 million in the six-month period of 2013, compared with $17 million and $32 million, respectively, in the prior year's periods. The decrease in the current year's periods compared with the prior year's period reflected the impact of lower rates on investments outside the U.S., as well as lower investment gains on assets related to our deferred compensation plan. The offsetting movements in the deferred compensation plan liability were recorded in selling and administrative expense. Interest expense was $35 million in the second quarter of both fiscal years 2013 and 2012. Interest expense was $70 million in the six-month period of 2013, compared with $65 million, in the prior year's period. The increase primarily reflected higher levels of long-term fixed-rate debt.

Income Taxes

The income tax rate was 23.4% for the second quarter, compared with the prior year's rate of 25.5%. The six-month tax rate was 24.8% compared with the prior year's rate of 24.3%. The tax rates for the quarter and year-to-date periods ending March 31, 2013 reflected the reinstatement of the U.S. research and development tax credit. The income tax rate in the first six months of 2012 reflected the favorable impact of various tax settlements in multiple jurisdictions.

Income from Continuing Operations and Diluted Earnings Per Share from Continuing Operations

Income from continuing operations and diluted earnings per share from continuing operations for the second quarter of 2013 were $276 million and $1.39, respectively. Income from continuing operations and diluted earnings per share from continuing operations for the prior year's second quarter were $275 million and $1.31, respectively. The medical device excise tax decreased income from continuing operations for the second quarter of 2013 by $9 million, or $0.05 diluted earnings per share. The current quarter's earnings reflected an estimated $0.02 unfavorable impact due to foreign currency translation. For the six-month periods, income from continuing operations and diluted earnings per share from continuing operations were $546 million and $2.74, respectively, in 2013 and $524 million and $2.45, respectively, in 2012. The medical device excise tax decreased income from continuing operations for the six-month period of fiscal year 2013 by $9 million, or $0.05 diluted earnings per share. The current year-to-date period's earnings reflected an immaterial impact due to foreign currency translation.

Liquidity and Capital Resources

Cash generated from operations, along with available cash and cash equivalents, is expected to be sufficient to fund our normal operating needs in fiscal year 2013. Normal operating needs in fiscal year 2013 include working capital, capital expenditures, cash dividends and common stock repurchases. Net cash provided by continuing operating activities was $543 million during the first six months of 2013, compared with $574 million in the same period in 2012. The current period change in operating assets and liabilities was a net use of cash and primarily reflected higher levels of inventory and lower levels of accounts payable and accrued expenses, partially offset by lower levels of prepaid expenses. Net cash provided by continuing operating activities in the first six months of 2013 was reduced by changes in the pension obligation resulting primarily from discretionary cash contributions of approximately $132 million. Net cash provided by continuing operating activities in the prior-year period was also reduced by changes in the pension obligation resulting primarily from discretionary cash contributions of approximately $100 million.

Net cash provided by continuing investing activities for the first six months of the current year was $415 million, compared with net cash used for continuing investing activities of $223 million in the prior-year period. The current period's net cash provided by continuing investing activities included approximately $720 million of net proceeds from the sale of the Discovery Labware disposal group in the first quarter of fiscal year 2013. Cash outflows relating to acquisitions were $138 million in the first six months of the current year as a result of the Company's acquisitions of Safety Syringes and Cato in the first and second quarters of fiscal year 2013, respectively. Cash outflows relating to acquisitions were $51 million in the prior year's period as a result of the Company's second quarter 2012 acquisition of KIESTRA. Capital expenditures were $197 million in the first six months of 2013 and $211 million in the same period in 2012.

Net cash used for financing activities for the first six months of the current year was $500 million, compared with net cash provided by financing activities of $278 million in the prior-year period. The prior period's net cash provided by financing activities included the proceeds from $500 million of 5-year 1.75% notes and $1 billion of 10-year 3.125% notes issued on November 3, 2011.

For the first six months of the current year, we repurchased approximately 4.5 million shares of our common stock for $356 million, compared with approximately 13.3 million shares of our common stock for $1 billion in the prior-year period. Aggregate common stock repurchases are estimated to be approximately $500 million for the full fiscal year 2013, subject to market conditions. At March 31, 2013, a total of approximately 3.7 million common shares remained available for purchase under the Board of Directors' July 2011 repurchase authorization.

At March 31, 2013, total worldwide cash and short-term investments were approximately $2.4 billion, of which $1.8 billion was held in jurisdictions outside of the United States. We regularly review the amount of cash and short-term investments held outside the United States and currently intend to use most of such amounts to fund our international operations and their growth initiatives. However, if these amounts were moved out of these jurisdictions or repatriated to the United States, there could be adverse tax consequences. It is anticipated that cash above the Company's normal amount of annual repatriations may be repatriated out of fiscal year 2013 earnings. The cost of such potential incremental cash repatriations is not anticipated to materially impact the Company's forecasted effective tax rate for the full fiscal year 2013.

As of March 31, 2013, total debt of $4.2 billion represented 47.2% of total capital (shareholders' equity, net non-current deferred income tax liabilities, and debt), versus 49.7% at September 30, 2012. Short-term debt increased to 9.8% of total debt at the end of March 31, 2013, from 9.7% at September 30, 2012.

We have in place a commercial paper borrowing program that is available to meet our short-term financing needs, including working capital requirements. Borrowings outstanding under this program were $200 million at March 31, 2013. We have available a $1 billion syndicated credit facility with an expiration date of May 2017. This credit facility, under which there were no borrowings outstanding at March 31, 2013, provides backup support for our commercial paper program and can also be used for other general corporate purposes. It includes a provision that enables BD, subject to additional commitments made by the lenders, to access up to an additional $500 million in financing through the facility, for a maximum aggregate commitment of $1.5 billion. The credit facility includes a single financial covenant that requires BD to maintain an interest expense coverage ratio (ratio of earnings before income taxes, depreciation and amortization to interest expense) of not less than 5-to-1 for the most recent four consecutive fiscal quarters. On the last eight measurement dates, this ratio has ranged from 13-to-1 to 21-to-1. In addition, we have informal lines of credit outside the United States.

Government Receivables

Accounts receivable balances include sales to government-owned or government-supported healthcare facilities in several countries, which are subject to delays. Payment may be dependent upon the financial stability and creditworthiness of those countries' national economies. Deteriorating credit and economic conditions in parts of Western Europe, particularly in Italy and Spain, may continue to increase the average length of time it takes us to collect our accounts receivable in certain regions within these countries. Outstanding governmental receivable balances, net of reserves, in Italy and Spain at March 31, 2013 were $79 million and $46 million, respectively.

We continually evaluate all governmental receivables for potential collection risks associated with the availability of government funding and reimbursement practices. We believe the current reserves related to all governmental receivables are adequate and that this concentration of credit risk will not have a material adverse impact on our financial position or liquidity.

Cautionary Statement Regarding Forward-Looking Statements

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

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

The following are some important factors that could cause our actual results to differ from our expectations in any forward-looking statements. For further discussion of certain of these factors, see Item 1A. Risk Factors in our 2012 Annual Report on Form 10-K.

- Continued weakness in the global economy and financial markets, and the potential adverse effect on the cost of operating our business, the demand for our products and services, prices for our products and services due to increases in pricing pressure, or our ability to produce our products, including the impact on developing countries. In particular, deficit reduction efforts or other adverse changes in the availability of government funding for healthcare and research, particularly in the U.S. and Europe, could further weaken demand for our products and result in additional pricing pressures, as well as create potential collection risks associated with such sales. In that regard, in the U.S., automatic spending cuts, or sequestration that went into effect in March 2013, are impacting government healthcare spending and research funding.
- The consequences of the Patient Protection and Affordable Care Act in the United States, which implemented an excise tax on U.S. sales of certain medical devices, and which could result in reduced demand for our products, increased pricing pressures or otherwise adversely affect BD's business.
- Future healthcare reform in the countries in which we do business may also involve changes in government pricing and reimbursement policies or other cost containment reforms.
- Changes in domestic and foreign healthcare industry practices that result in a reduction in procedures using our products or increased pricing pressures, including the continued consolidation among healthcare providers and trends toward managed care and healthcare cost containment (including changes in reimbursement practices by third party payors).
- Our ability to penetrate developing and emerging markets, which depends on local economic and political conditions and how well we are able to acquire or form strategic business alliances with local companies and make necessary infrastructure enhancements to production facilities, distribution networks, sales equipment and technology.

- Regional, national and foreign economic factors, including inflation, deflation, fluctuations in interest rates and, in particular, foreign currency exchange rates, and the potential effect on our revenues, expenses, margins and credit ratings.
- New or changing laws and regulations affecting our domestic and foreign operations, or changes in enforcement practices, including laws relating to trade, monetary and fiscal policies, taxation (including tax reforms that could adversely impact multinational corporations), sales practices, environmental protection, price controls and licensing and regulatory requirements for new products and products in the postmarketing phase. In particular, the U.S. and other countries may impose new requirements regarding registration, labeling or prohibited materials that may require us to re-register products already on the market or otherwise impact our ability to market our products. Environmental laws, particularly with respect to the emission of greenhouse gases, are also becoming more stringent throughout the world, which may increase our costs of operations or necessitate changes in our manufacturing plants or processes or those of our suppliers, or result in liability to BD.
- Product efficacy or safety concerns regarding our products resulting in product recalls, regulatory action on the part of the U.S. Food and Drug Administration (FDA) or foreign counterparts, declining sales and product liability claims, particularly in light of the current regulatory environment, including increased enforcement activity by the FDA.
- Competitive factors that could adversely affect our operations, including new product introductions (for example, new forms of drug delivery) by our current or future competitors, increased pricing pressure due to the impact of low-cost manufacturers as certain competitors have established manufacturing sites or have contracted with suppliers in low-cost manufacturing locations as a means to lower their costs, patents attained by competitors (particularly as patents on our products expire), and new entrants into our markets.
- The effects of events that adversely impact our ability to manufacture our products (particularly where production of a product line is concentrated in one or more plants) or our ability to source materials or components from suppliers that are needed for such manufacturing, including pandemics, natural disasters, or environmental factors.
- Fluctuations in the cost and availability of oil-based resins and other raw materials, as well as certain sub-assemblies and finished goods, the ability to maintain favorable supplier arrangements and relationships (particularly with respect to sole-source suppliers), and the potential adverse effects of any disruption in the availability of such items.
- Difficulties inherent in product development, including the potential inability to successfully continue technological innovation, complete clinical trials, obtain regulatory approvals in the United States and abroad, obtain coverage and adequate reimbursement for new products, or gain and maintain market approval of products, as well as the possibility of infringement claims by competitors with respect to patents or other intellectual property rights, all of which can preclude or delay commercialization of a product. Delays in obtaining necessary approvals or clearances from the FDA or other regulatory agencies or changes in the regulatory process (including potential 510(k) reforms) may also delay product launches and increase development costs.

