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 June 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 June 30, 2008**
Common Stock - $0.25 par value	99,339,845

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 June 30,		Six Months Ended June 30,	
	2008	**2007**	**2008**	**2007**
Net sales	$617,100	$545,700	$1,201,100	$1,073,900
Costs and expenses:				
Cost of goods sold	243,600	216,600	469,100	423,100
Marketing, selling and administrative expense	180,800	160,500	349,700	314,200
Research and development expense	38,200	35,100	124,000	65,200
Interest expense	3,000	3,000	6,000	5,900
Other (income) expense, net	32,600	(8,800)	28,600	(16,200)
Total costs and expenses	498,200	406,400	977,400	792,200
Income from continuing operations before income taxes	118,900	139,300	223,700	281,700
Income tax provision	41,000	41,800	67,800	82,600
Income from continuing operations	77,900	97,500	155,900	199,100
Income on discontinued operations	—	—	—	—
Net income	$ 77,900	$ 97,500	$ 155,900	$ 199,100
Basic earnings per share:				
Income from continuing operations	$ 0.78	$ 0.94	$ 1.56	$ 1.93
Net income per share	$ 0.78	$ 0.94	$ 1.56	$ 1.93
Diluted earnings per share:				
Income from continuing operations	$ 0.76	$ 0.91	$ 1.52	$ 1.86
Net income per share	$ 0.76	$ 0.91	$ 1.52	$ 1.86

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)

	June 30, 2008	December 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 427,600	$ 488,400
Short-term investments	6,700	82,200
Accounts receivable, less allowances of $13,600 and $15,600, respectively	402,900	362,000
Inventories	283,300	244,700
Short-term deferred tax assets	43,100	36,500
Other current assets	56,000	28,200
Total current assets	1,219,600	1,242,000
Property, plant and equipment, at cost	602,200	577,100
Less accumulated depreciation and amortization	255,500	232,500
Net property, plant and equipment	346,700	344,600
Intangibles, net	856,500	773,000
Deferred tax assets	41,200	44,400
Other assets	74,100	71,500
Total assets	$2,538,100	$2,475,500
LIABILITIES AND SHAREHOLDERS' INVESTMENT		
Current liabilities:		
Short-term borrowings and current maturities of long-term debt	$ —	$ 800
Accounts payable	53,000	50,200
Accrued compensation and benefits	82,200	99,800
Accrued expenses	140,200	118,500
Income taxes payable	11,000	12,400
Total current liabilities	286,400	281,700
Long-term debt	149,800	149,800
Other long-term liabilities	189,900	175,800
Deferred income taxes	21,100	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 99,339,845 shares at June 30, 2008 and 100,191,117 shares at December 31, 2007	24,800	25,000
Capital in excess of par value	902,000	824,200
Retained earnings	900,800	956,300
Accumulated other comprehensive income	63,300	42,500
Total shareholders' investment	1,890,900	1,848,000
Total liabilities and shareholders' investment	$2,538,100	$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				155,900		155,900
Available for sale securities (net of $500 taxes)					(800)	(800)
Change in derivative instruments designated as cash flow hedges (net of $200 taxes)					200	200
Amortization of items included in net periodic benefit cost (net of $800 taxes)					1,300	1,300
Foreign currency translation adjustment					20,100	20,100
Total comprehensive income				155,900	20,800	176,700
Issuance of common stock	1,017,220	200	36,600			36,800
Share-based compensation			19,600			19,600
Purchase of common stock for treasury	(1,868,492)	(400)		(180,400)		(180,800)
Cash dividends declared in current year				(31,000)		(31,000)
Tax benefit relating to share-based compensation plans			21,600			21,600
Balance at June 30, 2008	99,339,845	$24,800	$902,000	$ 900,800	$ 63,300	$1,890,900
Balance at December 31, 2006	103,155,437	$25,800	$659,700	$1,026,800	$(14,300)	$1,698,000
Net income				199,100		199,100
Available for sale securities					(100)	(100)
Change in derivative instruments designated as cash flow hedges					200	200
Amortization of items included in net periodic benefit cost (net of $1,900 taxes)					1,000	1,000
Foreign currency translation adjustment					8,700	8,700
Total comprehensive income				199,100	9,800	208,900
Issuance of common stock	1,183,734	200	43,200			43,400
Share-based compensation			22,700			22,700
Purchase of common stock for treasury	(980,000)	(200)		(81,100)		(81,300)
Adjustment for the adoption of FIN 48				5,300		5,300
Cash dividends declared in current year				(30,200)		(30,200)
Tax benefit relating to share-based compensation plans			24,000			24,000
Balance at June 30, 2007	103,359,171	$25,800	$749,600	$1,119,900	$ (4,500)	$1,890,800

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)

	Six Months Ended June 30,	
	2008	**2007**
Cash flows from operating activities from continuing operations:		
Net income	$ 155,900	$ 199,100
Income on discontinued operations	—	—
Income from continuing operations	155,900	199,100
Adjustments to reconcile income from continuing operations to derive net cash provided from continuing operating activities, net of acquired businesses:		
Depreciation and amortization	45,000	38,800
Purchased research and development	49,300	1,600
Non-cash charge related to asset disposition	40,500	—
Deferred income taxes	(25,500)	(3,000)
Share-based compensation	19,700	22,700
Inventory reserves and provision for doubtful accounts	5,600	5,200
Other noncash items	(500)	(1,700)
Changes in assets and liabilities:		
Accounts receivable	(29,400)	(4,800)
Inventories	(30,800)	(17,000)
Current liabilities	(16,000)	10,700
Other, net	(8,900)	(13,900)
Net cash provided by operating activities from continuing operations	204,900	237,700
Cash flows from investing activities from continuing operations:		
Capital expenditures	(24,000)	(25,200)
Change in short-term investments, net	75,500	(21,600)
Net proceeds from investments	—	200
Payments made for purchases of businesses, net of cash acquired	(140,600)	(42,000)
Payments made for intangibles	(13,800)	(16,600)
Net cash used in investing activities from continuing operations	(102,900)	(105,200)
Cash flows from financing activities from continuing operations:		
Repayments of short-term borrowings	(800)	—
Proceeds from exercises under share-based compensation plans, net	26,400	33,100
Excess tax benefit relating to share-based compensation plans	19,300	20,800
Purchase of common stock	(180,800)	(81,300)
Dividends paid	(30,100)	(29,100)
Net cash used in financing activities from continuing operations	(166,000)	(56,500)
Net cash flows from discontinued operations:		
Net cash provided by operating activities	—	600
Effect of exchange rate changes on cash and cash equivalents	3,200	4,700
(Decrease) increase in cash and cash equivalents during the period	(60,800)	81,300
Balance at January 1	488,400	416,200
Balance at June 30	$ 427,600	$ 497,500
Supplemental cash flow information		
Cash paid for:		
Interest	$ 6,000	$ 5,900
Income taxes	$ 85,800	$ 60,600
Noncash transactions:		
Acquisition costs	$ 2,500	$ 200
Accrued milestone payments	—	$ 3,000

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 ended May 31, 2008 and May 31, 2007 and as of November 30, 2007. No events occurred related to these foreign subsidiaries during the months of June 2008, June 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 $14.1 million consisting primarily of inventory and equipment; an acquisition related liability of $26.8 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 June 30, 2007	Six Months Ended June 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 (shares in thousands) are as follows:

	Quarter Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Average common shares outstanding	99,300	103,600	99,700	103,400
Dilutive share equivalents from share-based compensation plans	3,100	3,300	3,200	3,400
Average common and common equivalent shares outstanding—assuming dilution	102,400	106,900	102,900	106,800

4. Income Taxes

The company's effective tax rate for the quarter ended June 30, 2008 increased to approximately 34% compared to approximately 30% for the same period in 2007. The increase was principally due to the discrete tax effect related to the Salute II charge resulting from the write-off of assets primarily located in a low tax

jurisdiction. The company's effective tax rate for the six months ended June 30, 2008 increased to approximately 30% compared to approximately 29% for the same period in 2007. The increase was due to the tax effect related to the Salute II charge, 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.

