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

FORM 10-Q

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

For the quarter ended September 30, 2008

Commission File Number 1-6926

C. R. BARD, INC.
(Exact name of registrant as specified in its charter)

New Jersey	730 Central Avenue Murray Hill, New Jersey 07974	22-1454160
(State of incorporation)	(Address of principal executive offices)	(I.R.S. Employer Identification No.)

Registrant's telephone number, including area code: (908) 277-8000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

(Do not check if smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at September 30, 2008
Common Stock - $0.25 par value	99,200,341

C. R. BARD, INC. AND SUBSIDIARIES

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C. R. BARD, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands except per share amounts, unaudited)

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2008	**2007**	**2008**	**2007**
Net sales	$616,800	$544,800	$1,817,900	$1,618,700
Costs and expenses:				
Cost of goods sold	239,500	213,700	708,600	636,800
Marketing, selling and administrative expense	180,600	160,900	530,300	475,100
Research and development expense	35,100	34,000	159,100	99,200
Interest expense	3,100	2,900	9,100	8,800
Other (income) expense, net	(1,900)	(8,900)	26,700	(25,100)
Total costs and expenses	456,400	402,600	1,433,800	1,194,800
Income from continuing operations before income taxes	160,400	142,200	384,100	423,900
Income tax provision	49,200	40,100	117,000	122,700
Income from continuing operations	111,200	102,100	267,100	301,200
Income on discontinued operations	—	—	—	—
Net income	$111,200	$102,100	$ 267,100	$ 301,200
Basic earnings per share:				
Income from continuing operations	$ 1.12	$ 0.99	$ 2.68	$ 2.92
Net income per share	$ 1.12	$ 0.99	$ 2.68	$ 2.92
Diluted earnings per share:				
Income from continuing operations	$ 1.09	$ 0.96	$ 2.60	$ 2.83
Net income per share	$ 1.09	$ 0.96	$ 2.60	$ 2.83

The accompanying notes are an integral part of these condensed consolidated financial statements.

C. R. BARD, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(dollars in thousands except share and per share amounts, unaudited)

	September 30, 2008	December 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 535,600	$ 488,400
Short-term investments	—	82,200
Accounts receivable, less allowances of $13,000 and $15,600, respectively	385,600	362,000
Inventories	298,500	244,700
Short-term deferred tax assets	46,900	36,500
Other current assets	48,300	28,200
Total current assets	1,314,900	1,242,000
Property, plant and equipment, at cost	601,400	577,100
Less accumulated depreciation and amortization	261,600	232,500
Net property, plant and equipment	339,800	344,600
Intangibles, net	845,000	773,000
Deferred tax assets	46,400	44,400
Other assets	76,700	71,500
Total assets	$2,622,800	$2,475,500
LIABILITIES AND SHAREHOLDERS' INVESTMENT		
Current liabilities:		
Short-term borrowings and current maturities of long-term debt	$ —	$ 800
Accounts payable	57,500	50,200
Accrued compensation and benefits	90,200	99,800
Accrued expenses	126,300	118,500
Income taxes payable	13,600	12,400
Total current liabilities	287,600	281,700
Long-term debt	149,800	149,800
Other long-term liabilities	206,700	175,800
Deferred income taxes	21,400	20,200
Commitments and contingencies	—	—
Shareholders' investment:		
Preferred stock, $1 par value, authorized 5,000,000 shares; none issued	—	—
Common stock, $0.25 par value, authorized 600,000,000 shares; issued and outstanding 99,200,341 shares at September 30, 2008 and 100,191,117 shares at December 31, 2007	24,800	25,000
Capital in excess of par value	940,000	824,200
Retained earnings	965,900	956,300
Accumulated other comprehensive income	26,600	42,500
Total shareholders' investment	1,957,300	1,848,000
Total liabilities and shareholders' investment	$2,622,800	$2,475,500

The accompanying notes are an integral part of these condensed consolidated financial statements.

C. R. BARD, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' INVESTMENT

(dollars in thousands except share amounts, unaudited)

	Common Stock		Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comp. Inc.	Total
	Shares	Amount				
Balance at December 31, 2007	100,191,117	$25,000	$824,200	$ 956,300	$ 42,500	$1,848,000
Net income				267,100		267,100
Available for sale securities (net of $600 taxes)					(1,200)	(1,200)
Change in derivative instruments designated as cash flow hedges (net of $300 taxes)					900	900
Amortization of items included in net periodic benefit cost (net of $1,100 taxes)					2,000	2,000
Foreign currency translation adjustment					(17,600)	(17,600)
Total comprehensive income				267,100	(15,900)	251,200
Issuance of common stock	1,370,716	400	49,800			50,200
Share-based compensation			38,400			38,400
Purchase of common stock for treasury	(2,361,492)	(600)		(226,400)		(227,000)
Cash dividends declared in current year				(31,100)		(31,100)
Tax benefit relating to share-based compensation plans			27,600			27,600
Balance at September 30, 2008	99,200,341	$24,800	$940,000	$ 965,900	$ 26,600	$1,957,300
Balance at December 31, 2006	103,155,437	$25,800	$659,700	$1,026,800	$(14,300)	$1,698,000
Net income				301,200		301,200
Available for sale securities (net of $300 taxes)					(500)	(500)
Change in derivative instruments designated as cash flow hedges (net of $200 taxes)					(100)	(100)
Amortization of items included in net periodic benefit cost (net of $2,400 taxes)					2,000	2,000
Foreign currency translation adjustment					16,100	16,100
Total comprehensive income				301,200	17,500	318,700
Issuance of common stock	1,829,226	500	59,900			60,400
Share-based compensation			40,300			40,300
Purchase of common stock for treasury	(3,199,938)	(800)		(262,500)		(263,300)
Adjustment for the adoption of FIN 48				5,300		5,300
Cash dividends declared in current year				(30,300)		(30,300)
Tax benefit relating to share-based compensation plans			37,300			37,300
Balance at September 30, 2007	101,784,725	$25,500	$797,200	$1,040,500	$ 3,200	$1,866,400

The accompanying notes are an integral part of these condensed consolidated financial statements.

C. R. BARD, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollars in thousands, unaudited)

	Nine Months Ended September 30,	
	2008	2007
Cash flows from operating activities from continuing operations:		
Net income	$ 267,100	$ 301,200
Income on discontinued operations	—	—
Income from continuing operations	267,100	301,200
Adjustments to reconcile income from continuing operations to derive net cash provided from continuing operating activities, net of acquired businesses:		
Depreciation and amortization	68,200	59,100
Purchased research and development	49,300	1,600
Non-cash charge related to asset disposition	40,500	—
Deferred income taxes	(40,900)	(18,500)
Share-based compensation	38,200	40,300
Inventory reserves and provision for doubtful accounts	8,900	8,100
Other noncash items	600	(500)
Changes in assets and liabilities:		
Accounts receivable	(24,000)	(9,300)
Inventories	(53,300)	(27,600)
Current liabilities	8,100	15,700
Other, net	16,000	8,800
Net cash provided by operating activities from continuing operations	378,700	378,900
Cash flows from investing activities from continuing operations:		
Capital expenditures	(35,400)	(36,200)
Change in short-term investments, net	82,100	(3,400)
Payments made for purchases of businesses, net of cash acquired	(142,100)	(42,900)
Payments made for intangibles	(18,500)	(24,600)
Other	1,800	200
Net cash used in investing activities from continuing operations	(112,100)	(106,900)
Cash flows from financing activities from continuing operations:		
Repayments of short-term borrowings	(800)	—
Proceeds from exercises under share-based compensation plans, net	42,600	49,800
Excess tax benefit relating to share-based compensation plans	24,300	31,900
Purchase of common stock	(227,000)	(263,300)
Dividends paid	(46,200)	(44,800)
Net cash used in financing activities from continuing operations	(207,100)	(226,400)
Net cash flows from discontinued operations:		
Net cash provided by operating activities	—	700
Effect of exchange rate changes on cash and cash equivalents	(12,300)	8,300
Increase in cash and cash equivalents during the period	47,200	54,600
Balance at January 1	488,400	416,200
Balance at September 30	$ 535,600	$ 470,800
Supplemental cash flow information		
Cash paid for:		
Interest	$ 6,600	$ 6,400
Income taxes	$ 115,800	$ 90,300
Non-cash transactions:		
Acquisition costs	$ 1,000	$ 3,100

The accompanying notes are an integral part of these condensed consolidated financial statements.

C. R. BARD, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of C. R. Bard, Inc. (the "company" or "Bard") should be read in conjunction with the audited consolidated financial statements and notes thereto included in the company's 2007 Annual Report on Form 10-K. These financial statements have been prepared on a basis that is substantially consistent with the accounting principles applied in our 2007 Annual Report on Form 10-K. The preparation of these financial statements requires the company to make estimates and judgments that affect reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contingent assets and liabilities at the date of the financial statements. These financial statements include all normal and recurring adjustments necessary for a fair presentation. The accounts of most foreign subsidiaries are consolidated as of and for the quarters and nine month periods ended August 31, 2008 and August 31, 2007 and as of November 30, 2007. No events occurred related to these foreign subsidiaries during the months of September 2008, September 2007 or December 2007 that materially affected the financial position or results of operations of the company. The results for the interim periods presented are not necessarily indicative of the results expected for the year.

New Accounting Pronouncements

In September 2006, the Financial Accounting Standard Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, Fair Value Measurements ("FAS 157"), which defines fair value, establishes a framework for measuring fair value and expands disclosure requirements about fair value measurements. FAS 157 was effective beginning in Bard's 2008 fiscal year, except for nonfinancial assets and liabilities measured at fair value on a non-recurring basis for which it will be effective at the beginning of Bard's 2009 fiscal year. The impact of the adoption of FAS 157 was not material to the company's condensed consolidated financial statements and the adoption of the items deferred until fiscal 2009 is not expected to be material.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations ("FAS 141R") and SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements ("FAS 160"). FAS 141R requires an acquirer to measure the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree at their fair value on the acquisition date, with goodwill being the excess value over the net identifiable assets acquired. FAS 160 clarifies that a noncontrolling interest in a subsidiary should be reported as equity in the consolidated financial statements. FAS 141R and FAS 160 will be effective as of the beginning of Bard's 2009 fiscal year. The company is currently evaluating the impact of the adoption of FAS 141R and FAS 160.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133 ("FAS 161"), which requires enhanced disclosures about a company's derivative and hedging activities. FAS 161 will be effective as of the beginning of Bard's 2009 fiscal year. The company is currently evaluating the impact of the adoption of the enhanced disclosures required by FAS 161.

In June 2008, the FASB issued FASB Staff Position ("FSP") EITF 03-6-1, Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities ("FSP EITF 03-6-1"). The FSP addresses whether awards granted in share-based payment transactions are participating securities prior to vesting and therefore need to be included in the earnings allocation in computing earnings per share using the two-class method under SFAS No. 128, Earnings per Share. The FSP requires unvested share-based payment awards that have non-forfeitable rights to dividend or dividend equivalents to be treated as a separate class of securities in calculating earnings per share. FSP EITF 03-6-1 will be effective as of the beginning of Bard's 2009 fiscal year and will be retrospectively applied to all prior-periods presented. The company is currently evaluating the impact of the adoption of the FSP on earnings per share.

2. Acquisitions and Divestitures

Business Acquisitions

On June 5, 2008, the company acquired all of the outstanding shares of Specialized Health Products International, Inc. ("Specialized Health Products") for a purchase price of $1.00 per share in cash, totaling $68.4 million, plus direct acquisition costs of $2.3 million. Specialized Health Products manufactures and markets vascular access products, including winged infusion sets, which are used to deliver therapeutic agents through vascular access ports. The acquisition represents a strategic addition to Bard's port franchise. The acquisition was accounted for as a business combination and the results of operations have been included in the company's results since the acquisition date. The preliminary purchase price allocation resulted in the recognition of core technologies of $33.8 million; patents of $11.1 million; deferred tax assets of $8.9 million consisting of a net operating loss carryforward; other net assets of $12.4 million primarily consisting of cash, inventory, and accounts receivable; and deferred tax liabilities of $15.7 million primarily associated with acquired intangible assets. The acquired intangible assets will be amortized over their weighted average useful lives of approximately 12 years. The excess of the purchase price over the fair value of the assets acquired of $20.2 million was recorded as goodwill, which is not deductible for income tax purposes. The final allocation of the purchase price is expected to be completed as soon as practicable but no later than 12 months after the acquisition date.