- Fluctuations in the demand for products we sell to pharmaceutical companies that are used to manufacture, or are sold with, the products of such companies, as a result of funding constraints, consolidation or otherwise.
- Fluctuations in university or U.S. and international governmental funding and policies for life sciences research.
- Our ability to achieve our projected level or mix of product sales, as our earnings forecasts are based on projected volumes and sales of many product types, some of which are more profitable than others.
- Our ability to implement our ongoing upgrade of our enterprise resource planning system, as any delays or deficiencies in the design and implementation of our upgrade could adversely affect our business.
- Security breaches of our computer and communications systems, including computer viruses, "hacking" and "cyber-attacks," which could impair our ability to conduct business, or result in the loss of BD trade secrets or otherwise compromise sensitive information of BD or its customers, suppliers and other business partners.
- Pending and potential future litigation or other proceedings adverse to BD, including antitrust claims, product liability claims, environmental claims and patent infringement claims, and the availability or collectability of insurance relating to any such claims.
- The effect of adverse media exposure or other publicity regarding BD's business or operations, including the effect on BD's reputation or demand for its products.
- The effects, if any, of governmental and media activities regarding the business practices of group purchasing organizations, which negotiate product prices on behalf of their member hospitals with BD and other suppliers.
- The effect of market fluctuations on the value of assets in BD's pension plans and on actuarial interest rate and asset return assumptions, which could require BD to make additional contributions to the plans or increase our pension plan expense.
- Political conditions in international markets, including civil unrest, terrorist activity, governmental changes, restrictions on the ability to transfer capital across borders and expropriation of assets by a government, including the recent civil unrest in parts of the Middle East.
- The impact of business combinations, including any volatility in earnings relating to acquired in-process research and development assets, and our ability to successfully integrate any business we may acquire.

- Our ability to obtain the anticipated benefits of restructuring programs, if any, that we may undertake.
- Issuance of new or revised accounting standards by the Financial Accounting Standards Board or the Securities and Exchange Commission.

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

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in information reported since the end of the fiscal year ended September 30, 2012.

Item 4. Controls and Procedures

An evaluation was carried out by BD’s management, with the participation of BD’s Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of BD’s disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of March 31, 2013. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were, as of the end of the period covered by this report, effective and designed to ensure that material information relating to BD and its consolidated subsidiaries would be made known to them by others within these entities. There were no changes in our internal control over financial reporting during the fiscal quarter ended March 31, 2013 identified in connection with the above-referenced evaluation that have materially affected, or are reasonably likely to materially affect, BD’s internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

We are involved, both as a plaintiff and a defendant, in various legal proceedings which arise in the ordinary course of business, including product liability and environmental matters as set forth in our 2012 Annual Report on Form 10-K and in Note 5 of the Notes to Condensed Consolidated Financial Statements in this report. Since December 31, 2012, the following developments have occurred with respect to the legal proceedings in which we are involved:

Antitrust Class Actions

As previously reported, BD had entered into a settlement agreement with the direct purchasers that provides for, among other things, the payment by BD of $45 million, subject to any appeals, and a dismissal of the case with prejudice, insofar as it relates to direct purchaser claims. On April 12, 2013, the District Court granted final approval of the settlement.

Retractable Technologies, Inc. ("RTI")

The trial on RTI's antitrust and false advertising claims is expected to take place in September 2013.

Summary

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

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Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in Part 1, Item 1A, of our 2012 Annual Report on Form 10-K except as provided below.

As part of the Budget Control Act passed in August 2011, automatic U.S. government spending cuts (known as sequestration) went into effect, beginning March 1, 2013. Half of the automatic reductions are imposed on non-defense spending, including reductions in payments to Medicare providers. Government research funding will also be impacted as part of the spending reduction. Such reductions in government healthcare spending and research funding could result in reduced demand for our products, particularly in our BD Biosciences segment, or additional pricing pressure.

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

The table below sets forth certain information regarding our purchases of common stock of BD during the quarter ended March 31, 2013.

Issuer Purchases of Equity Securities

For the three months ended March 31, 2013	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2)
January 1 – 31, 2013	—	—	—	4,305,581
February 1 – 28, 2013	641,444	$ 88.25	640,000	3,665,581
March 1 – 31, 2013	2,616	$ 95.61	—	3,665,581
Total	644,060	$ 88.28	640,000	3,665,581

(1) Includes 4,060 shares purchased during the quarter in open market transactions by the trust relating to BD’s Deferred Compensation and Retirement Benefit Restoration Plan and 1996 Directors’ Deferral Plan.

(2) The repurchases were made pursuant to a repurchase program covering 18 million shares authorized by the Board of Directors on July 26, 2011, for which there is no expiration date.

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Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

Exhibit 3(a)	Restated Certificate of Incorporation of Becton, Dickinson and Company as of January 29, 2013.
Exhibit 31	Certifications of Chief Executive Officer and Chief Financial Officer, pursuant to SEC Rule 13a—14(a).
Exhibit 32	Certifications of Chief Executive Officer and Chief Financial Officer, pursuant to Rule 13a—14(b) and Section 1350 of Chapter 63 of Title 18 of the U.S. Code.
Exhibit 101	The following materials from this report, formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Income, (iii) the Condensed Consolidated Statements of Comprehensive Income, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements.

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SIGNATURES

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

Becton, Dickinson and Company
(Registrant)

Dated: May 9, 2013

/s/ Suketu Upadhyay
Suketu Upadhyay
Acting Chief Financial Officer, Senior Vice President and Controller
(Principal Financial and Accounting Officer)

INDEX TO EXHIBITS

Exhibit Number	Description of Exhibits
3(a)	Restated Certificate of Incorporation of Becton, Dickinson and Company as of January 29, 2013.
31	Certifications of Chief Executive Officer and Chief Financial Officer, pursuant to SEC Rule 13a—14(a).
32	Certifications of Chief Executive Officer and Chief Financial Officer, pursuant to Rule 13a—14(b) and Section 1350 of Chapter 63 of Title 18 of the U.S. Code.
101	The following materials from this report, formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Income, (iii) the Condensed Consolidated Statements of Comprehensive Income, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements.

RESTATED CERTIFICATE OF INCORPORATION
OF
BECTON, DICKINSON AND COMPANY

AS OF JANUARY 29, 2013

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

ARTICLE I. The name of the Corporation is

BECTON, DICKINSON AND COMPANY

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

The name of its registered agent is Gary DeFazio.

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

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

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

(B) The Preferred Stock. (1) Shares of the Preferred Stock may be issued from time to time in one or more series as may from time to time be determined by the Board of Directors of the Corporation. Each series shall be distinctly designated. All shares of any one series of the Preferred Stock shall be alike in every particular, except that there may be different dates from which dividends (if any) thereon shall be cumulative, if made cumulative. The relative preferences, participating, optional and other special rights of each such series, and limitations thereof, if any, may differ from those of any and all other series at any time outstanding. The Board of Directors of the Corporation is hereby expressly granted authority to fix by resolution or resolutions adopted prior to the issuance of any shares of each particular series of the Preferred Stock, the designation, relative preferences, participating, optional and other special rights and limitations thereof, if any, of such series, including, but without limiting the generality of the foregoing, the following:

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

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

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

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

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

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

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

(C) Other Provisions. (1) The relative preferences, rights and limitations of each series of Preferred Stock in relation to the preferences, rights and limitations of each other series of Preferred Stock shall, in each case, be as fixed from time to time by the Board of Directors in the solution or resolutions adopted pursuant, to authority granted in this Article IV, and the consent by class or series vote or otherwise, of the, holders of the Preferred Stock of such of the series of the Preferred Stock as are from time to time outstanding shall not be required for the issuance by the Board of Directors of any other series of Preferred Stock whether the preferences and rights of such other series shall be fixed by the Board of Directors as senior to, or on a parity with, the preferences and rights of such outstanding series, or any of them; provided, however, that the Board of Directors may provide in such resolution or resolutions adopted with respect to any series of Preferred Stock that the consent of the holders of a majority (or such greater proportion as shall be therein fixed) of the outstanding shares of such series voting thereon shall be required for the issuance of any or all other series of Preferred Stock.

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

(D) The Preferred Stock, Series A. (1) Designation: The series of Preferred Stock created by this Section (D) is hereby designated "Preferred Stock, Series A" and it hereinafter called the "Series A Preferred Stock".

(2) Number of Shares: The number of shares which shall constitute Series A Preferred Stock shall be initially 500,000, which number of shares may be increased or decreased (but not below the number of shares then outstanding) from time to time by action of the Board of Directors.

