

BECTON DICKINSON & CO

Form DEF 14A

December 22, 2010

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Becton, Dickinson and Company  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:
-

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**Becton, Dickinson and Company**

1 Becton Drive

Franklin Lakes, New Jersey 07417-1880

*www.bd.com*

December 22, 2010

Dear Fellow Shareholders:

You are cordially invited to attend the 2011 Annual Meeting of Shareholders of Becton, Dickinson and Company ( BD ) to be held at 1:00 p.m. EST on Tuesday, February 1, 2011 at The Hilton Short Hills, 41 John F. Kennedy Parkway, Short Hills, New Jersey. You will find directions to the meeting on the back cover of the accompanying proxy statement.

The notice of meeting and proxy statement describe the matters to be acted upon at the meeting. We also will report on matters of interest to BD shareholders.

Your vote is important. Whether or not you plan to attend the Annual Meeting in person, we encourage you to vote so that your shares will be represented and voted at the meeting. You may vote by proxy on the internet or by telephone, or by completing and mailing the enclosed proxy card in the return envelope provided. You may also vote in person at the Annual Meeting.

Thank you for your continued support of BD.

Sincerely,

Edward J. Ludwig

*Chairman and Chief Executive Officer*

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**Becton, Dickinson and Company**  
**1 Becton Drive**  
**Franklin Lakes, New Jersey 07417-1880**

December 22, 2010

The 2011 Annual Meeting of Shareholders of Becton, Dickinson and Company ( BD ) will be held as follows:

- DATE: Tuesday, February 1, 2011  
TIME: 1:00 p.m. EST  
LOCATION: Hilton Short Hills  
41 John F. Kennedy Parkway  
Short Hills, New Jersey
- PURPOSE: To consider and act upon the following proposals:
1. The election as directors of the fourteen nominees named in the attached proxy statement for a one-year term;
  2. The ratification of the selection of the independent registered public accounting firm;
  3. An advisory vote on executive compensation;
  4. An advisory vote on the frequency of executive compensation advisory votes;
  5. A shareholder proposal relating to special shareholder meetings;
  6. A shareholder proposal relating to cumulative voting; and
  7. Such other business as may properly come before the meeting.

Shares represented by properly executed proxies will be voted in accordance with the instructions specified therein. Shares represented by proxies that are not limited to the contrary will be voted in accordance with the recommendations of the Board of Directors set forth in this proxy statement, except that if no instructions are provided on Proposal 4, your shares will be voted as abstentions.

**Important Notice Regarding the Availability of Proxy Materials for the 2011 Annual Meeting of Shareholders to be held on February 1, 2011. BD s proxy statement and 2010 Annual Report, which includes consolidated financial statements, are available at [www.bd.com/investors/](http://www.bd.com/investors/).**

Shareholders of record at the close of business on December 10, 2010 will be entitled to attend and vote at the meeting.

By order of the Board of Directors,

Dean J. Paranicas  
*Vice President, Corporate Secretary and Public Policy*

**It is important that your shares be represented and voted,  
whether or not you plan to attend the meeting.  
YOU CAN VOTE BY PROXY OR SUBMIT VOTING INSTRUCTIONS IN  
ONE OF THREE WAYS:**

1. **VIA THE INTERNET:**  
Visit the website noted on your proxy/voting instruction card.
  2. **BY TELEPHONE:**  
Use the toll-free telephone number noted on your proxy/voting instruction card.
  3. **BY MAIL:**  
Promptly return your signed and dated proxy/voting instruction card in the enclosed envelope.
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**PROXY STATEMENT**

**2011 ANNUAL MEETING OF SHAREHOLDERS  
Tuesday, February 1, 2011**

**BECTON, DICKINSON AND COMPANY  
1 Becton Drive  
Franklin Lakes, New Jersey 07417-1880**

**GENERAL INFORMATION**

**Proxy Solicitation**

These proxy materials are being mailed or otherwise sent to shareholders of Becton, Dickinson and Company ( **BD** ) on or about December 22, 2010 in connection with the solicitation of proxies by the Board of Directors for **BD**'s Annual Meeting of Shareholders (the **2011 Annual Meeting** ) to be held at 1:00 p.m. EST on Tuesday, February 1, 2011 at the Hilton Short Hills, 41 John F. Kennedy Parkway, Short Hills, New Jersey. **Important Notice Regarding the Availability of Proxy Materials for the 2011 Annual Meeting of Shareholders to be held on February 1, 2011. This proxy statement and **BD**'s 2010 Annual Report (the **2010 Annual Report** ) are also available at [www.bd.com/investors/](http://www.bd.com/investors/).**

Directors, officers and other **BD** associates also may solicit proxies by telephone or otherwise. Brokers and other nominees will be requested to solicit proxies or authorizations from beneficial owners and will be reimbursed for their reasonable expenses. **BD** has retained MacKenzie Partners, Inc. to assist in soliciting proxies for a fee not to exceed \$25,000 plus expenses. The cost of soliciting proxies will be borne by **BD**.

**Shareholders Entitled to Vote; Attendance at the Meeting**

Shareholders of record at the close of business on December 10, 2010 are entitled to notice of, and to vote at, the meeting. As of such date, there were 226,252,937 shares of **BD** common stock outstanding, each entitled to one vote.

If your shares are held in the name of a bank, broker or other holder of record (also known as **street name** ) and you wish to attend the meeting, you must present proof of ownership as of the record date, such as a current bank or brokerage account statement, to be admitted. **BD** also may request appropriate identification as a condition of admission.

## Quorum; Required Vote

The holders of a majority of the shares entitled to vote at the meeting must be present in person or represented by proxy to constitute a quorum. Abstentions and shares that brokers do not have the authority to vote in the absence of timely instructions from the beneficial owners ( broker non-votes ) are treated as present for the purposes of determining a quorum.

Directors are elected by a plurality of the votes cast at the meeting (Proposal 1). Under New Jersey law, abstentions and broker non-votes will not be counted as votes cast, and, accordingly, will have no effect on the outcome of the vote for directors. Under BD's Corporate Governance Principles (the Principles ), any nominee for director who receives a greater number of withhold votes than for votes is required to offer to submit his or her resignation from the Board following the shareholder vote. The Board will consider what action is to be taken with respect to the same. We will publicly disclose the Board's decision. A more detailed description of these procedures is contained on page 20 under the heading Corporate Governance Significant Governance Practices Voting for Directors and in the Principles, which are available on BD's website at [www.bd.com/investors/corporate\\_governance/](http://www.bd.com/investors/corporate_governance/). Printed copies of the Principles may be obtained, without charge, by contacting the Corporate Secretary, BD, 1 Becton Drive, Franklin Lakes, New Jersey 07417-1880, phone 1-201-847-6800.

Approval of Proposals 2, 3, 5 and 6 requires the affirmative vote of a majority of the votes cast at the meeting. There is no minimum requisite affirmative vote under New Jersey law for Proposal 4. Abstentions and broker non-votes will not be counted as votes cast, and, accordingly, will not affect the outcome of these votes. Proposal 2 is a

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discretionary item and New York Stock Exchange ( NYSE ) member brokers that do not receive instructions on how to vote may cast those votes in their discretion.

### **How to Vote**

Shareholders of record may attend and cast their votes at the meeting. In addition, shareholders of record may cast their vote by proxy, and participants in the BD plans described below may submit their voting instructions, by:

- (1) using the internet and voting at the website listed on the enclosed proxy/voting instruction card (the proxy card );
- (2) using the toll-free telephone number listed on the enclosed proxy card; or
- (3) signing, completing and returning the enclosed proxy card in the enclosed postage-paid envelope.