On January 11, 2008, the company acquired the assets of the LifeStent® family of stents from Edwards Lifesciences Corporation for a net cash payment of $73.2 million, plus direct acquisition costs of $3.6 million, and up to $65.0 million in contingent milestone payments. The contingent milestone payments consist of $50.0 million related to regulatory approvals and $15.0 million related to the transfer of manufacturing operations to Bard. The acquisition represents a strategic addition to Bard's portfolio of non-coronary stent and stent graft products that is complementary to the company's current products, call points and technology platforms. The acquisition was accounted for as a business combination and the results of operations have been included in the company's results since the acquisition date. The fair value of the assets acquired was approximately $105.5 million. The difference between the fair value of the assets acquired and the initial payments was recognized as an acquisition related liability. This liability will be reduced upon the payment of the contingent milestone payments with the remaining amounts to be recorded as a deferred tax asset and goodwill.

The preliminary purchase price allocation resulted in the recognition of core technologies of $52.2 million; customer relationships of $9.2 million; other assets of $13.1 million consisting primarily of inventory and equipment; an acquisition related liability of $25.8 million; and deferred tax liabilities of $16.3 million. Core technologies and customer relationships will be amortized over the estimated useful lives of 15 and 8 years, respectively. In addition, $44.4 million was allocated to purchased research and development ("R&D"), for which technological feasibility had not been established and no alternative future use existed at the acquisition date. The purchased R&D relates to the pre-market approval ("PMA") submitted to the U.S. Food and Drug Administration ("FDA") for use of the LifeStent® products in the superficial femoral artery. The company recorded a charge for purchased R&D in research and development expense in its condensed consolidated statements of income. In connection with the write-off of purchased R&D, the company recorded a discrete tax benefit of $16.4 million. The value assigned to purchased R&D was determined based upon the present value of expected future cash flows associated with the product adjusted for the probability of product approval and discounted at a risk-adjusted rate. The ongoing activity with respect to the future development for this product is not expected to be material to the company's research and development expense. The final allocation of the purchase price is expected to be completed as soon as practicable but no later than 12 months after the acquisition date.

Asset Disposition

On June 12, 2008, the company decided to discontinue the sale of its Salute II hernia fixation device. This decision was based on a strategic review, which considered the continued technical challenges associated with the product's manufacturing and its overall profitability, as well as an assessment of alternative devices under development. In connection with this decision, the company recorded a non-cash charge of $40.5 million ($34.9 million after-tax). This charge consisted of the write-off of patents of $34.6 million and machinery and equipment of $2.2 million, which in total were recorded to other (income) expense, net, and inventory of $3.7 million, which was recorded to cost of goods sold.

Product Withdrawal

The company withdrew from the synthetic bulking market and discontinued sales of the Tegress™ product effective January 31, 2007. This withdrawal was accounted for as a discontinued operation.

Condensed financial information related to the discontinued operation was as follows:

(dollars in millions)	Quarter Ended September 30, 2007	Nine Months Ended September 30, 2007
Net sales	$—	$ 0.3
Income from operations	—	0.1
Income tax provision	—	0.1
Income on discontinued operations	$—	$—

3. Earnings per Share

The weighted average common shares used in the computations of basic and diluted earnings per share are as follows:

	Quarter Ended September 30,		Nine Months Ended September 30,	
(shares in thousands)	2008	2007	2008	2007
Average common shares outstanding	99,300	102,700	99,600	103,100
Dilutive share equivalents from share-based compensation plans	3,000	3,200	3,100	3,300
Average common and common equivalent shares outstanding—assuming dilution	102,300	105,900	102,700	106,400

4. Income Taxes

The company's effective tax rate for the quarter ended September 30, 2008 increased to approximately 31% compared to approximately 28% for the same period in 2007. The increase was due to the discrete tax effect of interest related to a remeasurement of an uncertain tax position in the quarter ended September 30, 2008. The prior year's quarter tax rate reflected a discrete tax benefit of the revaluation of deferred taxes related to changes in certain statutory tax rates outside the United States. The company's effective tax rate for the nine months ended September 30, 2008 increased to approximately 30% compared to approximately 29% for the same period in 2007. The increase was due to the discrete tax effect related to the Salute II charge, including the write-off of assets primarily located in a low tax jurisdiction, which was partially offset by the discrete tax effect of purchased R&D charges primarily associated with the acquisition of the assets of the Lifestent® family of stents from Edwards Lifesciences Corporation, as well as the interest adjustment for the quarter ended September 30, 2008. The prior year's nine-month tax rate reflected the revaluation of deferred taxes related to changes in certain statutory tax rates outside the United States.

As of September 30, 2008, the total amount of liability for unrecognized tax benefits was approximately $65.0 million (of which $57.0 million would impact the effective tax rate if recognized) plus approximately $15.9 million of accrued interest. As of December 31, 2007, the corresponding liability for unrecognized tax benefits was approximately $55.3 million plus approximately $11.7 million of accrued interest.

Based upon the expiration of statutes of limitations and/or the conclusion of tax examinations in several jurisdictions, the company believes it is reasonably possible that the total amount of unrecognized tax benefits may decrease by up to $31.0 million over the next twelve-month period. The audit of the company's U.K. tax filing for the 2005 year concluded in the first quarter of 2008 with no adjustment by the tax authority.

On October 3, 2008, the Emergency Economic Stabilization Act of 2008 ("the Act") was signed into law. The Act contains certain provisions that retroactively extend through December 31, 2009 the research tax credit that expired on December 31, 2007. The 2008 impact of this credit on the company's income tax provision is estimated to be approximately $2.0 million, which will be recorded in the fourth quarter of 2008.

5. Financial Instruments

Foreign Exchange Derivative Instruments

The company enters into readily marketable forward and option contracts with financial institutions to help reduce its exposure to fluctuations between certain currencies. These contracts limit volatility because gains and losses associated with exchange rate movements are generally offset by movements in the underlying hedged item.

A roll forward of the notional value of the company's forward currency and option contracts is as follows:

(dollars in millions)	Forwards	Options
Balance, December 31, 2007	$126.5	$ —
New contracts	57.1	63.6
Expired/cancelled contracts	(97.6)	—
Balance, September 30, 2008	$ 86.0	$63.6

At September 30, 2008, the fair value of forward currency and option contracts was recorded in either other current assets or accrued expenses in the condensed consolidated balance sheet. The fair value of forward currency contracts was $0.7 million and $(0.8) million at September 30, 2008 and December 31, 2007, respectively. The fair value of option contracts was $4.1 million at September 30, 2008. For the nine months ended September 30, 2008, the company reclassified a loss of approximately $1.8 million from accumulated other comprehensive income to other (income) expense, net and cost of goods sold in the condensed consolidated statement of income as hedged intercompany balances were settled. This reclassification was net of $0.6 million of associated tax effects.

Investments

Cash equivalents consisted of highly liquid investments purchased with original maturities of ninety days or less and amounted to $509.9 million and $458.0 million at September 30, 2008 and December 31, 2007, respectively.

Short-term investments consisted of high quality corporate debt securities and commercial paper purchased with maturities of less than one year and amounted to $82.2 million at December 31, 2007. These investments matured during the nine months ended September 30, 2008. There were no realized gains or losses on short-term investments reported in the nine months ended September 30, 2008 and the year ended December 31, 2007. There were unrealized gains of $0.3 million and unrealized losses of $0.1 million on short-term investments for the year ended December 31, 2007.

Available-for-sale equity securities recorded in other assets were approximately $0.8 million and $2.5 million at September 30, 2008 and December 31, 2007, respectively.

Fair Value of Financial Instruments

The following table summarizes the basis used to measure financial instruments at fair value:

(dollars in millions)	Balance at September 30, 2008	Quoted Prices in Active Markets for Identical Items	Significant Other Observable Inputs
Equity securities	$0.8	$ 0.8	$—
Forward currency contracts	0.7	—	0.7
Option contracts	4.1	—	4.1

The fair value of equity securities was measured using quoted prices in active markets for identical items and valued using published market prices unadjusted for transaction costs. The fair value of forward currency and option contracts was measured using significant other observable inputs and valued by reference to similar financial instruments, adjusted for restrictions and other terms specific to each contract.

6. Inventories

The following is a summary of inventories:

(dollars in millions)	September 30, 2008	December 31, 2007
Finished goods	$183.7	$143.6
Work in process	28.8	21.9
Raw materials	86.0	79.2
	$298.5	$244.7

7. Contingencies

In the ordinary course of business, the company is subject to various legal proceedings and claims, including, for example, product liability matters, environmental matters, employment disputes, disputes on agreements and other commercial disputes. In addition, the company operates in an industry susceptible to significant patent legal claims. At any given time, in the ordinary course of business, the company is involved as either a plaintiff or defendant in a number of patent infringement actions. If a third party's patent infringement claim were to be determined against the company, the company might be required to make significant royalty or

other payments or might be subject to an injunction or other limitation on its ability to manufacture or distribute one or more products. If a patent owned by or licensed to the company were to be determined to be invalid or unenforceable, the company might be required to reduce the value of the patent on the company's balance sheet and to record a corresponding charge, which could be significant in amount.

The company is subject to numerous federal, state, local and foreign environmental protection laws governing, among other things, the generation, storage, use and transportation of hazardous materials and emissions or discharges into the ground, air or water. The company is or may become a party to proceedings brought under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), commonly known as Superfund, the Resource Conservation and Recovery Act, the Clean Water Act, the Clean Air Act and similar state laws. These proceedings seek to require the owners or operators of contaminated sites, transporters of hazardous materials to the sites and generators of hazardous materials disposed of at the sites to clean up the sites or to reimburse the government for cleanup costs. In most cases, there are other potentially responsible parties that may be liable for any remediation costs. In these cases, the government alleges that the defendants are jointly and severally liable for the cleanup costs; however, these proceedings are frequently resolved so that the allocation of cleanup costs among the parties more closely reflects the relative contributions of the parties to the site contamination. The company's potential liability varies greatly from site to site. For some sites, the potential liability is de minimis and for others the costs of cleanup have not yet been determined.

The company believes that the proceedings and claims described above will likely be resolved over an extended period of time. While it is not feasible to predict the outcome of these proceedings, based upon the company's experience, current information and applicable law, the company does not expect these proceedings to have a material adverse effect on its financial position or liquidity. However, one or more of the proceedings could be material to the company's business and results of operations for a future period.

On November 27, 2006, the company's Urological Division received a subpoena issued by the Department of Health and Human Services, Office of Inspector General, under the authority of the federal healthcare fraud and false claims statutes. The subpoena seeks documents related to the division's brachytherapy business. The company is cooperating with the government's request and is in the process of responding to the subpoena. At this stage of the inquiry, the likelihood of an adverse outcome cannot be assessed. The company cannot give any assurances that this matter will not have a material adverse impact on the company's results of operations in a future period.

As of October 23, 2008, approximately 840 federal and 1,180 state lawsuits involving individual claims by approximately 2,090 plaintiffs, as well as three putative class actions, have been filed or asserted against the company with respect to its Composix® Kugel® and certain other core hernia repair products (collectively, the "Hernia Product Claims"). One class action lawsuit consolidates eight previously-filed class action lawsuits. The company voluntarily recalled certain sizes and lots of the Composix® Kugel® product beginning in December 2005. The actions generally seek damages for personal injury resulting from use of the products. The putative class actions, none of which has been certified, seek (i) medical monitoring, (ii) compensatory damages, (iii) punitive damages, (iv) a judicial finding of defect and causation and/or (v) attorneys' fees. On June 22, 2007, the Judicial Panel on Multidistrict Litigation transferred Composix® Kugel® lawsuits pending in federal courts nationwide into one Multidistrict Litigation ("MDL") for coordinated pre-trial proceedings in the United States District Court for the District of Rhode Island. The MDL court subsequently determined to include other hernia repair products in the MDL proceeding. Approximately 1,160 of the state lawsuits, involving individual claims by a substantially equivalent number of plaintiffs, are pending in the Superior Court of the State of Rhode Island, with the remainder in various other jurisdictions.