(3) Dividends and Distributions. (a) Subject to the prior and superior rights of the holders of any shares of any series of Preferred Stock ranking prior and superior to the shares of Series A Preferred Stock with respect to dividends, the holders of shares of Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the 2nd day of January, 31st day of March, 30th day of June and 30th day of September in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (x) $15.00 or (y) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock, par value $1.00 per share, of the Corporation (the "Common Stock") since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. In the event the Corporation shall at any time following April 11, 1986 (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (y) of the preceding sentence shall be adjusted by multiplying each such amount by a fraction the numerator of which

is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in sub-paragraph (a) above immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $15.00 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(c) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 30 days prior to the date fixed for the payment thereof.

(4) Voting Rights. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(a) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time following April 11, 1986 (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) Except as otherwise provided herein or by law, the holders of shares of series A Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(c) (i) If at any time dividends on any Series A Preferred Stock shall be in arrears in an amount equal to six (6) quarterly dividends thereon, the occurrence of such contingency shall mark the beginning of a period (herein called a "default period") which shall extend until such time when all accrued and unpaid dividends for all previous quarterly dividend periods and for the current quarterly dividend period on all shares of Series A Preferred Stock then outstanding shall have been declared and paid or set apart for payment. During each default period, the holders of Preferred Stock, voting as a class, irrespective of series, shall have the right to elect two (2) Directors.

(ii) During any default period, such voting right of the holders of Series A Preferred Stock may be exercised initially at a special meeting called pursuant to clause (iii) of this sub-paragraph (c) or at any annual meeting of stockholders and thereafter at annual meetings of stockholders, provided that neither such voting right nor the right of the holders of any other series of Preferred Stock, if any, to increase, in certain cases, the authorized number of Directors shall be exercised unless the holders of ten percent (10%) in number of shares of Preferred Stock outstanding shall be present in person or by proxy. The absence of a quorum of the holders of Common Stock shall not affect the exercise by the holders of Preferred Stock of such voting right. At any meeting at which the holders of Preferred Stock shall exercise such voting right initially during an existing default period, they shall have the right, voting as a class, to elect Directors to fill such vacancies, if any, in the Board of Directors as may then exist up to two (2) Directors or, if such right is exercised at an annual meeting, to elect two (2) Directors. If the number which may be so elected at any special meeting does not amount to the required number, the holders of the Preferred Stock shall have the right to make such increase in the number of Directors as shall be necessary to permit the election by them of the required number. After the holders of the Preferred Stock shall have exercised their right to elect Directors in any default period and during the continuance of such period, the number of Directors shall not be increased or decreased except by vote of the holders of Preferred Stock as herein provided or pursuant to the rights of any equity securities ranking senior to or pari passu with the Series A Preferred Stock.

(iii) Unless the holders of Preferred Stock shall, during an existing default period, have previously exercised their right to elect Directors, the Board of Directors may order, or any stockholder or stockholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Preferred Stock outstanding, irrespective of series, may request, the calling of a special meeting of the holders of Preferred Stock, which meeting shall thereupon be called by the Chairman, a Vice-Chairman or the Secretary of the Corporation. Notice of such meeting and of any annual meeting at which holders of Preferred Stock are entitled to vote pursuant to this clause (iii) shall be given to each holder of record of Preferred Stock by mailing a copy of such notice to him at his last address as the same appears on the books of the Corporation. Such meeting shall be called for a time not earlier than 10 days and not later than 30 days after such order or request or in default of the calling of such meeting within 45 days after such order or request, such meeting may be called on similar notice by any stockholder or stockholders owning in the aggregate not less than 10% of the total number of shares of Preferred Stock outstanding. Notwithstanding the provisions of this clause (iii), no such special meeting shall be called during the period within 30 days immediately preceding the date fixed for the next annual meeting of the stockholders.

(iv) In any default period the holders of Common Stock, and other classes of stock of the Corporation if applicable, shall continue to be entitled to elect the whole number of Directors until the holders of Preferred Stock shall have exercised their right to elect two (2) Directors voting as a class, after the exercise of which right (x) the Directors so elected by the holders of Preferred Stock shall continue in office until their successors shall have been elected by such holders or until the expiration of the default period, and (y) any vacancy in the Board of Directors may (except as provided in clause (ii) of this sub-paragraph (c)) be filled by vote of a majority of the wining Directors theretofore elected by the holders of the class of stock which elected the Director whose office shall have become vacant. References in this sub-paragraph (c) to Directors elected by the holders of a particular class of stock shall include Directors elected by such Directors to fill vacancies as provided in clause (y) of the foregoing sentence.

(v) Immediately upon the expiration of a default period, (x) the right of the holders of Preferred Stock as a class to elect Directors shall cease, (y) the term of any Directors elected by the holders of Preferred Stock as a class shall terminate, and (z) the number of Directors shall be such number as may be provided for in the restated certificate of incorporation or by-laws irrespective of any increase made pursuant to the provisions of clause (ii) of this sub-paragraph (c) (such number being subject, however, to change thereafter in any manner provided by law or in the restated certificate of incorporation or by-laws). Any vacancies in the Board of Directors effected by the provisions of clauses (y) and (z) in the preceding sentence may be filled by a majority of the remaining Directors.

(d) Except as set forth herein, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

(5) Certain Restrictions. (a) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in paragraph (3) of this Section (D) are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or

(iv) purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual divided rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(b) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration, any shares of stock of the Corporation unless the Corporation could, under sub-paragraph (a) of this paragraph (5), purchase or otherwise acquire such shares at such time and in such manner.

(6) Reacquired Shares. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

(7) Liquidation, Dissolution or Winding Up. (a) Upon any voluntary liquidation, dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received $17,600 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment (the "Series A Liquidation Preference"). Following the payment of the full amount of the Series A Liquidation Preference, no additional distributions shall be made to the holders of shares of Series A Preferred Stock unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the "Common Adjustment") equal to the quotient obtained by dividing (i) the Series A Liquidation Preference by (ii) 100 (as appropriately adjusted as set forth in sub-paragraph (c) below to reflect such events a stock splits, stock dividends and recapitalizations with respect to the Common Stock) (such number in clause (ii), the "Adjustment Number"). Following the payment of the full amount of the Series A Liquidation Preference and the Common Adjustment in respect of all outstanding shares of Series A Preferred Stock and Common Stock, respectively, holders of Series A Preferred Stock and holders of shares of Common Stock shall receive their ratable proportionate share of the remaining assets to be distributed in the ratio, on a per share basis, of the Adjustment Number to 1 with respect to such Preferred Stock and Common Stock, on a per share basis, respectively.

(b) In the event, however, that there are not sufficient assets available to permit payment in full of the Series A Liquidation Preference and the liquidation preferences of all other series of preferred stock, if any which rank on a parity with the Series A Preferred Stock, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences.

(c) In the event the Corporation shall at any time following April 11, 1986 (i) declare any divided on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(8) Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Series A Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share (subject to then provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(9) Redemption. The shares of Series A Preferred Stock may be called for redemption by the Corporation, at its option by vote of the Board of Directors, in whole but not in part, at any time, by paying therefore in cash an amount equal to $17,600 per share, plus accrued and unpaid dividends to the date fixed for redemption.

(10) Ranking. The Series A Preferred Stock shall rank junior to all other series of the Corporation's Preferred Stock as to the payment of dividends and the distribution of assets, unless the terms of any such series shall provide otherwise.

(11) Amendment. The Restated Certificate of Incorporation of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of two-thirds or more of the outstanding shares of Series A Preferred Stock, voting separately as a class.

(12) Fractional Shares. Series A Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holders fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Preferred Stock.

(E) Series B ESOP Convertible Preferred Stock. (1) Designation, Amount and Stated Value: Special Purpose Restricted Transfer Issue: (a) The shares of such series shall be designated as "Series B ESOP Convertible Preferred Stock" (such series being hereinafter sometimes called the "Series B Preferred Stock"), the number of shares constituting such series shall be 1,016,949 and the par value of each share of Series B Preferred Stock shall be $1.00.

(b) Shares of Series B Preferred Stock shall be issued only to State Street Bank and Trust Company, as trustee, or any successor trustee (the "Trustee"), of the employee stock ownership plan component of the Becton, Dickinson and Company Savings Incentive Plan Trust, established under the Becton, Dickinson and Company Savings Incentive Plan, as amended from time to time, or any successor or replacement plan (the "Plan"). In the event of any transfer of shares of Series B Preferred Stock to any person other than the Trustee, the shares of Series B Preferred Stock so transferred, upon such transfer and without any further action by the Corporation or the holder thereof, shall be automatically converted into shares of Common Stock (as defined in paragraph (b) of Section 10 hereof) on the terms otherwise provided for the conversion of shares of Series B Preferred Stock into shares of Common Stock pursuant to Section 5 hereof and no such transferee shall have any of the voting powers, preferences and relative, participating, optional or special rights ascribed to shares of Series B Preferred Stock hereunder but, rather, only the powers and rights pertaining to the Common Stock into which such shares of Series B Preferred Stock shall have been so converted. In the event of such a conversion, the transferee of the shares of Series B Preferred Stock shall be treated for all purposes as the record holder of the shares of Common Stock into which such shares of Series B Preferred Stock have been automatically converted as of the date of such transfer. Certificates representing shares of Series B Preferred Stock shall bear a legend to reflect the foregoing provisions. Notwithstanding the foregoing provisions of this paragraph 1(b), shares of Series B Preferred Stock (i) may be converted into shares of Common Stock as provided by Section 5 hereof and the shares of Common Stock issued upon such conversion may be transferred by the holder thereof as permitted by law and (ii) shall be redeemable by the Corporation upon the terms and conditions provided by Sections 6 and 7 hereof.