As of June 30, 2008, the total amount of liability for unrecognized tax benefits was approximately $60.3 million (of which $55.8 million would impact the effective tax rate if recognized) plus approximately $13.4 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.

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	31.3	63.6
Expired/cancelled contracts	(64.8)	—
Balance, June 30, 2008	$ 93.0	$63.6

At June 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 June 30, 2008 and December 31, 2007, respectively. The fair value of option contracts was $2.2 million at June 30, 2008. For the six months ended June 30, 2008, the company reclassified a loss of approximately $0.8 million from accumulated other comprehensive income to other income, net and cost of goods sold in the condensed consolidated statement of income as hedged intercompany balances were settled. This reclassification was net of $0.3 million of associated tax effects.

Investments

Cash equivalents consist of highly liquid investments purchased with original maturities of ninety days or less and amounted to $403.6 million and $458.0 million at June 30, 2008 and December 31, 2007, respectively.

Short-term investments consist of high quality corporate debt securities and commercial paper purchased with maturities of less than one year. These investments amounted to $6.7 million and $82.2 million at June 30, 2008 and December 31, 2007, respectively. There were no realized gains or losses on short-term investments reported in the six months ended June 30, 2008 and the year ended December 31, 2007. There were unrealized gains of $0.1 million on short-term investments in the six months ended June 30, 2008. 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 $1.3 million and $2.5 million at June 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 June 30, 2008	Quoted Prices in Active Markets for Identical Items	Significant Other Observable Inputs
Short-term investments	$ 6.7	$ 6.7	$—
Equity securities	1.3	1.3	—
Forward currency contracts	(0.7)	—	(0.7)
Option contracts	2.2	—	2.2

The fair value of short-term investments and equity securities was measured using quoted prices in active markets for identical items and is 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 is 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)	June 30, 2008	December 31, 2007
Finished goods	$168.5	$143.6
Work in process	28.8	21.9
Raw materials	86.0	79.2
	$283.3	$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 July 25, 2008, approximately 735 federal and 1,100 state lawsuits involving individual claims by approximately 1,940 plaintiffs, as well as three putative class actions, have been filed or asserted against the company with respect to its Composix® Kugel® product intended for ventral hernia repair (collectively, the "Composix Claims"). One class action lawsuit consolidates eight previously-filed class action lawsuits. The company voluntarily recalled certain sizes and lots of the product beginning in December 2005. The actions generally seek damages for personal injury resulting from use of the product. 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 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. Approximately 1,075 of the state lawsuits, involving individual claims by approximately 1,090 plaintiffs, are pending in the Superior Court of the State of Rhode Island, with the remainder in various other jurisdictions. In March 2008, the Superior Court of the State of Rhode Island directed that certain lawsuits had improperly consolidated numerous plaintiffs and ordered the re-filing of complaints on behalf of those plaintiffs, resulting in an increase in the number of lawsuits but a decrease in the number of plaintiffs in lawsuits pending in that court.

The Composix 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 Composix 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. We believe that many settlements and judgments relating to the Composix Claims may be covered in whole or in part under our product liability insurance policies. While the company intends to vigorously defend the Composix Claims, it cannot give any assurances that the Composix 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 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 plaintiff seeks injunctive relief and money damages. Antitrust damages are subject to trebling. The company intends to defend this matter vigorously. 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 is currently assessing Gore's assertion 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 June 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 June 30, 2008 that may be issued under the 2003 Plan was 4,359,077 and under the Directors' Plan was 105,566. 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 June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
(dollars in millions)				
Total cost of share-based compensation plans	$ 9.2	$10.6	$19.6	$22.7
Amounts capitalized in inventory and fixed assets	(0.3)	(0.4)	(0.6)	(0.8)
Amounts recognized in income for amounts previously capitalized in inventory and fixed assets	0.4	0.4	0.7	0.8
Amounts charged against income	$ 9.3	$10.6	$19.7	$22.7

As of June 30, 2008, there were approximately $62.5 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 June 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	$ 0.6	$ 4.6	$ 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	0.2	1.1	1.3	0.1	1.4
Net periodic pension expense	$ 3.7	$ 1.4	$ 5.1	$ 4.0	$ 1.2	$ 5.2

	Six Months Ended June 30,					
	2008			2007		
(dollars in millions)	Tax Qualified Plans	Nonqualified Plans	Total	Tax Qualified Plans	Nonqualified Plans	Total
Service cost net of employee contributions	$ 8.0	$ 1.3	$ 9.3	$ 7.6	$ 1.2	$ 8.8
Interest cost	7.4	1.3	8.7	6.4	1.0	7.4
Expected return on plan assets	(9.9)	—	(9.9)	(8.6)	—	(8.6)
Amortization	1.8	0.2	2.0	2.6	0.2	2.8
Net periodic pension expense	$ 7.3	$ 2.8	$10.1	$ 8.0	$ 2.4	$10.4

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 June 30, 2008 and 2007. The net periodic benefit expense was $0.5 million for each of the six month periods ended June 30, 2008 and 2007.

Employer Contributions to Defined Benefit Plans - For the six months ended June 30, 2008 and 2007, the company made no required or voluntary contributions to its U.S. tax-qualified plan. For the six months ended June 30, 2008 and 2007, the company made voluntary contributions of $1.1 million and $5.0 million, respectively, to the company's non-U.S. tax-qualified plans.

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:

	Quarter Ended June 30,		Six Months Ended June 30	
	2008	2007	2008	2007
(dollars in millions)				
United States	$406.3	$374.8	$ 805.5	$ 748.7
Europe	136.8	105.1	253.9	199.7
Japan	30.1	28.1	58.1	54.5
Rest of world	43.9	37.7	83.6	71.0
	$617.1	$545.7	$1,201.1	$1,073.9
Income from continuing operations before income taxes	$118.9	$139.3	$ 223.7	$ 281.7
Depreciation	$ 13.2	$ 12.5	$ 25.7	$ 24.3
Amortization	$ 9.9	$ 7.5	$ 19.3	$ 14.5

The following table represents net sales by disease state management:

	Quarter Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
(dollars in millions)				
Vascular	$163.6	$135.9	$ 314.0	$ 263.6
Urology	176.4	160.9	345.1	316.1
Oncology	163.7	141.9	313.7	269.7
Surgical Specialties	88.9	86.5	181.9	183.6
Other products	24.5	20.5	46.4	40.9
	$617.1	$545.7	$1,201.1	$1,073.9

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 six months ended June 30, 2008, the company spent $124.0 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.

Recent Developments

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 June 30, 2008 of $617.1 million, an increase of 13% on a reported basis (10% on a constant currency basis) over the quarter ended June 30, 2007 consolidated net sales of $545.7 million. Bard reported consolidated net sales for the six months ended June 30, 2008 of $1,201.1 million, an increase of 12% on a reported basis (9% on a constant currency basis) over the six months ended June 30, 2007 consolidated net sales of $1,073.9 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 June 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 quarter ended June 30, 2008 by approximately 3% as compared to the same period in the prior year. Price changes had the effect of decreasing consolidated net sales for the six months ended June 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 six months ended June 30, 2008 by 3% 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 June 30, 2008 of $406.3 million increased 8% compared to $374.8 million in the prior year quarter. International net sales in the quarter ended June 30, 2008 of $210.8 million increased 23% on a reported basis (13% on a constant currency basis) compared to $170.9 million in the prior year quarter. U.S. net sales for the six months ended June 30, 2008 of $805.5 million increased 8% compared to $748.7 million in the prior year period. International sales for the six months ended June 30, 2008 of $395.6 million increased 22% on a reported basis (12% on a constant currency basis) compared to $352.2 million in the prior year period.

