

Fiscal 2008 was a year in which our Company capitalized upon exciting opportunities and exceeded our operational and strategic goals for the eighth straight year.

We invested nearly \$1 billion in new capital investments and R&D, and we returned over \$700 million of cash flow to shareholders (\$450 million in share repurchases and \$279 million in dividends). In November 2008, our Board of Directors voted to increase the annual dividend by 15.8 percent to \$1.32. This marks the 36th consecutive year of dividend increases for the Company.

We enter fiscal 2009 with a dedicated, enthusiastic senior executive team, and we are well prepared to continue our journey to greatness while pursuing our purpose of *"Helping all people live healthy lives."*

Our strategy is to serve the world's population as a global leader in developing and applying technologies to solve emerging, important, sometimes underappreciated and fundamental healthcare problems with discipline and committed service to our customers and shareholders. We do so by:

- Enabling the **discovery and development** of medical therapies, facilitating faster and more accurate **diagnosis** to accelerate and improve the treatment of disease, and providing unique and affordable devices to **deliver** drugs and vaccines in developed and developing markets;
- Leveraging and expanding our **deep expertise and distinctive capabilities** across our device and life science businesses; and,
- Building upon **trusted relationships** across the global healthcare community as a partner of choice to customers, governments, payors and other companies.

This strategy focuses on four specific areas of healthcare:

- **Reducing the spread of infection**, which includes healthcare worker safety and patient safety;



John R. Considine
Vice Chairman and
Chief Financial Officer

Edward J. Ludwig
Chairman, President and
Chief Executive Officer

- **Advancing global health**, which includes HIV/AIDS, tuberculosis and safe immunization;
- **Enhancing therapy**, which includes research, production, drug delivery and companion diagnostics; and,
- **Improving disease management**, which includes cancer, diabetes, infectious diseases, and accurate and reproducible specimen management.

Our strategy is designed to increase sustainable revenue growth through innovation. We will also continue to drive operating effectiveness and productivity. This, in turn, will enable us to increase our investments in innovation to further fuel our growth. This strategy rewards both customers and shareholders and furthers our goal of being a "great company" – one that achieves great performance for customers and shareholders, makes great contributions to society and is a great place to work.

In this report, you will read stories about how implementing our strategy is helping to meet healthcare needs across the healthcare continuum – and saving and improving lives worldwide – and at the same time creating lasting value for our shareholders.

Great performance

We are pleased to note that this year BD moved up 12 places on the *FORTUNE* 500 list to number 380 in revenue rank and 46 places to number 83 in Total Return to Investors (1997 – 2007).

Since October 1, 2008 – the beginning of our fiscal year 2009 – the economy has sharply declined. From October 1 through November 14, the S&P 500 Index declined 25 percent and the S&P Health Care Equipment Index declined nearly 24 percent, while BD's stock price declined 15.6 percent. However, when we look at investments in the healthcare sector generally and BD in particular over the long term, the returns are quite favorable. BD's results are very strong, as demonstrated in the chart below.

Our financial results confirm that our strategy is working. Company revenues of \$7.2 billion represent an increase of 13 percent over fiscal 2007, which reflects an overall estimated 6 percent favorable impact from foreign currency translation that affected all segments. This year was not without its challenges, resulting primarily from increased costs of oil-based and other raw materials.

Segment results

BD Medical revenues rose by 11 percent over 2007 to \$3.8 billion, which reflects an estimated 6 percent favorable impact from foreign currency translation. Key growth contributors included Pharmaceutical Systems and Diabetes Care products. Safety-engineered devices were again an important contributor, increasing by 10 percent globally, with an estimated 2 percent favorable impact from foreign currency translation.

BD Diagnostics revenues rose by 13 percent over 2007 to \$2.2 billion, which reflects an estimated

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5 percent favorable impact from foreign currency translation. The Preanalytical Systems unit of the segment grew 12 percent to \$1.1 billion, with an estimated 5 percent favorable impact from foreign currency translation. Global sales of safety-engineered products increased 14 percent, with an estimated 4 percent favorable impact from foreign currency translation, due, in large part, to strong sales of *BD Vacutainer* Push Button Blood Collection Sets. Revenues in the Diagnostic Systems unit increased 15 percent, with an estimated 4 percent favorable impact from foreign currency translation, and reflect growth from cancer diagnostics products and infectious disease testing systems.

