



## Dear Fellow Shareholders:

Edward J. Ludwig  
Chairman of the Board

Vincent A. Forlenza  
Chief Executive Officer  
and President

*BD again produced solid results in an increasingly challenging global healthcare environment in fiscal year 2011. Reported earnings exceeded our original goals for the 11<sup>th</sup> consecutive year, and we returned more than \$1.8 billion in cash to shareholders as we implemented a \$1.5 billion share repurchase and increased our dividend for the 39<sup>th</sup> consecutive year. We also continued to build for the future by investing \$476 million in R&D and \$515 million in capital to drive our strategy.*

As we shared with you last year and throughout 2011, macroeconomic trends in the United States and Europe continue to be challenging. We also largely overcame the negative effects of the March 2011 earthquake and tsunami in Japan due in large part to the outstanding efforts of our associates there. Despite these challenging realities, underlying revenue growth, on a currency-neutral basis, was about 5 percent, adjusting for flu-, stimulus- and supplemental spending-related revenues in 2010 that did not repeat in 2011.\* We achieved strong growth in our emerging markets, and our Diabetes Care, Diagnostic Systems and Cell Analysis units delivered solid results.

It is prudent to expect the challenging environment to persist throughout fiscal year 2012, and we are working to control manufacturing and G&A costs as we continue to invest in emerging market infrastructure and innovation to drive future growth. We will continue to make good use of our strong balance sheet to fund strategic investments while returning cash to shareholders. Yes, the current environment is challenging; however, BD is well positioned and capable of addressing many fundamental unmet needs of our customers.



To watch a video of Edward J. Ludwig and Vincent A. Forlenza discussing 2011 at BD, scan the QR code or visit [www.bd.com/ar11](http://www.bd.com/ar11).

## Key Strategic Developments

This year, we made two strategic acquisitions. In March, we acquired Accuri Cytometers, Inc., which is dedicated to the manufacture of affordable, personal flow cytometers for researchers. Making flow cytometry more accessible to a wider audience of scientists and clinicians is an important driver of the BD Biosciences growth strategy. With its small footprint, ease of use and affordable price, the *BD Accuri* flow cytometer enables the adoption of flow by researchers studying a wide range of scientific disciplines that have not traditionally used flow cytometry, such as environmental studies.

**We continued to invest in R&D, our key product launches remained on track, and each of our three segments contributed to the Company's pipeline progress.**

In August, we acquired Carmel Pharma AB, a Swedish company that manufactures the *BD PhaSeal* System, a closed-system drug transfer device for the safe handling of hazardous drugs that are packaged in vials. This acquisition expands the scope of BD's decades-long commitment to healthcare worker safety to include hazardous drug exposure reduction. Cancer

incidence and treatment are growing in all parts of the world, and current practices do not adequately protect healthcare workers from exposure to toxic cancer therapeutics. This acquisition enables our Medical Surgical Systems unit to enter an early-stage market with significant long-term growth potential.

Additionally, in 2011, we continued to invest in R&D, our key product launches remained on track, and each of our three segments contributed to the Company's pipeline progress. For example, our Diabetes Care unit launched the *BD AutoShield* Duo Pen Needle, a next-generation, safety-engineered product designed to protect healthcare workers automatically from needlestick injuries and blood exposure at both the front and back ends of the needle. Our Diagnostic Systems unit launched the *BD MAX* System, the first cost-effective and fully automated, bench-top molecular system designed to perform a broad range of molecular tests. And, our Cell Analysis unit launched the *BD FACSVers*e Flow

Cytometer, a flexible, reliable and scalable system that can analyze up to 10 parameters and support a wide range of research applications.

Revenue from new products in fiscal year 2011 comprised about 8 percent of total revenues. Our current product pipeline is the most robust in the Company's history, and we have plans to launch more innovative products across our segments through fiscal years 2012 and 2013. These products will help address healthcare needs in areas including diabetes, cancer, chronic and infectious diseases, and HIV/AIDS, among others.