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

Product Group Summary of Net Sales

	Quarter Ended June 30,				Six Months Ended June 30,			
(dollars in millions)	2008	2007	Change	Constant Currency	2008	2007	Change	Constant Currency
Vascular	$163.6	$135.9	20%	14%	$ 314.0	$ 263.6	19%	14%
Urology	176.4	160.9	10%	8%	345.1	316.1	9%	7%
Oncology	163.7	141.9	15%	13%	313.7	269.7	16%	14%
Surgical Specialties	88.9	86.5	3%	—	181.9	183.6	(1)%	(3)%
Other	24.5	20.5	20%	18%	46.4	40.9	13%	12%
	$617.1	$545.7	13%	10%	$1,201.1	$1,073.9	12%	9%

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 June 30, 2008 of vascular products increased 20% on a reported basis (14% on a constant currency basis) compared to the prior year quarter. U.S. net sales for the quarter ended June 30, 2008 of vascular products grew 12% compared to the prior year quarter. International net sales for the quarter ended June 30, 2008 increased 31% on a reported basis (17% on a constant currency basis) compared to the prior year quarter. Consolidated net sales for the six months ended June 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 six months ended June 30, 2008 of vascular products grew 9% compared to the same period in the prior year. International net sales for the six months ended June 30, 2008 increased 31% on a reported basis (19% 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 49% and 46% of consolidated net sales of vascular products for the quarters ended June 30, 2008 and 2007, respectively.

Consolidated net sales for the quarter ended June 30, 2008 of endovascular products increased 27% on a reported basis (21% on a constant currency basis) compared to the prior year quarter. Consolidated net sales for the six months ended June 30, 2008 of endovascular products increased 24% on a reported basis (19% 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 six months ended June 30, 2008.

Consolidated net sales for the quarter ended June 30, 2008 of electrophysiology products increased 19% on a reported basis (12% on a constant currency basis) compared to the prior year quarter. Consolidated net sales for the six months ended June 30, 2008 of electrophysiology products increased 23% on a reported basis (16% on a constant currency basis) compared to the same period in the prior year. The company's steerable diagnostic catheter line contributed to the growth in this category for the quarter and six months ended June 30, 2008.

Consolidated net sales for the quarter ended June 30, 2008 of surgical graft products were flat on a reported basis (decreased 5% on a constant currency basis) compared to the prior year quarter. Consolidated net sales for the six months ended June 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 June 30, 2008 of urology products increased 10% on a reported basis (8% on a constant currency basis) compared to the prior year quarter. U.S. net sales of urology products for the quarter ended June 30, 2008 grew 7% compared to the prior year quarter. International net sales for the quarter ended June 30, 2008 of urology products increased 17% on a reported basis (10% on a constant currency basis) compared to the prior year quarter. Consolidated net sales for the six months ended June 30, 2008 of urology products increased 9% on a reported basis (7% 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 six months ended June 30, 2008 and grew 8% compared to the same period in the prior year. International net sales for the six months ended June 30, 2008 of urology products increased 12% on a reported basis (6% 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 June 30, 2008 of basic drainage products increased 10% on a reported basis (9% on a constant currency basis) compared to the prior year quarter. Consolidated net sales for the quarter ended June 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 six months ended June 30, 2008 of basic drainage products increased 9% on a reported basis (8% on a constant currency basis) compared to the same period in the prior year. Consolidated net sales for the six months ended June 30, 2008 of infection control Foley catheters grew 16% 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 June 30, 2008 of urological specialty products, which include brachytherapy products and services, decreased 3% on a reported basis (6% on a constant currency basis) compared to the prior year quarter. Consolidated net sales for the six months ended June 30, 2008 of urological specialty products decreased 3% on a reported basis (6% 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 June 30, 2008 of continence products increased 14% on a reported basis (12% on a constant currency basis) compared to the prior year quarter. Consolidated net sales for the six months ended June 30, 2008 of continence products increased 12% on a reported basis (10% 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 quarter and six months ended June 30, 2008.

Consolidated net sales for the quarter ended June 30, 2008 of the Statlock® stabilization device product line increased 24% on a reported basis (23% on a constant currency basis) compared to the prior year quarter. Consolidated net sales for the six months ended June 30, 2008 of Statlock® stabilization device product line increased 30% on a reported basis (29% on a constant currency basis) compared to the same period in the prior year.

Oncology Products - The company's oncology products include specialty access products used primarily for chemotherapy. Consolidated net sales for the quarter ended June 30, 2008 of oncology products grew 15% on a reported basis (13% on a constant currency basis) compared to the prior year quarter. U.S. net sales represented 74% of consolidated net sales of oncology products for the quarter ended June 30, 2008 and grew 12% compared to the prior year quarter. International net sales for the quarter ended June 30, 2008 of oncology products grew 26% on a reported basis (15% on a constant currency basis) compared to the prior year quarter. Consolidated net

sales for the six months ended June 30, 2008 of oncology products increased 16% 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 six months ended June 30, 2008 of oncology products grew 15% compared to the same period in the prior year. International net sales for the six months ended June 30, 2008 of oncology products grew 22% on a reported basis (12% on a constant currency basis) compared to the same period in the prior year. The company's specialty access ports, 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 six months ended June 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 June 30, 2008 of surgical specialty products increased 3% on a reported basis (flat on a constant currency basis) compared to the prior year quarter. U.S. net sales for the quarter ended June 30, 2008 of surgical specialty products decreased 1% compared to the prior year quarter. International net sales for the quarter ended June 30, 2008 of surgical specialty products increased 13% on a reported basis (3% on a constant currency basis) compared to the prior year quarter. Consolidated net sales for the six months ended June 30, 2008 of surgical specialty products decreased 1% on a reported basis (3% on a constant currency basis) compared to the same period in the prior year. U.S. net sales for the six months ended June 30, 2008 of surgical specialty products decreased 7% compared to the same period in the prior year. International net sales for the six months ended June 30, 2008 of surgical specialty products grew 16% on a reported basis (6% on a constant currency basis) compared to the same period in the prior year.

Consolidated net sales for the quarter ended June 30, 2008 of the company's soft tissue repair product line, which includes core hernia repair and hernia fixation products, were flat on a reported basis (decreased 3% on a constant currency basis) compared to the prior year quarter. Consolidated net sales for the six months ended June 30, 2008 of the company's soft tissue repair product line decreased 2% on a reported basis (5% on a constant currency basis) compared to the prior year period due primarily to: (i) a hold on the manufacture and the subsequent discontinuance of the sale of the company's Salute II hernia fixation device; and (ii) a decline in sales in the United States of the company's core hernia repair products. The trend 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 has addressed these 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 has responded and is in the process of addressing these 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 has responded to all observations in the Warning Letter and intends to fully implement corrective actions to address the FDA's concerns. The company has met with FDA representatives to advise them of the progress being made in addressing observations in the Warning Letter and has proposed a re-inspection of the Davol facility which the company expects to occur in the second half of 2008. 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.

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 system. 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 intends to fully implement corrective actions to address the concerns identified in the Warning Letter. 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 June 30, 2008 were $24.5 million, an increase of 20% on a reported basis (18% on a constant currency basis) compared to the prior year quarter. Consolidated net sales of other products for the six months ended June 30, 2008 increased 13% on a reported basis (12% 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 six months ended June 30, 2008 and 2007, respectively:

	Quarter Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Cost of goods sold	39.5%	39.7 %	39.1%	39.4%
Marketing, selling and administrative expense	29.3%	29.4 %	29.1%	29.3%
Research and development expense	6.2%	6.4 %	10.3%	6.1%
Interest expense	0.5%	0.5 %	0.5%	0.5%
Other (income) expense, net	5.2%	(1.6)%	2.4%	(1.5)%
Total costs and expenses	80.7%	74.4 %	81.4%	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 six 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 six months ended June 30, 2008 was 29.3% and 29.1%, respectively, a decrease of 10 basis points and 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 June 30, 2008, the company spent

approximately $38.2 million on research and development activities compared to $35.1 million in the prior year quarter. For the six months ended June 30, 2008, the company spent approximately $124.0 million on research and development activities compared to $65.2 million in the prior year period. Included in the research and development costs for the six months ended June 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 June 30, 2008 of $3.0 million was unchanged from the prior year quarter and reflected constant debt levels. Interest expense for the six months ended June 30, 2008 increased slightly to $6.0 million from $5.9 million for the six months ended June 30, 2007.