The Hernia Product Claims are at a preliminary stage. In the vast majority of these cases, we have not yet obtained and reviewed complete information regarding the plaintiffs and their medical conditions, and consequently, we are unable to fully evaluate the claims or determine the time frame in which they may be resolved. As in most litigation of this nature, the Hernia Product Claims present a wide variety of claims, ranging from allegations of serious injury caused by the products to efforts to obtain compensation notwithstanding the absence of any injury. The company believes that many settlements and judgments relating to the Hernia Product Claims are covered in whole or in part under its product liability insurance policies with a limited number of insurance companies. There is no guarantee, however, that these amounts will be adequate to cover damages and/or costs, that insurers will not contest coverage, that insurers will be able to pay claims or that coverage will otherwise be available. While the company intends to vigorously defend the Hernia Product Claims, it cannot give any assurances that the Hernia Product Claims will not have a material adverse impact on the company's results of operations in future periods or the company's financial position or liquidity.

On February 21, 2007, Southeast Missouri Hospital filed a putative class action complaint on behalf of itself and all others similarly situated against the company and another manufacturer under the caption *Southeast Missouri Hospital, et al. v. C. R. Bard, Inc., et al*. (Civil Action No. 1:07-cv-00031, United States District Court, Eastern District of Missouri, Southeastern District). The complaint was later amended to add St. Francis Medical Center as an additional named plaintiff. Co-defendant Tyco International, Inc.'s motion to dismiss was granted and consequently Tyco is no longer a party to the action. The court recently granted the plaintiffs' motion for class certification and determined the measurement period for any potential damages. The plaintiffs allege that the company conspired to exclude competitors from the market and that the company sought to maintain market share by engaging in conduct in violation of state and federal antitrust laws. The plaintiffs seek injunctive relief and substantial money damages. Any damages awarded under the federal antitrust laws will be subject to statutory trebling. If ultimately successful, plaintiff's attorneys are entitled to an award of reasonable fees and costs in addition to the verdict amount. The company intends to defend this matter vigorously. The trial is currently anticipated to commence in April 2009. At this time, it is not possible to assess the likelihood of an adverse outcome or determine an estimate, or a range of estimates, of potential damages. The company cannot give any assurances that this matter will not have a material adverse impact on the company's results of operations in a future period or the company's financial position or liquidity.

In December 2007, a U.S. District Court jury in Arizona found that certain of W.L. Gore & Associates Inc.'s ("Gore") ePTFE vascular grafts and stent-grafts infringe the company's patent number 6,436,135. The jury upheld the validity of the patent and awarded the company $185 million in past damages. The jury also found that Gore willfully infringed the patent. In a second phase of the trial, the court ruled that Gore failed to prove that the patent is unenforceable due to inequitable conduct. Because the company considers this matter a gain contingency, no amounts have been recorded as of September 30, 2008.

8. Share-Based Compensation Plans

The company may grant a variety of share-based payments under the 2003 Long Term Incentive Plan of C. R. Bard, Inc. (the "2003 Plan") and the 2005 Directors' Stock Award Plan of C. R. Bard, Inc. (the "Directors' Plan") to certain directors, officers and employees. The total number of remaining shares at September 30, 2008 that may be issued under the 2003 Plan was 2,980,066 and under the Directors' Plan was 95,966. Shares remaining for issuance under the 2003 Plan include 2,225,000 shares authorized by the shareholders at the company's Annual Meeting of Shareholders on April 16, 2008. Awards under the 2003 Plan may be in the form of stock options, stock appreciation rights, limited stock appreciation rights, restricted stock, unrestricted stock and other stock-based awards. Awards under the Directors' Plan may be in the form of stock awards, stock options or stock appreciation rights. The company has two employee share purchase programs.

Amounts recognized for share-based compensation are as follows:

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
(dollars in millions)				
Total cost of share-based compensation plans	$18.8	$17.6	$38.4	$40.3
Amounts capitalized in inventory and fixed assets	(0.8)	(0.4)	(1.4)	(1.2)
Amounts recognized in income for amounts previously capitalized in inventory and fixed assets	0.5	0.4	1.2	1.2
Amounts charged against income	$18.5	$17.6	$38.2	$40.3

The company granted approximately 1.2 million stock options in each of its annual grants in July 2008 and July 2007 and the fair value per stock option granted was $29.58 and $25.48, respectively. The fair value of these stock options was estimated on the date of grant using a binomial-lattice option model based on the following assumptions: risk-free interest rates of 3.28% and 4.96%, respectively; expected volatility of 26% and 22%, respectively; dividend yield of 0.7% for both valuations; and expected life of 7.5 and 6.1 years, respectively.

The anticipated purchases for 2009 and 2008 under the Management Stock Purchase Program (the "MSPP") as of July 2008 and July 2007 were approximately 0.2 million shares in each year and the fair value per share related to these purchases was $32.53 and $30.87, respectively. The fair value of the 2009 and 2008 annual MSPP purchases was estimated in July 2008 and July 2007, respectively, using the Black-Scholes model based on the following assumptions: risk-free interest rates of 2.21% and 4.97%, respectively; expected volatility of 24% and 22%, respectively; dividend yield of 0.7%; and expected life of 0.6 years for both valuations.

As of September 30, 2008, there was approximately $98.4 million of unrecognized compensation costs related to share-based payment arrangements. These costs are expected to be recognized over a weighted-average period of approximately three years. The company repurchases shares, from time to time, on the open market to satisfy share-based payment arrangements. The company has sufficient treasury shares to satisfy expected share-based payment arrangements for the remainder of the year.

9. Pension and Other Postretirement Benefit Plans

Defined Benefit Pension Plans - The company has both tax-qualified and nonqualified, noncontributory defined benefit pension plans that together cover substantially all domestic and certain foreign employees. These plans provide benefits based upon a participant's compensation and years of service. The components of net periodic pension expense are as follows:

	Quarter Ended September 30,					
	2008			2007		
(dollars in millions)	Tax Qualified Plans	Nonqualified Plans	Total	Tax Qualified Plans	Nonqualified Plans	Total
Service cost net of employee contributions	$ 4.0	$ 0.7	$ 4.7	$ 3.8	$ 0.6	$ 4.4
Interest cost	3.7	0.6	4.3	3.2	0.5	3.7
Expected return on plan assets	(4.9)	—	(4.9)	(4.3)	—	(4.3)
Amortization	0.9	—	0.9	1.3	0.1	1.4
Net periodic pension expense	$ 3.7	$ 1.3	$ 5.0	$ 4.0	$ 1.2	$ 5.2

(dollars in millions)	Nine Months Ended September 30, 2008 Tax Qualified Plans	2008 Nonqualified Plans	2008 Total	2007 Tax Qualified Plans	2007 Nonqualified Plans	2007 Total
Service cost net of employee contributions	$ 12.0	$ 2.0	$ 14.0	$ 11.4	$ 1.8	$ 13.2
Interest cost	11.1	1.9	13.0	9.6	1.5	11.1
Expected return on plan assets	(14.8)	—	(14.8)	(12.9)	—	(12.9)
Amortization	2.7	0.2	2.9	3.9	0.3	4.2
Net periodic pension expense	$ 11.0	$ 4.1	$ 15.1	$ 12.0	$ 3.6	$ 15.6

Other Postretirement Benefit Plans - The company does not provide subsidized postretirement healthcare benefits and life insurance coverage except to a limited number of former employees. As this plan is unfunded, contributions are made as benefits are incurred. The net periodic benefit expense was $0.2 million for each of the quarters ended September 30, 2008 and 2007. The net periodic benefit expense was $0.7 million for each of the nine month periods ended September 30, 2008 and 2007.

Employer Contributions to Defined Benefit Plans - For the nine months ended September 30, 2008 and 2007, the company made no required or voluntary contributions to its U.S. tax-qualified plan. For the nine months ended September 30, 2008 and 2007, the company made voluntary contributions of $1.7 million and $5.5 million, respectively, to the company's non-U.S. tax-qualified plans. The company expects to contribute approximately $25.0 million to its tax-qualified pension plans in the fourth quarter of 2008.

10. Segment Information

The company's management considers its business to be a single segment entity—the manufacture and sale of medical devices. The company's products generally share similar distribution channels and customers. The company designs, manufactures, packages, distributes and sells medical, surgical, diagnostic and patient care devices that are purchased by hospitals, physicians and nursing homes, many of which are used once and discarded. The company's chief operating decision makers evaluate their various global product portfolios on a net sales basis. The company's chief operating decision makers generally evaluate profitability and associated investment on an enterprise-wide basis due to shared infrastructures. The following table represents net sales by geographic region based on the location of the external customer:

(dollars in millions)	Quarter Ended September 30, 2008	2007	Nine Months Ended September 30 2008	2007
United States	$419.5	$378.2	$1,225.0	$1,126.9
Europe	124.8	101.9	378.7	301.6
Japan	29.4	27.7	87.5	82.2
Rest of world	43.1	37.0	126.7	108.0
	$616.8	$544.8	$1,817.9	$1,618.7
Income from continuing operations before income taxes	$160.4	$142.2	$ 384.1	$ 423.9
Depreciation	$ 13.1	$ 11.9	$ 38.8	$ 36.2
Amortization	$ 10.1	$ 8.4	$ 29.4	$ 22.9

The following table represents net sales by disease state management:

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
(dollars in millions)				
Vascular	$160.6	$134.1	$ 474.6	$ 397.7
Urology	174.5	166.4	519.6	482.5
Oncology	169.3	140.9	483.0	410.6
Surgical Specialties	90.8	83.4	272.7	267.0
Other products	21.6	20.0	68.0	60.9
	$616.8	$544.8	$1,817.9	$1,618.7

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

Executive Overview

The company designs, manufacturers, packages, distributes and sells medical, surgical, diagnostic and patient care devices. The company sells a broad, diversified portfolio of products to hospitals, individual healthcare professionals, extended care health facilities and alternate site facilities in the United States and abroad, principally in Europe and Japan. In general, the company's products are intended to be used once and then discarded or implanted either temporarily or permanently. The company reports sales in four major product group categories: vascular, urology, oncology and surgical specialties. The company also has a product group of other products.

The company's earnings are driven by its ability to continue to generate sales of its products and improve operating efficiency. Bard's ability to increase sales over time depends upon its success in developing, acquiring and marketing innovative and differentiated products that meet the needs of clinicians and their patients. For the nine months ended September 30, 2008, the company spent $159.1 million on research and development ("R&D"), including purchased R&D. The company expects R&D spending, excluding purchased R&D, to continue to increase in the future. The company also makes selective acquisitions of businesses, products and technologies, generally focusing on small to medium sized transactions to provide ongoing growth opportunities. In addition, the company may from time to time consider acquisitions of larger, established companies under appropriate circumstances. The company may also periodically divest lines of business in which it is not able to reasonably attain or maintain a leadership position or for other strategic reasons.

On June 12, 2008, the company decided to discontinue the sale of its Salute II hernia fixation device. This decision was based on a strategic review, which considered the continued technical challenges associated with the product's manufacturing and its overall profitability, as well as an assessment of alternative devices under development. In connection with this decision, the company recorded a non-cash charge of $40.5 million ($34.9 million after-tax).

On June 5, 2008, the company acquired all of the outstanding shares of Specialized Health Products International, Inc. ("Specialized Health Products") for a purchase price of $1.00 per share in cash, totaling $68.4 million, plus direct acquisition costs of $2.3 million. Specialized Health Products manufactures and markets vascular access products, including winged infusion sets, which are used to deliver therapeutic agents through vascular access ports. The acquisition represents a strategic addition to Bard's port franchise.

On January 11, 2008, the company acquired the assets of the LifeStent® family of stents from Edwards Lifesciences Corporation ("Edwards Lifesciences") for a net cash payment of $73.2 million, plus direct acquisition costs of $3.6 million, and up to $65.0 million in contingent milestone payments. The acquisition represents a strategic addition to Bard's portfolio of non-coronary stent and stent graft products that is complementary to our current products, call points and technology platforms.

See Note 2 of the Notes to Condensed Consolidated Financial Statements for additional discussion of the acquisitions and the divestiture.