Votes cast through the internet and telephone votes are authenticated by use of a personal identification number. This procedure allows shareholders to appoint a proxy, and the various plan participants to provide voting instructions, and to confirm that their actions have been properly recorded. Specific instructions to be followed are set forth on the enclosed proxy card. If you vote through the internet or by telephone, you do not need to return your proxy card. **In order to be timely processed, voting instructions submitted by participants in BD s Global Share Investment Program ( GSIP ) must be received by 12:00 p.m. EST on January 26, 2011, and voting instructions submitted by participants in all other BD plans must be received by 12:00 p.m. EST on January 28, 2011. All proxies submitted by record holders through the internet or by telephone must be received by 11:00 a.m. EST on February 1, 2011.**

If you are the beneficial owner of shares held in street name, you have the right to direct your bank, broker or other nominee on how to vote your shares by using the voting instruction form provided to you by them, or by following their instructions for voting through the internet or by telephone. In the alternative, you may vote in person at the meeting if you obtain a valid proxy from your bank, broker or other nominee and present it at the meeting.

Shares represented by properly executed proxies will be voted in accordance with the instructions specified therein. Shares represented by proxies that are not limited to the contrary will be voted in accordance with the recommendations of the Board of Directors set forth in this proxy statement, except that if no instructions are provided on Proposal 4, your shares will be voted as abstentions.

### *Savings Incentive Plan (SIP)*

Participants in SIP may instruct the SIP trustee how to vote all shares of BD common stock allocated to their SIP accounts. The SIP trustee will vote the SIP shares for which it has not received instructions in the same proportion as the SIP shares for which it has received instructions.

### *Participants in Other Plans*

Participants in the Savings Incentive Plan of Med-Safe Systems, Inc., a wholly-owned subsidiary of BD (the Med-Safe Plan ), may instruct the Med-Safe Plan s trustee how to vote all shares of BD common stock allocated to their accounts. The Med-Safe Plan s trustee will vote shares for which it has not received instructions in the same proportion as the shares for which it has received instructions.

Participants in BD s Deferred Compensation and Retirement Benefit Restoration Plan ( DCP ), the 1996 Directors Deferral Plan ( DDP ), and GSIP (if so provided under the terms of the local country GSIP plan) may provide voting

instructions for all shares of BD common stock allocated to that person's plan account. Trustees of DCP, DDP and GSIP will vote the plan shares for which they have not received instructions in the same proportion as the plan shares for which they have received instructions.

Proxies representing shares of BD common stock held of record also will serve as proxies for shares held under the Direct Stock Purchase Plan sponsored and administered by Computershare Trust Company, N.A. and any shares of BD common stock allocated to participants' accounts under the plans mentioned above, if the registrations are the same. Separate mailings will be made for shares not held under the same registrations.

**Table of Contents****Revocation of Proxies or Change of Instructions**

A proxy given by a shareholder of record may be revoked at any time before it is voted by sending written notice of revocation to the Corporate Secretary of BD at the address set forth above, by delivering a proxy (by one of the methods described above under the heading "How to Vote") bearing a later date, or by voting in person at the meeting. Participants in the plans described above may change their voting instructions by delivering new voting instructions by one of the methods described above under the heading "How to Vote."

If you are the beneficial owner of shares held in street name, you may submit new voting instructions in the manner provided by your bank or broker or other nominee, or you may vote in person at the 2011 Annual Meeting in the manner described above under the heading "How to Vote."

**Other Matters**

The Board of Directors is not aware of any matters to be presented at the meeting other than those set forth in the accompanying notice. If any other matters properly come before the meeting, the persons named in the proxy card will vote on such matters in accordance with their best judgment.

Multiple BD shareholders who share an address may receive only one copy of this proxy statement and the 2010 Annual Report from their bank, broker or other nominee, unless contrary instructions are received. We will deliver promptly a separate copy of this proxy statement and the 2010 Annual Report to any BD shareholder who resides at a shared address and to which a single copy of the documents was delivered, if the shareholder makes a request by contacting the Corporate Secretary, BD, 1 Becton Drive, Franklin Lakes, New Jersey 07417-1880, phone 1-201-847-6800. Beneficial owners sharing an address who are receiving multiple copies of this proxy statement and the 2010 Annual Report and who wish to receive a single copy in the future will need to contact their bank, broker or other nominee.

**OWNERSHIP OF BD COMMON STOCK****Securities Owned by Certain Beneficial Owners**

The following table sets forth as of September 30, 2010, information concerning those persons known to BD to be the beneficial owner of more than 5% of BD's outstanding common stock. This information is as reported by such persons in their Schedule 13G filings with the Securities and Exchange Commission ("SEC").

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
State Street Corporation State Street Bank and Trust Company, Trustee State Street Financial Center One Lincoln Street Boston, MA 02111	13,224,021(1)	5.6%

(1) The owner has shared investment power and shared voting power with respect to all of these shares.

### **Securities Owned by Directors and Management**

The following table sets forth as of November 30, 2010 information concerning the beneficial ownership of BD common stock by (i) each director, (ii) the executive officers named in the Summary Compensation Table on page 37, and (iii) all BD directors and executive officers as a group. In general, beneficial ownership includes those shares that a director or executive officer has the power to vote or transfer, including shares that may be acquired under outstanding equity compensation awards or otherwise within 60 days of such date.

No individual director or executive officer owns more than 1% of the outstanding BD common stock. Together, the directors and executive officers, as a group, owned approximately 1.1% of the outstanding BD common stock as of November 30, 2010. Except as indicated in the footnotes to the table, each person has the sole power to vote and transfer the shares he or she beneficially owns.

**Table of Contents****BD COMMON STOCK**

Name	Amount and Nature of Beneficial Ownership		Total Shares Beneficially Owned	Percentage of Class
	Shares Owned Directly and Indirectly (1)	Shares That May Be Acquired within 60 days (2)		
Basil L. Anderson	5,857	12,856	18,713	*
Henry P. Becton, Jr. (3)	267,626	22,629	290,255	*
Gary M. Cohen	89,584	98,238	187,822	*
Edward F. DeGraan	8,942	16,460	25,402	*
David V. Elkins	0	8,211	8,211	*
Vincent A. Forlenza	70,359	225,834	296,193	*
Claire M. Fraser-Liggett	0	7,371	7,371	*
Christopher Jones	264	1,147	1,411	*
William A. Kozy	62,102	169,540	231,642	*
Marshall O. Larsen	1,689	5,709	7,398	*
Edward J. Ludwig	254,539	758,015	1,012,554	*
Adel A.F. Mahmoud	112	7,371	7,483	*
Gary A. Mecklenburg	3,220	12,856	16,076	*
Cathy E. Minehan	4,000	5,709	9,709	*
James F. Orr	11,645	16,460	28,105	*
Willard J. Overlock, Jr.	38,794	21,568	60,362	*
Bertram L. Scott	8,404	19,241	27,645	*
Alfred Sommer	12,655	16,460	29,115	*
Directors and executive officers as a group (23 persons)	901,728	1,664,894	2,566,622	1.1%

\* Represents less than 1% of the outstanding BD common stock.

- (1) Includes shares held directly, and, with respect to executive officers, indirect interests in BD common stock held under the SIP and the DCP, and, with respect to the non-management directors, indirect interests in BD common stock held under the DDP. Additional information on certain of these plans appears on pages 5-6.
- (2) Includes shares under outstanding stock options or stock appreciation rights that are exercisable or become exercisable within 60 days. Also includes, with respect to those executive officers who are retirement-eligible (including Messrs. Ludwig, Forlenza and Kozy), (i) unvested stock appreciation rights that become vested upon retirement, and (ii) shares issuable under restricted stock units upon retirement (with performance-based units being included at their target payout amounts). Also includes, with respect to each non-management director, shares issuable under restricted stock units upon the director's termination of service on the Board, as more fully described in Non-Management Directors Compensation Equity Compensation on page 14.