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

	Quarter Ended June 30,		Six Months Ended June 30,	
(dollars in millions)	2008	2007	2008	2007
Interest income	$ (4.2)	$(8.2)	$ (9.8)	$(15.3)
Foreign exchange (gains) losses	—	(0.5)	1.0	(0.7)
Asset disposition	36.8	—	36.8	—
Other, net	—	(0.1)	0.6	(0.2)
	$32.6	$(8.8)	$28.6	$(16.2)

Interest income - For the quarter ended June 30, 2008, interest income was approximately $4.2 million, compared to approximately $8.2 million for the prior year quarter. For the six months ended June 30, 2008, interest income was approximately $9.8 million, compared to $15.3 million for the six months ended June 30, 2007. The decrease for these periods was primarily due to lower balances of cash and cash equivalents and lower interest rates.

Asset disposition - For the quarter and six months ended June 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.

Income tax provision

The company's effective tax rate for the quarter ended June 30, 2008 increased to approximately 34% compared to approximately 30% for the same period in 2007. The increase was principally due to the discrete tax effect related to the Salute II charge resulting from the write-off of assets primarily located in a low tax jurisdiction. The company's effective tax rate for the six months ended June 30, 2008 increased to approximately 30% compared to approximately 29% for the same period in 2007. The increase was due to the tax effect related to the Salute II charge, 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.

Net Income and Earnings Per Share

Net income and diluted earnings per share for the second quarter of 2008 were $77.9 million and $0.76, respectively. Net income and diluted earnings per share for the prior year quarter were $97.5 million and $0.91, respectively. Net income and diluted earnings per share for the six months ended June 30, 2008 were $155.9 million and $1.52, respectively. Net income and diluted earnings per share for the six months ended June 30, 2007 were $199.1 million and $1.86, respectively. The current periods reflect 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. The current year six month period also 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.

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 provided from operations continues to be the company's primary source of funds. Should it be necessary, the company believes it could borrow adequate funds at competitive terms. The company believes that its overall financial strength gives the company sufficient financing flexibility. The table below summarizes certain liquidity measures for Bard as of June 30, 2008 and 2007, respectively:

(dollars in millions)	2008	2007
Working capital	$ 933.2	$1,036.7
Current ratio	4.26/1	5.30/1

For the six months ended June 30, 2008, the company generated $204.9 million in cash flow from continuing operations, $32.8 million less than the $237.7 million generated in the prior year period. The change in current liabilities of $26.7 million, which reflected decreases in accrued expenses and income taxes payable, contributed to the decline in cash flows from continuing operations.

For the six months ended June 30, 2008, the company used $102.9 million in cash for investing activities from continuing operations, $2.3 million less than the $105.2 million used in the prior year period. In 2008, the company paid $75.2 million for the purchase of the assets of the LifeStent® family of stents from Edwards Lifesciences which included direct acquisition costs paid as of June 30, 2008. In addition, the company paid $65.4 million, for the purchase of Specialized Health Products which included direct acquisition costs paid as of June 30, 2008. In the prior year, the company paid $33.7 million to acquire the assets of Inrad, Inc.'s biopsy marker business. Net cash provided by the change in short-term investments, net in the quarter was $75.5 million compared with net cash used of $21.6 million in the prior year period. Capital expenditures were approximately $24.0 million and $25.2 million for the six months ended June 30, 2008 and 2007, respectively.

For the six months ended June 30, 2008, the company used $166.0 million in cash for financing activities from continuing operations, $109.5 million more than the $56.5 million used in the prior year period. Total debt was $149.8 million and $150.6 million at June 30, 2008 and December 31, 2007, respectively. Total debt to total capitalization was 7.3% and 7.5% at June 30, 2008 and December 31, 2007, respectively. The company spent approximately $180.8 million to repurchase 1,868,492 shares of common stock in the six months ended June 30, 2008 compared with approximately $81.3 million to repurchase 980,000 shares of common stock in the prior year period. At June 30, 2008, a total of $195.2 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 $0.30 per share and $0.28 per share for the six months ended June 30, 2008 and 2007, respectively.

The company maintains a domestic 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 June 30, 2008 and December 31, 2007. In addition, a wholly owned foreign subsidiary of the company maintains a $250 million syndicated bank credit facility to be used for general corporate needs. Loans under the facility bear interest at the company's option at a fixed spread to LIBOR or the higher of prime rate and 0.50% over the federal funds rate. The facility expires in October 2008. There were no outstanding borrowings under the facility at June 30, 2008 and December 31, 2007.

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; and
- the ability to obtain appropriate levels of product liability insurance on reasonable terms.

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 product;
- 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; and
- changes in the rate of inflation.

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.

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 June 30, 2008. Based upon that evaluation, the company's Chief Executive Officer and Chief Financial Officer have concluded that, as of June 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 July 25, 2008, approximately 735 federal and 1,100 state lawsuits involving individual claims by approximately 1,940 plaintiffs, as well as three putative class actions, have been filed or asserted against the company with respect to its Composix® Kugel® product intended for ventral hernia repair (collectively, the "Composix Claims"). One class action lawsuit consolidates eight previously filed class action lawsuits. The company voluntarily recalled certain sizes and lots of the product beginning in December 2005. The actions generally seek damages for personal injury resulting from use of the product. 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 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. Approximately 1,075 of the state lawsuits, involving individual claims by approximately 1,090 plaintiffs, are pending in the Superior Court of the State of Rhode Island, with the remainder in various other jurisdictions. In March 2008, the Superior Court of the State of Rhode Island directed that certain lawsuits had improperly consolidated numerous plaintiffs and ordered the re-filing of complaints on behalf of those plaintiffs, resulting in an increase in the number of lawsuits but a decrease in the number of plaintiffs in lawsuits pending in that court.

The Composix 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 Composix 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. We believe that many settlements and judgments relating to the Composix Claims may be covered in whole or in part under our product liability insurance policies. While the company intends to vigorously defend the Composix Claims, it cannot give any assurances that the Composix 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 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 plaintiff seeks injunctive relief and money damages. Antitrust damages are subject to trebling. The company intends to defend this matter vigorously. 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 is currently assessing Gore's assertion 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 June 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]
April 1 - April 30, 2008	3,480	—	$ —	—	$206,652,414
May 1 - May 31, 2008	3,743	125,000	91.94	125,000	195,159,674
June 1 - June 30, 2008	137	—	—	—	195,159,674
Total	7,360	125,000	$91.94	125,000	$195,159,674

(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 4. Submission of Matters to a Vote of Security Holders

The company's annual meeting of shareholders was held on April 16, 2008. The information set forth in Part II, Item 4 of the company's Quarterly Report on Form 10-Q for the period ended March 31, 2008 is incorporated herein by reference.

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 10bs* – 2003 Long Term Incentive Plan of C. R. Bard, Inc. (as Amended and Restated).
(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: July 28, 2008

/s/ FRANK LUPISELLA JR.

Frank Lupisella Jr.
Vice President and Controller

2003 LONG TERM INCENTIVE PLAN
OF
C. R. BARD, INC.
(AS AMENDED AND RESTATED)

Effective as of April 16, 2008, the 2003 Long Term Incentive Plan of C. R. Bard, Inc. (the "Plan") is hereby amended and restated by C. R. Bard, Inc., a New Jersey corporation (the "Corporation"), as set forth herein. The Plan was originally effective as of April 16, 2003.

