

Dear Fellow Shareholders:

We continue to drive growth through innovation and operating excellence. This strategy serves customers, rewards shareholders and engages our associates.



To watch a video of Edward J. Ludwig and Vincent A. Forlenza discussing 2010 at BD, visit www.bd.com/ar10.

Edward J. Ludwig
Chairman and
Chief Executive Officer

Vincent A. Forlenza
President and
Chief Operating Officer

2010 was another year of solid performance and progress for BD.

We exceeded our earnings goals for the 10th straight year and returned 66 percent of operating cash flow to our shareholders while increasing our dividend for the 38th consecutive year.

We also invested \$431 million in R&D and \$537 million in capital to support our strategy.

We achieved solid revenue growth, although modestly below our original expectations for the year. Good performance in developing country markets partially compensated for weaker demand in the United States and Western Europe, as economic conditions in these areas continued to be challenging.

It is prudent to expect these macroeconomic headwinds to continue for the foreseeable future. Nevertheless, we are committed to delivering double-digit EPS growth while increasing our investments in R&D. Accordingly, we are aggressively reducing G&A expenses as we continue to drive manufacturing operating efficiencies; at the same time, our team is making significant investments to build our capabilities in emerging markets. We are also making efficient use of our strong balance sheet.

BD Strategy

You invested in BD because you share our vision for success. We continue to drive growth through innovation

and operating excellence. This strategy serves customers, rewards shareholders and engages our associates. The fundamental BD Strategy is:

BD applies technologies to address unmet and sometimes underappreciated — but important — needs within healthcare and life sciences.

Our four broad areas of focus are:

- » Enabling safer, simpler and more effective parenteral drug delivery
- » Improving clinical outcomes through new, accurate and faster diagnostics
- » Providing tools and technologies to the research community that facilitate basic science, drug discovery and cell therapy
- » Enhancing disease management in diabetes, women's health and cancer, and infection control

Key Strategic Developments

Consistent with our purpose of “*Helping all people live healthy lives,*” in June BD Medical launched the *BD Ultra-Fine Nano* — the world’s smallest pen needle — which is proven to be as effective as longer needles for patients of all body types and proven to offer a less painful injection experience. We are confident that this tiny needle can ease diabetes patients’ adherence to injectable drug therapy regimens, thereby helping to reduce the disease’s deadly, debilitating and costly complications. BD also launched an innovative collaboration with the Juvenile Diabetes Research Foundation (JDRF) aimed at improving the treatment of type 1 diabetes by developing novel insulin delivery products to enhance the use of insulin pumps. Significant opportunities exist to enhance pump therapy by improving convenience as well as minimizing pain and site infections, helping people with diabetes control glucose levels.

A key objective of the program will be the evaluation of new delivery technologies, including BD microneedles — tiny needles which may be virtually pain free that deliver insulin just beneath the skin, increasing the speed of insulin uptake.

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we divested our Ophthalmic Systems unit as well as the surgical blades, critical care and extended dwell catheter product platforms of the Medical Surgical Systems unit. These divestitures will enable our BD Medical segment to focus resources and management attention on opportunities which are a preferred strategic fit with its strategy, which focuses on parenteral medication delivery.

In BD Diagnostics, we completed the acquisition of HandyLab and continued development of the *BD MAX* System, a next-generation automated workstation for molecular testing designed to streamline workflow and enable laboratories to perform state-of-the-art molecular diagnostics with walkaway automation. We plan to launch the new 6-color *BD MAX* System in fiscal year 2011 as an open system for laboratory-developed tests and introduce a

series of new BD assays designed to help customers address healthcare-associated infections and enable faster, more accurate diagnosis of infectious disease. We are pleased with the continued progress of our *BD SurePath* cervical cancer screening system, particularly in international markets where BD is collaborating with governments to implement improved screening programs to detect cervical cancer at the earliest stages.

We are also excited about the new BD Biosciences - Advanced Bioprocessing facility in Miami, Florida, the industry’s first fully dedicated, stand-alone “antibiotic-free” and “animal-free” (*AF²*) facility for producing high-quality cell culture media and supplements that are used in the production of vaccines and biopharmaceuticals. The new *AF²* facility has been designed to meet cGMP (Current Good Manufacturing Practice) requirements in order to deliver a new standard for safety and quality for cell culture media and supplements.

International Expansion

We also continued to invest in international expansion in 2010, including beginning operations in new manufacturing facilities in Hungary, for Pharmaceutical Systems products, and Mexico, for Medical Surgical Systems products.

We anticipate that over the next decade, an important part of the Company’s revenue growth will come from emerging markets such as China, India and Latin America. We are investing in more capabilities and resources to expand market coverage, and also plan to expand local manufacturing and R&D in some of these regions.