## Emerging Markets

Emerging countries continue to invest in their health systems, and BD is well positioned to support their overall health goals through our experience and capability in areas including infectious disease diagnosis and infection control, immune system monitoring, and non-communicable diseases such as cervical cancer and diabetes. In 2011, our emerging market revenues grew approximately 11 percent over the prior year on a currency-neutral basis, adjusting for flu-related revenues in 2010 that did not repeat in 2011.\* We are building a long-term business model for sustained growth through our continued accelerated investment in geographic expansion, policy and market development, and local manufacturing. Additionally, we are investing in R&D for market-appropriate product solutions, and we plan to expand R&D in the Asia Pacific region, including new capabilities in China and India.

## Operating Effectiveness

This year, we made excellent progress on EVEREST, our enterprise resource planning program, which will provide the foundation for global, common work processes and refresh technology to drive operating effectiveness and improve service excellence to customers. The initial sites are well prepared for implementation of the new system in the spring of 2012, and we are on track to complete the program early in fiscal year 2014.

We have also successfully implemented our ReLoCo (Reliable Low Cost) program in our Medical Surgical Systems unit, and we expect to realize savings of approximately \$50 million by fiscal year 2013. We are currently ramping up a ReLoCo II program, applying the same principles, knowledge and skills more broadly to enable us to generate incremental savings in fiscal year 2014 and beyond.

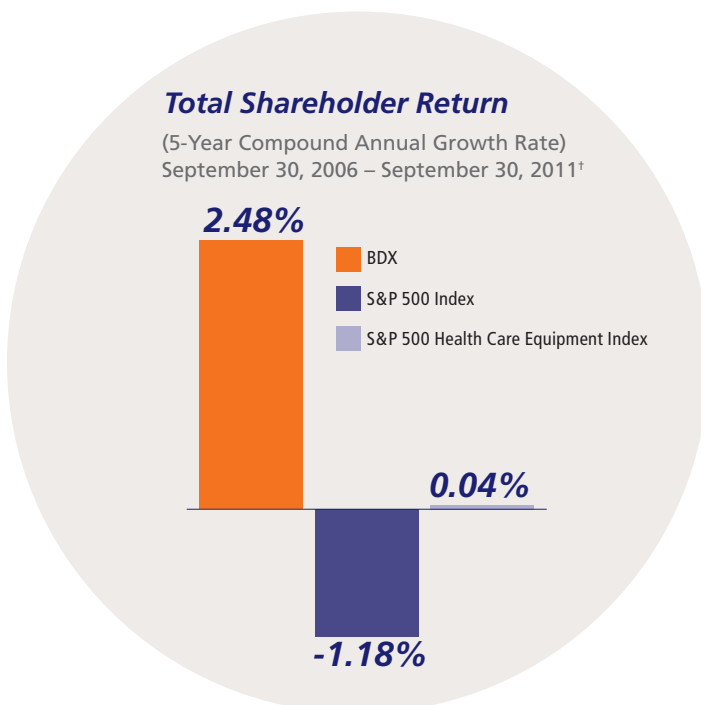
## Financial Performance

Reported BD revenues of \$7.8 billion in fiscal year 2011 represented an increase of 6.2 percent over fiscal year 2010. Reported diluted earnings per share from continuing operations were \$5.59, representing an increase of 14.1 percent over the prior year. Our financial position remains strong, with cash flows from operating activities totaling \$1.7 billion in fiscal year 2011.

**BD Medical** revenues increased by 5.6 percent over fiscal year 2010 to \$4.0 billion, or 4.5 percent on an adjusted basis.\* Revenue growth reflected strong sales of Diabetes Care and international safety-engineered products. Revenue growth in the Diabetes Care unit resulted primarily from continued strong growth in worldwide pen needle sales.

**BD Diagnostics** revenues increased by 7.0 percent over fiscal year 2010 to \$2.5 billion, or 4.5 percent on an adjusted basis.\* Revenues reflected solid growth in both the Women's Health and Cancer and the Infectious Disease product offerings within the Diagnostic Systems unit and solid growth of safety-engineered products in Preanalytical Systems.

**BD Biosciences** revenues increased by 6.7 percent over fiscal year 2010 to \$1.3 billion, or 6.8 percent on an adjusted basis.\* Revenues reflected strong growth primarily driven by instrument and reagent sales in the Cell Analysis unit combined with double-digit growth in the Advanced Bioprocessing platform.