SECTION 1. — Purpose of the Plan

The 2003 Long Term Incentive Plan of C. R. Bard, Inc. is designed to attract and retain the services of selected employees of the Corporation and its Subsidiaries and to motivate such employees to exert their best efforts on behalf of the Corporation and its Subsidiaries by providing incentives through the granting of Awards. The Corporation expects that it will benefit from the added interest that such employees will have in the welfare of the Corporation as a result of their proprietary interest in the Corporation's success. The Plan may be used to grant equity-based awards under various compensation programs of the Corporation, as determined in the discretion of the Compensation Committee of the Board of Directors of the Corporation and in accordance with the terms hereof. The Committee shall have the full authority to establish the terms and conditions of any Award granted under the Plan, subject to the terms and limitations contained herein.

SECTION 2. — Definitions

The following capitalized terms used in the Plan have the respective meanings set forth in this Section:

(a) *Act*: The Securities Exchange Act of 1934, as amended (or any successor statute thereto).

(b) *Award*: An Option, Stock Appreciation Right or Other Stock-Based Award granted pursuant to the Plan.

(c) *Board*: The Board of Directors of the Corporation.

(d) *Change of Control*: A change of control of the nature that would be required to be reported in response to Item 1(a) of the Current Report on Form 8-K as in effect on April 16, 2003, pursuant to Section 13 or 15(d) of the Act (other than such a change of control involving a Permitted Holder); provided, that, without limitation, a Change of Control shall be deemed to have occurred if:

(i) any "person" (other than a Permitted Holder) shall become the "beneficial owner", as those terms are defined below, of capital stock of the Corporation, the voting power of which constitutes 20% or more of the general voting power of all of the Corporation's outstanding capital stock; or

(ii) individuals who, as of April 16, 2003, constituted the Board (the "Incumbent Board") cease for any reasons to constitute at least a majority of the Board; *provided*, that any person becoming a Director subsequent to April 16, 2003, whose election, or nomination for election by the Corporation's shareholders, was approved by a vote of at least three quarters of the Directors comprising the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the Directors of the Corporation, which is or would be subject to Rule 14a-11 of the Regulation 14A promulgated under the Act) shall be, for purposes of the Plan, considered as though such person were a member of the Incumbent Board.

For purposes of the definition of Change of Control, the following definitions shall be applicable:

(1) The term "person" shall mean any individual, group, corporation or other entity.

(2) For purposes of this definition only, any person shall be deemed to be the "beneficial owner" of any shares of capital stock of the Corporation:

(i) which that person owns directly, whether or not of record, or

(ii) which that person has the right to acquire pursuant to any agreement or understanding or upon exercise of conversion rights, warrants, or options, or otherwise, or

(iii) which are beneficially owned, directly or indirectly (including shares deemed owned through application of clause (ii) above), by an "affiliate" or "associate" (as defined in the rules of the Securities and Exchange Commission under the Securities Act of 1933, as amended) of that person, or

(iv) which are beneficially owned, directly or indirectly (including shares deemed owned through application of clause (ii) above), by any other person with which that person or such

person's "affiliate" or "associate" (defined as aforesaid) has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of capital stock of the Corporation.

(3) The outstanding shares of capital stock of the Corporation shall include shares deemed owned through application of clauses (2)(ii), (iii) and (iv), above, but shall not include any other shares which may be issuable pursuant to any agreement or upon exercise of conversion rights, warrants or options, or otherwise, but which are not actually outstanding.

(e) *Code*: The Internal Revenue Code of 1986, as amended (or any successor statute thereto).

(f) *Committee*: The Compensation Committee of the Board, or such other committee as may be designated by the Board.

(g) *Corporation*: C. R. Bard, Inc., a New Jersey corporation.

(h) *Director*: A member of the Board.

(i) *Disability*: Inability of a Participant to perform in all material respects his duties and responsibilities to the Corporation, or any Subsidiary of the Corporation, by reason of a physical or mental disability or infirmity which inability is reasonably expected to be permanent and has continued (i) for a period of six consecutive months or (ii) such shorter period as the Committee may reasonably determine in good faith. The Disability determination shall be in the sole discretion of the Committee.

(j) *Effective Date*: April 16, 2008, provided that the Plan, as amended and restated, shall have been approved by the shareholders of the Corporation.

(k) *Fair Market Value*: On a given date, (i) if there should be a public market for the Shares on such date, the arithmetic mean of the high and low prices of the Shares as reported on such date on the Composite Tape of the principal national securities exchange on which such Shares are listed or admitted to trading, or, if the Shares are not listed or admitted on any national securities exchange, the arithmetic mean of the per Share closing bid price and per Share closing asked price on such date as quoted on the National Association of Securities Dealers Automated Quotation System (or such market in which such prices are regularly quoted) (the "NASDAQ"), or, if no sale of Shares shall have been reported on the Composite Tape of any national securities exchange or quoted on the NASDAQ on such date, then the immediately preceding date on which sales of the Shares have been so reported or quoted shall be used, and (ii) if there should not be a public market for the Shares on such date, the Fair Market Value shall be the value established by the Committee in good faith.

(l) *ISO*: An Option that is also an incentive stock option granted pursuant to Section 6(d) of the Plan.

(m) *LSAR*: A limited stock appreciation right granted pursuant to Section 7(d) of the Plan.

(n) *Other Stock-Based Awards*: Awards granted pursuant to Section 8 of the Plan.

(o) *Option*: A stock option granted pursuant to Section 6 of the Plan.

(p) *Option Price*: The purchase price per Share of an Option, as determined pursuant to Section 6(a) of the Plan.

(q) *Participant*: An employee of the Corporation or any of its Subsidiaries who is selected by the Committee to participate in the Plan.

(r) *Permitted Exceptions*: The Board may amend the Plan at any time to terminate restrictions applicable to Awards in connection with (i) a Change of Control, (ii) a Participant's death, Disability, retirement, or Qualified Termination, or (iii) any termination of employment other than a Qualified Termination; *provided, however,* that the amount of Awards with respect to which the Board terminates restrictions pursuant to this subsection (iii) together with any Awards granted pursuant to Section 8(a)(ii) hereof does not in the aggregate exceed 5% of the total number of Shares that may be issued under the Plan from time to time.

(s) *Permitted Holder* means, as of the date of determination: (i) an employee benefit plan (or trust forming a part thereof) maintained by the Corporation or any corporation or other person of which a majority of its voting power of its voting equity securities or equity interest is owned, directly or indirectly, by the Corporation (a "Controlled Entity"); (ii) the Corporation or any Controlled Entity; (iii) any entity, which directly or indirectly through a majority-owned Subsidiary, following a transaction described in paragraph (d) above, owns the stock or assets of the Corporation, and in which a majority of the combined voting power of the voting securities of such entity is held by the shareholders of the Corporation who were shareholders of the Corporation immediately prior to such transaction, in substantially the same proportion to each other that they were prior to the transaction; or (iv) an underwriter in a public offering, or purchaser in a private placement, of capital stock by the Corporation.

(t) *Performance-Based Awards*: Certain Other Stock-Based Awards granted pursuant to Section 8(b) of the Plan.

(u) *Plan*: The 2003 Long Term Incentive Plan of C. R. Bard, Inc., as amended from time to time.

(v) *Qualified Termination*: Termination of employment in connection with the divestiture, sale or other disposition of a business or assets of the Corporation.

(w) *Shares*: Shares of common stock of the Corporation.

(x) *Stock Appreciation Right*: A stock appreciation right granted pursuant to Section 7 of the Plan.

(y) *Subsidiary*: A subsidiary corporation, as defined in Section 424(f) of the Code (or any successor section thereto).