Results of Operations

Net Sales

Bard reported consolidated net sales for the quarter ended September 30, 2008 of $616.8 million, an increase of 13% on a reported basis (11% on a constant currency basis) over the quarter ended September 30, 2007 consolidated net sales of $544.8 million. Bard reported consolidated net sales for the nine months ended September 30, 2008 of $1,817.9 million, an increase of 12% on a reported basis (10% on a constant currency basis) over the nine months ended September 30, 2007 consolidated net sales of $1,618.7 million. Net sales "on a constant currency basis" is a non-GAAP financial measure and should not be viewed as a replacement of GAAP results. See "Management's Use of Non-GAAP Measures" below.

Price changes had the effect of increasing consolidated net sales for the quarter ended September 30, 2008 by 0.5% compared to the same period in the prior year. Exchange rate fluctuations had the effect of increasing consolidated net sales for the quarter ended September 30, 2008 by approximately 2% as compared to the same period in the prior year. Price changes had the effect of increasing consolidated net sales for the nine months ended September 30, 2008 by 0.1% compared to the same period in the prior year. Exchange rate fluctuations had the effect of increasing consolidated net sales for the nine months ended September 30, 2008 by 2% as compared to the same period in the prior year. The primary exchange rate movement that impacts net sales is the movement of the Euro compared to the U.S. dollar. The impact of exchange rate movements on net sales is not indicative of the impact on net earnings due to the offsetting impact of exchange rate movements on operating costs and expenses, costs incurred in other currencies and the company's hedging activities.

U.S. net sales in the quarter ended September 30, 2008 of $419.5 million increased 11% compared to $378.2 million in the prior year quarter. International net sales in the quarter ended September 30, 2008 of $197.3 million increased 18% on a reported basis (11% on a constant currency basis) compared to $166.6 million in the prior year quarter. U.S. net sales for the nine months ended September 30, 2008 of $1,225.0 million increased 9% compared to $1,126.9 million in the prior year period. International sales for the nine months ended September 30, 2008 of $592.9 million increased 21% on a reported basis (12% on a constant currency basis) compared to $491.8 million in the prior year period.

Presented below is a discussion of consolidated net sales by disease state for the quarters and nine months ended September 30, 2008 and 2007, respectively:

Product Group Summary of Net Sales

	Quarter Ended September 30,				Nine Months Ended September 30,			
(dollars in millions)	2008	2007	Change	Constant Currency	2008	2007	Change	Constant Currency
Vascular	$160.6	$134.1	20%	15%	$ 474.6	$ 397.7	19%	14%
Urology	174.5	166.4	5%	4%	519.6	482.5	8%	6%
Oncology	169.3	140.9	20%	18%	483.0	410.6	18%	15%
Surgical Specialties	90.8	83.4	9%	7%	272.7	267.0	2%	—
Other	21.6	20.0	8%	8%	68.0	60.9	12%	11%
	$616.8	$544.8	13%	11%	$1,817.9	$1,618.7	12%	10%

Vascular Products - Bard markets a wide range of products for the peripheral vascular market, including endovascular products, electrophysiology products and surgical graft products. Consolidated net sales for the quarter ended September 30, 2008 of vascular products increased 20% on a reported basis (15% on a constant currency basis) compared to the prior year quarter. U.S. net sales for the quarter ended September 30, 2008 of vascular products grew 15% compared to the prior year quarter. International net sales for the quarter ended September 30, 2008 increased 26% on a reported basis (15% on a constant currency basis) compared to the prior year quarter. Consolidated net sales for the nine months ended September 30, 2008 of vascular products increased 19% on a reported basis (14% on a constant currency basis) compared to the same period in the prior year. U.S. net sales for the nine months ended September 30, 2008 of vascular products grew 11% compared to the same period in the prior year. International net sales for the nine months ended September 30, 2008 increased 29% on a reported basis (18% on a constant currency basis) compared to the same period in the prior year. The vascular group is the company's most global business, with international net sales comprising 47% and 45% of consolidated net sales of vascular products for the quarters ended September 30, 2008 and 2007, respectively.

Consolidated net sales for the quarter ended September 30, 2008 of endovascular products increased 25% on a reported basis (21% on a constant currency basis) compared to the prior year quarter. Consolidated net sales for the nine months ended September 30, 2008 of endovascular products increased 25% on a reported basis (20% on a constant currency basis) compared to the same period in the prior year. The company's percutaneous

transluminal angioplasty balloon catheters, vena cava filters, stents, including the LifeStent® family of stents, and biopsy products contributed to the growth in this category for the quarter and nine months ended September 30, 2008.

Consolidated net sales for the quarter ended September 30, 2008 of electrophysiology products increased 20% on a reported basis (14% on a constant currency basis) compared to the prior year quarter. Consolidated net sales for the nine months ended September 30, 2008 of electrophysiology products increased 22% on a reported basis (15% on a constant currency basis) compared to the same period in the prior year. The company's steerable diagnostic catheter and electrophysiology laboratory systems lines contributed to the growth in this category for the quarter and nine months ended September 30, 2008.

Consolidated net sales for the quarter ended September 30, 2008 of surgical graft products decreased 1% on a reported basis (5% on a constant currency basis) compared to the prior year quarter. Consolidated net sales for the nine months ended September 30, 2008 of surgical graft products decreased 2% on a reported basis (6% on a constant currency basis) compared to the same period in the prior year.

Urology Products - Bard markets a wide range of products for the urology market, including basic drainage products, continence products and urological specialty products. Bard also markets the StatLock® stabilization device products, which are used to secure many types of catheters sold by Bard and other companies. Consolidated net sales for the quarter ended September 30, 2008 of urology products increased 5% on a reported basis (4% on a constant currency basis) compared to the prior year quarter. U.S. net sales of urology products for the quarter ended September 30, 2008 grew 2% compared to the prior year quarter. International net sales for the quarter ended September 30, 2008 of urology products increased 12% on a reported basis (8% on a constant currency basis) compared to the prior year quarter. Consolidated net sales for the nine months ended September 30, 2008 of urology products increased 8% on a reported basis (6% on a constant currency basis) compared to the same period in the prior year. U.S. net sales of urology products represented 71% of consolidated net sales of urology products for the nine months ended September 30, 2008 and grew 6% compared to the same period in the prior year. International net sales for the nine months ended September 30, 2008 of urology products increased 12% on a reported basis (7% on a constant currency basis) compared to the same period in the prior year.

Basic drainage products represent the core of the company's urology business. Consolidated net sales for the quarter ended September 30, 2008 of basic drainage products increased 11% on a reported basis (10% on a constant currency basis) compared to the prior year quarter. Consolidated net sales for the quarter ended September 30, 2008 of infection control Foley catheter products grew 18% on both a reported basis and constant currency basis compared to the prior year quarter. Consolidated net sales for the nine months ended September 30, 2008 of basic drainage products increased 10% on a reported basis (8% on a constant currency basis) compared to the same period in the prior year. Consolidated net sales for the nine months ended September 30, 2008 of infection control Foley catheters grew 17% on both a reported basis and constant currency basis compared to the same period in the prior year.

Consolidated net sales for the quarter ended September 30, 2008 of urological specialty products, which include brachytherapy products and services, decreased 8% on a reported basis (10% on a constant currency basis) compared to the prior year quarter. Consolidated net sales for the nine months ended September 30, 2008 of urological specialty products decreased 5% on a reported basis (7% on a constant currency basis) compared to the same period in the prior year. The decrease in sales of urological specialty products was primarily driven by a decline in brachytherapy sales. The company believes that the brachytherapy market has been losing procedural share to alternative therapies, a trend that may continue.

Consolidated net sales for the quarter ended September 30, 2008 of continence products increased 2% on a reported basis (1% on a constant currency basis) compared to the prior year quarter. Growth in continence products for the quarter was impacted by slowing growth in pelvic floor reconstruction products. Consolidated net sales for the nine months ended September 30, 2008 of continence products increased 9% on a reported basis

(7% on a constant currency basis) compared to the same period in the prior year. The company's pelvic floor reconstruction product line and surgical slings were the primary growth drivers in the continence category for the nine months ended September 30, 2008.

Consolidated net sales for the quarter ended September 30, 2008 of the Statlock® stabilization device product line increased 2% on a reported basis (1% on a constant currency basis) compared to the prior year quarter. Consolidated net sales for the nine months ended September 30, 2008 of the Statlock® stabilization device product line increased 18% on both a reported and constant currency basis compared to the same period in the prior year. For the quarter and nine months ended September 30, 2008, growth of the Statlock® line of products was unfavorably impacted by increased dealer purchases in the prior year quarter in anticipation of a price increase effective in November 2007.

Oncology Products - The company's oncology products include specialty access products used primarily for chemotherapy. Consolidated net sales for the quarter ended September 30, 2008 of oncology products grew 20% on a reported basis (18% on a constant currency basis) compared to the prior year quarter. U.S. net sales represented 75% of consolidated net sales of oncology products for the quarter ended September 30, 2008 and grew 21% compared to the prior year quarter. International net sales for the quarter ended September 30, 2008 of oncology products grew 17% on a reported basis (10% on a constant currency basis) compared to the prior year quarter. Consolidated net sales for the nine months ended September 30, 2008 of oncology products increased 18% on a reported basis (15% on a constant currency basis) compared to the same period in the prior year. U.S. net sales for the nine months ended September 30, 2008 of oncology products grew 17% compared to the same period in the prior year. International net sales for the nine months ended September 30, 2008 of oncology products grew 20% on a reported basis (11% on a constant currency basis) compared to the same period in the prior year. The company's specialty access ports and accessories, peripherally inserted central catheters ("PICCs") and vascular access ultrasound devices were the primary contributors to the growth in the oncology category for the quarter and nine months ended September 30, 2008.

Surgical Specialty Products - Surgical specialty products include soft tissue repair, performance irrigation and hemostasis product lines. Consolidated net sales for the quarter ended September 30, 2008 of surgical specialty products increased 9% on a reported basis (7% on a constant currency basis) compared to the prior year quarter. U.S. net sales for the quarter ended September 30, 2008 of surgical specialty products increased 6% compared to the prior year quarter. International net sales for the quarter ended September 30, 2008 of surgical specialty products increased 18% on a reported basis (11% on a constant currency basis) compared to the prior year quarter. Consolidated net sales for the nine months ended September 30, 2008 of surgical specialty products increased 2% on a reported basis (flat on a constant currency basis) compared to the same period in the prior year. U.S. net sales for the nine months ended September 30, 2008 of surgical specialty products decreased 3% compared to the same period in the prior year. International net sales for the nine months ended September 30, 2008 of surgical specialty products grew 17% on a reported basis (7% on a constant currency basis) compared to the same period in the prior year.

Consolidated net sales for the quarter ended September 30, 2008 of the company's soft tissue repair product line, which includes core hernia repair and hernia fixation products, increased 7% on a reported basis (5% on a constant currency basis) compared to the prior year quarter due primarily to growth in sales in core hernia repair products. Consolidated net sales for the nine months ended September 30, 2008 of the company's soft tissue repair product line increased 1% on a reported basis (decreased 2% on a constant currency basis) compared to the prior year period due primarily to: (i) the effect of the hold on the manufacture and the subsequent discontinuance of the sale of the company's Salute II hernia fixation device; and (ii) low growth of the company's core hernia repair products. The challenges in the soft tissue repair product line may continue.

On December 29, 2005, the company initiated a voluntary Class I product recall of its Bard® Composix® Kugel® Mesh X-Large Patch intended for ventral hernia repair. Following the recall, the U.S. Food and Drug Administration ("FDA") conducted an inspection and issued a Form-483 notice to the company's Davol, Inc. subsidiary identifying certain observations. The company completed corrective actions to address the observations.

On March 15, 2006, the company voluntarily expanded the December 2005 recall to include certain manufacturing lots of the large Composix® Kugel® patch and large Composix® circle. In December 2006, the company decided to voluntarily expand the March 2006 recall to include additional manufacturing lots and initiated the expanded recall on January 10, 2007.

Following the expanded recall, the FDA conducted a follow-up inspection and issued a Form-483 notice to Davol identifying certain observations regarding Davol's quality systems. The company completed corrective actions to address the observations. On April 25, 2007, Davol received a Warning Letter from the New England District Office of the FDA resulting from the follow-up inspection. The Warning Letter relates specifically to non-conformances in Davol's quality systems previously identified in the related Form-483 notice. The Warning Letter states that, until Davol resolves the outstanding issues covered by the Warning Letter, no premarket submissions for Class III devices to which the non-conformances are reasonably related will be cleared or approved. Davol presently has no such submissions before the FDA. The company responded to the Warning Letter and completed corrective actions to address the observations. The FDA conducted a planned re-inspection of the Davol facility in the third quarter of 2008, which resulted in the issuance of a Form-483 notice. The company is in the process of responding to the FDA's observations and is implementing corrective actions to address them. The company cannot, however, give any assurances that the FDA will be satisfied with its response to the Warning Letter or as to the expected date of resolution of matters included in the Warning Letter or the most recent Form-483 notice.