(2) Dividends and Distributions: (a) Subject to the provisions for adjustment hereinafter set forth, holders of shares of Series B Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available therefor, dividends payable in cash ("Preferred Dividends") at the rate per share of 6.5% per annum of the liquidation value of such shares. Preferred Dividends will be payable quarterly on January 1, April 1, June 28 and October 1 of each year (each "Dividend Payment Date") commencing on April 1, to holders of record on the tenth Business Day (as defined in paragraph (g) of Section 8 hereof) preceding such Dividend Payment Date (the "Dividend Record Date"). In the event that any Dividend Payment Date shall fall on any day other than a Business Day, the dividend

payment due on such Dividend Payment Date shall be paid on the Business Day immediately following such Dividend Payment Date. Preferred Dividends shall begin to accrue on outstanding shares of Series B Preferred Stock from the date of issuance of such shares of Series B Preferred Stock. Preferred Dividends shall accrue on a daily basis whether or not during such quarterly period there shall be funds legally available therfor, but Preferred Dividends accrue on the shares of Series B Preferred Stock for any period less than a full quarterly period between Dividend Payment Dates (or, in the case of the first dividend payment, from the date of issuance of the shares of Series B Preferred Stock through the first Dividend Payment Date) shall be computed on the basis of a 360-day year of 30-day months. Accrued but unpaid Preferred Dividends shall cumulate as of the Dividend Payment Date on which they first become payable, but no interest shall accrue on accumulated but unpaid Preferred Dividends. Dividends paid on the shares of Series B Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding.

(b) So long as any shares of Series B Preferred Stock shall, be outstanding, no dividend shall be declared or paid or set apart for payment on any other series of stock ranking on a parity with the Series B Preferred Stock as to dividends, unless there shall also be or have been declared and paid or set apart for payment on the Series B Preferred Stock dividends for all dividend payment periods of the Series B Preferred Stock ending on or before the Dividend Payment Date of such parity stock, ratably is proportion to the respective amounts of dividends accumulated and unpaid through such dividend period on the Series B Preferred Stock and accumulated and unpaid on such parity stock through the dividend payment period on such parity stock next preceding such Dividend Payment Date. In the event that full cumulative dividends on the Series B Preferred Stock have not been declared and paid or set apart for payment when due, the Corporation shall not declare or pay or set apart for payment any dividends or make any other distributions on, or make any payment on account of the purchase, redemption or other retirement of any other class of stock or series thereof of the Corporation ranking, as to dividends or as to distributions in the event of a liquidation, dissolution or winding up of the Corporation, junior to the Series B Preferred Stock until full cumulative dividends on the Series B Preferred Stock shall have been paid or declared and set apart for payment; provided, however, that the forgoing shall not apply to (i) any dividend payable solely in any shares of any stock ranking, as to dividends and as to distributions in the event of a liquidation, dissolution or winding up of the Corporation, junior to the Series B Preferred Stock or (ii) the acquisition of shares of any stock ranking, as to dividends or as to distributions in the event of a liquidation, dissolution or winding up of the Corporation, junior to Series B Preferred Stock in exchange solely for shares of any other stock ranking, as to dividends and as to distributions in the event of a liquidation, dissolution or winding up of the Corporation, junior to the Series B Preferred Stock.

(3) Voting Rights. (a) The holders of shares of Series B Preferred Stock shall be entitled to vote on all matters submitted to a vote of the stockholders of the Company, voting together with the holders of Common Stock as one class. The holder of each share of Series B Preferred Stock shall be entitled to one vote for each share of Series B Preferred Stock held by such holder; provided, however, that if such number of votes per share of Series B Preferred Stock would violate applicable rules and regulations of the Securities and Exchange Commission (the "SEC") or the New York. Stock Exchange, Inc. (the "NYSE"), then the number of votes per

share of Series B Preferred Stock shall be the highest vote then permitted by such rules and regulations; it being understood that whenever the "Conversion Price" (as defined in Section 5 hereof) is adjusted as provided in Section 8 hereof, the number of votes per share of Series B Preferred Stock shall be adjusted, in inverse proportion to the adjustment to the Conversion Price. Notwithstanding the foregoing, no adjustment in the number of votes per share of Series B Preferred Stock shall be made to the extent that such adjustment would result in voting rights per share of Series B Preferred Stock which would violate the applicable rules and regulations of the SEC or the NYSE.

(b) Except as otherwise required by law or set forth herein, holders of Series B Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for the taking of any corporate action; provided, however, that the vote of at least 80% of the outstanding shares of Series B Preferred Stock, voting separately as a series, shall be necessary to adopt any alteration, amendment or repeal of any provision of the Restated Certificate of Incorporation of the Corporation, as the same may be amended, or this Resolution (including any such alteration, amendment or repeal effected by any merger or consolidation in which the Corporation is the surviving or resulting corporation), if such amendment, alteration or repeal would alter or change the powers, preferences, or special rights of the shares of Series B Preferred Stock so as to affect them adversely.

(4) Liquidation, Dissolution and Winding Up: (a) In the event of any liquidation, dissolution or winding up of the Corporation, voluntary or involuntary, the holders of Series B Preferred Stock shall be entitled to receive out of assets of the Corporation which remain after satisfaction in full of all valid claims of creditors the corporation and which are available for payment to stockholders, and subject to the rights of the holders of any stock of the Corporation ranking senior to or on a parity with the Series B Preferred Stock in respect of distributions upon liquidation, dissolution or winding up of the Corporation, before any amount shall be paid to or distributed among the holders of Common Stock or any other shares ranking junior to the Series B Preferred Stock in respect of distributions upon liquidation, dissolution or winding up of the Corporation, liquidating distributions in the amount of $59.00 per share plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for distribution, and no more. If upon any liquidation, dissolution or winding up of the Corporation, the amounts payable with respect to the Series B Preferred Stock and any other Stock ranking as to any such distribution on a parity with the Series B Preferred Stock are not paid in full, the holders of Series B Preferred Stock and such other stock shall share ratably in any distribution of assets in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount to which they are entitled as provided by the foregoing provisions of this paragraph 4(a), the holders of Series B Preferred Stock shall not be entitled to any further right or claim to any of the remaining assets of the Corporation.

(b) Neither the merger or consolidation of the Corporation with or into any other corporation, nor the merger or consolidation of any other corporation with or into the Corporation, nor the sale, lease, exchange or other transfer of all or substantially all of the assets of the Corporation, shall be deemed to be a dissolution, liquidation or winding up of the affairs of the Corporation for purposes of this Section 4, but the holders of Series B Preferred Stock shall nevertheless be entitled in the event of any such merger or consolidation to the rights provided by Section 7 hereof.

(c) Written notice of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, stating the payment date or dates when, and the place or places where, the amounts distributable to holders of Series B Preferred Stock in such circumstances shall be payable, shall be given by hand delivery, by courier, by standard form of telecommunication or by first class mail (postage prepaid), delivered, sent or mailed, as the case may be, not less than twenty (20) days prior to any payment date stated therein, to the holders of Series B Preferred Stock, at the address shown on the books of the Corporation or any transfer agent for the Series B Preferred Stock.

(5) Conversion into Common Stock: (a) A holder of shares of Series B Preferred Stock shall be entitled, at any time prior to the close of business on the date fixed for redemption of such shares pursuant to Section 6 or 7 hereof, to cause any or all of such shares to be converted into shares of Common Stock, initially at a conversion price equal to \$73.75 per share of Common Stock, and which price shall be adjusted as provided in Section 8 hereof (and, as so adjusted, is hereinafter sometimes referred to as the "Conversion Price"), with each share of Series B Preferred Stock being valued, at \$59.00 for such purpose (that is, a conversion rate initially equivalent to .8000 shares of Common Stock for each share of Series B Preferred Stock so converted, which is subject to adjustment (to the fourth decimal place) as the Conversion Price is adjusted as provided in Section 8 hereof); provided, however, that in no event shall the Conversion Price be lower than the par value; if any, of the Common Stock.

(b) Any holder of shares of Series B Preferred Stock desiring to convert such shares into shares of Common Stock shall surrender the certificate or certificates representing the shares of Series B Preferred Stock being converted, duly assigned or endorsed for transfer to the Corporation (or accompanied by duly executed stock powers relating thereto), at the principal executive office of the Corporation or the offices of the transfer agent for the Series B Preferred Stock or such office or offices in the continental United States of an agent for conversion as may from time to time be designated by notice to the holders of the Series B Preferred Stock by the Corporation or the transfer agent for the Series B Preferred Stock, accompanied by written notice of conversion. Such notice of conversion shall specify (i) the number of shares of Series B Preferred Stock to be converted and the name or names in which such holder wishes the certificate or certificates for Common Stock and for any shares of Series B Preferred Stock not to be so converted to be issued and (ii) the address to which such holder wishes news certificates issued upon such conversion to be delivered.

(c) Upon surrender of a certificate representing a share or shares of Series B Preferred Stock for conversion, the Corporation shall issue and send by hand delivery, by courier or by first class mail (postage prepaid), to the holder thereof, or to such holder's designee, at the address designated by such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled upon conversion. In the event that there shall have been surrendered a certificate or certificates representing shares of Series B Preferred

Stock, only part of which are to be converted, the Corporation shall issue and send to such holder or such holder's designee, in the manner set forth in the preceding sentence, a new certificate or certificates representing the number of shares of Series B Preferred Stock which shall not have been converted.

(d) The issuance by the Corporation of shares of Common Stock upon a conversion of shares of Series B Preferred Stock into shares of Common Stock made at the option of the holder thereof shall be effective as of the earlier of (i) the delivery to such holder or such holder's designee of the certificates representing the shares of Common Stock issued upon conversion thereof or (ii) the commencement of business on the second Business Day after the surrender of the certificate or certificates for the shares of Series B Preferred Stock to be converted, duly assigned or endorsed for transfer to the Corporation (or accompanied by duly executed stock powers relating thereto) and accompanied by all documentation required to effect the conversion, as herein provided. On and after the effective date of conversion, the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock, but no allowance or adjustment shall be made in respect of dividends payable to holders of record of Common Stock as of any period prior to such effective date. The Corporation shall not be obligated to pay any dividends which shall have been declared and shall be payable to holders of shares of Series B Preferred Stock on a Dividend Payment Date if the Dividend Record Date for such dividend is subsequent to the effective date of conversion of such shares.

