

government authorities (including Medicare, Medicaid and comparable foreign programs) and private insurers for the costs of our products. The coverage policies and reimbursement levels of third-party payers, which can vary among public and private sources and by country, may affect which products customers purchase and the prices they are willing to pay for those products in a particular jurisdiction. Reimbursement rates can also affect the market acceptance rate of new technologies and products. Reforms to reimbursement systems in the United States or abroad, changes in coverage or reimbursement rates by private payers, or adverse decisions relating to our products by administrators of these systems could significantly reduce reimbursement for procedures using our products or result in denial of reimbursement for those products, which would adversely affect customer demand or the price customers are willing to pay for such products. See “Third-Party Reimbursement” under Item 1. Business.

Initiatives to limit the growth of healthcare costs in the U.S. and other countries where we do business may also put pressure on medical device pricing. In the U.S., these include, among others, value-based purchasing and managed care arrangements. Governments in China and other countries are also using various mechanisms to control healthcare expenditures, including increased use of competitive bidding and tenders, and price regulation.

**The reinstatement of the PPACA's medical device tax may adversely affect our results of operations.**

The PPACA imposes on medical device manufacturers, such as BD, a 2.3% excise tax on U.S. sales of certain medical devices. While the excise tax has been suspended until the end of 2019, absent further legislative action, it will be reinstated in 2020, which would adversely affect our results of operation.

**Cost volatility could adversely affect our operations.**

Our results of operations could be negatively impacted by volatility in the cost of raw materials, components, freight and energy that, in turn, increases the costs of producing and distributing our products. New laws or regulations adopted in response to climate change could also increase energy and transportation costs, as well as the costs of certain raw materials and components. In particular, we purchase supplies of resins, which are oil-based components used in the manufacture of certain products, and any significant increases in resin costs could adversely impact future operating results. Increases in oil prices can also increase our packaging and transportation costs. We may not be able to offset any increases in our operational costs.

**Breaches of our information technology systems could have a material adverse effect on our operations.**

We rely on information technology systems to process, transmit, and store electronic information in our day-to-day operations, including sensitive personal information and proprietary or confidential information. In addition, some of our products include information technology that collects data regarding patients and patient therapy on behalf of our customers and some connect to our systems for maintenance purposes. Our information technology systems have been subjected to attack via malicious code execution, and cyber- or phishing- attacks, and we have experienced instances of unauthorized access to our systems in the past and expect to be subject to similar attacks in the future. In addition to our own information, in the course of doing business, we sometimes store information with third parties that could be subject to these types of attacks.

Cyber-attacks could result in our intellectual property and other confidential information being accessed or stolen, which could adversely affect our competitive position in the market. Likewise, we could suffer disruption of our operations and other significant negative consequences, including increased costs for security measures or remediation, diversion of management attention, litigation and damage to our relationships with vendors, business partners and customers. Unauthorized tampering, adulteration or interference with our products may also create issues with product functionality that could result in a loss of data, risk to patient safety, and product recalls or field actions. Cyber-attacks could result in unauthorized access to our systems and products which could also impact our compliance with privacy and other laws and regulations, and result in actions by regulatory bodies or civil litigation. While we will continue to dedicate significant resources to