On February 13, 2008, the FDA issued a Form-483 notice to the company in connection with an inspection of the company's manufacturing facility located in Humacao, Puerto Rico. The Form-483 notice identified certain observations regarding the facility's quality systems. The facility manufactures products for many of the company's divisions and subsidiaries, including soft tissue repair products for the company's Davol subsidiary. The company has responded to the FDA and is in the process of addressing these observations. On July 28, 2008, the company received a Warning Letter from the San Juan District office of the FDA. The Warning Letter relates specifically to non-conformances in quality systems previously identified in the related Form-483 notice. The Warning Letter states that, until the company resolves the outstanding issues covered by the Warning Letter, no premarket submissions for Class III devices to which the non-conformances are reasonably related will be cleared or approved. The company presently has no such submissions before the FDA. The company has responded to the Warning Letter and is implementing corrective actions to address the observations. However, the company cannot give any assurances that the FDA will be satisfied with its response to the Warning Letter or as to the expected date of resolution of matters included in the Warning Letter.

Other Products - The other product group includes irrigation, wound drainage and certain original equipment manufacturers' products. Consolidated net sales of other products for the quarter ended September 30, 2008 were $21.6 million, an increase of 8% on both a reported and constant currency basis compared to the prior year quarter. Consolidated net sales of other products for the nine months ended September 30, 2008 increased 12% on a reported basis (11% on a constant currency basis) compared to the same period in the prior year.

Costs and Expenses

The following is a summary of major costs and expenses as a percentage of net sales for the quarters and nine months ended September 30, 2008 and 2007, respectively:

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Cost of goods sold	38.8%	39.2%	39.0%	39.3%
Marketing, selling and administrative expense	29.3%	29.5%	29.2%	29.4%
Research and development expense	5.7%	6.3%	8.8%	6.1%
Interest expense	0.5%	0.5%	0.5%	0.6%
Other (income) expense, net	(0.3)%	(1.6)%	1.4%	(1.6)%
Total costs and expenses	74.0%	73.9%	78.9%	73.8%

Cost of goods sold - Cost of goods sold consists principally of the manufacturing and distribution costs of the company's products as well as royalties and the amortization of intangible assets. The impact of incremental amortization of intangible assets acquired in the past 12 months increased cost of goods sold over the prior year quarter and nine month period in each case by approximately 40 basis points. Reductions in cost of goods sold were attributed primarily to cost improvements, which offset the impact of incremental amortization of intangible assets.

Marketing, selling and administrative expense - Marketing, selling and administrative expense consists principally of the costs associated with the company's sales and administrative organizations. The company's marketing, selling and administrative expense as a percentage of net sales for the quarter and nine months ended September 30, 2008 was 29.3% and 29.2%, respectively, a decrease of 20 basis points, respectively, compared to the prior year periods.

Research and development expense - Research and development expense consists of expenses related to internal research and development activities, milestone payments for third-party research and development activities and purchased R&D costs arising from the company's business development activities. Purchased R&D payments may impact the comparability of the company's results of operations between periods. All research and development costs are expensed as incurred. For the quarter ended September 30, 2008, the company spent approximately $35.1 million on research and development activities compared to $34.0 million in the prior year quarter. For the nine months ended September 30, 2008, the company spent approximately $159.1 million on research and development activities compared to $99.2 million in the prior year period. Included in the research and development costs for the nine months ended September 30, 2008 was purchased R&D of approximately $49.3 million primarily associated with the acquisition of the LifeStent® family of stents from Edwards Lifesciences.

Interest expense - Interest expense for the quarter ended September 30, 2008 increased to $3.1 million from $2.9 million in the prior year quarter. Interest expense for the nine months ended September 30, 2008 increased to $9.1 million from $8.8 million for the nine months ended September 30, 2007.

Other (income) expense, net - The table below presents the components of other (income) expense, net for the quarters and nine months ended September 30, 2008 and 2007, respectively:

	Quarter Ended September 30,		Nine Months Ended September 30,	
(dollars in millions)	2008	2007	2008	2007
Interest income	$(3.9)	$(8.1)	$(13.7)	$(23.4)
Foreign exchange losses (gains)	1.7	(0.4)	2.7	(1.1)
Asset disposition	—	—	36.8	—
Other, net	0.3	(0.4)	0.9	(0.6)
	$(1.9)	$(8.9)	$ 26.7	$(25.1)

Interest income - For the quarter ended September 30, 2008, interest income was approximately $3.9 million, compared to approximately $8.1 million for the prior year quarter. For the nine months ended September 30, 2008, interest income was approximately $13.7 million, compared to $23.4 million for the nine months ended September 30, 2007. The decrease for these periods was primarily due to lower average balances of cash and cash equivalents and lower interest rates.

Asset disposition - For the quarter and nine months ended September 30, 2008, the amount reflects a non-cash charge related to the write-off of certain assets related to the company's decision to discontinue the sale of the Salute II hernia fixation device. See Note 2 of the Notes to Condensed Consolidated Financial Statements.

Other, net - For the quarter and nine months ended September 30, 2008, the amount includes $1.3 million of reorganization costs and a $0.7 million gain related to the sale of an asset.

Income tax provision

The company's effective tax rate for the quarter ended September 30, 2008 increased to approximately 31% compared to approximately 28% for the same period in 2007. The increase was due to the discrete tax effect of interest related to a remeasurement of an uncertain tax position in the quarter ended September 30, 2008. The prior year's quarter tax rate reflected a discrete tax benefit of the revaluation of deferred taxes related to changes in certain statutory tax rates outside the United States. The company's effective tax rate for the nine months ended September 30, 2008 increased to approximately 30% compared to approximately 29% for the same period in 2007. The increase was due to the discrete tax effect related to the Salute II charge, including the write-off of assets primarily located in a low tax jurisdiction, which was partially offset by the discrete tax effect of the purchased R&D charges primarily associated with the acquisition of the assets of the Lifestent® family of stents from Edwards Lifesciences, as well as the interest adjustment for the quarter ended September 30, 2008. The prior year's nine-month tax rate reflected the revaluation of deferred taxes related to changes in certain statutory tax rates outside the United States.

Net Income and Earnings Per Share

Net income and diluted earnings per share for the third quarter of 2008 were $111.2 million and $1.09, respectively. Net income and diluted earnings per share for the prior year quarter were $102.1 million and $0.96, respectively. Net income and diluted earnings per share for the nine months ended September 30, 2008 were $267.1 million and $2.60, respectively. Net income and diluted earnings per share for the nine months ended September 30, 2007 were $301.2 million and $2.83, respectively. The current year nine month period reflects after-tax purchased R&D charges of $31.1 million, or $0.30 per share, primarily associated with the acquisition of the assets of the Lifestent® family of stents from Edwards Lifesciences and a non-cash charge for the write off of assets related to the Salute II hernia fixation device of $34.9 million after-tax, or $0.34 per share.

Liquidity and Capital Resources

The company assesses its liquidity in terms of its ability to generate cash to fund its operating, investing and financing activities. Significant factors affecting the management of liquidity are cash flows generated from operating activities, capital expenditures, acquisitions of businesses and technologies, cash dividends and common stock repurchases. Cash balances and cash provided from operations continue to be the company's primary source of funds. While the financial markets continue to experience significant challenges, the company believes, should it be necessary, that it could borrow adequate funds to meet any additional operating needs. The table below summarizes certain liquidity measures as of September 30, 2008 and 2007, respectively:

(dollars in millions)	2008	2007
Working capital	$1,027.3	$1,010.8
Current ratio	4.57/1	5.26/1

For the nine months ended September 30, 2008, the company generated $378.7 million in cash flow from continuing operations, compared to the $378.9 million generated in the prior year period.

For the nine months ended September 30, 2008, the company used $112.1 million in cash for investing activities from continuing operations, compared to the $106.9 million used in the prior year period. In 2008, the company paid $76.3 million for the purchase of the assets of the LifeStent® family of stents from Edwards Lifesciences which included direct acquisition costs paid as of September 30, 2008. In addition, the company paid $65.7 million, for the purchase of Specialized Health Products which included direct acquisition costs paid as of September 30, 2008. In the prior year, the company paid $33.8 million to acquire the assets of Inrad, Inc.'s biopsy marker business. Net cash provided by the change in short-term investments, net, which matured in the

year-to-date period, was $82.1 million compared with net cash used of $3.4 million in the prior year period. Capital expenditures were approximately $35.4 million and $36.2 million for the nine months ended September 30, 2008 and 2007, respectively.

For the nine months ended September 30, 2008, the company used $207.1 million in cash for financing activities from continuing operations, compared to the $226.4 million used in the prior year period. Total debt was $149.8 million and $150.6 million at September 30, 2008 and December 31, 2007, respectively. Total debt to total capitalization was 7.1% and 7.5% at September 30, 2008 and December 31, 2007, respectively. The company spent approximately $227.0 million to repurchase 2,361,492 shares of common stock in the nine months ended September 30, 2008 compared with approximately $263.3 million to repurchase 3,199,938 shares of common stock in the prior year period. At September 30, 2008, a total of $149.0 million remained under the company's $500 million share repurchase authorization approved by the Board of Directors in 2007. The company paid cash dividends of $0.46 per share and $0.43 per share for the nine months ended September 30, 2008 and 2007, respectively.

The company maintains a committed syndicated bank credit facility with a $400 million five-year credit agreement that expires in June 2012. The credit facility supports the company's commercial paper program and can be used for general corporate purposes. The facility includes pricing based on the company's long-term credit rating and includes a financial covenant that limits the amount of total debt to total capitalization. There were no outstanding borrowings or commercial paper borrowings at September 30, 2008 and December 31, 2007. In addition, a wholly owned foreign subsidiary of the company maintained a $250 million syndicated bank credit facility to be used for general corporate needs. The facility expired on October 21, 2008. There were no outstanding borrowings under the facility at September 30, 2008 and December 31, 2007.

During the quarter ended September 30, 2008, Moody's Investor Services upgraded the company's long-term debt rating to "A3" from "Baa1" and affirmed the company's short-term rating of "P-2".

Contingencies

In the ordinary course of business, the company is subject to various legal proceedings and claims, including product liability matters, environmental matters, employment disputes, disputes on agreements and other commercial disputes. In addition, the company operates in an industry susceptible to significant patent legal claims. At any given time in the ordinary course of business, the company is involved as either a plaintiff or defendant in a number of patent infringement actions. See Note 7 of the Notes to Condensed Consolidated Financial Statements.

Management's Use of Non-GAAP Measures

Net sales "on a constant currency basis" is a non-GAAP financial measure. The company analyzes net sales on a constant currency basis to better measure the comparability of results between periods. Because changes in foreign currency exchange rates have a non-operating impact on net sales, the company believes that evaluating growth in net sales on a constant currency basis provides an additional and meaningful assessment of net sales to both management and the company's investors. Constant currency growth rates are calculated by translating the prior year's local currency sales by the current period's exchange rate. Constant currency growth rates are not indicative of changes in corresponding cash flows. The limitation of non-GAAP measures is that they do not reflect results on a standardized reporting basis. Non-GAAP financial measures are intended to supplement the applicable GAAP disclosures and should not be viewed as a replacement of GAAP results.

Critical Accounting Policies

The preparation of financial statements requires the company's management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the

reporting period. Critical accounting policies are those that require application of management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Such policies are summarized in the Management's Discussion and Analysis of Financial Condition and Results of Operations section in the company's 2007 Annual Report on Form 10-K. There have been no significant changes to the company's critical accounting policies since December 31, 2007.

Risks and Uncertainties; Cautionary Statement Regarding Forward-Looking Information

Certain statements contained herein or in other company documents and certain statements that may be made by management of the company orally may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. You can identify these statements by the fact that they do not relate strictly to historic or current facts. They use words such as "anticipate," "estimate," "expect," "project," "intend," "forecast," "plan," "believe" and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. In particular, these include statements relating to product approvals, future performance of current and anticipated products, sales efforts, expenses, the outcome of contingencies, such as legal proceedings, and financial results. The company's forward-looking statements speak only as of the date of this report or as of the date they are made, and the company undertakes no obligation to update its forward-looking statements.