<sup>1</sup>Based on data provided by Standard & Poor's

## Social Responsibility

In 2011, BD continued our long-standing commitment to aiding disaster relief efforts around the world. For example:

- » **Haiti:** One year after the massive earthquake, we sent 15 BD associate volunteers to Haiti to help improve conditions and provide critical care. Collaborating with nonprofit partners Heart to Heart International and Partners In Health, the BD Volunteer Service Trip participants have been instrumental in the country's ongoing recovery phase, with another trip planned for 2012. BD has also committed \$1 million in cash and product to GHESKIO Medical Center in Port-au-Prince. The Center, which is associated with Weill Cornell Medical College, will use the funds to establish a tuberculosis hospital.
- » **Japan:** In response to the March earthquake and tsunami, BD donated \$325,000 to assist relief and recovery efforts. The Company also matched donations from our associates worldwide to the American Red Cross and U.S. Fund for UNICEF.
- » **Australia and New Zealand:** BD supported relief efforts in the wake of a three-month period of massive flooding in several regions of Queensland, Australia, and a 6.6 magnitude earthquake that devastated the areas in and around Christchurch, New Zealand.
- » **United States:** BD donated \$100,000 to the American Red Cross when the Mississippi River caused widespread flooding in many states. This donation also assisted victims of the tornado that struck Missouri in May. In August, BD committed \$130,000 to aid victims of Hurricane Irene and the ensuing floods in the Northeast.

BD assumed leadership roles in two important women's health and cancer initiatives this year. On February 4, 2011 – World Cancer Day – BD joined the National Cancer Coalition to announce the implementation of a cervical cancer early detection program to benefit 75,000 underserved women in Peru. With a goal to reduce the high cervical cancer mortality levels in the mountainous region surrounding Cusco, BD is committing more than \$1 million to support this three-year initiative at CerviCusco Clinic. Our support includes donations of *BD SurePath* Pap liquid-based cytology exams, corresponding consumables, services, technical expertise and \$150,000 in financial support.

Additionally, BD was one of the first companies to commit to Pink Ribbon Red Ribbon<sup>SM</sup>, an innovative public-private partnership launched in September 2011 that leverages public and private investments in global health to combat cervical and breast cancer in developing nations in Sub-Saharan Africa and Latin America. The initiative is led by the George W. Bush Institute, the U.S. President's Emergency Plan for AIDS Relief (PEPFAR), Susan G. Komen for the Cure, and the Joint United Nations Programme on HIV/AIDS (UNAIDS).

**This year, we made notable progress in our sustainability strategy, meeting three of our 2015 sustainable operations targets.**

that more than 90 percent of their total plant waste stream and 94 percent of their manufacturing-related waste is diverted from landfill and recycled.

In the U.S., we introduced the *BD ecoFinity* Life Cycle Solution, in collaboration with Waste Management. This program safely treats and recovers materials from a hospital's sharps waste stream and incorporates the recycled plastic into new *BD Recykleen* collectors. We also introduced the *BD Emerald* Syringe portfolio that was designed to optimize material use,

resulting in up to 30 percent less material than similar syringes. We invite you to read more about our commitment in BD's Sustainability Report at [www.bd.com/sustainability](http://www.bd.com/sustainability).

## Environmental Performance

Our environmental sustainability strategy continues to focus on sustainable operations and product stewardship. This year, we made notable progress in our strategy, meeting three of our 2015 sustainable operations targets. We have increased renewable energy in our operations to 26 percent of our total, helping to reduce our greenhouse gas emissions by 22 percent since 2008. We have also decreased water consumption by 26 percent and hazardous waste by 59 percent, indexed to cost of goods sold since 2008, through a focus on conservation and process improvements at our sites. We now have six LEED<sup>®</sup> Certified facilities, including a Gold Certification in 2011 for BD's new office and training facility in Heidelberg, Germany.