SECTION 3. — Shares Subject to the Plan

Subject to adjustment as provided in Section 9, (i) the total number of Shares which may be issued under the Plan is 14,725,000 and (ii) the maximum number of Shares for which Options and Stock Appreciation Rights or Other Stock-Based Awards under Section 8(b) may be granted during a calendar year to any Participant shall not exceed 900,000. The maximum number of Shares that may be granted as Awards of restricted Shares, unrestricted Shares, restricted Share units, or Other Stock-Based Awards shall not exceed 3,475,000 shares in the aggregate. The Shares may consist, in whole or in part, of unissued Shares or treasury Shares. The issuance of Shares or the payment of cash upon the exercise of an Award or in consideration of the cancellation or termination of an Award shall reduce the total number of Shares available under the Plan, as applicable. Shares subject to Awards which are forfeited, terminate or otherwise lapse will be added back to the aggregate number of Shares available under the Plan. Notwithstanding the foregoing, the following Shares shall not become available for issuance under the Plan: (i) Shares tendered by Participants as full or partial payment to the Corporation upon the exercise of Options granted under the Plan; (ii) Shares reserved for issuance upon the grant of Stock Appreciation Rights, to the extent the number of reserved Shares exceeds the number of Shares actually issued upon the exercise of the Stock Appreciation Rights; and (iii) Shares withheld by, or otherwise remitted to, the Corporation to satisfy a Participant's tax withholding obligations upon the lapse of restrictions on restricted Shares or the exercise of Options or Stock Appreciation Rights granted under the Plan.

SECTION 4. — Administration

The Plan shall be administered by the Committee, which may delegate its duties and powers in whole or in part to any subcommittee thereof; it is expected that such subcommittee shall consist solely of at least two individuals who are intended to qualify as "Non-Employee Directors" within the meaning of Rule 16b-3 under the Act (or any successor rule thereto) and "outside directors" within the meaning of Section 162(m) of the Code (or any successor section thereto); *provided, however*, that the failure of the subcommittee to be so constituted shall not impair the validity of any Award made by such subcommittee. Subject to the provisions of the Plan, the Committee shall have exclusive power to select the Participants and to determine the amount of, or method of determining, the Awards to be made to Participants. All Awards granted to Participants under the Plan shall be evidenced by an Award agreement which specifies the type of Award granted pursuant to the Plan, the number of Shares underlying the Award and all terms governing the Award, including, without limitation, terms regarding vesting, exercisability and expiration of the Award. Awards may, in the discretion of the Committee, and to the extent permitted by Section 6(a), be made under the Plan to Participants in assumption of, or in substitution for, outstanding awards previously granted by the Corporation or its affiliates or an entity acquired by the Corporation or with which the Corporation combines. The number of Shares underlying such substitute awards shall be counted against the aggregate number of Shares available for Awards under the Plan. The Shares underlying such previously outstanding awards, if such awards were Awards under this Plan, shall be added back to the aggregate number of Shares available under the Plan. The Committee is authorized to interpret the Plan, to establish, amend or rescind any rules and regulations relating to the Plan and to make any other determinations that it deems necessary or desirable for the administration of the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent the Committee deems necessary or desirable. Any decision of the Committee in the interpretation and administration of the Plan, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned (including, but not limited to, Participants and their beneficiaries or successors). The Committee shall have the full power and authority, consistent with the provisions of the Plan, to establish the terms and conditions of any Award and to waive any such terms or conditions at any time (including, without limitation, accelerating or waiving any vesting conditions). The Committee shall require payment of any amount it may determine to be necessary to withhold for federal, state, local or other taxes as a result of the exercise, grant or vesting of an Award as a condition to such exercise, grant or vesting. Unless the Committee specifies otherwise, the Participant may elect to pay a portion or all of such withholding taxes by (a) delivery in Shares or (b) having Shares withheld by the Corporation from any Shares that would have otherwise been received by the Participant.

SECTION 5. — Limitations

No Award may be granted under the Plan after the tenth anniversary of the Effective Date, but Awards theretofore granted may extend beyond that date.

SECTION 6. — Terms and Conditions of Options

Options granted under the Plan shall be, as determined by the Committee, non-qualified or incentive stock options for federal income tax purposes, as evidenced by the related Award agreements between the Corporation and the Option recipient, and shall be subject to the foregoing and the following terms and conditions and to such other terms and conditions, not inconsistent therewith, as the Committee shall determine:

(a) *Option Price*. The Option Price per Share shall be determined by the Committee, but shall not be less than 100% of the Fair Market Value of the Shares on the date an Option is granted. Notwithstanding any provision in this Plan to the contrary other than the last sentence of this Section 6(a), no Option may be amended to reduce the per Share Option Price of the Shares subject to such Option below the Option Price determined as of the date the Option is granted, nor may an Option be granted in exchange for, or in connection with, the cancellation or surrender of an Option or other Award having a higher Option Price or exercise price. The restrictions set forth in this Section 6 shall not apply to the assumption of, substitution for, or adjustment of outstanding Options that are assumed, substituted, or adjusted in connection with a transaction described in Section 9, provided that the aggregate Option Price times the number of shares underlying the Option immediately before the transaction equals or exceeds the aggregate Option Price times the number of Shares underlying the Option (or substituted Option) immediately following the transaction.

(b) *Exercisability*. Options granted under the Plan shall be vested and exercisable at such times and upon such terms and conditions as may be determined by the Committee, but in no event shall an Option be exercisable more than ten years after the date it is granted.

(c) *Exercise of Options*. Except as otherwise provided in the Plan or in an Award agreement, an Option may be exercised for all, or from time to time any part, of the Shares for which it is then vested and exercisable. For purposes of Section 6 of the Plan, the exercise date of an Option shall be the later of the date a notice of exercise is received by the Corporation and, if applicable, the date payment is received by the Corporation pursuant to clauses (i), (ii), (iii) or (iv) in the following sentence. The purchase price for the Shares as to which an Option is exercised shall be paid to the Corporation in full at the time of exercise at the election of the Participant (i) in cash or its equivalent (e.g., by check), (ii) to the extent permitted by the Committee, in Shares having a Fair Market Value equal to the aggregate Option Price for the Shares being purchased and satisfying such other requirements as may be imposed by the Committee; *provided*, that such Shares have been held by the Participant for no less than six months (or such other period as established from time to time by the Committee in order to avoid adverse accounting treatment applying generally accepted accounting principles), (iii) partly in cash and, to the extent permitted by the Committee, partly in such Shares or (iv) if there is a public market for the Shares at such time, subject to rules and limitations established by the Committee, through the delivery of irrevocable instructions to a broker to sell Shares obtained upon the exercise of the Option and to deliver promptly to the Corporation an amount out of the proceeds of such sale equal to the aggregate Option Price for the Shares being purchased. No Participant shall have any rights to dividends or other rights of a stockholder with respect to Shares subject to an Option until the Participant has given written notice of exercise of the Option, paid in full for such Shares, received such Shares from the Corporation and, if applicable, has satisfied any other conditions imposed by the Committee pursuant to the Plan.

(d) *Incentive Stock Options*. The Committee may grant Options under the Plan that are intended to be ISOs. Such ISOs shall comply with the requirements of Section 422 of the Code (or any successor section thereto). Except as otherwise permitted in Section 422 of the Code (or any successor section thereto), no ISO may be granted to any Participant who, at the time of such grant, owns more than ten percent of the total combined voting power of all classes of stock of the Corporation or of any Subsidiary, unless (i) the Option Price for such ISO is at least 110% of the Fair Market Value of a Share on the date the ISO is granted and (ii) the date on which such ISO terminates is a date not later than the day preceding the fifth anniversary of the date on which the ISO is granted. Any Participant who disposes of Shares acquired upon the exercise of an ISO either (i) within two years after the date of grant of such ISO or (ii) within one year after the transfer of such Shares to the Participant shall promptly notify the Corporation of such disposition and of the amount realized upon such disposition. All Options granted under the Plan are intended to be nonqualified stock options, unless the applicable Award agreement expressly states that the Option is intended to be an ISO. If an Option is intended to be an ISO, and if for any reason such Option (or portion thereof) shall not qualify as an ISO, then, to the extent of such failure to qualify, such Option (or portion thereof) shall be regarded as a nonqualified stock option granted under the Plan; *provided*, that such Option (or portion thereof) otherwise complies with the Plan's requirements relating to nonqualified stock options. In no event shall any member of the Committee, the Corporation or any of its Affiliates (or their respective employees, officers or directors) have any liability to any Participant (or any other Person) due to the failure of an Option to qualify for any reason as an ISO.