In addition, there are substantial risks inherent in the medical device business. The company's business involves the design, development, manufacture, packaging, distribution and sale of life-sustaining medical devices. These devices are often utilized on, or permanently or temporarily implanted in, patients in clinically demanding circumstances, such as operating rooms, emergency units, intensive care and critical care settings, among others. These circumstances, among other factors, can cause the products to become associated with adverse clinical events, including patient mortality and injury, and could lead to product liability claims (including lawsuits seeking class action status or seeking to establish multi-district litigation proceedings) and other litigation, product withdrawals, Warning Letters, recalls, field corrections or regulatory enforcement actions relating to one or more of the company's products, any of which could have a material adverse effect on our business, financial position, liquidity and results of operations. For further discussion of risks applicable to our business, see "Risk Factors" in the company's 2007 Annual Report on Form 10-K.

Because actual results are affected by these and other risks and uncertainties, the company cautions investors that actual results may differ materially from those expressed or implied. It is not possible to predict or identify all risks and uncertainties, but the most significant factors, in addition to those addressed above, that could adversely affect our business or cause the actual results to differ materially from those expressed or implied include, but are not limited to:

Effective management of and reaction to risks involved in our business, including:

- the ability to achieve manufacturing or administrative efficiencies, including gross margin benefits from our manufacturing process and supply chain programs or in connection with the integration of acquired businesses;
- the effects of negative publicity concerning our products, which could result in product withdrawals or decreased product demand and which could reduce market or governmental acceptance of our products;
- the ability to identify appropriate companies, businesses and technologies as potential acquisition candidates, to consummate and integrate such transactions or to obtain agreements for such transactions with favorable terms;
- the reduction in the number of procedures using our devices caused by customers' cost-containment pressures or preferences for alternate therapies;

- the ability to maintain or increase research and development expenditures;
- the uncertainty of whether increased research and development expenditures and sales force expansion will result in increased sales;
- the ability to maintain our effective tax rate and uncertainty related to tax audits, appeals and litigation;
- internal factors, such as retention of key employees, including sales force employees;
- the ability to achieve earnings forecasts, which are generated based, among other things, on projected volumes and sales of many product types, some of which are more profitable than others;
- changes in factors and assumptions employed in the application of SFAS No. 123R, Share-Based Payment, or actual results that differ from our assumptions on stock valuation and employee stock option exercise patterns, which could cause compensation expense recorded in future periods to differ significantly from the compensation expense recorded in the current period and, as a result, materially impact the company's results of operations;
- damage to any company facility, which could render the company unable to manufacture one or more products (as the company may utilize only one manufacturing facility for certain of its major products) and may require the company to reduce the output of products at the damaged facility thereby making it difficult to meet product shipping targets;
- the potential impairment of goodwill and intangible assets of the company resulting from insufficient cash flow generated from such assets specifically, or our business more broadly, so as to not allow the company to justify the carrying value of the assets;
- the ability to obtain appropriate levels of product liability insurance on reasonable terms; and
- the ability to recover claims from insurance companies.

Competitive factors, including:

- the trend of consolidation in the medical device industry as well as among our customers, resulting in potentially greater pricing pressures and more significant and complex contracts than in the past, both in the United States and abroad;
- development of new products or technologies by competitors having superior performance compared to our current products or products under development which could negatively impact sales of our products or render one or more of our products obsolete;
- technological advances, patents and registrations obtained by competitors that would have the effect of excluding the company from new market segments or preventing the company from selling a product or including key features in the company's products;
- attempts by competitors to gain market share through aggressive marketing programs; and
- reprocessing by third-party reprocessors of our products designed and labeled for single use.

Difficulties and delays inherent in the development, manufacturing, marketing and sale of medical products, including:

- the ability to complete planned clinical trials successfully, to develop and obtain regulatory approval for products on a timely basis and to launch products on a timely basis within cost estimates;
- lengthy and costly regulatory approval processes, which may result in lost market opportunities;
- delays or denials of, or grants of low or reduced levels of reimbursement for, procedures using newly developed products;
- the suspension or revocation of authority to manufacture, market or distribute existing products;

- the imposition of additional or different regulatory requirements, such as those affecting manufacturing and labeling;
- performance, efficacy or safety concerns for existing products, whether scientifically justified or not, that may lead to product discontinuations, product withdrawals, recalls, field corrections, regulatory enforcement actions, litigation or declining sales, including adverse events relating to the company's vena cava filters and hernia repair products;
- FDA inspections resulting in Form-483 notices and/or Warning Letters identifying deficiencies in the company's current good manufacturing practices and/or quality systems; Warning Letters identifying violations of FDA regulations that could result in product holds, recalls, restrictions on future clearances by the FDA and/or civil penalties;
- the failure to obtain, limitations on the use of, or the loss of, patent and other intellectual property rights, and the failure of efforts to protect our intellectual property rights against infringement and legal challenges that can increase our costs;
- difficulties obtaining necessary components or raw materials used in the company's products and/or price increases from the company's suppliers of critical components or raw materials or other interruptions of the supply chain; and
- customers that may limit the number of manufacturers or vendors from which they will purchase products, which can result in the company's inability to sell products to or contract with large hospital systems, integrated delivery networks or group purchasing organizations.

Governmental action, including:

- the impact of continued healthcare cost containment;
- new laws and judicial decisions related to health care availability, payment for healthcare products and services or the marketing and distribution of products, including legislative or administrative reforms to the United States Medicare and Medicaid systems or other United States or international reimbursement systems in a manner that would significantly reduce or eliminate reimbursements for procedures that use the company's products;
- changes in the FDA and/or foreign regulatory approval processes that may delay or prevent the approval of new products and result in lost market opportunity;
- the impact of more vigorous compliance and enforcement activities affecting the healthcare industry in general or the company in particular;
- changes in the tax or environmental laws or standards affecting our business;
- changes in laws that could require facility upgrades or process changes and could affect production rates and output; and
- compliance costs and potential penalties and remediation obligations in connection with environmental laws, including regulations regarding air emissions, waste water discharges and solid waste.

Legal disputes, including:

- disputes over intellectual property rights;
- product liability claims, including lawsuits seeking class action status or seeking to establish multi-district litigation proceedings, including with respect to our Composix® Kugel® and certain other core hernia repair products;
- claims asserting securities law violations;
- claims asserting, and/or subpoenas seeking information regarding, violations of law in connection with federal and/or state healthcare programs such as Medicare or Medicaid;

- derivative shareholder actions;
- claims and subpoenas asserting antitrust violations;
- environmental claims, including risks relating to accidental contamination or injury from the use of hazardous materials in the company's manufacturing, sterilization and research activities and the potential for the company to be held liable for any resulting damages; and
- commercial disputes, including disputes over distribution agreements, license agreements, manufacturing/supply agreements, development/research agreements, acquisition or sale agreements, and insurance policies.

General economic conditions, including:

- international and domestic business conditions;
- political or economic instability in foreign countries;
- interest rates;
- foreign currency exchange rates;
- changes in the rate of inflation; and
- stability of global financial markets.

Other factors beyond our control, including catastrophes, both natural and man-made, earthquakes, floods, fires, explosions, acts of terrorism or war.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The quantitative and qualitative disclosures about market risk are discussed in Item 7A in the company's 2007 Annual Report on Form 10-K. There have been no material changes in information reported since the year ended December 31, 2007, except with respect to the fair value measurement of the company's $149.8 million of 6.7% notes due 2026. The fair value of the notes approximated $130.5 million at September 30, 2008, compared to $158.3 million at December 31, 2007. Assuming a 100 basis point increase or decrease in market interest rates and assuming that the notes are held to maturity, the market value of the notes would approximate $118.5 million or $144.3 million, respectively, on September 30, 2008.

Item 4. Controls and Procedures

The company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the company's reports under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosures. Any controls and procedures, no matter how well defined and operated, can provide only reasonable assurance of achieving the desired control objectives.

The company's management, with the participation of the company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the company's disclosure controls and procedures as of September 30, 2008. Based upon that evaluation, the company's Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2008, the design and operation of the company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) provide reasonable assurance that the disclosure controls and procedures are effective to accomplish their objectives.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

In the ordinary course of business, the company is subject to various legal proceedings and claims, including for example, product liability matters, environmental matters, employment disputes, disputes on agreements and other commercial disputes. In addition, the company operates in an industry susceptible to significant patent legal claims. At any given time, in the ordinary course of business, the company is involved as either a plaintiff or defendant in a number of patent infringement actions. If a third party's patent infringement claim were to be determined against the company, the company might be required to make significant royalty or other payments or might be subject to an injunction or other limitation on its ability to manufacture or distribute one or more products. If a patent owned by or licensed to the company were to be determined to be invalid or unenforceable, the company might be required to reduce the value of the patent on the company's balance sheet and to record a corresponding charge, which could be significant in amount.

The company is subject to numerous federal, state, local and foreign environmental protection laws governing, among other things, the generation, storage, use and transportation of hazardous materials and emissions or discharges into the ground, air or water. The company is or may become a party to proceedings brought under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), commonly known as Superfund, the Resource Conservation and Recovery Act, the Clean Water Act, the Clean Air Act and similar state laws. These proceedings seek to require the owners or operators of contaminated sites, transporters of hazardous materials to the sites and generators of hazardous materials disposed of at the sites to clean up the sites or to reimburse the government for cleanup costs. In most cases, there are other potentially responsible parties that may be liable for any remediation costs. In these cases, the government alleges that the defendants are jointly and severally liable for the cleanup costs; however, these proceedings are frequently resolved so that the allocation of cleanup costs among the parties more closely reflects the relative contributions of the parties to the site contamination. The company's potential liability varies greatly from site to site. For some sites, the potential liability is de minimis and for others the costs of cleanup have not yet been determined.

The company believes that the proceedings and claims described above will likely be resolved over an extended period of time. While it is not feasible to predict the outcome of these proceedings, based upon the company's experience, current information and applicable law, the company does not expect these proceedings to have a material adverse effect on its financial position or liquidity. However, one or more of the proceedings could be material to the company's business and results of operations for a future period.

On November 27, 2006, the company's Urological Division received a subpoena issued by the Department of Health and Human Services, Office of Inspector General, under the authority of the federal healthcare fraud and false claims statutes. The subpoena seeks documents related to the division's brachytherapy business. The company is cooperating with the government's request and is in the process of responding to the subpoena. At this stage of the inquiry, the likelihood of an adverse outcome cannot be assessed. The company cannot give any assurances that this matter will not have a material adverse impact on the company's results of operations in a future period.

As of October 23, 2008, approximately 840 federal and 1,180 state lawsuits involving individual claims by approximately 2,090 plaintiffs, as well as three putative class actions, have been filed or asserted against the company with respect to its Composix® Kugel® and certain other core hernia repair products (collectively, the "Hernia Product Claims"). One class action lawsuit consolidates eight previously filed class action lawsuits. The company voluntarily recalled certain sizes and lots of the Composix® Kugel® product beginning in December 2005. The actions generally seek damages for personal injury resulting from use of the products. The putative class actions, none of which has been certified, seek (i) medical monitoring, (ii) compensatory damages, (iii) punitive damages, (iv) a judicial finding of defect and causation and/or (v) attorneys' fees. On June 22, 2007, the Judicial Panel on Multidistrict Litigation transferred Composix® Kugel® lawsuits pending in federal courts

nationwide into one Multidistrict Litigation ("MDL") for coordinated pre-trial proceedings in the United States District Court for the District of Rhode Island. The MDL court subsequently determined to include other hernia repair products in the MDL proceeding. Approximately 1,160 of the state lawsuits, involving individual claims by a substantially equivalent number of plaintiffs, are pending in the Superior Court of the State of Rhode Island, with the remainder in various other jurisdictions.