Additionally, in 2010, BD began an initiative to reduce manufacturing waste by increasing reuse and recycling. To date, eight of our manufacturing sites in the United States have achieved BD's "landfill-free" designation, certifying

## Key Board Developments

On October 1, 2011, BD President Vincent Forlenza assumed the role of Chief Executive Officer as well, the result of an orderly succession process that had been underway for a number of years. Edward Ludwig will continue to serve as executive Chairman of the Board until his planned retirement from BD in June 2012. *(See sidebar on page 5.)*

We would like to express our deep appreciation to Cathy E. Minehan for her many contributions to our success during her four years of service to the Board. Ms. Minehan will step down from the Board after our Annual Meeting of Shareholders in January 2012. We have valued her financial and economic insight and expertise. We wish her all the best in her future endeavors.

### \*Reconciliation of reported to adjusted revenue growth

	Total Company	Emerging Markets	BD Medical	BD Diagnostics	BD Biosciences
<b>Reported revenue growth</b>	6.2%	15.3%	5.6%	7.0%	6.7%
<b>Less: Foreign exchange impact</b>	3.3%	5.2%	3.3%	3.1%	3.5%
<b>Add: Flu and stimulus impact</b>	2.0%	1.0%	2.2%	0.6%	3.6%
<b>Adjusted revenue growth<sup>1</sup></b>	4.9%	11.1%	4.5%	4.5%	6.8%

<sup>1</sup>Represents fiscal year 2011 revenue growth adjusted for foreign exchange impact as well as for the impact of sales related to pandemic flu, stimulus spending in the U.S., and supplemental spending in Japan that were included in fiscal year 2010 revenues.

## In Closing

It is a privilege to lead a company that pursues a noble purpose – *“Helping all people live healthy lives”* – and that also has at the heart of its purpose the ideal of societal shared value creation. We believe that societal needs – not just conventional economic needs – define markets. Our patients and customers need value beyond our products; they need the kinds of clinical knowledge and support that BD, perhaps uniquely, is able to provide. The ability to make a difference for both society and our business truly motivates us.

Through collaborations with leading health and nongovernmental organizations, our focus on sustainability and environmental stewardship, our volunteer service trips and our programs encouraging healthy lifestyles among our 29,000 associates, we are broadening our approach to products, markets, services, productivity and associate engagement. This results not only in higher shared value, but also in higher shareholder value.

So, in closing, we thank you, our shareholders, partners, customers and associates, for your ongoing trust and support. We are committed to continuing to serve you, and we believe that, despite the challenging times, we are pursuing the right strategy to ensure our ongoing success.



**Edward J. Ludwig**  
Chairman of the Board



**Vincent A. Forlenza**  
Chief Executive Officer  
and President

## Best-in-Class Succession Achievement

### A Message from Ed Ludwig

It is a true pleasure to welcome Vince Forlenza as my successor as Chief Executive Officer, effective October 1, 2011. Vince’s election is the culmination of a careful process conducted with my full support by our Board, which believes that a well-thought-out succession plan is a hallmark of strong management and good corporate governance. The succession planning process began several years ago, and proceeded with Vince’s appointment as President in January 2009 and additional appointment as Chief Operating Officer in July 2010.

Over the last 30 years, Vince has distinguished himself as a leader. He has an outstanding track record running businesses, international operations, technology and business development. He is eminently qualified to lead BD to the next level as the Company continues its journey to greatness. I look forward to continuing to work with Vince in my role as Chairman of the Board through June 2012, and I wish him all the best as he embarks on this exciting new chapter in the Company’s story.

### A Message from Vince Forlenza

I am honored to succeed my close colleague, Ed Ludwig, as Chief Executive Officer. I am also humbled at becoming just the eighth leader in the Company’s 114-year history. As I look forward, I am most excited about the many great opportunities that BD has to become even more impactful as a global healthcare company for both developed and emerging countries.

I have had the privilege of working with Ed for 28 years, beginning when he was Director of Corporate Planning and I was Assistant Director of Corporate Development. During his tenure as CEO, Ed has led the Company through both prosperous and challenging times, always ensuring that we maintained our purpose of *“Helping all people live healthy lives.”* He has ensured that BD continues to deliver value to shareholders, customers and patients worldwide, and he has done so with the utmost integrity and the highest ethical regard, in line with BD’s Core Values. On behalf of BD’s 29,000 associates, I sincerely thank and commend Ed for his outstanding leadership, vision and dedication to BD.