(e) The Corporation shall not be obligated to deliver to holders of Series B Preferred Stock any fractional share or shares of Common Stock issuable upon any conversion of such shares of Series B Preferred stock, but in lieu thereof may make a cash payment in respect thereof in any manner permitted by law.

(f) The Corporation shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of Series B Preferred Stock as herein provided, free from any preemptive rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of Series B Preferred Stock then outstanding. Nothing contained herein shall preclude the Corporation from issuing shares of Common Stock held in its treasury upon the conversion of shares of Series B Preferred Stock into Common Stock pursuant to the terms hereof. The Corporation shall prepare and shall use its best efforts to obtain and keep in force such governmental or regulatory permits or other authorizations as may be required by law, and shall comply with all requirements as to registration or qualification of the Common Stock, in order to enable the Corporation lawfully to issue and deliver to each holder of record of Series B Preferred Stock such number of shares of its Common Stock as shall from time to time be sufficient to effect the conversion of all shares of Series B Preferred Stock then outstanding and convertible into shares of Common Stock.

(6) Redemption at the Option of the Corporation: (a) The Series B Preferred Stock shall be redeemable, (i) in whole or in part, at the option of the Corporation at any time on or after January 1, 1995, or (ii) at any time after the date of issuance as provided by paragraph (e) of this Section 6, at the following redemption prices per share:

During the Twelve- Month Period Beginning January 1	Price Per Share
1990	$62.8350
1991	62.4515
1992	62.0680
1993	61.6845
1994	61.3010
1995	60.9175
1996	60.5340
1997	60.1505
1998	59.7670
1999	59.3835

and thereafter at $59.00 per share, plus, in each case, an amount equal to all accrued and unpaid dividends thereon to the date fixed for redemption. Payment of the redemption price shall be made by the Corporation in cash or shares of Common Stock, or a combination thereof, as permitted by paragraph (h) of this Section 6. From and after the date fixed for redemption, dividends on shares of Series B Preferred Stock called for redemption will cease to accrue, such shares of Series B Preferred Stock will no longer be deemed to be outstanding and all rights in respect of such shares of Series B Preferred Stock shall cease, except the right to receive the redemption price. If less than all of the outstanding shares of Series B Preferred Stock are to be redeemed, the Corporation shall either redeem a portion of the shares of Series B Preferred Stock of each holder determined pro rata based on the number of shares of Series B Preferred Stock held by each holder or shall select the shares of Series B Preferred Stock to be redeemed by lot, as may be determined by the Board of Directors of the Corporation.

(b) In the event shares of Series B Preferred Stock are called for redemption as provided in this Section 6 (other than paragraph (g) of this Section 6), unless otherwise required by law, notice of redemption will be sent to the holders of Series B Preferred Stock at the address shown on the books of the Corporation or any transfer agent for the Series B Preferred Stock by hand delivery, by courier, by standard form of telecommunication or by first class mail (postage prepaid) delivered, sent or mailed, as the case may be, not less than fifteen (15) days nor more than sixty (60) days prior to the date fixed for redemption. Each such notice shall state: (i) the date fixed for redemption; (ii) the total number of shares of Series B Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares of Series B Preferred Stock to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where certificates for such shares of Series B Preferred Stock are to be surrendered for payment of the redemption price; (v) that dividends on the shares of Series B Preferred Stock to be redeemed will cease to accrue on such date fixed for redemption; and (vi) the conversion rights of the shares of Series B Preferred Stock to be redeemed, the period within which conversion rights may be exercised, and the Conversion Price and number of shares of Common Stock issuable upon conversion of a share of Series B Preferred Stock at the time. Upon surrender of a certificate or shares of Series B Preferred Stock so called for redemption (or redeemed pursuant to paragraph (g) of this Section 6) and not previously converted (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the date fixed for redemption and at the applicable redemption price set forth in this Section 6.

(c) In the event that (i) there is a change in any statute, rule or regulation of the United States of America or any judicial or administrative interpretation thereof (other than with respect to the calculation of alternative minimum tax) which has the effect of limiting or making unavailable to the Corporation all or any of the tax deductions for dividends paid on the shares of Series B Preferred Stock when such dividends are used as provided under Section 404(k)(2) of the Internal Revenue Code of 1986, as amended (the "Code") and in effect on the date shares of Series B Preferred Stock are initially issued, or (ii) if the Corporation, after consultation with counsel to the Corporation, reasonably determines that the voting provisions contained herein are not in compliance with Rule 19c-4 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or the applicable rules of the NYSE, the Corporation may, in its sole discretion and notwithstanding anything to the contrary in paragraph (a) of this Section 6, elect to redeem any or all of such shares of Series B Preferred Stock for the amount payable in respect of such shares upon liquidation of the Corporation pursuant to Section 4 hereof. The Corporation shall have the right to elect to redeem shares of Series B Preferred Stock pursuant to this paragraph (c) at any time prior to the last day of the sixth month following the latest of: (1) the date of the enactment of any such statute, rule, regulation or judicial or administrative interpretation, (2) the effective date of any such statute, rule, regulation or judicial or administrative interpretation, (3) in the case of any judicial or administrative proceeding in which the Corporation contests in good faith the applicability of any such statute, rule, regulation or interpretation to the Corporation, the date of the final determination of applicability or (4) in the case of clause (ii) above, the date of such determination by the Corporation.

(d) In the event that shares of Series B Preferred Stock are held by an employee benefit plan intended to qualify as an employee stock ownership plan within the meaning of Section 4975 of the Code, and such plan does not so qualify, the Corporation may in its sole discretion and notwithstanding anything to the contrary in paragraph (a) of this Section 6, elect to redeem any or all of such shares of Series B Preferred Stock at a redemption price equal to the amount payable in respect of the shares of Series B Preferred Stock being redeemed upon liquidation of the Corporation pursuant to Section 4 hereof.

(e) In the event that the Plan is terminated or the employee stock ownership plan component of the Plan pursuant to which the shares of Series B Preferred Stock are then held by the Trustee is eliminated from the Plan in accordance with its terms, then notwithstanding anything to the contrary in paragraph (a) of this Section 6, the Corporation may, as soon thereafter as practicable, call for redemption on the terms and conditions set forth in paragraphs (a) and (b) of this Section, 6 any or all then outstanding shares of Series B Preferred Stock.

(f) Notwithstanding anything to the contrary in paragraph (a) of this Section 6, upon the termination of a Plan participant's employment with the Corporation or any affiliate thereof, the Corporation may elect to redeem any or all shares of Series B Preferred Stock held for the account of such participant at a redemption price equal to the higher of (i) the amount payable in respect of the shares of Series B Preferred Stock being redeemed upon liquidation of the Corporation pursuant to Section 4 hereof and (ii) the Fair Market Value (as defined in paragraph (g) of Section 8 hereof) of the shares of Common Stock which would be issuable upon the conversion of the shares of Series B Preferred Stock being redeemed, plus accrued and unpaid dividends on such shares of Series B Preferred Stock (the "Consideration Price").

(g) At any time and from time to time upon notice to the Corporation given not less than five (5) Business Days prior to the date fixed by the holder in such notice for the redemption pursuant to this paragraph 6(g), upon certification by such holder to the Corporation that the holder must provide for distributions to participants under, or must satisfy an investment election provided to participants in accordance with, the Plan, then shares of Series B Preferred Stock shall be redeemed by the Corporation, to the extent necessary for the holder to provide for such distributions or to satisfy such investment elections, at a redemption price equal to the higher of (i) the amount payable in respect of the Series B Preferred Stock being redeemed upon liquidation of the Corporation pursuant to Section 4 hereof and (ii) the Consideration Price (as defined in paragraph (f) above).

(h) The Corporation, at its option, may make payment of the redemption price required upon redemption of shares of Series B Preferred Stock in cash or in shares of Common Stock, or in a combination of such shares and cash, any such shares of common stock to be valued for such purposes at their Fair Market Value.

(i) Notwithstanding anything to the contrary in paragraph (a) of this Section 6, in the event that the Current Market Price of the Common Stock equals or exceeds 150% of the then current Conversion Price (as adjusted as provided for herein) for a period of 20 consecutive trading days within a period of 30 consecutive trading days ending within 5 days of the notice of redemption, the Corporation, at any time prior to January 1, 1995, may elect to redeem any or all shares of Series B Preferred stock held for the account of such participant at a redemption price equal to the amount payable in respect of the shares of Series B Preferred Stock being redeemed upon liquidation of the Corporation pursuant to Section 4 hereof.