The Hernia Product Claims are at a preliminary stage. In the vast majority of these cases, we have not yet obtained and reviewed complete information regarding the plaintiffs and their medical conditions, and consequently, we are unable to fully evaluate the claims or determine the time frame in which they may be resolved. As in most litigation of this nature, the Hernia Product Claims present a wide variety of claims, ranging from allegations of serious injury caused by the products to efforts to obtain compensation notwithstanding the absence of any injury. The company believes that many settlements and judgments relating to the Hernia Product Claims are covered in whole or in part under its product liability insurance policies with a limited number of insurance companies. There is no guarantee, however, that these amounts will be adequate to cover damages and/or costs, that insurers will not contest coverage, that insurers will be able to pay claims or that coverage will otherwise be available. While the company intends to vigorously defend the Hernia Product Claims, it cannot give any assurances that the Hernia Product Claims will not have a material adverse impact on the company's result of operations in future periods or the company's financial position or liquidity.

On February 21, 2007, Southeast Missouri Hospital filed a putative class action complaint on behalf of itself and all others similarly situated against the company and another manufacturer under the caption *Southeast Missouri Hospital, et al. v. C. R. Bard, Inc., et al*. (Civil Action No. 1:07-cv-00031, United States District Court, Eastern District of Missouri, Southeastern District). The complaint was later amended to add St. Francis Medical Center as an additional named plaintiff. Co-defendant Tyco International, Inc.'s motion to dismiss was granted and consequently Tyco is no longer a party to the action. The court recently granted the plaintiffs' motion for class certification and determined the measurement period for any potential damages. The plaintiffs allege that the company conspired to exclude competitors from the market and that the company sought to maintain the company's market share by engaging in conduct in violation of state and federal antitrust laws. The plaintiffs seek injunctive relief and substantial money damages. Any damages awarded under the federal antitrust laws will be subject to statutory trebling. If ultimately successful, plaintiff's attorneys are entitled to an award of reasonable fees and costs in addition to the verdict amount. The company intends to defend this matter vigorously. The trial is currently anticipated to commence in April 2009. At this time, it is not possible to assess the likelihood of an adverse outcome or determine an estimate, or a range of estimates, of potential damages. The company cannot give any assurances that this matter will not have a material adverse impact on the company's results of operations in a future period or the company's financial position or liquidity.

In December 2007, a U.S. District Court jury in Arizona found that certain of W.L. Gore & Associates Inc.'s ("Gore") ePTFE vascular grafts and stent-grafts infringe the company's patent number 6,436,135. The jury upheld the validity of the patent and awarded the company $185 million in past damages. The jury also found that Gore willfully infringed the patent. In a second phase of the trial, the court ruled that Gore failed to prove that the patent is unenforceable due to inequitable conduct. Because the company considers this matter a gain contingency, no amounts have been recorded as of September 30, 2008.

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

	Issuer Purchases of Equity Securities				
		Open Market Purchases			
Period	Employee Benefit Plan Shares Surrendered For Taxes[1]	Total Number of Shares Purchased[2]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs[2]	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under Plans or Programs[2]
July 1 - July 31, 2008	2,186	—	$ —	—	$195,159,674
August 1 - August 31, 2008	—	493,000	93.72	493,000	148,957,138
September 1 - September 30, 2008	3,803	—	—	—	148,957,138
Total	5,989	493,000	$93.72	493,000	$148,957,138

(1) Transactions represent the purchase of restricted shares from employees to satisfy tax withholding requirements on the vesting of equity-based awards. None of these transactions were made in the open market.

(2) On October 10, 2007, the Board of Directors approved the repurchase of up to $500 million of common stock of the company.

Item 5. Other Information

Our policy governing transactions in our securities by our directors, executive officers and other specified employees permits such persons to adopt trading plans pursuant to Rule 10b5-1 of the Exchange Act. We anticipate that from time to time, the company's executive officers may establish trading plans relating to our common stock under Rule 10b5-1. Our current intention is to disclose details regarding individual trading plans on our website.

Item 6. Exhibits

(a) Exhibit 10bt* – Form of Aircraft Time Sharing Agreement between the company and certain of its named executive officers
(b) Exhibit 12.1 – Computation of Ratio of Earnings to Fixed Charges
(c) Exhibit 31.1 – Rule 13a-14(a) / 15d-14(a) Certification of Chief Executive Officer
(d) Exhibit 31.2 – Rule 13a-14(a) / 15d-14(a) Certification of Chief Financial Officer
(e) Exhibit 32.1 – Section 1350 Certification of Chief Executive Officer
(f) Exhibit 32.2 – Section 1350 Certification of Chief Financial Officer

*This exhibit constitutes a management contract or a compensatory plan or arrangement.

SIGNATURES

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

C. R. BARD, INC.
(Registrant)

/s/ TODD C. SCHERMERHORN

Todd C. Schermerhorn
Senior Vice President and
Chief Financial Officer

Date: October 27, 2008

/s/ FRANK LUPISELLA JR.

Frank Lupisella Jr.
Vice President and Controller

INDEX TO EXHIBITS

Number	
10bt*	Form of Aircraft Time Sharing Agreement between the company and certain of its named executive officers
12.1	Computation of Ratio of Earnings to Fixed Charges
31.1	Rule 13a-14(a) / 15d-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a) / 15d-14(a) Certification of Chief Financial Officer
32.1	Section 1350 Certification of Chief Executive Officer
32.2	Section 1350 Certification of Chief Financial Officer

* This exhibit constitutes a management contract or a compensatory plan or arrangement.

Exhibit 10(b)(t)

This **AIRCRAFT TIME SHARING AGREEMENT** (the "Agreement") is made and effective as of the day of September, 2008, (the "Effective Date"), by and between C. R. Bard, Inc., a New Jersey corporation ("Time Share Lessor"), and ("Time Share Lessee").

W I T N E S S E T H :

WHEREAS, Time Share Lessee is an employee of Time Share Lessor who is required to use the Aircraft, pursuant to Time Share Lessor's policies, for business and personal travel whenever possible; and

WHEREAS, Time Share Lessee desires to lease the Aircraft, with a flight crew, on a non-exclusive basis pursuant to the terms of this Agreement, from Time Share Lessor on a time sharing basis as defined in Section 91.501(c)(1) of the FAR; and

WHEREAS, Time Share Lessor is willing to lease the Aircraft, with a flight crew, on a non-exclusive basis, to Time Share Lessee on a time sharing basis; and

WHEREAS, during the Term of this Agreement, the Aircraft will be subject to use by Time Share Lessor and may be subject to use by one or more other third-parties.

NOW, THEREFORE, in consideration of the mutual promises herein contained and other good and valid consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions.** The following terms shall have the following meanings for all purposes of this Agreement:

"Aircraft" means the following aircraft, individually or collectively, as appropriate: (i) that certain aircraft bearing U.S. registration number , and manufacturer's serial number ; and/or (ii) that certain aircraft bearing U.S. registration number , and manufacturer's serial number .

"Applicable Law" means, without limitation, all applicable laws, treaties, international agreements, decisions and orders of any court, arbitration or governmental agency or authority and rules, regulations, orders, directives, licenses and permits of any governmental body, instrumentality, agency or authority, including, without limitation, the FAR and 49 U.S.C. § 41101, *et seq*., as amended.

"DOT" means the United States Department of Transportation or any successor agency.

"FAA" means the Federal Aviation Administration or any successor agency.

"FAR" means collectively the Aeronautics Regulations of the FAA and the DOT, as codified at Title 14, Parts 1 to 399 of the United States Code of Federal Regulations.

"Operating Base" means Airport, in the City of , State of .

"Operational Control" has the same meaning given the term in Section 1.1 of the FAR.

"Pilot in Command" has the same meaning given the term in Section 1.1 of the FAR.

"Taxes" means all taxes of every kind (excluding any tax measured by or assessed against a taxpayer's income, including, without limitation, any income tax, gross income tax, net income tax, or capital gains tax) assessed or levied by any federal, state, county, local, airport, district, foreign, or other governmental authority, including, without limitation, sales taxes, use taxes, retailer taxes, federal air transportation excise taxes, federal aviation fuel excise taxes, and other similar duties, fees, and excise taxes.

"Term" means the entire period from the Effective Date to the date this Agreement is terminated pursuant to Section 3.

2. **Agreement to Lease.** Time Share Lessor agrees to lease the Aircraft to Time Share Lessee from time to time on an "as needed and as available" basis, and to provide a fully qualified flight crew for all Time Share Lessee's flight operations, in accordance with the terms and conditions of this Agreement. Nothing contained herein shall obligate or entitle Time Share Lessee to any minimum usage of the Aircraft.

3. **Term.**

   3.1 **Initial Term.** The initial term of this Agreement shall commence on the Effective Date and continue for a period of one (1) year.

   3.2 **Renewal.** At the end of the initial one (1) year term or any subsequent one (1) year term, this Agreement shall automatically be renewed for an additional one (1) year term.

   3.3 **Termination.** Each party shall have the right to terminate this Agreement at any time with or without cause on thirty (30) days written notice to the other party. This Agreement shall automatically terminate, except for any obligations arising prior to the termination of this Agreement, on the date that Time Share Lessee ceases to be employed by Time Share Lessor or any of its affiliates for any reason.

4. **Applicable Regulations.** The parties hereto intend that this Agreement shall constitute, and this Agreement shall be interpreted as, a *Time Sharing Agreement* as defined in Section 91.501(c)(1) of the FAR. The parties agree that for all flights under this Agreement, the Aircraft shall be operated under the pertinent provisions of Subpart F of Part 91 of the FAR. If any provision of this Agreement is determined to be inconsistent with any of the requirements of the provisions of Subpart F of Part 91 of the FAR, such provision shall be deemed amended in any respect necessary to bring it into compliance with such requirements.

5. **Non-Exclusivity.** Time Share Lessee acknowledges that the Aircraft is leased to Time Share Lessee hereunder on a non-exclusive basis, and that the Aircraft will also be subject to use by Time Share Lessor, and may also be subject to non-exclusive leases and lease to others during the Term.

6. **Flight Charges.**

   6.1 Time Share Lessee shall pay Time Share Lessor for each flight conducted under this Agreement (as determined in accordance with Section 6.2 of this Agreement) an amount equal to Time Share Lessor's aggregate incremental costs for such flight, calculated on the same basis used by Time Share Lessor from time to time to determine the aggregate incremental cost of personal aircraft use for purposes of disclosure in Time Share Lessor's proxy statement issued in connection with its annual meeting of shareholders (the "Proxy Calculation"); provided, however, that in no event shall Time Share Lessee pay to Time Share Lessor an amount in excess of the maximum amount of expense reimbursement permitted in accordance with Section 91.501(d) of the FAR, which expenses include and are limited to:

      6.1.1 fuel, oil, lubricants, and other additives;
      6.1.2 travel expenses of the crew, including food, lodging and ground transportation;
      6.1.3 hangar and tie down costs away from the Aircraft's Operating Base;
      6.1.4 insurance obtained for the specific flight;
      6.1.5 landing fees, airport taxes and similar assessments;
      6.1.6 customs, foreign permit, and similar fees directly related to the flight;
      6.1.7 in-flight food and beverages;
      6.1.8 passenger ground transportation;
      6.1.9 flight planning and weather contract services; and
      6.1.10 an additional charge equal to 100% of the expenses listed in Section 6.1.1.

   6.2 Each flight (or portion thereof) by Time Share Lessee for personal travel in a calendar year, following such time that the sum of the aggregate incremental costs of all flights of Time Share Lessee for personal travel in such calendar year exceeds the applicable Time Share Threshold (as defined below),

shall be deemed conducted under this Agreement and is referred to herein as a "Time Share Flight." Time Share Lessee shall pay Time Share Lessor for the aggregate incremental costs of each Time Share Flight in accordance with Section 7 of this Agreement. The term "Time Share Threshold" shall mean: (i) for the calendar year 2008, and (ii) for the calendar year 2009, and each calendar year thereafter, . For purposes of this Section 6.2, the "aggregate incremental costs" of flights shall be determined using the Proxy Calculation.

7. **Invoices and Payment.** Time Share Lessor will initially pay all expenses related to the operation of the Aircraft when and as such expenses are incurred. Within thirty (30) days after the last day of any calendar month during which a Time Share flight has been conducted, Time Share Lessor shall provide an invoice to Time Share Lessee for an amount determined in accordance with Section 6 above; provided that with regard to expenses that remain undeterminable as of the date of any invoice, such expenses shall be included in the next regularly-provided invoice after such expenses have been determined. Time Share Lessee shall remit the full amount of any such invoice, together with any applicable Taxes under Section 8, to Time Share Lessor promptly within thirty (30) days of the invoice date.