(e) *Attestation*. Wherever in this Plan or any agreement evidencing an Award a Participant is permitted to pay the exercise price of an Option or taxes relating to the exercise of an Option by delivering Shares, the Participant may, subject to procedures satisfactory to the Committee, satisfy such delivery requirement by presenting proof that he or she is the beneficial owner (as such term is defined in Rule 13d-3 under the Act (or any successor rule thereto)) of such Shares, in which case the Corporation shall treat the Option as exercised without further payment and shall withhold such number of Shares from the Shares acquired by the exercise of the Option.

SECTION 7. — Terms and Conditions of Stock Appreciation Rights

(a) *Grants*. The Committee also may grant (i) a Stock Appreciation Right independent of an Option or (ii) a Stock Appreciation Right in connection with an Option, or a portion thereof. A Stock Appreciation Right granted pursuant to clause (ii) of the preceding sentence (A) may be granted at the time the related Option is granted or at any time prior to the exercise or cancellation of the related Option, (B) shall cover the same number of Shares covered by an Option (or such lesser number of Shares as the Committee may determine) and (C) shall be subject to the same terms and conditions as such Option except for such additional limitations as are contemplated by this Section 7 (or such additional limitations as may be included in an Award agreement).

(b) *Terms*. The exercise price per Share of a Stock Appreciation Right shall be an amount determined by the Committee but in no event shall such amount be less than the greater of (i) the Fair Market Value of a Share on the date the Stock Appreciation Right is granted or, in the case of a Stock Appreciation Right granted in conjunction with an Option, or a portion thereof, the Option Price of the related Option and (ii) the minimum amount permitted by applicable laws, rules, by-laws or policies of regulatory authorities or stock exchanges. Notwithstanding any provision in this Plan to the contrary other than the next sentence of this Section 7(b), no Stock Appreciation Right may be amended to reduce the exercise price per Share of the Shares subject to such Stock Appreciation Right below the exercise price determined as of the date the Stock Appreciation Right is granted, nor may a Stock Appreciation Right be granted in exchange for, or in connection with, the cancellation or surrender of a Stock Appreciation Right or other Award having a higher exercise price. The restrictions set forth in this Section 7(b) shall not apply to the assumption of, substitution for, or adjustment of outstanding Stock Appreciation Rights that are assumed, substituted, or adjusted in connection with a transaction described in Section 9, provided that the aggregate exercise price times the number of shares underlying the Stock Appreciation Right immediately before the transaction equals or exceeds the aggregate exercise price times the number of Shares underlying the Stock Appreciation Right (or substituted Stock Appreciation Right) immediately following the transaction. Each Stock Appreciation Right granted independent of an Option shall entitle a Participant upon exercise to an amount equal to (i) the excess of (A) the Fair Market Value on the exercise date of one Share over (B) the exercise price per Share, times (ii) the number of Shares covered by the Stock Appreciation Right and as to which the Stock Appreciation Right is exercised. Each Stock Appreciation Right granted in conjunction with an Option, or a portion thereof, shall entitle a Participant to surrender to the Corporation the unexercised Option, or any portion thereof, and to receive from the Corporation in exchange therefor an amount equal to (i) the excess of (A) the Fair Market Value on the exercise date of one Share over (B) the Option Price per Share, times (ii) the number of Shares covered by the Option, or portion thereof, which is surrendered. The date a notice of exercise is received by the Corporation shall be the exercise date. Payment shall be made in Shares or in cash, or partly in Shares and partly in cash (any such Shares valued at such Fair Market Value), all as shall be determined by the Committee. Stock Appreciation Rights may be exercised from time to time in whole or in part upon actual receipt by the Corporation of written notice of exercise stating the number of Shares with respect to which the Stock Appreciation Right is being exercised. No fractional Shares will be issued in payment for Stock Appreciation Rights, but instead cash will be paid for a fraction or, if the Committee should so determine, the number of Shares will be rounded downward to the next whole Share. In no event shall a Stock Appreciation Right be exercisable more than ten years after the date it is granted.

(c) *Limitations*. Subject to Section 12, the Committee may impose, in its discretion, such conditions upon the exercisability or transferability of Stock Appreciation Rights as it may deem fit.

(d) *Limited Stock Appreciation Rights*. The Committee may grant LSARs that are exercisable upon the occurrence of specified contingent events (including, without limitation, a Change of Control). Such LSARs may provide for a different method of determining appreciation, may specify that payment will be made only in cash and may provide that any related Awards are not exercisable while such LSARs are exercisable. Pursuant to Section 4, the Committee is authorized to amend the terms of an LSAR held by any employee subject to Section 16 of the Exchange Act, as may be necessary so that the holding and exercise of such LSAR will be exempt under such Section 16. Unless the context otherwise requires, whenever the term “Stock Appreciation Right” is used in the Plan, such term shall include LSARs.

SECTION 8. — Other Stock-Based Awards

(a) *Generally*. The Committee, in its sole discretion, may grant or sell Awards of Shares, Awards of restricted Shares and Awards that are valued in whole or in part by reference to, or are otherwise based on the Fair Market Value of, Shares ("Other Stock-Based Awards"). Such Other Stock-Based Awards shall be in such form, and dependent on such conditions, as the Committee shall determine, including, without limitation, the right to receive, or vest with respect to, one or more Shares (or the equivalent cash value of such Shares) upon the completion of a specified period of service, the occurrence of an event and/or the attainment of performance objectives; *provided*, *however*, that the Committee may grant Awards of unrestricted Shares only if the Committee has determined that such Award is made in lieu of salary or cash bonus. Other Stock-Based Awards may be granted alone or in addition to any other Awards granted under the Plan. Subject to the provisions of the Plan, the Committee shall determine to whom and when Other Stock-Based Awards will be made, the number of Shares to be awarded under (or otherwise related to) such Other Stock-Based Awards; whether such Other Stock-Based Awards shall be settled in cash, Shares or a combination of cash and Shares; and all other terms and conditions of such Awards (including, without limitation, the vesting provisions thereof and provisions ensuring that all Shares so awarded and issued shall be fully paid and non-assessable); *provided*, *however*, that the restricted period specified in respect of any Award of restricted Shares shall not be less than three years, except that the Committee may (i) provide for the restricted period to terminate at any time after one year upon the attainment of performance-based objectives and (ii) the Committee may grant Awards of up to 500,000 restricted Shares without regard to this limitation.

(b) *Performance-Based Awards*. Notwithstanding anything to the contrary herein, certain Other Stock-Based Awards granted under this Section 8 may be granted in a manner which is deductible by the Corporation under Section 162(m) of the Code (or any successor section thereto) ("Performance-Based Awards"). A Participant's Performance-Based Awards shall be determined based on the attainment of written performance goals approved by the Committee for a performance period established by the Committee (i) while the outcome for that performance period is substantially uncertain and (ii) no more than 90 days after the commencement of the performance period to which the performance goal relates or, if less, the number of days which is equal to 25 percent of the relevant performance period, or as otherwise permitted pursuant to Section 162(m) of the Code (or any successor section thereto). The performance goals, which must be objective, shall be based upon one or more of the following criteria: (i) consolidated earnings before or after taxes (including earnings before interest, taxes, depreciation and amortization); (ii) net income; (iii) operating income; (iv) earnings per Share; (v) return on shareholders' equity; (vi) attainment of strategic and operational initiatives; (vii) customer income; (viii) economic value-added models; (ix) maintenance or improvement of profit margins; (x) stock price, including, without limitation, as compared to one or more stock indices; (xi) market share; (xii) revenues, sales or net sales; (xiii) return on assets; (xiv) book value per Share; (xv) expense management; (xvi) improvements in capital structure; (xvii) costs and (xviii) cash flow. The foregoing criteria may relate to the Corporation, one or more of its Subsidiaries or one or more of its divisions or units, or any combination of the foregoing, and may be applied on an absolute basis and/or be relative to one or more peer group companies or indices, or any combination thereof, all as the Committee shall determine. In addition, to the degree consistent with the Code, the performance goals may be calculated without regard to extraordinary, unusual and/or non-recurring items. The Committee shall determine whether, with respect to a performance period, the applicable performance goals have been met with respect to a given Participant and, if they have, so certify and ascertain the amount of the applicable Performance-Based Award. No Performance-Based Awards will be paid for such performance period until such certification is made by the Committee. The amount of the Performance-Based Award actually paid to a given Participant may be less than the amount determined by the applicable performance goal formula, at the discretion of the Committee. The amount of the Performance-Based Award determined by the Committee for a performance period shall be paid to the Participant at such time as determined by the Committee in its sole discretion after the end of such performance period; *provided*, *however*, that a Participant may, if and to the extent permitted by the Committee and consistent with the provisions of Section 162(m) of the Code, elect to defer payment of a Performance Based Award. To the extent Section 162(m) of the Code (or any successor section thereto) provides terms different from the requirements of this Section 8(b), this Section 8(b) shall be deemed amended thereby.