(7) Consolidation, Merger, etc: (a) In the event that the Corporation shall consummate any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged solely for or changed, reclassified or converted solely into stock of any successor or resulting corporation (including the

Corporation) that constitutes "qualifying employer securities" with respect to a holder of Series B Preferred Stock within the meaning of Section 409(1) of the Code, and Section 407(d)(5) of the Employee Retirement Income Security Act of 1974, as amended, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, the shares of Series B Preferred Stock of such holder shall, in connection with such consolidation, merger or similar business combination, be assumed by and shall become preferred stock of such successor or resulting corporation, having in respect of such corporation, insofar as possible, the same powers, preferences and relative, participating, optional or other special rights (including the redemption rights provided by Sections 6 and 7 hereof), and the qualifications, limitations or restrictions thereon, that the Series B Preferred Stock had immediately prior to such transaction, except that after such transaction each share of Series B Preferred Stock shall be convertible, otherwise on the terms and conditions provided by Section 5 hereof, into the number and kind of qualifying employer securities so receivable by a holder of the number of shares of Common Stock into which such shares of Series B Preferred Stock could have been converted immediately prior to such transaction; provided, however, that if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by the holder of the shares of Series B Preferred Stock, then, unless by virtue of such transaction a holder of Common Stock who failed to exercise any rights of election would be entitled to receive only qualifying employer securities and a cash payment, if applicable, is lieu of fractional shares, the shares of Series B Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable by a holder of the number of shares of Common Stock into which such shares of Series B Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election (however, if the kind or amount of qualifying employer securities receivable upon such transaction is not the same for each non-electing share, then the kind and amount so receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by the plurality of the non-electing shares); and provided further that in the event the consideration receivable by such a holder of Common Stock into which such shares of Series B Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any such rights of election consists solely of such qualifying employer securities and a cash payment, if applicable, in lieu of fractional shares, then the shares of Series B Preferred Stock shall be assumed by and become preferred stock of the successor or resulting corporation and shall be convertible after such transaction, all as provided in the portion of this paragraph 7(a) prior to the first proviso hereof. The rights of the Series B Preferred Stock as preferred stock of such successor or resulting corporation shall successively be subject to adjustments pursuant to Sections 3 and 8 hereof after any such transaction as nearly equivalent as practicable to the adjustment provided for by such sections prior to such transaction. The Corporation shall not consummate any such merger, consolidation or similar transaction unless all then outstanding shares of Series B Preferred Stock shall be assumed and authorized by the successor or resulting corporation as aforesaid.

(b) In the event that the Corporation shall consummate any, consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common stock are by operation of law exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of “qualifying employer securities” (as referred to in paragraph (a) of this Section 7) and cash payments, if applicable, in lieu of fractional shares, outstanding shares of Series B Preferred Stock shall, without any action on the part of the Corporation or any holder thereof (but subject to paragraph (c) of this Section 7), be automatically converted by virtue of such merger, consolidation or similar transaction immediately prior to such consummation into the number of shares of Common Stock into which such shares of Series B Preferred Stock are convertible at such time so that each share of Series B Preferred Stock shall by virtue of such transaction and on the sane terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by a holder of the number of shares of Common Stock into which such shares of Series B Preferred Stock are convertible immediately prior to such transaction; provided, however, that if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received is such transaction, which election cannot practicably be made by the holder of the shares of Series B Preferred Stock, then the shares of Series B Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable by a holder of the number of shares of Common Stock into which such shares of Series B Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election as to the kind or amount of stock, securities, cash or other property receivable upon such transaction (provided that, if the kind or amount of stock, securities, cash or other property receivable upon such transaction is not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per shard by a plurality of the non-electing shares).

(c) In the event the Corporation shall enter into any agreement providing for any consolidation or merger or similar business combination described in paragraph (b) of this Section 7, or described in the first proviso in paragraph (a) of this Section 7 if by virtue of such transaction a holder of Common Stock who failed to exercise any rights of election would be entitled to receive consideration consisting of other than qualifying employer securities and a cash payment, if applicable in lieu of fractional shares, then the Corporation shall as soon as practicable thereafter (and in any event at least ten (10) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of shares of Series B Preferred Stock and each such holder shall have the right to elect, by written notice to the Corporation, to receive, upon consummation of such transaction (if and when such transaction is consummated), from the Corporation or the successor of the Corporation, in redemption and retirement of such Series B Preferred Stock, a cash payment equal to the higher of (i) the amount payable in respect of the shares of Series B Preferred Stock being redeemed pursuant to paragraph (a) of Section 6 hereof and (ii) the Consideration Price. No such notice of redemption shall be effective unless given to the Corporation prior to the close of business on the fifth Business Day prior to consummation of such transaction, unless the Corporation or the successor of the Corporation shall waive such prior notice, but any notice of redemption so given prior to such time may be withdrawn by notice of withdrawal given to the Corporation prior to the close of business on the fifth Business Day prior to consummation of such transaction.

(8) Anti-dilution Adjustments. (a) In the event the Corporation shall, at any time or from time to time while any of the shares of series B Preferred Stock are outstanding, (i) pay a dividend or make a distribution in respect of the Common Stock in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, in each case whether by reclassification of shares, recapitalization of the Corporation (including a recapitalization effected by a merger or consolidation to which Section 7 hereof does not apply) or otherwise, subject to paragraphs (e) and (f) of this Section 8, the Conversion Price in effect immediately prior to such action shall be adjusted by multiplying such Conversion Price by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately before such event, and the denominator of which is the number of shares of Common Stock outstanding immediately after such event. An adjustment made pursuant to this paragraph 8(a) shall be given effect, upon payment of such a dividend or distribution, as of the record date for the determination of stockholders entitled to receive such dividend or distribution (on a retroactive basis) and in the case of a subdivision or combination shall become effective immediately as of the effective date thereof.

(b) In the event that the Corporation shall, at any time or from time to time while any of the shares of Series B Preferred Stock are outstanding, issue to holders of shares of Common Stock as a dividend or distribution, including by way of a reclassification of shares or a recapitalization of the Corporation, any right or warrant to purchase shares of Common Stock (but not including as such a right or warrant any security convertible into or exchangeable for shares of Common Stock) at a purchase price per share less than the Fair Market Value of a share of Common Stock on the date of issuance of such right or warrant, then, subject to paragraphs (e) and (f) of this Section 8, the Conversion Price shall be adjusted by multiplying such Conversion Price by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately before such issuance of rights or warrants plus the number of shares of Common Stock which could be purchased at the Fair Market Value of a share of Common Stock at the time of such issuance for the maximum aggregate consideration payable upon exercise in full of all such rights or warrants, and the denominator of which shall be the number of shares of Common Stock outstanding immediately before such issuance of rights or warrants plus the maximum number of shares of Common Stock that could be acquired upon exercise in full of all such rights and warrants.

(c) In the event the Corporation shall, at any time or from time to time, while any of the shares of Series B Preferred Stock are outstanding, issue, sell or exchange shares of Common Stock (other than (i) pursuant to any right or warrant to purchase or acquire shares of Common Stock (including as such a right or warrant any security convertible into or exchangeable for shares of Common Stock), (ii) any such issuance to holders of shares of Common Stock as a dividend or distribution (including by way of a reclassification of shares or a recapitalization of the Corporation), (iii) pursuant to any employee or director incentive or benefit plan or arrangement, including any employment, severance or consulting agreement, or stockholder dividend reinvestment or stock purchase plan, of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted or (iv) pursuant to an agreement to issue, sell or exchange shares of Common Stock at a price per share at or above the Fair Market Value per share of Common Stock on the date such agreement was executed) for a consideration having a Fair Market Value, on the date of such issuance, sale or exchange, less than the Fair Market Value of such shares on the date of issuance, sale or exchange, then, subject to paragraphs (e) and (f) of this Section 8, the Conversion Price shall be adjusted by multiplying such Conversion Price by a fraction, the numerator of which shall be the sum of (a) the Fair Market Value of all the shares of Common Stock outstanding on the day immediately preceding the first public announcement of such issuance, sale or exchange plus (b) the Fair Market Value of the consideration received by the Corporation in respect of such issuance, sale or exchange of shares of Common Stock, and the denominator of which shall be the product of (x) the Fair Market Value of a share of Common Stock on the day immediately preceding the first public announcement of such issuance, sale or exchange multiplied by (y) the sum of the number of shares of Common Stock outstanding on such day plus the number of shares of Common Stock so issued, sold or exchanged by the Corporation. In the event the Corporation shall, at any time or from time to time while any shares of Series B Preferred Stock are outstanding, issue, sell or exchange any right or warrant to purchase or acquire shares of Common Stock (including as such a right or warrant any security issued after the date hereof which is convertible into or exchangeable for shares of Common Stock), other than any such issuance to holders of shares of Common Stock as a dividend or distribution (including by way of a reclassification of shares or a recapitalization of the Corporation), other than pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) or stockholder dividend reinvestment or stock purchase plan of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted and other than an agreement to issue, sell or exchange shares of Common Stock at a price per share at or above the Fair Market Value per share of Common Stock on the date such agreement was executed, for a consideration having a Fair Market Value, on the date of such issuance, sale or exchange, less than the Non-Dilutive Amount (as hereinafter defined), then, subject to paragraphs (e) and (f) of this Section 8, the Conversion Price shall be adjusted by multiplying such Conversion Price by a fraction the numerator of which shall be the sum of (I) the Fair Market Value of all the shares of Common Stock outstanding on the day immediately preceding the first public announcement of such issuance, sale or exchange plus (II) the Fair Market Value of the consideration received by the Corporation in respect of such issuance, sale or exchange of such right or warrant plus (III) the Fair Market Value at the time of such issuance of the consideration which the Corporation would receive upon exercise in full of all such rights or warrants, and the denominator of which shall be the product of (i) the Fair Market Value of a share of Common Stock on the day immediately preceding the first public announcement of such issuance, sale or exchange multiplied by (ii) the sum of the number of shares of Common Stock outstanding on such day plus the maximum number of shares of Common Stock which could be acquired pursuant to such right or warrant at the time of the issuance, sale or exchange of such right or warrant (assuming shares of Common Stock could be acquired pursuant to such right or warrant at such time).