- (3) Includes 236,594 shares held by trusts of which Mr. Becton is a co-trustee with shared investment and voting power or held by a limited liability company owned by one of such trusts. Does not include 37,166 shares owned by Mr. Becton's spouse, or 108,712 shares held in trusts for the benefit of his children, and as to each of which he disclaims beneficial ownership.



**Table of Contents****Equity Compensation Plan Information**

The following table provides certain information as of September 30, 2010 regarding BD's equity compensation plans.

<b>Plan Category</b>	<b>(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>(b) Weighted-average exercise price of outstanding options, warrants and rights(1)</b>	<b>(c) Number of securities remaining available for future issuance under equity compensation plans  (excluding securities reflected in column (a))</b>
Equity compensation plans approved by security holders	17,348,842(2)	\$ 55.74	10,633,962(3)
Equity compensation plans not approved by security holders	2,237,931(4)	\$ 34.95	0(5)
<b>Total</b>	<b>19,586,773</b>	<b>\$ 55.70</b>	<b>10,633,962</b>

- (1) Shares issuable pursuant to outstanding awards of Performance Units and other restricted stock units under the BD 2004 Employee and Director Equity-Based Compensation Plan (the 2004 Plan) and the BD Stock Award Plan, as well as shares issuable under BD's 1996 Directors' Deferral Plan, Deferred Compensation and Retirement Benefit Restoration Plan and Global Share Investment Program (GSIP), are not included in the calculation of weighted-average exercise price, as there is no exercise price for these shares.
- (2) Includes (i) 14,062,907 shares issuable under outstanding stock options and stock appreciation rights and (ii) 3,285,935 shares distributable under Performance Unit awards and other restricted stock unit awards granted under the 2004 Plan and Stock Award Plan (with Performance Unit awards listed at target payout amounts).
- (3) Includes 10,421,478 shares available for issuance under the 2004 Plan, and 212,484 shares available for issuance under the 1994 Restricted Stock Plan for Non-Employee Directors.
- (4) Includes 29,396 shares issuable pursuant to outstanding stock options granted under BD's Non-Employee Directors 2000 Stock Option Plan. Also includes 92,835 shares issuable under BD's 1996 Directors' Deferral Plan, 516,253 shares issuable under BD's Deferred Compensation and Retirement Benefit Restoration Plan, and 1,599,447 shares issuable under the GSIP, based on participant account balances as of September 30, 2010.
- (5) Does not include shares issuable under the 1996 Directors' Deferral Plan, the Deferred Compensation and Retirement Benefit Restoration Plan or the GSIP. There are no limits on the number of shares issuable under these plans, and the number of shares that may become issuable will depend on future elections made by plan participants.

*Deferred Compensation and Retirement Benefit Restoration Plan.* Information regarding the Deferred Compensation and Retirement Benefit Restoration Plan can be found beginning on page 45 of this proxy statement. The shares held in the plan as of September 30, 2010 include 141,718 shares acquired by participants through cash deferrals and 374,535 shares deferred under participants' equity compensation awards. In the event a participant elects to have cash compensation deferred in a BD common stock account, the participant's account is credited with a number of shares based on the prevailing market price of the BD common stock. The cash deferred by the participant is used to purchase the shares of BD common stock on the open market, which are then held in a trust.

*Global Share Investment Program.* BD maintains a Global Share Investment Program ( GSIP ) for its non-U.S. employees in certain jurisdictions outside of the U.S. The purpose of the GSIP is to provide non-U.S. employees with a means of saving on a regular and long-term basis and acquiring a beneficial interest in BD common stock. Participants may contribute a portion of their base pay, through payroll deductions, to the GSIP for their account. BD provides matching funds of up to 3% of the participant's base pay through contributions to the participant's plan account. Contributions to the GSIP are used to purchase shares of BD common stock on the open market, which are then held in a trust.

A participant may withdraw the vested portion of the participant's account, although such withdrawals must be in the form of a cash payment if the participant is employed by BD at the time of withdrawal. Following termination of service, withdrawals will be paid in either cash or shares, at the election of the participant.

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*Non-Employee Directors 2000 Stock Option Plan.* Non-management directors formerly received grants of non-qualified stock options under the Non-Employee Directors 2000 Stock Option Plan (the Directors Stock Option Plan ), which provided for the granting of non-qualified stock options at each Annual Meeting to each non-management director elected at or continuing to serve after such meeting. Options are no longer granted under the Directors Stock Option Plan. The exercise price of stock options granted under the Directors Stock Option Plan was the fair market value of the BD common stock on the date of grant. Each option granted under the Directors Stock Option Plan has a term of 10 years from its date of grant. The options granted under the Directors Stock Option Plan have vesting periods of three to four years, depending on the year of grant.

*1996 Directors Deferral Plan.* The 1996 Directors Deferral Plan (the Directors Deferral Plan ) allows non-management directors to defer receipt, in an unfunded cash account or a BD common stock account, of all or part of their annual retainer and other cash fees. In the event a director elects to have fees deferred in a BD common stock account, the director s account is credited with a number of shares based on the prevailing market price of the BD common stock on the due date of such payment. The cash fees deferred by the director are used to purchase the shares of BD common stock on the open market, which are then held in a trust. Directors may also defer receipt of restricted stock units under the plan. The number of shares credited to the BD common stock accounts of participants is adjusted periodically to reflect the payment and reinvestment of dividends on the common stock. Participants may elect to have amounts held in a cash account converted into a BD common stock account. The Directors Deferral Plan is not qualified, and participants have an unsecured contractual commitment of BD to pay the amounts due under the Directors Deferral Plan. When such payments are due, the cash and/or common stock will be distributed from BD s general assets.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires BD s directors and executive officers to file initial reports of their ownership of BD s equity securities and reports of changes in such ownership with the SEC and the NYSE. Directors and executive officers are required by SEC regulations to furnish BD with copies of all Section 16(a) forms they file with respect to BD securities. Based solely on a review of copies of such forms and written representations from BD s directors and executive officers, BD believes that, for the period from October 1, 2009 through September 30, 2010, all of its directors and executive officers were in compliance with the disclosure requirements of Section 16(a), except that reports for one transaction by each of Marshall O. Larsen and Scott P. Bruder, and a report for two transactions by Willard J. Overlock, Jr., were inadvertently filed late.

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**THE BOARD RECOMMENDS A VOTE FOR EACH OF THE  
NOMINEES NAMED IN PROPOSAL 1.**

**Proposal 1. ELECTION OF DIRECTORS**

All members of our Board are nominated for election to serve a term of one year and until their successors have been elected and qualified. All of the nominees for election have consented to being named in this proxy statement and to serve if elected. Presented below is biographical information for each of the nominees.

BD directors have backgrounds that represent a rich portfolio that ably serves BD's governance and strategic needs, and reflects the Board's continuing objective to achieve a diversity of viewpoint, experience, background, knowledge, geography, ethnicity and gender. As more fully discussed under "Director Nomination Process" below, director nominees are considered on the basis of a range of criteria, including their broad-based business knowledge and background, prominence and excellent reputations in their primary fields of endeavor, together with a global business perspective and commitment to strong corporate citizenship. They must have demonstrated experience and ability that is relevant to the Board's oversight role with respect to BD's business and affairs. Each director's biography includes the particular experience and qualifications that led the Board to conclude that the director should serve on the Board.