BD Biosciences revenues rose by 16 percent over 2007 to \$1.2 billion, which reflects an estimated 6 percent favorable impact from foreign currency translation. The Cell Analysis unit of the segment grew 19 percent, with an estimated 6 percent favorable impact from foreign currency translation. Sales of the *BD FACSCanto II* (clinical analyzer) and *BD FACSAria II* (research sorter) and clinical reagents significantly contributed to overall Cell Analysis growth.

Total Shareholder Return

5-Year Compounded Annual Growth Rate (CAGR) 9/30/03 - 9/30/08*

BDX

18.87%

S&P 500 Index 5.17%

S&P Health Care Equipment Index 7.19%

* Source: Standard & Poor's

Corporate social responsibility

We have successfully driven our performance for the benefit of our shareholders while, at the same time, fulfilling our commitments to the broader communities in which we live and work.

In recognition of our contributions and social responsibility, BD was selected for the third consecutive year as a member of the Dow Jones Sustainability World Index – perhaps the premier recognition for companies in the area of sustainability and corporate social responsibility. BD was also selected for the fourth consecutive year as a member of the Dow Jones Sustainability North America Index. For the second consecutive year, BD was named one of the “World’s Most Ethical Companies” by *Ethisphere* magazine – the only medical technology company selected.

Strengthening capabilities

BD strives to be a great place to work and to recruit, develop and retain the best talent. Our leadership

development process assesses talent, strengthens succession planning and further develops managers and emerging leaders.

After the close of fiscal 2008, we announced two significant executive appointments. First, we announced the promotion of Vincent A. Forlenza to the position of President, effective January 1, 2009. Vince has experience in all three of BD’s business segments, including leading BD Biosciences and BD Diagnostics, and his management of our technology and planning capabilities will provide a good foundation for his new position. We and the BD Board are confident that Vince has the ideal blend of experience and vision to play an even greater role in achieving our strategic goals.

Additionally, David Elkins became our new Executive Vice President and Chief Financial Officer, effective December 1, 2008. He is succeeding John Considine, who will continue to serve as Vice Chairman in an executive officer capacity. David joined us from AstraZeneca, where he most recently served as



Office of the Chief Executive Officer

Front row, left to right: Gary M. Cohen, Executive Vice President; John R. Considine, Vice Chairman and Chief Financial Officer. *Back row, left to right:* Vincent A. Forlenza, Executive Vice President; William A. Kozy, Executive Vice President; Edward J. Ludwig, Chairman, President and Chief Executive Officer; and A. John Hanson, Executive Vice President.

CFO of its \$13 billion North American pharmaceutical business.

Closing reflections

These are challenging times indeed. The global economy is in the midst of a slowdown resulting from the credit crisis and, while we cannot predict the length or severity of this slowdown, we can say this:

- Together with our Board, we have reviewed our financial position and credit market exposures, and we believe we are well prepared for these economic times. Our balance sheet is strong, our cash flow is healthy and we see little risk to our ability to fund our operations or plan for future growth; and,
- We will continue to respond to the current economic conditions with the same commitment, responsibility, prudence and transparency that have characterized the management of our business for many years.

To be sure, few, if any, industries will be immune from the current economic difficulties. However, whatever the challenges, we are confident that, through discipline and hard work, BD will emerge even stronger while continuing to reward our shareholders and delight our customers, undeterred in our purpose of *"Helping all people live healthy lives."*

In closing, we would like to take this opportunity to again thank our more than 28,000 dedicated, talented BD associates who come to work each day committed to our shareholders and eager to help all people live healthy lives!



Edward J. Ludwig
Chairman, President and
Chief Executive Officer



John R. Considine
Vice Chairman and
Chief Financial Officer



Development Committee

Front row, left to right: A. John Hanson, Executive Vice President; Gary M. Cohen, Executive Vice President; Edward J. Ludwig, Chairman, President and Chief Executive Officer; Scott P. Bruder, M.D., Ph.D., Senior Vice President and Chief Technology Officer; and David T. Durack, M.D., Senior Vice President, Corporate Medical Affairs.

Back row, left to right: Jeffrey S. Sherman, Senior Vice President and General Counsel; Vincent A. Forlenza, Executive Vice President; Patricia B. Shrader, Senior Vice President, Corporate Regulatory and External Affairs; William A. Kozy, Executive Vice President; John R. Considine, Vice Chairman and Chief Financial Officer; Donna M. Boles, Senior Vice President, Human Resources.