Emerging countries are investing in their health systems to extend health services access to larger populations, and BD is well positioned to provide needed products and training in support of overall health goals in these countries. We have deep capabilities in infectious disease diagnosis, immune system monitoring and infection control. Our experience and capabilities in noncommunicable diseases, such as diabetes and cervical cancer, and fundamental clinical procedures align well with the needs of expanding health systems in emerging countries. We also are

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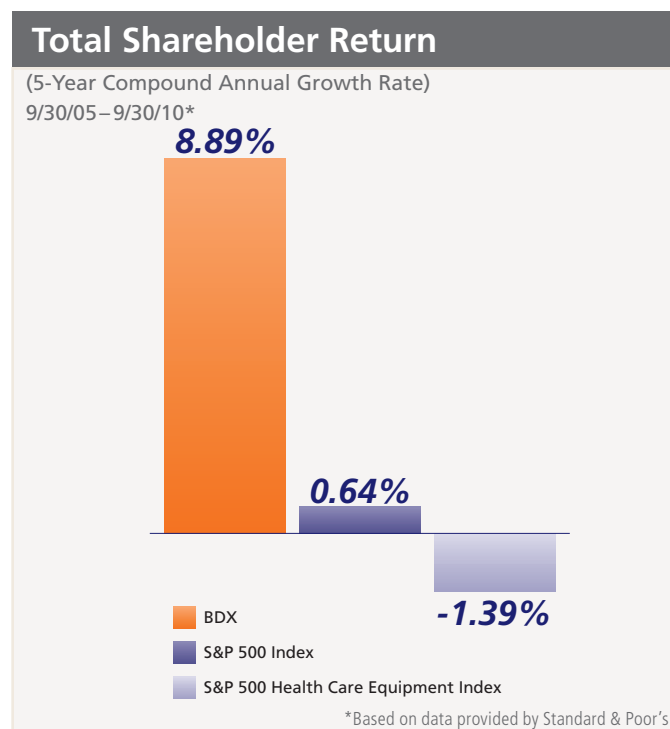
recognized as a trusted partner by non-government organizations and international agencies with which we collaborate to help serve the health needs of people living in developing regions such as sub-Saharan Africa and the Caribbean, many of whom rely on international funding sources to access health services.

Operating Effectiveness

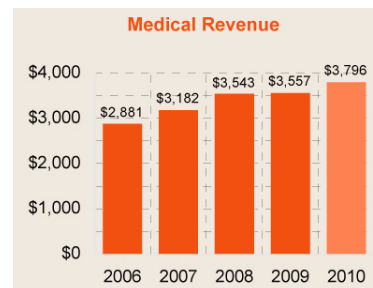
This year, we finished the design phase and began the implementation phase of EVEREST, our multi-year enterprise resource planning program which will provide the foundation for global, common work processes and refresh technology to drive operating effectiveness and improve service excellence to customers. Our ReLoCo (Reliable low-cost manufacturing) initiative also made excellent progress. We will introduce a series of lower-cost hypodermic products for lower-priced developing world markets based on new designs and a new manufacturing process beginning in 2011.

Financial Performance

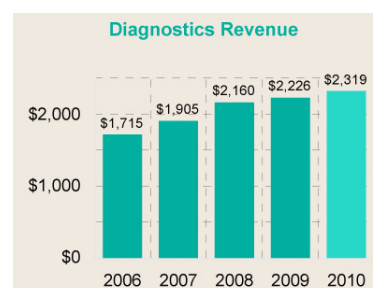
BD revenues of \$7.4 billion represent an increase of 5.5 percent over fiscal year 2009. Our diluted earnings per share from continuing operations increased 3.6 percent on a reported basis. Net cash flow provided by continuing operating activities was \$1.7 billion. When we look at past investments in BD over the long term, the returns are quite favorable, as demonstrated in the chart [below].



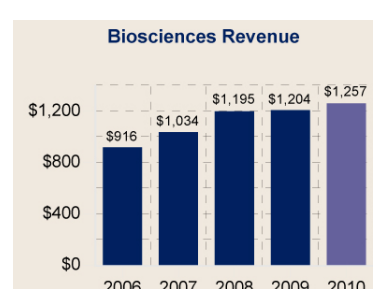
BD Medical revenues rose by 6.7 percent over 2009 to \$3.8 billion, or 6.2 percent on a foreign currency-neutral basis. Revenue growth was driven by sales of safety-engineered products and prefilled flush syringes, as well as continued strong growth in worldwide pen needle sales.



BD Diagnostics revenues rose by 4.2 percent over 2009 to \$2.3 billion, or 4.0 percent on a foreign currency-neutral basis. Revenue growth in the Preanalytical Systems unit was driven by sales of safety-engineered products. Revenue growth in the Diagnostic Systems unit was driven by worldwide sales of its automated diagnostic platforms.



BD Biosciences revenues increased by 4.4 percent over 2009 to \$1.3 billion, or 6.8 percent on a currency-neutral basis. Revenue growth in the Cell Analysis unit reflected increased demand for instruments and reagents and was aided by governmental economic stimulus programs for research in the U.S. and Japan. Revenue growth in the Discovery Labware unit reflected increased sales to major biopharmaceutical customers.