**NOMINEES FOR DIRECTOR**

*Basil L. Anderson*, 65, has been a director since 2004. From 2001 to 2006, he served as Vice Chairman of Staples, Inc., a supplier of office products. Prior thereto, he was Executive Vice President - Finance and Chief Financial Officer of Campbell Soup Company. Mr. Anderson also is a director of Hasbro, Inc., Moody's Corporation and Staples, Inc. He was a director of CRA International, Inc. from 2004 until January 2010.

Mr. Anderson has an extensive business and financial background as both an operating executive and as a chief financial officer of major multinational public companies. His experience includes strategic, business and financial planning and operations, international experience, and service as a director for numerous public companies in different industries.

*Henry P. Becton, Jr.*, 67, has been a director since 1987. He is Vice Chairman of the Board of Trustees of WGBH Educational Foundation, a producer and broadcaster of public television and radio programs, and books and other educational materials. He served as President of WGBH Educational Foundation from 1984 to October 2007. Mr. Becton also is a director of Belo Corporation, Public Radio International, the PBS Foundation, and the Association of Public Television Stations, and is a director/trustee of various DWS mutual funds.

Mr. Becton possesses a broad range of operational, financial and corporate governance experience developed through his professional and board-related activities in a variety of contexts. This broad background is coupled with Mr. Becton's extensive knowledge of BD, which provides him with a unique perspective on BD.

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*Edward F. DeGraan, 67*, has been a director since 2003. In 2006, he retired as Vice Chairman Gillette of the Procter & Gamble Company, a manufacturer of consumer products. Prior thereto, he was Vice Chairman of The Gillette Company, and served as its President and Chief Operating Officer from July 2000 until November 2003. He served as Acting Chief Executive Officer of Gillette from October 2000 to February 2001. Mr. DeGraan also is a director of Amica Mutual Insurance Company and a Senior Advisor of Centerview Partners, L.P.

Mr. DeGraan brings extensive operational, manufacturing and executive experience in a consumer industry with a strong manufacturing base. He possesses a broad background in strategic, business and financial planning and operations, deepened by his global perspective developed through his long tenure with a multinational company.

*Claire M. Fraser-Liggett, Ph.D, 55*, has been a director since 2006. Since 2007, she has been Director of the Institute for Genome Sciences and a Professor of Medicine at the University of Maryland School of Medicine in Baltimore, Maryland. From 1998 to 2007, she served as President and Director of The Institute for Genomic Research, a not-for-profit center dedicated to deciphering and analyzing genomes.

Dr. Fraser-Liggett is a prominent scientist with a strong background in infectious diseases and molecular diagnostics, including the development of novel diagnostics and vaccines. She also brings considerable managerial experience in her field.

*Christopher Jones, 55*, was elected by the Board effective July 26, 2010. He was recommended for the Board by a non-management director. Mr. Jones retired in 2001 as Chief Executive Officer of JWT Worldwide (previously known as J. Walter Thompson), a position he held since 1995. Since 2002, Mr. Jones has been Operating Partner, outside director and a member of the Adjudications Committee at Cognetas LLP, a pan-European private equity firm. Since 2008, he has been a director of Central Trust PLC, and has been the non-executive Chairman of Results International Group since 2002. Mr. Jones served as a director of Xenogen Corporation from 2001-2006. He also is chair of the board of The Pavilion Clinic, and is a member of the Health Advisory Board of the Johns Hopkins University Bloomberg School of Public Health.

Mr. Jones contributes an important international perspective based on his distinguished career as a marketing leader and head of a global marketing firm. He offers substantial marketing, strategic and managerial expertise derived from his broad range of activities in the field.

*Marshall O. Larsen, 62*, has been a director since 2007. He is Chairman, President and Chief Executive Officer of Goodrich Corporation, a supplier of systems and services to the aerospace and defense industry. Mr. Larsen also is a director of Lowe's Companies, Inc., and is a member of The Business Council.

As a veteran chief executive officer of a public company, Mr. Larsen offers the valuable perspective of an individual with highly-developed executive leadership, financial and strategic management skills in a global manufacturing company. These qualities reflect considerable domestic and international business and financial experience.



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*Edward J. Ludwig*, 59, has been Chairman and Chief Executive Officer of BD since 2002 and 2000, respectively. He was President from 1999 through 2008. Mr. Ludwig also is a director of Aetna Inc., a member of the Board of Trustees of the College of the Holy Cross, Chairman of the Board of the Hackensack (NJ) University Medical Center Advisory Board, and a member of the Health Advisory Board of the Johns Hopkins University Bloomberg School of Public Health. He also is a former member of the Board of Directors and former Chairman of the Advanced Medical Technology Association (AdvaMed), an international medical technology trade association.

Mr. Ludwig brings to the Board significant executive-level leadership and business and industry expertise. His extensive experience and sustained leadership in the field of medical technology in a variety of senior executive, strategic, financial and operational roles, all with BD, give Mr. Ludwig a unique perspective on BD's strategy and operations and on the medical technology industry. This is supplemented by his extensive involvement with the industry, where he has been a leading voice for many years.

*Adel A.F. Mahmoud, M.D., Ph.D.*, 69, has been a director since 2006. In 2006, Dr. Mahmoud retired as Chief Medical Advisor, Vaccines and Infectious Diseases and member of the Management Committee of Merck & Co., Inc., a pharmaceutical company. From 1999 to 2005, he served as President, Merck Vaccines and member of the Management Committee. In 2007, he joined Princeton University as Professor, Department of Molecular Biology and the Woodrow Wilson School of Public and International Affairs. Dr. Mahmoud also is a director of Sanaria, Inc., a malaria vaccine development organization.

Dr. Mahmoud is a distinguished scientist, physician and business leader with broad and deep knowledge of infectious diseases and vaccines. He brings strong technical, strategic and operational experience as a former senior executive with a major global pharmaceutical company, as well as an extensive academic background.

*Gary A. Mecklenburg*, 64, has been a director since 2004. In 2006, he retired as President and Chief Executive Officer of Northwestern Memorial HealthCare, the parent corporation of Northwestern Memorial Hospital, a position he had held since 1986. He also served as President of Northwestern Memorial Hospital from 1985 to 2002. He is currently an Executive Partner of Waud Capital Partners, L.L.C., a private equity investment firm.

Mr. Mecklenburg's long tenure in hospital administration affords him a broad perspective on the many facets of the delivery of healthcare and a deep knowledge of healthcare financing and administration. As the former leader of a major teaching hospital, Mr. Mecklenburg possesses strong executive management, financial, strategic and operational knowledge as applied in a healthcare setting.

*Cathy E. Minehan*, 63, has been a director since 2007. She retired as President and Chief Executive Officer of the Federal Reserve Bank of Boston in 2007, a position she had held since 1994. She also served on the Federal Open Market Committee from 1994 until her retirement. Ms. Minehan also is a director of Visa Inc., MassMutual Financial Group and MITRE Corporation. She also is chair of the board of trustees of the Massachusetts General Hospital, and a trustee of the University of Rochester, serves on several business groups in Boston, and chairs the Massachusetts Governor's Council of Economic Advisors.

Ms. Minehan's prominence in the financial community reflects her considerable financial skills and acumen. Her long experience in the Federal Reserve System, together with her varied civic and business leadership roles, offers the Board a unique perspective and depth on financial and accounting matters.



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*James F. Orr, 65*, has been a director since 2000. In 2007, he retired as Chairman of the Board of Convergys Corporation, a provider of customer management, employee care and outsourced billing services, a position he had held since 2000. Prior thereto, he served as Convergys Chief Executive Officer from 1998 until his retirement from that position in 2007, and also as its President from 1998 to 2005. Mr. Orr also is a director of Ohio National Financial Services, Inc.

Mr. Orr contributes the important insights of a former chief executive officer of a public company. His background reflects his extensive managerial, strategic, operational and financial experience with the perspective of a service industry. He also possesses a depth of understanding of corporate governance and enterprise risk management.