SECTION 9. — Adjustments Upon Certain Events

Notwithstanding any other provisions in the Plan to the contrary:

(a) *Generally*. In the event after the Effective Date there is any Share dividend or split, reorganization, recapitalization, merger, consolidation, spin-off, combination, combination or transaction or exchange of Shares or other corporate exchange, or any distribution to shareholders of Shares or other property or securities (other than regular cash dividends) or any transaction similar to the foregoing or other transaction that results in a change to the Corporation's equity capitalization, the Committee shall make such substitution or adjustment, if any, as is equitable or appropriate, as to (i) the number or kind of Shares or other securities issued or reserved for issuance pursuant to the Plan or pursuant to outstanding Awards, (ii) the maximum number of Shares for which Options and Stock Appreciation

Rights and Other Stock-Based Awards under Section 8(b) may be granted during a calendar year to any Participant, (iii) the maximum number of Shares which may be granted as Awards of restricted Shares, unrestricted Shares and restricted Share units, (iv) the Option Price, exercise price of any Stock Appreciation Right or purchase price of any Award and/or (v) any other affected terms of an Award or the Plan.

(b) *Change of Control*. In the event of a Change of Control after the Effective Date, except to the extent the Committee has determined otherwise with respect to any Award at or prior to the time of grant, (i) any outstanding Awards then held by Participants which are unexercisable or otherwise unvested or subject to lapse restrictions shall automatically be deemed exercisable or otherwise vested or no longer subject to lapse restrictions, as the case may be, as of immediately prior to the effectiveness of such Change of Control and (ii) the Committee may, but shall not be obligated to, (A) cancel such Awards for fair value (as determined in the sole discretion of the Committee) which, in the case of Options and Stock Appreciation Rights, may equal the excess, if any, of value of the consideration to be paid in the Change of Control transaction to holders of the same number of Shares subject to such Options or Stock Appreciation Rights (or, if no consideration is paid in any such transaction, the Fair Market Value of the Shares subject to such Options or Stock Appreciation Rights) over the aggregate exercise price of such Options or Stock Appreciation Rights or (B) provide for the issuance of substitute Awards that will substantially preserve the otherwise applicable terms of any affected Awards previously granted hereunder as determined by the Committee in its sole discretion.

SECTION 10. — No Right to Employment or Awards; Excluded Compensation Under Other Plans

The granting of an Award under the Plan shall impose no obligation on the Corporation or any Subsidiary to continue the employment of a Participant and shall not lessen or affect the Corporation's or Subsidiary's right to terminate the employment of such Participant. No Participant or other Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards. The terms and conditions of Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant (whether or not such Participants are similarly situated). No award under the Plan shall be taken into account in determining a Participant's compensation for purposes of any group life insurance or other employee benefit or pension plan of the Corporation.

SECTION 11. — Successors and Assigns

The Plan shall be binding on all successors and assigns of the Corporation and a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

SECTION 12. — Transferability of Awards

An Award shall not be transferable or assignable by the Participant for consideration. An Award may be transferred by will or by the laws of descent and distribution. An Award exercisable after the death of a Participant may be exercised by the legatees, personal representatives or distributees of the Participant. Upon the Disability of a Participant, an Award may be exercisable by his or her conservator or representative. At the Committee's discretion, an Award agreement may provide that a Participant may transfer certain Awards to family members, or one or more trusts or other entities for the benefit of or owned by family members, consistent with applicable securities laws, provided that the Participant receives no consideration for the transfer of the Award and the transferred Award shall continue to be subject to the same terms and conditions as were applicable to the Award immediately before the transfer.

SECTION 13. — Share Issuance and Delivery in Compliance With Securities Laws

If in the opinion of counsel for the Corporation (who may be an employee of the Corporation or independent counsel employed by the Corporation), any issuance or delivery of Shares to a Participant will violate the requirements of any applicable federal or state laws, rules or regulations (including, without limitation, the provisions of the Securities Act of 1933, as amended, or the Act), such issuance or delivery may be postponed until the Corporation is satisfied that the distribution will not violate such laws, rules or regulations. Certificates delivered to Participants pursuant to the Plan may bear such legends as the Corporation may deem advisable.

SECTION 14. — Amendments or Termination

The Board may amend the Plan at any time, provided that no amendment shall be made without the approval of the Shareholders of the Corporation that would (a) increase the maximum number of Shares which may be acquired under the Plan, (b) extend the term during which Options may be granted under the Plan, (c) permit the Option Price or exercise price per Share to be less than 100% of the Fair Market Value of the Shares on the date an Option or Stock Appreciation Right is granted (other than as specifically provided in Sections 6(a) and 7(b)), (d) terminate restrictions applicable to Awards (except for Permitted Exceptions) or (e) provide for Awards not permitted pursuant to the terms of the Plan. The Board shall also have the right to terminate the Plan at any time. Without the consent of a Participant (except as otherwise provided in

Section 9(a)), no amendment shall materially diminish any of the rights of such Participant under any Award theretofore granted to such Participant under the Plan; *provided, however*, that the Committee may amend the Plan in such manner as it deems necessary to permit the granting of Awards meeting the requirements of the Code or other applicable laws.

SECTION 15. — International Participants

With respect to Participants who reside or work outside the United States of America and who are not (and who are not expected to be) "covered employees" within the meaning of Section 162(m) of the Code, the Committee may, in its sole discretion, amend the terms of the Plan or Awards with respect to such Participants in order to conform such terms with the provisions of local law and practice or otherwise as deemed necessary or desirable by the Committee.

SECTION 16. — Choice of Law

The Plan shall be governed by and construed in accordance with the laws of the State of New Jersey without regard to conflicts of laws.

SECTION 17. — Effectiveness of the Plan

The Plan shall be effective as of the Effective Date.

EXHIBIT 12.1

C. R. BARD, INC. AND SUBSIDIARIES

Exhibit 12.1 - Computation of Ratio of Earnings to Fixed Charges

	Six Months Ended June 30, 2008	Year Ended December 31,				
		2007	2006	2005	2004	2003
Earnings from continuing operations before taxes	$223.7	$577.3	$394.6	$453.7	$414.2	$223.2
Add (Deduct):						
Fixed charges	8.4	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	$230.2	$593.2	$416.2	$467.4	$429.5	$239.1
Fixed charges:						
Interest, including amounts capitalized[1]	$ 6.0	$ 11.9	$ 16.9	$ 12.2	$ 12.7	$ 12.5
Proportion of rent expense deemed to represent interest factor	2.4	4.7	4.9	5.1	5.0	5.4
Fixed charges	$ 8.4	$ 16.6	$ 21.8	$ 17.3	$ 17.7	$ 17.9
Ratio of earnings to fixed charges	27.41	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: July 28, 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: July 28, 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 June 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: July 28, 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 June 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: July 28, 2008