(d) In the event the Corporation shall, at any time or from time to time while any of the shares of Series B Preferred Stock are outstanding, make an Extraordinary Distribution (as hereinafter defined) is respect of the Common Stock, whether by dividend, distribution, reclassification of shares or recapitalization of the Corporation (including a recapitalization or reclassification effected by a merger or consolidation to which Section 7 hereof does not apply) or effect a Pro Rata Repurchase (as hereinafter defined) of Common Stock, the Conversion Price in effect immediately prior to such Extraordinary Distribution or Pro Rata Repurchase shall, subject to paragraphs (e) and (f) of this Section 8, be adjusted by multiplying such Conversion Price by the fraction the numerator of which is the difference between (i) the product of (x) the number of shares of Common Stock outstanding immediately before such Extraordinary Distribution or Pro Rata Repurchase multiplied by (y) the Fair Market Value of a share of Common Stock on the day before the ex-dividend date with respect to an Extraordinary Distribution which is paid in cash and on the distribution date with respect to an Extraordinary Distribution which is paid other than in cash, or the earlier of the ex-dividend date and the distribution date in the event of an Extraordinary Distribution, a portion of which is paid in cash and a portion of which is paid other than in cash, or on the applicable expiration date (including all extensions thereof) of any tender or exchange offer which is a Pro Rata Repurchase, or on the date of purchase with respect to any Pro Rata Repurchase which is not a tender or exchange offer, as the case may be, and (ii) the Fair Market Value of the Extraordinary Distribution or the aggregate purchase price of the Pro Rata Repurchase, as the case may be, and the denominator of which shall be the product of (a) the number of shares of Common Stock outstanding immediately before such Extraordinary Dividend or Pro Rata Repurchase minus, in the case of a Pro Rata Repurchase, the number of shares of Common Stock repurchased by the Corporation multiplied by (b) the Fair Market Value of a share of Common Stock on the day before the ex-dividend date with respect to an Extraordinary Distribution which is paid in cash and on the distribution date with respect to an Extraordinary Distribution which is paid other than in cash, or the earlier of the ex-dividend date and the distribution date in the event of an Extraordinary Distribution, a portion of which is paid in cash and a portion of which is paid other than in cash, or on the applicable expiration date (including all extensions thereof) of any tender offer which is a Pro Rata Repurchase or on the date of purchase with respect to any Pro Rata Repurchase which is not a tender offer, as the case may be. The Corporation shall send each holder of Series B Preferred Stock (i) notice of its intent to make any dividend or distribution and (ii) notice of any offer by the Corporation to make a Pro Rata Repurchase, in each case at the same time as, or as soon as practicable after, such offer is first communicated (including by announcement of a record date in accordance with the rules of any stock exchange on which the Common Stock is listed or admitted to trading) to holders of Common Stock. Such notice shall indicate the intended record date and the amount and nature of such dividend or distribution, or the number of shares subject to such offer for a Pro Rata Repurchase and the purchase price payable by the Corporation pursuant to such offer, as well as the Conversion Price and the number of shares of Common Stock into which a share of Series B Preferred Stock may be converted at such time.

(e) Notwithstanding any other provisions of this Section 8, the Corporation shall not be required to make any adjustment to the Conversion Price unless such adjustment would require an increase or decrease of at least one percent (1%) in the Conversion Price. Any lesser adjustment shall be carried forward and shall be made no later than the time of, and together with, the next subsequent adjustment which, together with any adjustment or adjustments so carried forward, shall amount to an increase or decrease of at least one percent (1%) in the Conversion Price.

(f) If the Corporation shall make any dividend or distribution on the Common Stock or issue any Common Stock, other capital stock or other security of the Corporation or any rights or warrants to purchase or acquire any such security, which transaction does not result in an adjustment to the Conversion Price pursuant to the foregoing provisions of this Section 8, the Board of Directors of the Corporation may consider whether such action is of such a nature that an adjustment to the Conversion Price should equitably be made in respect of such transaction. If the Board of Directors of the Corporation determines that an adjustment to the Conversion Price should be made, an adjustment shall be made effective as of such date, as determined by the Board of Directors of the Corporation. The determination of the Board of Directors of the Corporation as to whether an adjustment to the Conversion Price should be made pursuant to the foregoing provisions of this paragraph 8(f), and, if so, as to what adjustment should be made and when, shall be final and binding on the Corporation and all stockholders of the Corporation. The Corporation shall be entitled to make such additional adjustments in the Conversion Price, as addition to those required by the foregoing provisions of this Section 8, as shall be necessary in order that any dividend or distribution in shares of capital stock of the Corporation, subdivision, reclassification or combination of shares of stock of the Corporation or any recapitalization of the Corporation shall not be taxable to the holders of the Common Stock.

(g) For purposes of this Resolution, the following definitions shall apply:

"Adjustment Period" shall mean the period of five (5) consecutive trading days preceding the date as of which the Fair Market Value of a security is to be determined.

"Business Day" shall mean each day that is not a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York or Boston, Massachusetts are not required to be open.

"Current Market Price" of publicly traded shares of Common Stock or any other class of capital stock or other security of the Corporation or any other issuer for any day shall mean the last reported sales price, regular way on such day, or, in the event that no sale takes place on such day, the average of the reported closing bid and asked prices on such day, regular way, in either case as reported on the New York Stock Exchange Composite Tape or, if such security is not listed or admitted to trading on the NYSE, on the principal national securities exchange on which such security is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchanges on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or; if such security is not quoted on such National Market System, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for such security on such day shall not have been reported through NASDAQ, the average of the bid and asked prices on such day as furnished by any NYSE member firm regularly making a market in such security selected for such purpose by the Board of Directors of the Corporation or a committee thereof.

"Extraordinary Distribution" shall mean any dividend or other distribution to holders of Common Stock (effected while any of the shares of the Series B Preferred Stock are outstanding) (i) of cash (other than a regularly scheduled quarterly dividend not exceeding l25% of the average quarterly dividend for the preceding period of 12 months), where the aggregate amount of such cash dividend or distribution together with the amount of all cash dividends and distributions made during the preceding period of 12 months (other than regularly scheduled quarterly dividends not exceeding 125% of the aggregate quarterly dividends for the preceding period of 12 months), when combined with the aggregate amount of all Pro Rata Repurchases (for this purpose, including only that portion of the aggregate purchase price of such Pro Rata Repurchase which is in excess of the Fair Market Value of the Common Stock repurchased as determined on the applicable expiration date (including all extensions thereof) of any tender offer or exchange offer which is a Pro Rata Repurchase, or the date of purchase with respect to any other Pro Rata Repurchase which is not a tender offer or exchange offer made during such period), exceeds nine percent (9%) of the aggregate Fair Market Value of all shares of Common Stock outstanding on the day before the ex-dividend date with respect to such Extraordinary Distribution which is paid in cash and on the distribution date with respect to an Extraordinary Distribution which is paid other than in cash, and the earlier of the ex-dividend date and the distribution date in the event of an Extraordinary Distribution, a portion of which is paid in cash and a portion of which is paid other than in cash, and (ii) of any shares of capital stock of the Corporation (other than shares of Common Stock), other securities of the Corporation (other than securities of the type referred to in paragraph (b) or (c) of this Section 8), evidences of indebtedness of the Corporation or any other person or any other property (including shares of any subsidiary of the Corporation) or any combination thereof. The Fair Market Value of an Extraordinary Distribution for purposes of paragraph (d) of this Section 8 shall be equal to the sun of the Fair Market Value of such Extraordinary Distribution plus the amount of any cash dividends (other than regularly scheduled quarterly dividends not exceeding 125% of the aggregate quarterly dividends for the preceding period of 12 months) which are not Extraordinary Distributions made during such 12 month period and not previously included in the calculation of an adjustment pursuant to paragraph (d) of this Section 8.

"Fair Market Value" shall mean, as to shares of Common Stock or any other class of capital stock or securities of the Corporation or any other issuer which are publicly traded, (i) for purposes of Section 6 hereof, the Current Market Price on the date as of which the Fair Market Value is to be determined, and (ii) for all other purposes hereof, the average of the Current Market Prices of such shares or securities for each day of the Adjustment Period. The Fair Market Value of any security which is not publicly traded (other than the Series B Preferred Stock) or of any other property shall mean the fair value thereof as determined by an independent investment banking or appraisal firm experienced in the valuation of such securities or property selected in good faith by the Board of Directors of the Corporation or a committee thereof, or, if no such investment banking or appraisal firm is in the good faith judgment of the Board of Directors or such committee available to make such determination, am determined in good faith by the Board of Directors of the Corporation or such committee.

"Non-Dilutive Amount" in respect of an issuance, sale or exchange by the Corporation of any right or warrant to purchase or acquire shares of Common Stock (including any security convertible into or exchangeable for shares of Common Stock) shall mean the difference between (i) the product of the Fair Market Value of a share of Common Stock on the day preceding the first public announcement of such issuance, sale or exchange multiplied by the maximum number of shares of Common Stock which could be acquired on such date upon the exercise in full of such right or warrant (including upon the conversion or exchange of any such convertible or exchangeable security), whether or not exercisable (or convertible or exchangeable) at such date, and (ii) the aggregate amount payable pursuant to such right or warrant to purchase or acquire such maximum number of shares of Common Stock; provided, however, that is no event shall the Non-Dilutive Amount be less than zero. For purposes of the foregoing sentence, in the case of a security convertible into or exchangeable for shares of Common Stock, the amount payable pursuant to a right or warrant to purchase or acquire shares of Common Stock shall be the Fair Market Value of such security on the date of the issuance, sale or exchange of such security by the Corporation.

"Pro Rata Repurchase" shall mean any purchase of shares of Common Stock by the Corporation or any subsidiary thereof, whether for cash, shares of capital stock of the Corporation, other securities of the Corporation, evidences of indebtedness of the Corporation or any other person or any other property (including shares of a subsidiary of the Corporation) or any combination thereof, effected while any of the shares of Series B Preferred Stock are outstanding, pursuant to any tender offer or exchange offer subject to Section 13(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any successor provision of law, or pursuant to any other offer available to substantially all holders of Common Stock; provided, however, that no purchase of shares by the Corporation or any subsidiary thereof made in open market transactions shall be deemed, a Pro Rata Repurchase. For purposes of this paragraph 8(g) shares shall be deemed to have been purchased by the Corporation or any subsidiary thereof "in open market transactions" only if they have been purchased substantially in accordance with the requirements of Rule 10b-18 as in effect under the Exchange Act, on the date shares of Series B Preferred Stock are initially issued by the Corporation or on such other terms and conditions as the Board of Directors of the Corporation or a committee thereof shall have determined are reasonably designed to prevent such purchases from having a material effect on the trading market for the Common Stock.