*Willard J. Overlock, Jr., 64*, has been a director since 1999. He retired in 1996 as a partner in Goldman, Sachs & Co., where he served as a member of its management committee, and retains the title of Senior Director to The Goldman Sachs Group, Inc. Mr. Overlock also is an advisor to the Parthenon Group, a special partner with Cue Ball Group, a trustee of Rockefeller University and a member of the board or directors of The Albert and Mary Lasker Foundation.

Mr. Overlock has a depth and breadth of financial and investment banking experience based on his senior leadership roles in these areas. He contributes financial and transactional expertise and acumen in mergers and acquisitions and complex financial transactions.

*Bertram L. Scott, 59*, has been a director since 2002. Mr. Scott is President, U.S. Commercial of CIGNA Corporation, a position he has held since joining that organization in June 2010. Prior thereto, he served as Executive Vice President of TIAA-CREF from 2000 to June 2010, and as President and Chief Executive Officer of TIAA-CREF Life Insurance Company from 2000 to 2007.

Mr. Scott possesses strong strategic, operational and financial experience derived from the variety of executive roles in which he has served during his career. He brings experience in corporate governance and business expertise in the insurance and healthcare fields.

*Alfred Sommer, M.D., M.H.S., 68*, has been a director since 1998. He is Professor of International Health, Epidemiology, and Ophthalmology at The Johns Hopkins University ( JHU ) Bloomberg School of Public Health (the Bloomberg School ) and the JHU School of Medicine, positions he has held since 1986. He is Dean Emeritus of the Bloomberg School, having served as Dean from 1990 to 2005. He is a member of the National Academy of Sciences and the Institute of Medicine. He is a recipient of the Albert Lasker Award for Medical Research. Dr. Sommer also is a director of T. Rowe Price Group, Inc., and Chairman of the Board of Directors of The Albert and Mary Lasker Foundation.

Dr. Sommer is a renowned clinician, researcher and academic administrator with substantial and broad-based experience in medicine, academia and the public health field, coupled with valuable board experience in the for-profit and nonprofit realms. These attributes enable him to offer deep insights into global healthcare issues and medical technology.

**The Board of Directors recommends a vote FOR each of the nominees for director.**



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**BOARD OF DIRECTORS**

**The Board and Committees of the Board**

BD is governed by a Board of Directors that currently consists of 14 members, 13 of whom have been determined by the Board to be independent. The Board has established five Committees: the Executive Committee, the Audit Committee, the Compensation and Benefits Committee, the Corporate and Scientific Affairs Committee, and the Corporate Governance and Nominating Committee. All Committees meet regularly, except for the Executive Committee, which meets only as necessary. Committee meetings may be called by the Committee chair, the Chairman of the Board or a majority of Committee members. The Board has adopted written charters for each of the Committees that are posted on BD's website at [www.bd.com/investors/corporate\\_governance/](http://www.bd.com/investors/corporate_governance/). Printed copies of these charters, BD's 2010 Annual Report on Form 10-K, and BD's reports and statements filed with or furnished to the SEC, may be obtained, without charge, by contacting the Corporate Secretary, BD, 1 Becton Drive, Franklin Lakes, New Jersey 07417-1880, telephone 201-847-6800.

**Committee Membership and Function**

Set forth below is a summary description of each of the Board's operating Committees.

**AUDIT COMMITTEE**

**Function**

Retains and reviews the qualifications, independence and performance of BD's registered public accounting firm (the independent auditors).

Reviews BD's public financial disclosures and financial statements, and its accounting principles, policies and practices; the scope and results of the annual audit by the independent auditors; BD's internal audit process; and the effectiveness of BD's internal control over financial reporting.

Reviews BD's guidelines and policies relating to enterprise risk assessment and risk management, and management's plan for risk mitigation or remediation.

Oversees BD's ethics and enterprise compliance practices.

Functions as a qualified legal compliance committee, if necessary.

**Members** Basil L. Anderson Chair

Christopher Jones

Marshall O. Larsen

Gary A. Mecklenburg

Cathy E. Minehan

James F. Orr

Bertram L. Scott

The Board has determined that the members of the Audit Committee meet the independence and financial literacy and expertise requirements of the NYSE. The Board also has determined that each of Messrs. Anderson, Larsen, Orr and

Scott, and Ms. Minehan, qualifies as an audit committee financial expert under the rules of the SEC.

The Audit Committee regularly meets separately with the internal and external auditors to ensure full and frank communications with the Audit Committee.

## **COMPENSATION AND BENEFITS COMMITTEE**

### ***Function***

Reviews BD's compensation and benefits policies, recommends the compensation of the Chief Executive Officer to the independent members of the Board for their approval, and approves the compensation of BD's other executive officers.

Approves all employment, severance and change of control agreements of BD with executive officers.

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Serves as the granting and administrative committee for BD's equity compensation plans.

Oversees certain BD benefit plans.

**Members** Edward F. DeGraan Chair  
Basil L. Anderson  
Marshall O. Larsen  
James F. Orr  
Willard J. Overlock, Jr.  
Bertram L. Scott

The Board has determined that each member of the Compensation and Benefits Committee meets the independence requirements of the NYSE.

The Compensation and Benefits Committee oversees the compensation program for the named executive officers listed in the Summary Compensation Table on page 37 and for BD's other executive officers. The Compensation and Benefits Committee does not delegate these responsibilities to another Committee, individual director or member of management.

**Role of Management**

The Compensation and Benefits Committee's meetings are typically attended by BD's Chief Executive Officer, Senior Vice President Human Resources and others, who support the Compensation and Benefits Committee in fulfilling its responsibilities. The Compensation and Benefits Committee considers management's views relating to compensation matters, including the performance metrics and targets for BD's performance-based compensation. Management also provides information (which is reviewed by our Internal Audit Department) to assist the Committee in determining the extent to which performance targets have been achieved. This includes any recommended adjustments to BD's operating results when assessing BD's performance. The Chief Executive Officer and Senior Vice President Human Resources also work with the Compensation and Benefits Committee chair in establishing meeting agendas.

The Compensation and Benefits Committee meets in executive session with no members of management present for part of each of its regular meetings. The Compensation and Benefits Committee also meets in executive session when considering compensation decisions regarding our executive officers.

**Role of the Independent Advisor**

The Compensation and Benefits Committee is also assisted in fulfilling its responsibilities by its independent advisor, Pay Governance LLC ( Pay Governance ). Pay Governance is engaged by, and reports directly to, the Compensation and Benefits Committee. Pay Governance reviews all materials prepared for the Compensation and Benefits Committee by management, prepares additional materials as may be requested by the Compensation and Benefits Committee, and attends Compensation and Benefits Committee meetings. In its advisory role, among other things, Pay Governance assists the Compensation and Benefits Committee in the design and implementation of BD's compensation program. This includes assisting the Compensation and Benefits Committee in selecting the key elements to include in the program, the targeted payments for each element, and the establishment of performance targets. Pay Governance also provides market comparison data that is considered by the Compensation and Benefits Committee in making compensation decisions, and makes recommendations to the Compensation and Benefits Committee regarding the compensation of BD's Chief Executive Officer.

Pay Governance also conducts an annual review of the compensation practices of select peer companies. Based on this review, Pay Governance advises the Compensation and Benefits Committee with respect to the competitiveness of BD's compensation program in comparison to industry practices, and identifies any trends in executive compensation. During fiscal year 2010, Pay Governance was not engaged to perform any services for BD's management. The Compensation and Benefits Committee has adopted a policy prohibiting Pay Governance from providing any services to BD's management without the Compensation and Benefits Committee's prior approval, and has expressed its intention that such approval will be given only in exceptional cases.