Social Responsibility

BD makes important contributions to society and public health through the products we develop, manufacture and sell around the world. We are privileged to work with partners to add further value via our corporate social investment program which comprises strategic collaborations, philanthropy and volunteering. Some highlights of our efforts this year include:

» **Haiti Disaster Relief:** In January 2010, Haiti suffered a devastating earthquake which left hundreds of thousands dead, millions without homes and countless survivors in desperate need of medical attention. BD responded by committing medical supplies and cash support valued at \$5.7 million, including matching employee donations, to help with relief efforts as well as longer-term recovery activities — the largest single disaster relief donation in BD's history. Our partner organizations effectively distributed IV catheters, antimicrobial scrub brushes and antiseptic, needles and syringes, and various other BD products. In February 2011, BD associates will travel to Haiti to assist in healthcare clinics as part of the sixth annual BD Volunteer Service Trip.

» **Gulf of Mexico Oil Spill:** In May 2010, BD donated 30,000 syringes and other medical supplies to Direct Relief International for use in animal rescue and rehabilitation sites in Louisiana, Mississippi and Florida. The assortment of syringes was used to feed and medicate sea birds, sea turtles, dolphins and other marine mammals.

» **BD – PEPFAR Collaboration:** BD and the U.S. President's Emergency Plan for AIDS Relief (PEPFAR) launched a joint, multi-year initiative to improve blood collection practices in African clinics and hospitals. The "Safer Blood Collection" initiative was launched in Nairobi, Kenya under the leadership of the Kenyan Ministries of Health (MOH) through the National AIDS and STI Control Programme. The Project is designed to protect both healthcare workers and patients in countries severely impacted by the HIV/AIDS pandemic by improving blood collection practices and specimen handling. Better blood collection practices improve specimen quality, which ultimately enhances patient care. To date, 20 health workers have been trained as master trainers and they, in turn, trained another 80 healthcare workers in safe blood drawing practices.



BD continues to gain external recognitions around the world in the areas of corporate responsibility, innovation, environment, health and safety, and employer of choice. We are pleased that we ranked #1 in our industry category this year in *FORTUNE's* 2010 World's Most Admired Companies list. Highlights of our many other recognitions are detailed in the next section and on page 6 of this report. These corporate and local recognitions reflect our continued progress in achieving BD's **"Three Greats"**: delivering **great performance** for customers and shareholders, making **great contributions** to society and being a **great place to work**.

The BD – PEPFAR initiative aims to support training for thousands of healthcare workers in sub-Saharan Africa in blood-drawing procedures and specimen handling.

Environmental Performance

This year, we continued to implement our strategy in the area of environmental sustainability. Our operations have made good progress toward meeting our 2015 environmental targets for energy efficiency and waste reduction. We have also made commitments for renewable energy at a number of our sites and added two sites to our portfolio of LEED buildings, including a Gold Certification for our Canadian headquarters and Silver Certification for our new manufacturing facility in Mebane, North Carolina. We continue to make progress incorporating environmental considerations into our product design processes, and we will report achievements in this area in 2011.

We are pleased that we continue to be recognized for our commitment to the environment. The U.S. Environmental Protection Agency's Green Power Partnership awarded BD a Green Power Leadership Award, and we were again included as a member of the Dow Jones Sustainability World and North America Indexes. We also ranked 24th overall, and second in the healthcare sector, in *Newsweek's* Green Rankings of the 500 largest U.S. corporations. We invite you to read more about our commitment in BD's 2009 Sustainability Report at www.bd.com/sustainability.

Organizational Development

In July, our Board of Directors promoted BD President Vince Forlenza to assume the additional title of Chief Operating Officer. This promotion reflects the additional duties that Vince has taken on during the last two years, the key role he continues to play in developing and implementing BD's strategy and vision, and the leadership and commitment Vince has demonstrated throughout his career at BD.

Key Board Developments

This year, we were pleased to welcome Chris Jones to our Board of Directors. As the former Chief Executive Officer of JWT Worldwide, one of the world's largest advertising agencies, Chris brings unique global expertise and perspective developed through his extensive and diverse international business experiences. He is also a seasoned global marketing expert who will offer valuable insight as BD expands its business into growing and emerging markets.

In Summary

Once again, the outstanding efforts of our 29,000 associates across the globe resulted in a year of strong BD performance. As we look toward the future and focus on growth and innovation, we remain ever vigilant about how we conduct business. We are proud of our associates and their commitment to strong ethics and a culture of compliance. This focus has been and will continue to be a cornerstone of how we treat our shareholders, our customers and our associates.

Our Core Values:

- » *We treat each other with respect*
- » *We do what is right*
- » *We always seek to improve*
- » *We accept personal responsibility*

We believe our performance this year has demonstrated BD's ongoing commitment to creating shareholder value. We are pursuing a robust strategy, and have consistently met or exceeded the goals we have set toward reaching our vision. We know you trust us to deliver value for your investment, and we will continue to work to maintain that trust in the months and years to come as we pursue our purpose of ***"Helping all people live healthy lives."***

We look forward to communicating with you throughout the coming year.



Edward J. Ludwig
Chairman and
Chief Executive Officer



Vincent A. Forlenza
President and
Chief Operating Officer