(h) Whenever an adjustment to the Conversion Price and the voting rights of the Series B Preferred Stock is required hereby, the Corporation shall forthwith place on file with the transfer agent for the Common Stock and the Series B Preferred Stock, and with the Secretary of the Corporation, a statement signed by two officers of the Corporation stating the adjusted Conversion Price determined as provided herein and the resulting conversion ratio, and the adjusted voting rights determined as provided herein, of the Series B Preferred Stock. Such statement shall set forth in reasonable detail such facts as shall be necessary to show the reason and the manner of computing such adjustment, including any determination of Fair Market Value involved in such computation. Promptly after each adjustment to the Conversions Price and the voting rights of the shares of the Series B Preferred Stock, the Corporation shall mail a notice thereof and of the then prevailing conversion ratio to each holder of shares of Series B Preferred Stock.

(9) Ranking: Retirement of Shares: (a) The Series B Preferred Stock shall rank senior to the Common Stock as to the payment of dividends and the distribution of assets on liquidation, dissolution and winding up of the Corporation and, unless otherwise provided in the Restated Certificate of Incorporation of the Corporation, as the same may be amended, or a Certificate of Amendment relating to a subsequent series of Preferred Stock of the Corporation, the Series B Preferred Stock shall rank senior to all series of the Corporation's Preferred Stock as to the payment of dividends and the distribution of assets on liquidation, dissolution or winding up.

(b) Any shares of Series B Preferred Stock acquired by the Corporation by reason of the conversion or redemption of such shares as herein provided, or otherwise so acquired, shall be retired as shares of series B Preferred Stock and restored to the status of authorized but unissued shares of Preferred Stock of the Corporation, undesignated as to series, and may thereafter be reissued as part of a new series of such Preferred Stock as permitted by law.

(10) Miscellaneous: (a) All notices referred to herein shall be in writing, and all notices hereunder shall be deemed to have been given upon the earlier of delivery thereof if by hand delivery, by courier or by standard form of telecommunication or three (3) Business Days after the mailing thereof if sent by registered mail (unless first class mail shall be specifically permitted for such notice under the terms hereof) with postage prepaid, addressed: (i) if to the Corporation, to its office at 1 Becton Drive, Franklin Lakes, New Jersey 07417-1880 (Attention: Secretary) or to the transfer agent for the Series B Preferred Stock, or other agent of the Corporation designated as permitted hereby or (ii) if to any holder of the Series B Preferred Stock or Common Stock, as the case may be, to such holder at the address of such holder as listed in the stock record books of the Corporation (which may include the records of any transfer agent for the Series B Preferred Stock or Common Stock, as the case may be) or (iii) to such other address as the Corporation or any such holder, as the case may be, shall have designated by notice similarly given.

(b) The term "Common Stock" as used in this Resolution means the Corporation's Common Stock, par value $1.00 per share, as the same exists at the date of filing of a Certificate of Amendment relating to the Series B Preferred Stock or any other class of stock resulting from successive changes or reclassifications of such Common Stock consisting solely of changes in par value, or from par value to no par value, or from no par value to par value. In the event that, at any time as a result of an adjustment made pursuant to Section 8 hereof, the holder of any share of Series B Preferred Stock upon thereafter surrendering such shares for conversion, shall become entitled to receive any shares or other securities of the Corporation other than shares of Common Stock, the Conversion Price in respect of such other shares or securities so receivable upon conversion of Series B Preferred Stock shall thereafter be adjusted, and shall be subject to further adjustment from time to time, in a manner and on terms as nearly equivalent as practicable to the provisions with respect to Common Stock contained in Section 8 hereof, and the provisions of Sections 1 through 7, 9 and 10 hereof with respect to the Common Stock shall apply on like or similar terms to any such other shares or securities.

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

(d) In the event that a holder of shares of Series B Preferred Stock shall not by written notice designate the name in which shares of Common Stock to be issued upon conversion of such shares should be registered or to whom payment upon redemption of shares of Series B Preferred Stock should be made or the address to which the certificate or certificates representing such shares, or such payment, should be sent, the Corporation shall be entitled to register such shares, and make such payment, in the name of the holder of such Series B Preferred Stock as shown on the records of the Corporation and to send the certificate or certificates representing such shares, or such payment, to the address of such holder shown on the records of the Corporation.

(e) Unless otherwise provided in the Restated Certificate of Incorporation of the Corporation, as the same may be amended, all payments in the form of dividends, distributions on voluntary or involuntary dissolution, liquidation or winding up or otherwise made upon the Series B Preferred Stock and any other stock ranking on a parity with the Series B Preferred Stock with respect to such dividend or distribution shall be pro rata, so that amounts paid per share of Series B Preferred Stock and such other stock shall in all cases bear to each other the same ratio that the required dividends, distributions or payments, as the case may be, then payable per share on the Series B Preferred Stock and such other stock bear to each other.

(f) The Corporation may appoint, and from time to time discharge and change, a transfer agent for the Series B Preferred Stock. Upon any such appointment or discharge of a transfer agent, the Corporation shall send notice thereof by hand delivery, by courier, by standard form of telecommunication or by first class mail, (postage prepaid), to each holder of record of Series B Preferred Stock.

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

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

Except as otherwise required by law, until the term of a Continuing Classified Director expires or otherwise terminates as aforesaid, such Continuing Classified Director may be removed from office by the shareholders of the Company only for cause pursuant to the applicable provisions of the New Jersey Business Corporation Act.

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

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

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

ARTICLE VI. [DELETED]

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

Basil Anderson	c/o Becton, Dickinson and Company 1 Becton Drive, MC 079 Franklin Lakes, New Jersey 07417-1880
Henry P. Becton, Jr.	c/o Becton, Dickinson and Company 1 Becton Drive, MC 079 Franklin Lakes, New Jersey 07417-1880
Catherine M. Burzik	c/o Becton, Dickinson and Company 1 Becton Drive, MC 079 Franklin Lakes, New Jersey 07417-1880
Edward F. DeGrann	c/o Becton, Dickinson and Company 1 Becton Drive, MC 079 Franklin Lakes, New Jersey 07417-1880
Vincent A. Forlenza	Becton, Dickinson and Company 1 Becton Drive, MC 079 Franklin Lakes, New Jersey 07417-1880
Claire Fraser	c/o Becton, Dickinson and Company 1 Becton Drive, MC 079 Franklin Lakes, New Jersey 07417-1880
Christopher Jones	c/o Becton, Dickinson and Company 1 Becton Drive, MC 079 Franklin Lakes, New Jersey 07417-1880
Marshall O. Larsen	c/o Becton, Dickinson and Company 1 Becton Drive, MC 079 Franklin Lakes, New Jersey 07417-1880
Adel A.F. Mahmoud	c/o Becton, Dickinson and Company 1 Becton Drive, MC 079 Franklin Lakes, New Jersey 07417-1880
Gary A. Mecklenburg	c/o Becton, Dickinson and Company 1 Becton Drive, MC 079 Franklin Lakes, New Jersey 07417-1880

James F. Orr	c/o Becton, Dickinson and Company 1 Becton Drive, MC 079 Franklin Lakes, New Jersey 07417-1880
Willard J. Overlock, Jr.	c/o Becton, Dickinson and Company 1 Becton Drive, MC 079 Franklin Lakes, New Jersey 07417-1880
Bertram L. Scott	c/o Becton, Dickinson and Company 1 Becton Drive, MC 079 Franklin Lakes, New Jersey 07417-1880
Alfred Sommer	c/o Becton, Dickinson and Company 1 Becton Drive, MC 079 Franklin Lakes, New Jersey 07417-1880
Rebecca W. Rimel	c/o Becton, Dickinson and Company 1 Becton Drive, MC 079 Franklin Lakes, New Jersey 07417-1880

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

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

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

IN WITNESS WHEREOF, the undersigned has signed this Restated Certificate of Incorporation this 14th day of February, 2013.

BECTON, DICKINSON AND COMPANY

/s/ Gary DeFazio
GARY DeFAZIO
Vice President

CERTIFICATIONS

I, Vincent A. Forlenza, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Becton, Dickinson and Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 9, 2013

/s/ Vincent A. Forlenza
Vincent A. Forlenza
Chairman, Chief Executive Officer and
President

I, Suketu Upadhyay, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Becton, Dickinson and Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2013

/s/ Suketu Upadhyay
Suketu Upadhyay
Acting Chief Financial Officer, Senior Vice President and Controller

Exhibit 32

The certification set forth below is being submitted in connection with the Quarterly Report on Form 10-Q of Becton, Dickinson and Company for the quarter ended March 31, 2013 (the “Report”) for the purpose of complying with Rule 13a – 14(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Vincent A. Forlenza, the Chief Executive Officer of Becton, Dickinson and Company, certify that:

1. such Report fully complies with the requirements of Section 13(a) of the Exchange Act; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Becton, Dickinson and Company.

May 9, 2013

/s/ Vincent A. Forlenza
Name: Vincent A. Forlenza
Chief Executive Officer

The certification set forth below is being submitted in connection with the Quarterly Report on Form 10-Q of Becton, Dickinson and Company for the quarter ended March 31, 2013 (the “Report”) for the purpose of complying with Rule 13a – 14(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Suketu Upadhyay, the Acting Chief Financial Officer of Becton, Dickinson and Company, certify that:

1. such Report fully complies with the requirements of Section 13(a) of the Exchange Act; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Becton, Dickinson and Company.

May 9, 2013

/s/ Suketu Upadhyay
Name: Suketu Upadhyay
Acting Chief Financial Officer