Setting Compensation

At the end of each fiscal year, the Board conducts a review of the Chief Executive Officer's performance. As part of this process, the Chief Executive Officer provides a self-assessment report. At the following Board meeting, the Board sets the compensation of the Chief Executive Officer after considering the assessment of the Chief

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Executive Officer's performance, market comparison data and the recommendations of the Compensation and Benefits Committee. Neither the Chief Executive Officer nor any other members of management are present during this session. The Chief Executive Officer does not play a role in determining his own compensation.

The Compensation and Benefits Committee is responsible for determining the compensation of BD's other executive officers. The Chief Executive Officer, in consultation with the Senior Vice President Human Resources, reviews the performance of the other executive officers with the Compensation and Benefits Committee and presents compensation recommendations for its consideration. The Compensation and Benefits Committee determines the compensation for these executives, in consultation with Pay Governance, after considering the Chief Executive Officer's recommendations, market comparison data regarding compensation levels among peer companies and the views of Pay Governance. All decisions regarding the compensation of BD's other executive officers are made in executive session.

The Board has delegated responsibility for formulating recommendations regarding non-management director compensation to the Corporate Governance and Nominating Committee, which is discussed below.

## **CORPORATE AND SCIENTIFIC AFFAIRS COMMITTEE**

### **Function**

Oversees BD's research and development activities.

Oversees BD's policies, practices and procedures impacting BD's image and reputation and its standing as a responsible corporate citizen, including, without limitation, issues relating to communications with BD's key stakeholders; community relations; and public policy and government relations activities (including political contributions).

### **Members** Alfred Sommer Chair

Henry P. Becton, Jr.

Claire M. Fraser-Liggett

Christopher Jones

Adel A.F. Mahmoud

Gary A. Mecklenburg

Cathy E. Minehan

## **CORPORATE GOVERNANCE AND NOMINATING COMMITTEE**

### **Function**

Identifies and recommends candidates for election as directors to the Board.

Reviews the composition, organization, structure and function of the Board and its Committees, as well as the performance and compensation of non-management directors.

Monitors BD's corporate governance and Board practices, and oversees the Board's self-evaluation process.

### **Members** Henry P. Becton, Jr. Chair

Edward F. DeGraan

Claire M. Fraser-Liggett

Adel A.F. Mahmoud  
Willard J. Overlock, Jr.  
Alfred Sommer

The Board has determined that each member of the Corporate Governance and Nominating Committee meets the independence requirements of the NYSE. The Corporate Governance and Nominating Committee also reviews the compensation program for the non-management directors and makes recommendations to the Board regarding their compensation, and does not delegate these responsibilities to another Committee, individual director or member of management. The Corporate Governance and Nominating Committee has retained Pay Governance as an independent advisor for this purpose. Pay Governance's responsibilities include providing assistance in developing an appropriate non-management director compensation peer group; generating market comparison data on the elements and levels of non-management director compensation at peer companies; tracking trends in



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non-management director compensation practices; and advising the Corporate Governance and Nominating Committee regarding the components and levels of non-management director compensation. Executive officers do not play any role in either determining or recommending non-management director compensation.

**Board, Committee and Annual Meeting Attendance**

The Board and its Committees held the following number of meetings during fiscal year 2010:

Board	6
Audit Committee	12
Compensation and Benefits Committee	7
Corporate and Scientific Affairs Committee	6
Corporate Governance and Nominating Committee	6

The Executive Committee did not meet during fiscal year 2010.

Each director attended 75% or more of the total number of the meetings of the Board and the Committees on which he or she served during fiscal year 2010. BD's non-management directors met in executive session at each of the Board's six regular meetings held during fiscal year 2010.

The Board has adopted a policy pursuant to which directors are expected to attend the Annual Meeting in the absence of a scheduling conflict or other valid reason. With the exception of one director who had a scheduling conflict, all of the directors then in office attended BD's 2010 Annual Meeting.

**Non-Management Directors Compensation**

The Board believes that providing competitive compensation is necessary to attract and retain qualified non-management directors. The key elements of BD's non-management director compensation are a cash retainer, equity compensation, Committee chair fees and a Lead Director fee. Of the base compensation paid to the non-management directors (not including Committee chair fees), approximately two-thirds currently is equity compensation that directors will be required to retain until they complete their service on the Board. See Corporate Governance Significant Governance Practices Equity Ownership by Directors on page 20. This retention feature serves to better align the interests of the directors and BD shareholders and ensure compliance with the director share ownership guidelines discussed below. Mr. Ludwig does not receive compensation related to his service as a director.

*Cash Retainer*

Each non-management director currently receives an annual cash retainer of \$75,000 for services as a director. Directors do not receive meeting attendance fees.

*Equity Compensation*

Each non-management director elected at an Annual Meeting is granted restricted stock units as of the date of the meeting, then valued at \$150,000. Directors newly elected by the Board receive a grant pro-rated from the effective date of their election to the next Annual Meeting. The restricted stock units are valued using the same methodology used for the most recent annual grant of equity compensation to BD's executive officers. The shares of BD common stock underlying the restricted stock units are not issuable until a director's separation from the Board.

*Committee Chair/Lead Director Fees*

An annual fee of \$6,500 is paid to each Committee chair, except that the fee for the Audit Committee chair is \$10,000 in recognition of the Audit Committee's responsibilities. No fee is paid to the chair of the Executive Committee. An annual fee of \$10,000 is paid to the Lead Director.

*Other Arrangements*

BD reimburses non-management directors for travel and other business expenses incurred in the performance of their services for BD. Directors may travel on BD aircraft in connection with such activities, and, on limited occasions, spouses of directors have joined them on such flights. No compensation is attributed to the director for these flights in the table below since the aggregate incremental costs of spouse travel are minimal. In the event

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directors utilize other private aircraft, they are reimbursed for the incremental cost thereof. Directors are also reimbursed for attending director education courses. BD occasionally invites spouses of directors to Board-related business events, for which they are reimbursed their travel expenses.

Directors are eligible, on the same basis as BD employees, to participate in BD's Matching Gift Program, pursuant to which BD matches contributions made by a director or employee to qualifying nonprofit organizations. The aggregate limit per participant in 2010 was \$5,000.

The following table sets forth the compensation received by the non-management directors during fiscal year 2010.

**Fiscal Year 2010 Non-Management Directors Compensation**

<b>Name</b>	<b>Fees earned or paid in cash</b>	<b>Stock Awards(1)</b>	<b>All Other Compensation(2)</b>	<b>Total</b>
Basil L. Anderson	\$ 85,000	\$ 150,420		\$ 235,420
Henry P. Becton, Jr.	91,500	150,420		241,920
Edward F. DeGraan	81,500	150,420		231,920
Claire M. Fraser-Liggett	75,000	150,420		225,420
Christopher Jones	13,726	78,216		91,942
Marshall O. Larsen	75,000	150,420		225,420
Adel A.F. Mahmoud	75,000	150,420		225,420
Gary A. Mecklenburg	75,000	150,420	\$ 5,000	230,420
Cathy E. Minehan	75,000	150,420		225,420
James F. Orr	75,000	150,420		225,420
Willard J. Overlock, Jr.	75,000	150,420	5,000	230,420
Bertram L. Scott	75,000	150,420		225,420
Alfred Sommer	81,500	150,420	1,500	233,420

(1) The amounts shown in the Stock Awards column reflects the grant date fair value under FASB ASC Topic 718 of restricted stock units awarded to non-management directors during the fiscal year. For a discussion of the assumptions made by us in arriving at the grant date fair value of these awards, see note 7 to the consolidated financial statements that are included in our Annual Report on Form 10-K for the year ended September 30, 2010.