8. **Taxes.** Time Share Lessee shall be solely responsible for any Taxes which may be assessed or levied as a result of the lease of the Aircraft to Time Share Lessee, or the use of the Aircraft by Time Share Lessee. Without limiting the generality of the foregoing, Time Share Lessee and Time Share Lessor specifically acknowledge that all of Time Share Lessee's Time Share Flights will be subject to commercial air transportation excise taxes pursuant to Section 4261 of the Internal Revenue Code. Time Share Lessee shall remit to Time Share Lessor all such Taxes together with each payment made pursuant to Section 7.

9. **Scheduling Flights.** Time Share Lessee shall provide notice to Time Share Lessor of his desire to use the Aircraft for personal travel and proposed flight schedules as far in advance of any given flight as reasonably possible. Time Share Lessee shall use reasonable efforts to provide the following information for each proposed flight: departure airport; destination airport; date and time of departure; the names of all passengers; the nature and extent of luggage and/or cargo to be carried; the date and time of return flight, if any; and any other information concerning the proposed flight that may be pertinent or required by Time Share Lessor or Time Share Lessor's flight crew.

10. **Title and Registration.** Time Share Lessor has exclusive legal and equitable title to the Aircraft. Time Share Lessee acknowledges that title to the Aircraft shall remain vested in Time Share Lessor**.** Time Share Lessee undertakes, to the extent permitted by Applicable Law, to do all such further acts, deeds, assurances or things as, in the reasonable opinion of Time Share Lessor, may be necessary or desirable in order to protect or preserve Time Share Lessor's title to the Aircraft.

11. **Aircraft Maintenance and Flight Crew.** Time Share Lessor shall be solely responsible for maintenance, preventive maintenance and required or otherwise necessary inspections of the Aircraft, and shall take such requirements into account in scheduling the Aircraft. No period of maintenance, preventative maintenance, or inspection shall be delayed or postponed for the purpose of scheduling the Aircraft, unless said maintenance or inspection can be safely conducted at a later time in compliance with all Applicable Laws and regulations, and within the sound discretion of the pilot in command. From time to time, Time Share Lessor may arrange to charter aircraft from a third party while the Aircraft are undergoing maintenance or are otherwise unavailable for use. In such event, the provisions of FAR Part 91.501 shall not apply to Time Share Flights conducted on chartered aircraft, however all other relevant provisions of this Agreement shall continue to apply to such flights.

12. **Flight Crews.** Time Share Lessor shall provide to Time Share Lessee a qualified flight crew for each flight conducted in accordance with this Agreement. The members of the flight crew may be either employees or independent contractors of Time Share Lessor. In either event, the flight crew shall be and remain under the exclusive command and control of Time Share Lessor in all phases of all flights conducted hereunder.

13. **OPERATIONAL CONTROL.** THE PARTIES EXPRESSLY AGREE THAT TIME SHARE LESSOR SHALL HAVE AND MAINTAIN OPERATIONAL CONTROL OF THE AIRCRAFT FOR ALL FLIGHTS OPERATED UNDER THIS AGREEMENT, AND THAT THE INTENT OF THE PARTIES IS THAT THIS AGREEMENT CONSTITUTE A "TIME SHARING AGREEMENT" AS SUCH TERM IS DEFINED IN SECTION 91.501(C)(1) OF THE FAR. TIME SHARE LESSOR SHALL EXERCISE EXCLUSIVE AUTHORITY OVER INITIATING, CONDUCTING, OR TERMINATING ANY FLIGHT CONDUCTED ON BEHALF OF TIME SHARE LESSEE PURSUANT TO THIS AGREEMENT.

14. **Authority of Pilot In Command.** Notwithstanding that Time Share Lessor shall have Operational Control of the Aircraft during any flight conducted pursuant to this Agreement, Time Share Lessor and Time Share Lessee expressly agree that the Pilot in Command, in his or her sole discretion, may terminate any flight, refuse to commence any flight, or take any other flight-related action which in the judgment of the Pilot in Command is necessary to ensure the safety of the Aircraft, the flight crew, the passengers, and persons and property on the ground. The Pilot in Command shall have final and complete authority to postpone or cancel any flight for any reason or condition that in his or her judgment would compromise the safety of the flight. No such action of the Pilot in Command shall create or support any liability of Time Share Lessor to Time Share Lessee for loss, injury, damage or delay.

15. **Passengers and Baggage.** Time Share Lessee may carry on the Aircraft on all flights under this Agreement such passengers and baggage/cargo as Time Share Lessee in its sole but reasonable discretion shall determine; provided, however, that the passengers to be carried on such flights shall be limited to those permitted under the pertinent provisions of Part 91 of the FAR, and that the number of such passengers shall in no event exceed the number of passenger seats legally available in the Aircraft and the total load, including fuel and oil in such quantities as the Pilot in Command shall determine to be required, shall not exceed the maximum allowable load for the Aircraft.

16. **Insurance.** Time Share Lessor may maintain such insurance coverage with respect to the Aircraft and any flights made under this Agreement as Time Share Lessor may elect in its sole discretion. Time Share Lessor shall use reasonable efforts to have Time Share Lessee named as an additional insured on liability insurance policies maintained by Time Share Lessor on the Aircraft with respect to flights conducted pursuant to this Agreement.

17. **Representations and Warranties.** Time Share Lessee represents and warrants that:

    17.1 Time Share Lessee will use the Aircraft solely for and on account of his own business or personal travel only and will not use the Aircraft for the purpose of providing transportation of passengers or cargo for compensation or hire.

    17.2 Time Share Lessee shall refrain from incurring any mechanic's or other lien in connection with inspection, preventative maintenance, maintenance or storage of the Aircraft, whether permissible or impermissible under this Agreement, nor shall there be any attempt by Time Share Lessee to convey, mortgage, assign, lease, sublease, or any way alienate the Aircraft or create any kind of lien or security interest involving the Aircraft or do anything or take any action that might mature into such a lien.

    17.3 During the Term of this Agreement, Time Share Lessee will abide by and conform to all Applicable Laws, governmental and airport orders, rules and regulations, as shall from time to time be in effect relating in any way to the operation and use of the Aircraft by a time sharing Time Share Lessee.

18. **No Assignments.** Neither this Agreement nor any party's interest herein shall be assignable to any other party whatsoever.

19. **Entire Agreement.** This Agreement constitutes the entire agreement of the parties as of the Effective Date and supersedes all prior or independent, oral or written agreements, understandings, statements,

representations, commitments, promises, and warranties made with respect to the subject matter of this Agreement.

20. **Prohibited or Unenforceable Provisions.** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibitions or unenforceability in any jurisdiction. To the extent permitted by Applicable Law, each of Time Share Lessor and Time Share Lessee hereby waives any provision of Applicable Law which renders any provision hereof prohibited or unenforceable in any respect.

21. **Amendments.** No term or provision of this Agreement may be changed, waived, discharged, or terminated orally, but only by an instrument in writing signed by both parties.

22. **Governing Law.** This Agreement has been negotiated and delivered in the State of New Jersey and shall in all respects be governed by, and construed in accordance with, the laws of the State of New Jersey, including all matters of construction, validity and performance, without giving effect to its conflict of laws provisions.

23. **Counterparts.** This Agreement may be executed by the parties hereto in two (2) or more separate counterparts, each and all of which when so executed and delivered shall be an original, and all of which shall together constitute but one and the same instrument.

24. **TRUTH IN LEASING.**

WITHIN THE TWELVE (12) MONTH PERIOD PRECEDING THE DATE OF THIS AGREEMENT, THE AIRCRAFT HAS BEEN INSPECTED AND MAINTAINED IN ACCORDANCE WITH THE PROVISIONS OF FAR 91.409.

THE PARTIES HERETO CERTIFY THAT DURING THE TERM OF THIS AGREEMENT AND FOR OPERATIONS CONDUCTED HEREUNDER, THE AIRCRAFT WILL BE MAINTAINED AND INSPECTED IN ACCORDANCE WITH THE PROVISIONS OF FAR 91.409.

TIME SHARE LESSOR ACKNOWLEDGES THAT WHEN IT OPERATES THE AIRCRAFT ON BEHALF OF TIME SHARE LESSEE UNDER THIS AGREEMENT, TIME SHARE LESSOR SHALL BE KNOWN AS, CONSIDERED, AND IN FACT WILL BE THE OPERATOR OF SUCH AIRCRAFT. EACH PARTY HERETO CERTIFIES THAT IT UNDERSTANDS THE EXTENT OF ITS RESPONSIBILITIES SET FORTH HEREIN, FOR COMPLIANCE WITH APPLICABLE FEDERAL AVIATION REGULATIONS.

AN EXPLANATION OF FACTORS BEARING ON OPERATIONAL CONTROL AND PERTINENT FEDERAL AVIATION REGULATIONS CAN BE OBTAINED FROM THE NEAREST FEDERAL AVIATION ADMINISTRATION FLIGHT STANDARDS DISTRICT OFFICE.

THE PARTIES HERETO CERTIFY THAT A TRUE COPY OF THIS AGREEMENT SHALL BE CARRIED ON THE AIRCRAFT AT ALL TIMES, AND SHALL BE MADE AVAILABLE FOR INSPECTION UPON REQUEST BY AN APPROPRIATELY CONSTITUTED IDENTIFIED REPRESENTATIVE OF THE ADMINISTRATOR OF THE FAA.

IN WITNESS WHEREOF, the parties have executed this **Aircraft Time Sharing Agreement** as of the date and year first written above.

TIME SHARE LESSOR:

C. R. BARD, INC.

By: _____

Print: _____

Title: _____

TIME SHARE LESSEE:

_____

[Name]

EXHIBIT 12.1

C. R. BARD, INC. AND SUBSIDIARIES

Exhibit 12.1 - Computation of Ratio of Earnings to Fixed Charges

(dollars in millions)	Nine Months Ended September 30, 2008	Year Ended December 31, 2007	2006	2005	2004	2003
Earnings from continuing operations before taxes	$384.1	$577.3	$394.6	$453.7	$414.2	$223.2
Add (Deduct):						
Fixed charges	12.6	16.6	21.8	17.3	17.7	17.9
Undistributed earnings of less than 50% owned companies carried at equity	(1.9)	(0.7)	(0.2)	(3.6)	(2.4)	(2.0)
Earnings available for fixed charges	$394.8	$593.2	$416.2	$467.4	$429.5	$239.1
Fixed charges:						
Interest, including amounts capitalized[1]	$ 9.1	$ 11.9	$ 16.9	$ 12.2	$ 12.7	$ 12.5
Proportion of rent expense deemed to represent interest factor	3.5	4.7	4.9	5.1	5.0	5.4
Fixed charges	$ 12.6	$ 16.6	$ 21.8	$ 17.3	$ 17.7	$ 17.9
Ratio of earnings to fixed charges	31.33	35.73	19.09	27.02	24.27	13.36

(1) Interest related to unrecognized tax benefits is included as income tax expense and not included in fixed charges.

EXHIBIT 31.1

Certification of Chief Executive Officer

I, Timothy M. Ring, certify that:

1. I have reviewed this quarterly report on Form 10-Q of C. R. Bard, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: October 27, 2008

/s/ Timothy M. Ring

Timothy M. Ring
Chief Executive Officer

EXHIBIT 31.2

Certification of Chief Financial Officer

I, Todd C. Schermerhorn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of C. R. Bard, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: October 27, 2008

/s/ Todd C. Schermerhorn

Todd C. Schermerhorn
Senior Vice President and Chief Financial Officer

EXHIBIT 32.1

SECTION 1350 CERTIFICATIONS

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of C. R. Bard, Inc. on Form 10-Q for the period ended September 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Timothy M. Ring, Chairman and Chief Executive Officer of C. R. Bard, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of C. R. Bard, Inc.

/s/ Timothy M. Ring

Name: Timothy M. Ring
Date: October 27, 2008

EXHIBIT 32.2

SECTION 1350 CERTIFICATIONS

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of C. R. Bard, Inc. on Form 10-Q for the period ended September 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Todd C. Schermerhorn, Senior Vice President and Chief Financial Officer of C. R. Bard, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of C. R. Bard, Inc.

/s/ Todd C. Schermerhorn

Name: Todd C. Schermerhorn
Date: October 27, 2008