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Listed below are the aggregate outstanding restricted stock unit awards and option awards held by each non-management director at the end of fiscal year 2010. Stock options have not been issued to non-management directors since the 2005 Annual Meeting.

<b>Name</b>	<b>Stock Awards Outstanding at September 30, 2010</b>	<b>Option Awards Outstanding at September 30, 2010</b>
Basil L. Anderson	10,696	2,160
Henry P. Becton, Jr.	12,024	11,605
Edward F. DeGraan	12,024	4,436
Claire M. Fraser-Liggett	7,371	0
Christopher Jones	1,147	0
Marshall O. Larsen	5,709	0
Adel A.F. Mahmoud	7,371	0
Gary A. Mecklenburg	10,696	2,160
Cathy E. Minehan	5,709	0
James F. Orr	12,024	4,436
Willard J. Overlock, Jr.	12,024	9,544
Bertram L. Scott	12,024	7,217
Alfred Sommer	12,024	4,436

- (2) Amounts shown represent matching gifts paid or payable to charitable organizations with respect to contributions made by the named director during fiscal year 2010 under BD's Matching Gift Program, which is more fully discussed on page 15 under Other Arrangements.

*Changes to Non-Management Director Compensation*

During fiscal year 2010, the Board undertook a review of the compensation of its non-management directors. This review included an analysis of the director compensation practices of certain peer companies, including the forms of equity compensation used, the mix of cash and equity compensation, and total compensation.

The peer group included the following companies: Agilent Technologies, Inc.; Alcon, Inc.; Allergan, Inc.; C.R. Bard, Inc.; Baxter International Inc.; Beckman Coulter, Inc.; Boston Scientific Corporation; Covidien plc; Hospira, Inc.; Medtronic, Inc.; PerkinElmer, Inc.; St. Jude Medical, Inc.; Stryker Corporation; Thermo Fisher Scientific Inc.; and Zimmer Holdings, Inc.

As a result of its review, the Board approved the following revised compensation structure for its non-management directors, effective at the conclusion of the 2011 Annual Meeting, so as to maintain parity with the non-management director compensation being paid by the peer group.

Annual fees for all Committee chairs, except the Audit Committee, will be increased from \$6,500 to \$10,000;

The Audit Committee chair's annual fee will be increased from \$10,000 to \$15,000 in recognition of the Audit Committee chair's significant responsibilities;

The Lead Director's annual fee will be increased from \$10,000 to \$25,000 in recognition of the increase in the Lead Director's responsibilities; and

The annual cash retainer and the value of the annual grant of restricted stock units will not be increased.

*Directors' Deferral Plan*

Directors may defer receipt of all or part of their annual cash retainer and other cash fees pursuant to the provisions of the 1996 Directors' Deferral Plan. Directors may also defer receipt of shares issuable to them under their restricted stock units upon leaving the Board. A general description of the 1996 Directors' Deferral Plan appears on page 6.

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### **Communication with Directors**

Shareholders or other interested parties wishing to communicate with the Board, the non-management directors or any individual director (including complaints or concerns regarding accounting, internal accounting controls or audit matters) may do so by contacting the Lead Director either:

by mail, addressed to BD Lead Director, P.O. Box 264, Franklin Lakes, New Jersey 07417-0264;

by calling the BD Ethics Help Line, an independent toll-free service, at 1-800-821-5452 (available seven days a week, 24 hours a day; callers from outside North America should use AT&T Direct to reach AT&T in the U.S. and then dial the above toll-free number); or

by email to *ethics\_office@bd.com*.

All communications will be kept confidential and promptly forwarded to the Lead Director, who shall, in turn, forward them promptly to the appropriate director(s). Such items as are unrelated to a director's duties and responsibilities as a Board member may be excluded by the Director of Corporate Security, including, without limitation, solicitations and advertisements; junk mail; product-related communications; job referral materials such as resumes; surveys; and material that is determined to be illegal or otherwise inappropriate. The director(s) to whom such information is addressed is informed that the information has been removed, and that it will be made available to such director(s) upon request.

## **CORPORATE GOVERNANCE**

### **Corporate Governance Principles**

BD's commitment to good corporate governance is embodied in its Corporate Governance Principles (the Principles). The Principles, originally adopted in 2001, set forth the Board's views and practices regarding a number of governance topics, and the Corporate Governance and Nominating Committee assesses on an ongoing basis BD's corporate governance practices in light of evolving practices. The Principles cover a wide array of subject areas, including voting for directors; the designation of a Lead Director to represent non-management directors; selection of director nominees; relationships between directors and BD; annual evaluations of the Chief Executive Officer, the Board, its Committees and individual directors; conflicts of interest; and charitable contributions to entities with which BD's executive officers and directors are affiliated, each of which is discussed below, along with other significant governance practices.

### **Board Leadership Structure**

As stated in the Principles, the Board currently is of the view that it is in BD's best interest for its Chief Executive Officer also to serve as the Board's Chairman. The Board believes this arrangement permits a clear, unified strategic vision for BD that ensures alignment between the Board and management, provides clear leadership for BD and helps ensure accountability for BD's performance.

The Board's goal is to achieve the optimal model for effective oversight of BD's management. It believes that there is no single, generally accepted approach to providing Board leadership, and that each of the possible leadership structures for a board must be considered in the context of the individuals involved and the specific circumstances facing a company. Accordingly, given the dynamic and competitive environment in which BD operates, the right

Board leadership structure may vary as circumstances warrant, as has occurred at BD when deemed appropriate by the Board.

The Board believes that its current leadership structure provides independent Board leadership and engagement while deriving the benefit of having the Chief Executive Officer also serve as Chairman. As the individual with primary responsibility for managing BD's day-to-day operations and with in-depth knowledge and understanding of BD, he is best positioned to lead the Board through reviews of key business and strategic issues. Having an independent Lead Director provides independent oversight of management, including risk oversight, while avoiding the risk of confusion regarding the Board's oversight responsibilities and the day-to-day management of business operations.

BD's strong corporate governance practices have provided balance and accountability to the unified role of Chairman and Chief Executive Officer. This is evidenced by a substantial majority of independent and experienced

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non-management directors, including a Lead Director with specified responsibilities on behalf of the non-management directors, key Board committees comprised entirely of independent directors, and strong and effective Principles.

The Principles provide for a Lead Director to be designated by the independent directors whenever the Chairman is not an independent director. The Board has designated a Lead Director since 2002. While the designation is subject to the annual review of the Corporate Governance and Nominating Committee, the Lead Director is expected to serve in such capacity for several years. BD's Lead Director currently is Henry P. Becton, Jr. BD's Lead Director plays a broad role that has expanded since the position was created, and currently includes the following responsibilities:

Presides over executive sessions of the non-management directors and over Board meetings in the absence of the Chairman;

Helps set Board agendas and meeting schedules;

Ensures the adequacy of the flow of information from the Chief Executive Officer to non-management directors;

Coordinates the evaluation of the Chief Executive Officer by the non-management directors;

Acts as a liaison between the non-management directors and the Chief Executive Officer; and

Serves as a contact person to facilitate communications between BD's employees, shareholders and other constituents and the non-management directors.

The Lead Director also is a valuable resource to the Chairman and Chief Executive Officer as part of an informal consultative process on key Board and corporate governance issues.

## **Board's Oversight of Risk**

BD's management engages in a process referred to as Enterprise Risk Management (ERM) to identify, aggregate, assess, manage and mitigate a broad range of risks across BD's multiple businesses, regions and functions, and ensure alignment of our risk assessment and mitigation efforts with BD's corporate strategy. The Audit Committee, through the authority delegated to it by the Board of Directors, is primarily responsible for overseeing BD's ERM activities to determine whether that process is functioning as intended and is consistent with BD's business and strategy. At least twice a year, senior management reviews the results of its ERM activities with the Audit Committee, including the process used within the organization to identify risks, management's assessment of the significant categories of risk faced by BD (including any changes in such assessment since the last review), and management's plans to mitigate the potential exposures. On at least an annual basis, the significant risks identified through BD's ERM activities and the related mitigation plans are reviewed with the full Board. Often, particular risks are reviewed in-depth with the Audit Committee or the full Board at subsequent meetings.

In addition to its involvement with ERM, the full Board reviews the risks associated with BD's strategic plan and discusses the appropriate level of risk in light of BD's objectives. This is done through an annual strategic planning process, and, because ERM is dynamic, periodically throughout the year as part of its ongoing review of corporate strategy, and otherwise as necessary. The full Board also regularly oversees other areas of potential risk, including BD's capital structure, acquisitions and divestitures, and succession planning for BD's Chief Executive Officer and other members of senior management.



The various Committees of BD's Board are also responsible for monitoring and reporting on risks associated with their respective areas of responsibility. The Audit Committee oversees BD's accounting and financial reporting processes and the integrity of BD's financial statements, BD's processes to ensure compliance with laws, its hedging activities and insurance coverages. The Compensation and Benefits Committee oversees risks associated with BD's compensation practices and programs, and the Corporate Governance and Nominating Committee oversees risks relating to BD's corporate governance practices, including director independence, related person transactions and conflicts of interest. In performing this function, each Committee often meets with members of management who are primarily responsible for the management of risk in their respective areas, including BD's Chief Financial Officer, business unit leaders, Senior Vice President Human Resources, Senior Vice President and General Counsel, Senior Vice President Regulatory Affairs, and Chief Ethics and Compliance Officer.

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### *Risk Assessment of Compensation Programs*

With respect to our compensation policies and practices, BD's management reviewed our policies and practices to determine whether they create risks that are reasonably likely to have a material adverse effect on BD. In connection with this risk assessment, we reviewed the design of BD's compensation and benefits programs (in particular our performance-based compensation programs) and related policies, potential risks that could be created by the programs, and features of our programs and corporate governance generally that help to mitigate risk. Among the factors we considered were the mix of cash and equity compensation, and fixed and variable compensation, paid to our associates, the balance between short- and long-term objectives of our incentive compensation, the performance metrics, performance targets, threshold performance requirements and funding formulas related to our incentive compensation, the degree to which programs are formulaic or provided discretion to determine payout amounts, caps on payouts, our clawback and share ownership policies, and our general governance structure. Management reviewed and discussed the results of this assessment with the Compensation and Benefits Committee. Based on this review, we believe that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the BD.

### **Director Nomination Process**

The Corporate Governance and Nominating Committee reviews the skills, characteristics and experience of potential candidates for election to the Board, and recommends nominees for director to the full Board for approval. The assessment of the overall composition of the Board encompasses considerations of diversity, age, skills, international background, and significant experience and prominence among directors in areas of importance to BD. In considering the needs of the Board, which can vary at different times, the Board seeks to achieve among directors a diversity of viewpoint, experience, background, knowledge, geography, ethnicity and gender.

When considering individual director candidates, the Corporate Governance and Nominating Committee will seek individuals with backgrounds and qualities that, when combined with those of BD's other directors, provide a blend of skills and experience that will further enhance the Board's effectiveness. From time-to-time, the Corporate Governance and Nominating Committee has retained an executive search firm to assist it in its efforts to identify and evaluate potential director candidates.

The Corporate Governance and Nominating Committee believes that any nominee must meet the following minimum qualifications:

Candidates should be persons of high integrity who possess independence, forthrightness, inquisitiveness, good judgment and strong analytical skills.

Candidates should demonstrate a commitment to devote the time required for Board duties including, but not limited to, attendance at meetings.

Candidates should possess a team-oriented ethic and be committed to the interests of all shareholders as opposed to those of any particular constituency.

The Corporate Governance and Nominating Committee assesses the characteristics and performance of incumbent director nominees against the above criteria as well, and, to the extent applicable, considers the impact of any change in the principal occupations of such directors during the last year. Upon completion of the individual director evaluation process, the Corporate Governance and Nominating Committee reports its conclusions and recommendations for nominations to the Board.

It is the Corporate Governance and Nominating Committee's policy to consider referrals of prospective nominees for the Board from other Board members and management, as well as shareholders and other external sources such as retained executive search firms. The Corporate Governance and Nominating Committee utilizes the same criteria for evaluating candidates irrespective of their source.

To recommend a candidate for consideration, a shareholder should submit a written statement of the qualifications of the proposed nominee, including full name and address, to the Corporate Secretary, BD, 1 Becton Drive, Franklin Lakes, New Jersey 07417-1880.

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### **Significant Governance Practices**

Described below are some of the significant corporate governance practices that have been instituted by the BD Board.

#### *Annual Election of Directors*

In 2009, in response to changing shareholder views and evolving corporate governance practices, BD's Restated Certificate of Incorporation was amended to provide for the annual election of directors. In recommending this action, the Board recognized that many investors and commentators believe that the election of directors is the primary means for shareholders to influence corporate governance policies and hold management accountable for implementing those policies. The Board also noted that annual elections of directors are in line with emerging corporate governance practices, providing shareholders with the opportunity to register their views on the performance of the entire Board each year.

#### *Voting for Directors*

The Board has adopted a Principle that provides that any nominee in an uncontested election who receives more withhold votes than for votes must offer to submit his or her resignation following the shareholder vote (the Director Resignation Policy). The Corporate Governance and Nominating Committee will consider and recommend to the Board whether to accept the resignation offer. The Board will decide the action to take with respect to the offer of resignation within 90 days following the shareholder vote. The Board's decision will be disclosed in a report on a Form 8-K filed by BD with the SEC within four business days following the decision. Any director who offers to submit his or her resignation pursuant to this provision will not participate in the deliberations of either the Corporate Governance and Nominating Committee or the Board. Consideration of all relevant factors on a case-by-case basis pursuant to the Director Resignation Policy gives the Board flexibility and enables it to avoid undesirable and disruptive governance consequences. This structure allows the Board the opportunity to identify and assess the reasons for the vote, including whether the vote is attributable to dissatisfaction with a director's overall performance or is the result of shareholder views on a particular issue. The Board believes this structure allows BD to maintain a stable Board of experienced and knowledgeable directors while evaluating an appropriate response to shareholder dissatisfaction. The complete terms of this policy are included in the Principles.

#### *Board Evaluation*

Each year the Board evaluates its performance and effectiveness. As part of this process, each director completes a Board Evaluation Form on specific aspects of the Board's role, organization and meetings. The collective comments are then presented by the Chair of the Corporate Governance and Nominating Committee to the full Board. As part of the evaluation, the Board assesses the progress in the areas targeted for improvement a year earlier, and develops actions to be taken to enhance the Board's effectiveness over the next year. The Board's evaluation covers many areas (a complete list is available on BD's website at [www.bd.com/investors/corporate\\_governance](http://www.bd.com/investors/corporate_governance)). Additionally, each Board Committee conducts an annual self-evaluation of its performance through a similar process.

#### *Equity Ownership by Directors*

The Board believes that directors should hold meaningful equity ownership positions in BD. To that end, the compensation structure for non-management directors provides that a significant portion of non-management director compensation is in the form of restricted stock units that are not distributable until a director completes his or her

service on the Board. The Board believes these equity interests help to better align the interests of the non-management directors with shareholders. Under the Board's share ownership guidelines, each non-management director is required to own shares of common stock (which includes restricted stock units) valued at 50% of the amount obtained by multiplying the annual cash retainer by the number of years the director has served. Each non-management